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Electrical Components
Initiating Coverage
November 5, 2025
BUY

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Draganfly Inc.

Initiating Coverage on Draganfly with a Buy Rating and $19 Price Target

DPRO (NASDAQ)

Company & Market Data	
Closing Price (as of 11/04/2025)	$8.70
Rating:	BUY
Price Target:	$19.00
52 Week Range:	$1.63 - $14.40
Avg Daily Volume (3 Mo.) (M):	4,438.4
Shares Outstanding (MM):	22.5
Market Capitalization (MM):	$196
Enterprise Value (MM):	$254
Fiscal Year End:	Dec

Estimates			
EPS	**2025E**	**2026E**	**2027E**
1Q	$(0.63)A	$(0.13)	$(0.11)
2Q	$(0.61)A	$(0.12)	$(0.08)
3Q	$(0.19)	$(0.11)	$(0.08)
4Q	$(0.14)	$(0.10)	$(0.04)
Full Year	$(1.02)	$(0.47)	$(0.30)
Revenue (M)	**2025E**	**2026E**	**2027E**
1Q	$1,548A	$3,156	$5,816
2Q	$2,115A	$4,433	$8,325
3Q	$2,101	$4,667	$8,778
4Q	$2,882	$6,393	$13,137
Full Year	$8,646	$18,649	$36,057
EBITDA (M)	$(14,990.00)	$(12,882.00)	$(7,905.00)

Ratios			
EV/SALES	29.4x	13.6x	7.0x

* Revenue (M):Figures are in Canadian dollars

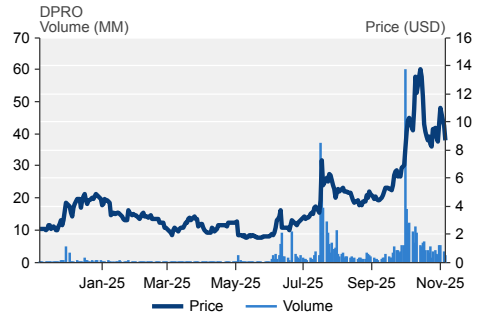

Chart data: Bloomberg

The North American UAV market is undergoing rapid growth as a result of a concerted effort by congress to establish a Drone Industrial manufacturing base given the national security implications. The asymmetric success of UAV technology in multiple recent conflicts has stirred the US government to action by marshaling significant resources with private sector ingenuity and public funding (DoD) to create a world leading autonomous industry.

We think Draganfly Inc. (DPRO) will play an important role. Draganfly has a long history in the UAV space dating back to 1998, with many industry firsts. The company today is a manufacturer and developer of a diverse platform of drones from large heavy lift drones that can carry up to 67lbs, for up to 55 minutes, the Commander 3XL which has a variety of capabilities (dubbed a Swiss army knife) and can also carry up to 22lbs for 20 minutes, to the Apex a small, unmanned aerial system (SUAS), and down to the Flex which is a multi-configuration first person viewer (FPV) hand held drone with a 90 mph top speed for various use cases.

Draganfly is adept at finding blue ocean opportunities where it can apply its large portfolio of drone solutions to provide somewhat bespoke solutions. These are specialized, high value opportunities where DPRO can benefit in uncontested market spaces with its broad portfolio of products and can be customized to meet newly forming demand.

One recent example is a large win with the DoD. Here, DPRO will deliver Flex FPV drones designed for high-performance operations as well as help establish on-site manufacturing and handle the supply chain logistics for an Army brigrade in the field. Another is a new drone offering called Outrider that is being used by the Chochise County Sheriff's Department, and potentially the customs and border patrol, specifically designed to track crossings in remote regions until authorities can arrive.

Model: We assume the core revenue base that has been producing about $1.6 million to $2.0 million per quarter grows given rising demand. We augment that growth with a layering in of the contract for FPV drones that was announced in early October and in our view could amount to about $20 million annually. In 2027 and beyond we assume continued significant growth based on reported pipeline, a growing end market and opportunities not yet in the pipeline but discussed publicly at length.

