



**DRONESHIELD**

# Quarterly Report

For the period ending  
30 June 2025



*Image: U.S. and British Army soldiers use DroneShield's RfPatrol Mk2 during a counter-UAS training exercise in Germany | Photo by Spc. Elijah Magaña*

*The appearance of U.S. Department of Defense (DoD) visual information does not imply or constitute DoD endorsement*

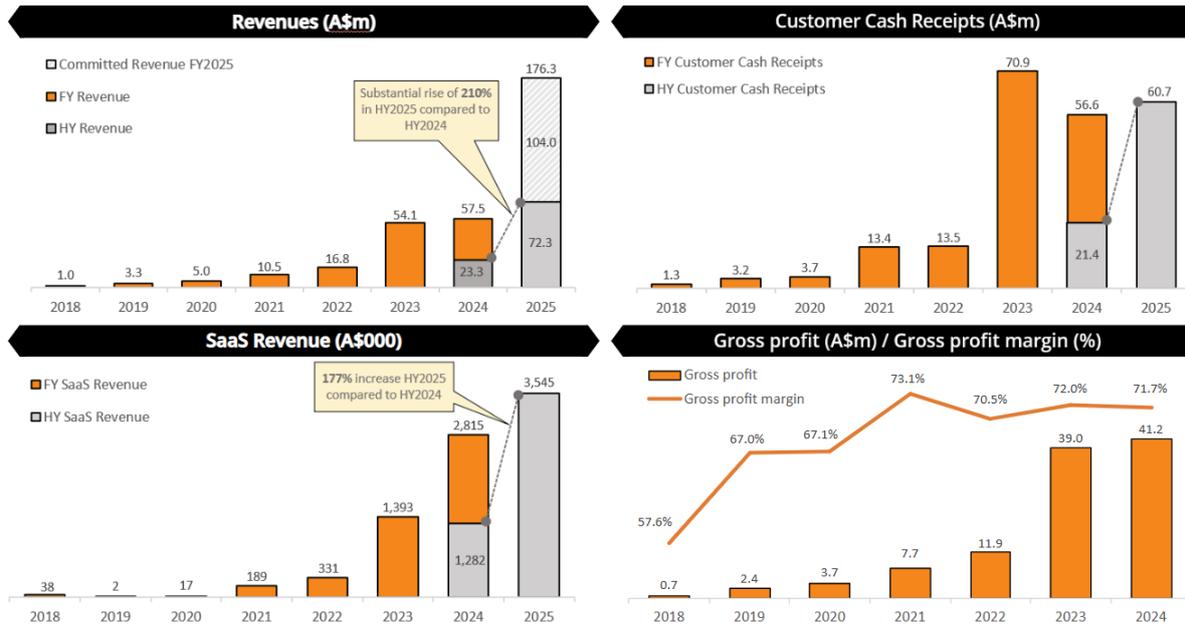
**DroneShield Limited (ASX:DRO)**

ASX Release

ABN 26 608 915 859

## Quarterly Activities/Appendix 4C Cash Flow Report

DroneShield Limited (ASX:DRO) ("DroneShield", "DRO", or the "Company") is pleased to release its business update and Appendix 4C for the three-month period ended 30 June 2025.



**Notes:**

1. Committed Revenues as at 22 July 2025.
2. YTD 2025 results are preliminary estimates. The audited results are due in February 2026, as part of the 2025 Annual Report.

### Highlights

- **2Q2025 revenue of \$38.8 million, up 480%** (2Q2024: \$6.7 million)
  - Highest revenue quarter to date (1Q2025 second highest at \$33.5 million)
- **\$176.3 million of revenue already received or under committed Purchase Orders (POs)** for 2025 delivery, with much of the year still to go
  - Already 3x of entire FY2024 revenue of \$57.5 million (which itself was a record)
  - Any new POs announced from now, will be in addition to the \$176.3 million, as that amount only includes POs up to 22 July 2025
- **2Q2025 cash receipts of \$43.9 million, up 208%** (2Q2024: \$14.2 million)
  - The second highest quarter in history. 4Q2023 was highest at \$47.9 million
  - Payments are usually received in the same or following quarter after delivery
- **2Q2025 SaaS revenues of \$1.9 million, up 161%** (2Q2024: \$718,210)
  - Expected to surge in 2026 when the next generation products are introduced
  - Customers receive the Company's latest AI software on their DRO hardware, upgraded quarterly on a SaaS basis, in response to a rapidly evolving drone threat
  - As the hardware becomes more flexible/open-ended with each generation of the product, the software updates are expected to play an increasing role and be critical to effectiveness, and are expected to increase the recurring revenues of the business
  - Additional SaaS based solutions (such as DroneSentry-C2 Enterprise Edition) are commencing soft launch release to customers

