

For personal use only



*Image: Belgium's Minister of Defence and Foreign Trade, Theo Francken
with DroneShield's Immediate Response Kit (IRK)*

27 January 2026

ASX Announcement

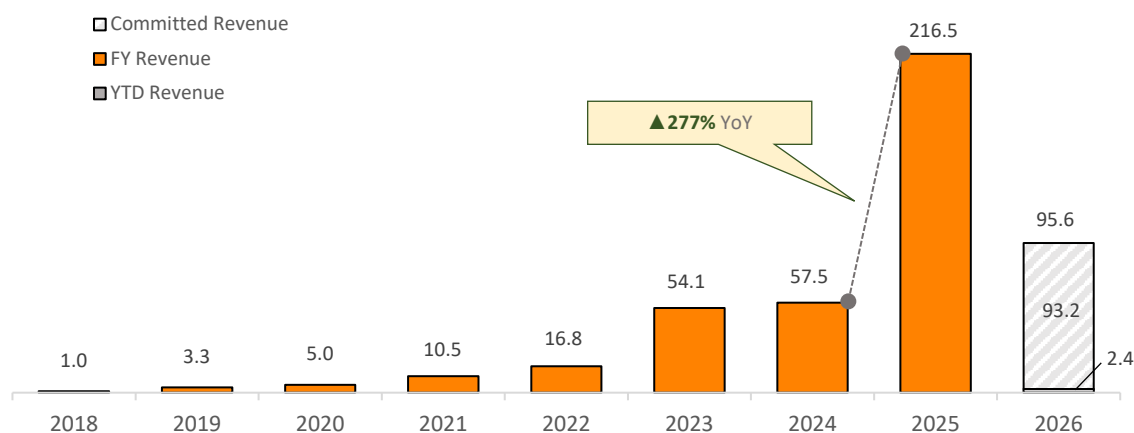
Quarterly Activities/Appendix 4C Cash Flow Report

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 31 December 2025.

The business continued with another strong quarter, capping off a year with all-time record metrics across the board.

A\$	4Q2025	4Q2024	QoQ Growth	Comment
Revenue	51.3m	26.4m	▲ 94%	<ul style="list-style-type: none"> Second highest revenue quarter to date 3Q25 highest revenue quarter at \$92.9m Committed revenues for 2026 of \$95.6m (vs negligible committed revenues at the start of 2025)
Customer Cash Receipts	63.5m	26.2m	▲ 142%	<ul style="list-style-type: none"> Second highest cash receipt quarter to date 3Q25 highest cash receipt quarter at \$77.4m
SaaS Revenues	4.6m	0.8m	▲ 475%	<ul style="list-style-type: none"> Expected to keep rising All new products to carry one or multiple SaaS SaaS is critical due to the changes in drone technology As the hardware becomes more open-ended, software is expected to play an increasing role The command-and-control SaaS software expected to increase Expecting the civilian sector to reach up to 50% of revenue over next 5 years, and subscription products to be a central part
Operating Cashflow	7.7m	(8.9m)	▲ 187%	<ul style="list-style-type: none"> Targeting to be consistently operating cashflow positive and profitable moving forward

Revenue from Customers (A\$m)



Note: The financial information for FY2025 and FY2026 is unaudited and derived from management estimates. FY2025 audited results will be published in February 2026 as part of the 2025 Annual Report.

The substantial developments during and subsequent to the quarter include:

- [NSPA Rating for DroneSentry](#)
- [Landmark 4Q25 AI Software Release](#)
- [Launch of South Australia R&D Facility](#)
- [\\$25.3 million Latin American contract](#)
- [\\$5.2m European military contract](#)
- [\\$49.6m European military contract](#)
- [\\$6.2 million Asia Pacific contract](#)
- [\\$8.2m western military contract](#)
- [DroneShield Selected for LAND 156 LoE 3 Panel](#)

The Company has provided a detailed summary of the various aspects of the business in the investor presentation published concurrently with this report and being lodged with the ASX today.