We initiate coverage with a Buy rating and a $19 price target. Multiples of revenue have risen steadily for new defense-tech companies over the course of 2025 as it becomes clear that western militaries are prioritizing autonomous weaponry. As a result, investors have shown a willingness to pay premium multiples for companies winning contracts in this space. We use a peer group as guidance towards what multiple to use for DPRO. We see the group trading at 15x forward revenue. DPRO has significant advantages given its deep experience, North American manufacturing base and broad portfolio of products, though its revenue is still modest until it sees more conversions of its pipeline. As a result, we use a discount to the peer group, or 14x, on our 2028 revenue forecast. We convert our $70 million 2028 revenue estimate to USD of about $50 million and apply the 13x multiple. We then discounted that back by 10% over the next two years. Finally, we add back the cash (converted to USD) to derive our $19 price target for the US listed shares.

Investment Thesis

The North American UAV market is undergoing rapid and lasting change as a result of a concerted effort by congress to establish a Drone Industrial manufacturing base given the national security implication. The asymmetric success of UAV technology in multiple recent conflicts has stirred the US government to action by marshaling significant resources with private sector ingenuity and public funding (DoD) to create a world leading autonomous industry.

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Company Description

Draganfly is a leading North American drone solution provider with its headquarters in Saskatoon, Canada. The company was founded in 1998 by Zenon Dragan and it is recognized as achieving many industry firsts, including the first commercial multi-rotor manufacturer, the first UAV with an integrated camera in 2001, the first use for forensic law enforcement in 2009 and the first UAV to save a life in 2013 during a search and rescue operation. These early achievements give DPRO a legacy of innovation in the industry. DPRO creates quality, cutting edge unmanned and remote data collection, and analysis platforms and systems. Today the company is a leading manufacturer, contract engineer and product development company serving the commercial UAV space for end markets such as defense, public safety, agriculture, industrial inspections, mapping and surveying. It is a full-stack solutions provider in the UAV space, combining hardware like aircraft and sensors with software, logistics, training and services for a variety of end

users. The company aims to provide transformative drone solutions, and industry leadership.

The company has 23 issued patents, supporting a full portfolio of NDAA compliant platforms serving multiple end-markets. It has manufacturing in Canada and the US along with third party contract manufacturing, all of which has been scaling with significant capacity to meet the current upswing in demand.

Industry/Market

The UAV industry (a subset to the broader autonomous machine or physical AI sector) is undergoing substantial change over a short period of time. Specifically, the adoption and effectiveness of UAV and other autonomous technologies in multiple recent conflicts such as in Ukraine, and in the Middle East, has created a sense of urgency by governments around the world to further develop and stockpile these capabilities. In particular, the asymmetric effectiveness of inexpensive drones has exposed a vulnerability not previously perceived. Governments in the west are rightly concerned that billions in military hardware could be vulnerable to these emerging threats. As well, there is a concern that North America has fallen behind in this important technological race. As a result, there has been a concerted effort to catch up with foreign advisories, creating a dynamic growth environment.

One of the first and biggest responses by the US came with the F2020 National Defense Authorization Act (NDAA) which began the process of outlawing the DoD/DoW from purchasing or operating drones or their components made in China. Since that time the restrictions by the US have increased which is part of a long-term concerted effort to provide safe and effective technologies to allied militaries as well as to encourage a large domestic manufacturing base.

Below is a brief timeline of key restrictions put in place over the past five years.

FY2020 NDAA (signed December 2019) - Prohibited the Department of Defense (DoD) from buying or operating Chinese drones (or systems with critical components sourced from China). This applied mainly to procurement and use inside DoD, not other agencies. This is what kicked off the U.S. “Blue sUAS” program which helps form a trusted, NDAA-compliant drone list.