For personal use only



- SentryCiv, the Company's subscription-only offering for the civilian sector, has been released in soft launch mode
- The Access Portal, which is the customer secure online interface for subscription updates, is receiving upgrades, as part of the customer subscription model value-add and focus on growing subscriptions as part of the overall revenue. Recently, this included the addition of the [UAS Incident Platform](#) and the [3D Planning Tool](#) for customer sites
- Significant **cash balance of \$192 million** (as at 24 July 2025)
  - Allows for ongoing investment in the business to enable growth in a rapidly changing C-UxS sector, attracting employees, considering acquisitions and allowing long-term planning
  - A simple balance sheet with no debt, with employee stock options (held by 136 of the 363 employees, and growing) to create alignment between its employees and shareholders
- Ongoing investment into the next-gen technologies
  - DRO has several next generation products due for 2026 release. Utilising its knowledge over the last decade as a pioneer in the C-UxS sector and its substantial engineering team, DRO expects to provide hardware platforms that service the market for years to come, with regular software updates on a subscription (SaaS) basis
  - DRO believes that radiofrequency will remain the core sensor and effector mechanism as the drones evolve<sup>1</sup>. Where the customer has "detect all drones no matter what they could be" requirements and a sufficient budget, DRO can act as an integrator, adding third party sensors and effectors into a single system package (customers do not wish to buy "lots of boxes" and therefore rely on an integrator). Over time, DRO may add some of these alternative detection and defeat technologies into its own portfolio
  - There is a substantial investment by drone manufacturers (especially Chinese) to make jamming-resistant drones. This is both a threat, and an opportunity to maintain high product gross margins through innovation, and stops the C-UxS industry from becoming commoditised
  - Regarding drone autonomy and the nature of drone missions (precision reconnaissance and strike capability), requiring "human in the loop" (and the need for a pilot to control the drone) continues to be the most prevalent way to control drones and the radiofrequency based technology is unlikely to disappear<sup>1</sup>, reinforced by the current trend of First Person View (FPV) drones, which DRO can detect, track and defeat. When doing surveillance, the need for timely information is critical - autonomous drones generally need to return to their pilots and have the video downloaded - this means the information is 1-2 hours old. In most cases this is too long
  - Drones controlled by fibre-optic cables have limitations of use<sup>1</sup>, including entanglement of the lines to each other and buildings/trees, the drone being tangled onto itself (especially in adverse weather conditions), as well as the weight of the cables. Use of multi-sensor systems such as DroneShield's DroneSentry, including AI-powered sensorfusion with other modalities for detection (radar, acoustic, camera etc) and defeat (lasers, high-powered microwaves) are considered best approach for such drones
  - Drones using way-point navigation ("GPS-guided drones"), do not appear to provide sufficiently accurate and precise satellite navigation in warzones such as Ukraine<sup>1</sup>, where GNSS jamming and spoofing are common across wide areas. For outside of warzones, GNSS suppression capability is able to disrupt way-point navigation of the drones (where lawful for the customer to deploy)
  - Remote Weapon Stations have a narrower market applicability, generally to warzones, and subject to technical, export control and collateral damage limitations<sup>1</sup>
- Baseline fixed cash operating costs (excludes variable cash operating costs of inventory and sales commissions) is approximately \$8.5 million a month (\$100 million annualized cost base)
  - In 2Q2025, \$3.6 million in R&D was capitalised (refer to section 2.1(f) of this 4C), reflecting the long-term nature of these investments and the expectation of future economic benefits