Payments to related parties of the entity and their associates

Board fees paid to Non-Executive Directors and salary to CEO amounted to \$411,125. Macquarie Technology were paid \$132,036 for services provided.

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

Enquiries:

Penny Berger
Director of Investor Relations
E: investors@dronesield.com
P: +61 2 9995 7280

About DroneShield Limited

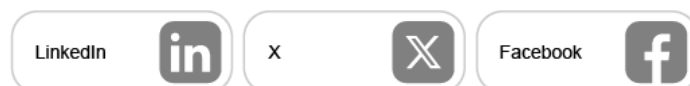
DroneShield (ASX:DRO) provides Artificial Intelligence based platforms for protection against advanced threats such as drones and autonomous systems. We offer customers bespoke counterdrone (or counter-UxS) and electronic warfare solutions and off-the-shelf products designed to suit a variety of terrestrial, 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

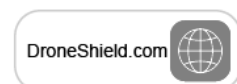
ENDS

For more information

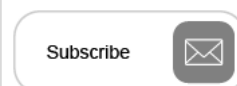
Follow us



Visit our website



Get Updates



For personal use only

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")

31 December 2025

Consolidated statement of cash flows		Current quarter A\$000	Year to date (12 months) A\$000
1.	Cash flows from operating activities		
1.1	Receipts from customers	63,512	201,562
1.2	Payments for		
	a) research and development	(3,092)	(10,920)
	b) product manufacturing and operating costs	(24,069)	(85,075)
	c) advertising and marketing	(6,378)	(21,371)
	d) leased assets	-	-
	e) staff costs	(17,771)	(49,204)
	f) administration and corporate costs	(6,249)	(18,389)
1.3	Dividends received	-	-
1.4	Interest received	1,808	8,123
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>	(148)	(539)
1.6	Income taxes paid	94	(1,017)
1.7	Government grants and tax incentives	-	165
1.8	Other	22	54
1.9	Net cash from / (used in) operating activities	7,729	23,389

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	a) entities	-	-
	b) businesses	-	-
	c) property, plant and equipment	(4,386)	(14,827)

Consolidated statement of cash flows		Current quarter A\$000	Year to date (12 months) A\$000
	d) investments	-	-
	e) intellectual property	-	-
	f) other non-current assets <i>Intangible asset from capitalisation of development costs</i>	(4,550)	(15,998)
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	-	-
2.6	Net cash from / (used in) investing activities	(8,936)	(30,825)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	46	739
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	-	-
3.9	Other <i>Lease liability principal repayments relating to DroneShield's Office lease in Virginia and Sydney.</i>	(723)	(535)
3.10	Net cash from / (used in) financing activities	677	204

Consolidated statement of cash flows		Current quarter A\$000	Year to date (12 months) A\$000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	212,824	220,567
4.2	Net cash from / (used in) operating activities (item 1.9 above)	7,729	23,388
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8,936)	(30,825)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(677)	204
4.5	Effect of movement in exchange rates on cash held	(559)	(2,953)
4.6	Cash and cash equivalents at end of period	210,381	210,381

5.	Reconciliation of cash and cash equivalents 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	61,433	53,246
5.2	Call deposits	4	4
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits)	151,387	157,131
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	212,824	210,381

6.	Payments to related parties of the entity and their associates	Current quarter A\$000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 <i>\$411k Payments to CEO and Non-Executive Directors and \$132k Payment to Macquarie Technology for services provided.</i>	543
6.2	Aggregate amount of payments to related parties and their associates included in item 2	



7.	Financing facilities <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>	Total facility amount at quarter end A\$000	Amount drawn at quarter end A\$000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-

8.	Estimated cash available for future operating activities	A\$000
8.1	Net cash from / (used in) operating activities (item 1.9)	7,729
8.2	Cash and cash equivalents at quarter end (item 4.6)	210,381
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	210,381
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
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.		
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		
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.		

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: 27 January 2026

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.