

20 December 2016

ASX RELEASE

High Profile Asian Government Order

- DroneShield has received a detection system order for a high profile Asian government department user from a local distribution partner.
- Several sensor products to be installed at a facility operated by a security agency of an Asian country.
- DroneShield beat out the limited competition on a combination of effectiveness, low profile, availability, affordability and location.
- Sets benchmark for drone protection for government agencies globally.

DroneShield Ltd (ASX:DRO) ("DroneShield" or the "Company") is pleased to announce that it has completed a multi-sensor product sale of its DroneShield acoustic detection product to a distributor for use by a national security agency of an Asian country, to be deployed by the agency for drone threat detection.

Over the recent two years, the Company built out a network of distributor channels, which currently consists of approximately 50 distribution partners in 35 countries globally. This sale to the distributor reinforces the Company's approach of utilizing its distributor salesforce and distributors' relationships in their respective countries.



Caption: DroneShield's omnidirectional sensor, of the type purchased by the customer

It is understood that the end-user undertook an extensive review process benchmarking DroneShield's product against several competing solutions and, in the end, selected DroneShield's product for several key reasons, as follows.

Effectiveness

With deployment taking place in a dense urban area, the user has opted for DroneShield's omnidirectional detection sensors ("omnis"), which provide a wide 180 degree protection with up to 150m range. The omnis provide an alternative to DroneShield long range dish sensor product, which is effective at up to 1km in a 30 degree cone. DroneShield's detection sensors are not time of day dependent, do not rely on line of sight, completely passive to the surrounding environment, are not subject to export restrictions, and cover all major drone models, including frequency hoppers.

Low Profile

The omni sensors are low profile products which blend into the surrounding environment. This was an important consideration for the customer's urban location.

Availability

DroneShield's is an existing product capable of deployment, as opposed to hypothetical "vaporware" solutions being publicised by some potential competitors, which are at best prototypes.

Affordability

While, as set out above, most drone detection solutions one might read about in the press are "vaporware" concepts, there are drone detection and mitigation products currently being offered by competitors, including several "prime defence contractors", i.e. tier-one defence manufacturers.

The substantial cost of competing products has presented a substantial barrier to adoption of drone detection by budget-conscious government and private civil infrastructure users. DroneShield's product is materially cheaper than any competing detection products that are being marketed at the moment and are capable of being delivered. DroneShield's subscription pricing model further reduces the upfront investment by the customer, and provides an additional incentive to adopt the product.

Origin and Location

The origin of national security, law enforcement and defence-type products is an important factor in governmental decision-making. The fact that DroneShield is an Australian company with meaningful U.S. operations is a positive factor for a national security agency of a friendly Asian country. The fact that DroneShield is able to support the installation and subsequent operation of the product from Sydney, in Asia-Pacific, is another important positive.

As this sale was made on a subscription basis, it is expected to produce recurring annual revenue for the duration of the installation.

The Company notes that while the price per product has been received at full carded rates, the relatively modest number of sensors utilised in this pilot installation means that the first year revenue from this order is not material. However, due to the high profile nature of the end-user, this sale is expected to set a benchmark for drone protection of government facilities globally.

The Company's in-house salesforce and distributor salesforce are at various stages of the sales cycle with a number of potential customers in over a dozen countries, with several high-profile sales processes in advanced stages. The Company will update the market in relation to material sales if/when they occur.

Further Information

Peter James
Executive Chairman
Email: peter.james@droneshield.com
Tel: +61 2 9995 7280

About DroneShield Limited

Based in Sydney and Virginia, DroneShield is a worldwide leader in drone security technology. The Company has developed the pre-eminent drone security solution that protects people, organisations and critical infrastructure from intrusion from drones. Its leadership brings world-class expertise in engineering and physics, combined with deep experience in defence, intelligence, and aerospace.

ENDS