<sup>1</sup> According to field intelligence information received by DroneShield and customer discussions

- DRO is **well placed to deliver on short notice**, with \$81 million of inventory by book value, including completed and in-progress units – the sale value is substantially higher
  - Inventory is projected to remain in line with current levels, although its composition across products will change over time, depending on demand
  - Technology obsolescence is managed by providing quarterly AI software updates to a number of products, as well as forecasting inventory requirements by comparing sales pipeline vs the timeframe of release of the next generation of hardware across its products
  - The reason for the level of inventory and why the stock is not “built to order” is due to the hardware’s sophisticated componentry, which enables strong margins and differentiation, coupled with procurement and production lead times of 3–4 months. This ensures readiness to meet customer demands for immediate delivery
- Use of small drones continues to rise rapidly for surveillance and payload delivery, including:
  - Operation Spiderweb (1 June 2025): Ukrainian small drone attacks on 5 Russian air bases deep inside Russia, involving over 100 drones, with a number of aircraft reported damaged<sup>2</sup>
  - Operation Rising Lion (13 June 2025): Israeli small drone attacks on Iranian air defence and communications facilities<sup>3</sup>
  - Chinese nationals using small drones to spy on US military installations at Cape Canaveral Space Force Base<sup>4</sup> and bases around Norfolk Virginia<sup>5</sup>
  - 3,000 drone events reported near American airports since 2021, including 11 aircraft this year that reported taking evasive action to avoid collisions<sup>6</sup>
- **Robust pipeline of \$2.3 billion<sup>7</sup>** (as of July 2025)
  - Corresponds to currently visible opportunities in 2025 and 2026
  - **Europe and Ukraine** (16% of YTD revenue recognised, and 43% of pipeline): the largest demand driver at present, following the surge in EU defence spending as Europeans have received a clear message that they need to be self-reliant militarily, announcing a [EUR800bn “ReArm Europe” plan](#). DRO is in the process of setting up European based manufacturing and sales hubs, in addition to its existing Denmark-based sales team and a distributor network throughout the region. DRO is already active in the region, with the [\\$61.6 million contract](#) received in June 2025 and a [\\$8.2 million contract](#) received in December 2024, alongside of smaller contracts regularly received. In Ukraine, drones are continuing to play a major role in the war, with the Company targeting continued inclusion in foreign military aid package allocations
  - **US** (20% of YTD revenue recognised, and 29% of pipeline): The Trump administration’s “Big Beautiful Bill” has been signed into law on 3 July, following the approval in the US House of Representatives. Relevant for DroneShield, the key items include (in USD):
    - \$500m for development, production, and integration of C-UAS;
    - \$350m for development, production, and integration of non-kinetic C-UAS;
    - \$250m for development, production, and integration of land-based C-UAS;
    - \$200m for development, production, and integration of ship-based C-UAS;
    - \$1bn for the expansion of programs to accelerate the procurement and fielding of innovative technologies;
    - \$250m for the development, procurement, and integration of Air Force low-cost counter-air capabilities;
    - \$500m for State and local capabilities to detect, identify, track, or monitor threats from UAS; and
    - \$6.2bn to support a variety of initiatives, including upgrades and

<sup>2</sup> [https://en.wikipedia.org/wiki/Operation\\_Spiderweb](https://en.wikipedia.org/wiki/Operation_Spiderweb)

<sup>3</sup> <https://www.csis.org/analysis/ungentlemanly-robots-israels-operation-rising-lion-and-new-way-war>

<sup>4</sup> <https://www.justice.gov/usao-mdfl/pr/canadian-citizen-charged-aerial-photography-defense-installation>

<sup>5</sup> <https://www.ice.gov/news/releases/ice-removes-chinese-national-convicted-photographing-military-installations>

<sup>6</sup> <https://www.reuters.com/business/aerospace-defense/increasing-drone-incidents-near-us-airports-stadiums-prompt-alarm-officials-say-2025-07-22/>

<sup>7</sup> *There is no assurance that any of the Company’s sales opportunities will result in sale*



procurement of border surveillance technologies along the southwest, northern, and maritime borders.

- **Asia** (27% of YTD revenue recognised, and 19% of pipeline): significant ramp up (especially countries neighboring China), as multiple Governments are commencing C-UxS programs against the threat of small Chinese drones conducting surveillance of sensitive areas, harassment and potential attacks. DroneShield received a [\\$32 million contract](#) on 14 April 2025, following on from the [\\$11.8 million contract](#) from the same customer on 29 January 2025
  - **UK** (5% of YTD revenue recognised): DRO has won several key contracts with the UK MoD to date, as it starts to ramp up its C-UxS capability. The Company currently operates via an exclusive partnership with BT (British Telecom), providing a substantial local presence and relationships. The UK Government is in the process of lifting its defence spending to 3% of GDP by 2029 from the current 2.3% - a significant 30% increase. After a relatively slow several years in the C-UAS domain, UK is ramping up its efforts
  - **Australia** (10% of YTD revenue recognised, and 3% of pipeline): LAND156 program (rollout of C-UxS solutions across the Australian Defence Force) is the largest opportunity, where DroneShield is tendering across multiple packages, and was [a large recipient](#) of Phase 1 awards, at \$5 million of \$17 million total (awarded to 11 vendors). DRO has been [scaling up the strategic sophistication of its Australian operation](#) for programs like LAND156, including [the formal office opening by the Hon Pat Conroy](#), the Minister for Defence Industry and Capability Delivery and the Avalon Australian International Airshow [visit by the Hon Richard Marles](#), the Deputy Prime Minister and Minister for Defence. Earlier in July, DroneShield [won the title of the Sovereign Industry Capability Provider](#) in the Defence Connect awards (as well as either winning or being a Finalist across several other key categories)
  - **Other** (22% of YTD revenue recognised, 5% of pipeline) – mostly LATAM and Middle East based. DroneShield now has a dedicated on the ground presence in Mexico and UAE to take advantage of these opportunities, such as the [\\$9.7 million LATAM contract](#) received in June 2025
  - Airports are starting to display interest in C-UAS, with DRO engaging in that sector
  - Drone As First Responder (DFR) programs, where police or firefighting departments use drones to respond to an emergency, deploying the drone to the scene of the call, are starting to gather momentum. These rely on an eco-system including drone manufacturers, C-UxS companies such as DRO, and specialist DFR software overlay businesses. DRO believes it is well placed for such initiatives, which is likely to become a global phenomenon in 2-5 years and assist growth in the non-military markets
  - With the larger C-UAS program acquisitions, the procurement times to award are longer for larger projects, due to additional probity requirements associated with larger deals. There are currently 13 separate sale opportunities, each in excess of \$30 million, in the sales pipeline<sup>8</sup>
- Current team (incl accepted offers) of 363 staff includes **285 engineers** driving technology development with quarterly AI software updates and 2-3 yearly hardware development cycles, with 81 open roles
    - 400 staff planned by end of 2025 - tech, ops and sales focused. C-UAS is a “landgrab” global market, where DRO is in a unique opportunity to capture a significant share of it, however this is dependent on ability to resource the opportunity
    - Recent hires are still ramping up, with productivity expected to increase as they become fully operational
    - DroneShield receives significant amounts of cutting-edge technology intelligence on drone trends globally via its network of tier 1 customer and partner relationships
    - Includes on the ground US, European, Middle Eastern and Latin American sales staff
    - Australian deployments supported by several senior ex-ADF advisors as well as a senior in-house Government Affairs Advisor and Advisory Board

<sup>8</sup> There is no assurance that any of the Company’s sales opportunities will result in sale

- DroneShield is expanding manufacturing capacity from the current \$500m/annum to \$2.4bn/annum by the end of 2026
  - New own dedicated 3,000sqm of production space in Sydney (3x the floorspace of the current production facility)
  - Addition of 2,500sqm to the R&D area in its headquarters, for engineering and lab space, resulting in a 5,530sqm total R&D area
  - Planned expansions to its Australian contract manufacturing, and plans to set up contract manufacturing in Europe and the US
  - The expansion in Australia is concurrent with DRO's European and US manufacturing initiatives, against the backdrop of record global demand
  - As most of its manufacturing relates to final assembly of supply chain items manufactured to DroneShield's specifications, the capital expenditure associated with this expansion is not significant. The annual increase in lease payments from taking the dedicated own manufacturing facility and the expansion of the headquarters, is \$2.3 million/year, in addition to the total of \$2.9 million/year in lease payments for the Sydney and Warrenton facilities at present, plus \$3m for the fitout net of incentives.

### Payments to related parties of the entity and their associates

Board fees paid to Non-Executive Directors and salary to CEO amounted to \$385,657.

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

For enquiries, please contact:



Oleg Vornik  
CEO and Managing Director  
E: oleg.vornik@dronesield.com  
P: +61 2 9995 7280

### 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-UxS) 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.dronesield.com/about](http://www.dronesield.com/about)

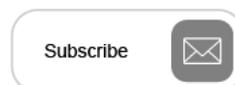
**ENDS**

For more information

Follow us



Get Updates



Visit our website



## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

DRONESHIELD LIMITED

**ABN**

26 608 915 859

**Quarter ended ("current quarter")**

30 June 2025

Consolidated statement of cash flows		Current quarter A\$000	Year to date (6 months) A\$000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	43,855	60,687
1.2	Payments for		
	a) research and development	(2,827)	(4,685)
	b) product manufacturing and operating costs	(9,527)	(29,942)
	c) advertising and marketing	(4,350)	(8,349)
	d) leased assets	-	-
	e) staff costs	(10,912)	(19,731)
	f) administration and corporate costs	(4,268)	(6,572)
1.3	Dividends received	-	-
1.4	Interest received	1,813	4,705
1.5	Interest and other costs of finance paid <i>Interest paid relating to the lease liability for DroneShield's Office lease in Virginia and Sydney.</i>	(67)	(257)
1.6	Income taxes paid	(458)	(478)
1.7	Government grants and tax incentives	165	165
1.8	Other	-	27
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>13,424</b>	<b>(4,430)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	a) entities	-	-
	b) businesses	-	-



Consolidated statement of cash flows		Current quarter A\$000	Year to date (6 months) A\$000
	c) property, plant and equipment <i>\$311k relates to leasehold improvements at DroneShield's Sydney premises. \$511k relates to production tools and \$658k relates to IT and office equipment. Vehicles and demonstration equipment contribute to the remainder of the balance.</i>	(1,599)	(5,189)
	d) investments	-	-
	e) intellectual property	-	-
	f) other non-current assets <i>Intangible asset from capitalisation of development costs</i>	(3,608)	(6,802)
2.2	Proceeds from disposal of:		
	a) entities	-	-
	b) businesses	-	-
	c) property, plant and equipment	-	-
	d) investments	-	-
	e) intellectual property	-	-
	f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(5,207)</b>	<b>(11,991)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	380	380
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-



Consolidated statement of cash flows		Current quarter A\$000	Year to date (6 months) A\$000
3.9	Other <i>Lease liability principal repayments relating to DroneShield's Office lease in Virginia and Sydney.</i>	(209)	637
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>171</b>	<b>1,017</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	196,573	220,567
4.2	Net cash from / (used in) operating activities (item 1.9 above)	13,424	(4,430)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,207)	(11,991)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	171	1,017
4.5	Effect of movement in exchange rates on cash held	(1,242)	(1,444)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>203,719</b>	<b>203,719</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter A\$000	Previous quarter A\$000
5.1	Bank balances	54,362	46,563
5.2	Call deposits	4	869
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits)	149,353	149,141
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>203,719</b>	<b>196,573</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter A\$000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 <i>Payments to CEO and Non-Executive Directors</i>	386
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-



7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end A\$000</b>	<b>Amount drawn at quarter end A\$000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-

8.	<b>Estimated cash available for future operating activities</b>	<b>A\$000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	13,424
8.2	Cash and cash equivalents at quarter end (item 4.6)	203,719
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	203,719
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2025

Authorised by: Board of Directors

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.