2020–2021: Agency-Level Bans - The U.S. Interior Department grounded most of its drone fleet (many DJI-made) pending security reviews. DoD DIU (Defense Innovation Unit) formalized the Blue UAS list, certifying non-Chinese alternatives.

FY2022 NDAA – This expanded the scope by barring DoD from operating drones with any Chinese-manufactured critical components (e.g., cameras, flight controllers, data links), effectively reinforcing the push to build a U.S. supply chain.

FY2023 NDAA -Strengthened reporting and compliance requirements, requiring DoD to certify that drone procurements were NDAA Section 848 compliant (no covered foreign entities, including DJI and other Chinese firms).

FY2024 NDAA - Introduced for the first time a government-wide ban trajectory, barring the DoD and other agencies from buying Chinese drones. This restricted federal agencies (not just DoD) from operating or funding them and added pressure on state/local

governments that use federal grants — drones purchased with those funds must be NDAA-compliant.

Current - Congress is weighing measures that could outlaw DJI and other Chinese drones entirely across the U.S. government, not just DoD. There is also momentum to phase out existing Chinese fleets (not just bar new purchases).

In parallel to the ever-increasing restrictions being put in place through the NDAA, Congress included the American Safety Drone Act (ASDA) in the F24 NDAA budget. Its purpose is to impose restrictions on procurement, operation and use of unmanned aircraft systems by US federal agencies when those systems are manufactured or assembled by foreign entities deemed to be a security risk. Multiple other pieces of legislation are winding their way through Congress such as the Countering CCP Drones Act which passed the House, and the Drones for First Responders Act which is still awaiting a vote.

Adding to this support by congress, the Secretary of the DoD/DoW Pete Hegseth issued a memo on July 10, 2025 titled "Unleashing U.S. Military Drone Dominance" to senior Pentagon leadership, combatant commanders and defense agency directors. This was a follow-on from President Trump's June 6 executive order (14307) intended to accelerate US drone development, procurement and integration. In Hegseth's memo he outlined a threefold mission:

1) Bolster US drone manufacturing – approve hundreds of American drone systems, parts, and software for procurement; favor buy American; enable private capital investment;
2) Field low-cost drones to combat units – equip frontline units with a variety of inexpensive, American made UAS;
3) Integrate drones into training and operations – make UAS capabilities part of all relevant combat training, including force-on-force drone wars.

The memo also promised to rescind restrictive policies that had impeded drone adoption in prior years. One key aspect of this was to treat small, low-cost drones as consumables, instead of durable capital equipment. This makes sense in that many of these drones are designed in a way that they could be used one time in an active engagement (much like munitions). This makes acquiring these systems easier, as the items can be purchased in bulk, units can buy, use and replace them quickly and they fall under simpler acquisition thresholds.

The overall TAM created by this wave of investment is significant. According to Grandview market research the global UAV market size is $73.1 billion in 2024 growing 14.3% to $163.6 billion by 2030. This is being driven by the proliferation of small attritable drones, a shift to sophisticated payloads and sensors, broader integration into military environments and supply chain standardization.

As a result of these changes there has been significant development, and a domestic drone industrial base is forming. The US government is behind a powerful move to lift this industry, however, at the same time, defense spending in Europe is set to expand. Worldwide budgets for defense are set to increase rapidly, and the emergence of drone technology will likely see a growing share of those budgets as countries spend less on big expensive hardware systems like tanks and jets. The recent agreement for NATO nations to up their defense spending to 5% of GDP by 2030 means that defense spending from allied nations is set to rise from $440 billion in 2025 to $1.2 trillion in 2030, a 2.5x increase.

UAV technology also holds significant civilian use cases for multiple purposes. Key early use cases will be for law enforcement, as well as inspection of civilian infrastructure, search and rescue, disaster response, precision agriculture, environmental and forestry as well as package delivery and logistics to name a few. Many of these use cases are

moving beyond the early stage of adoption. That said, the overall volume of units and speed with which the global defense industry is moving dwarfs these other use cases for now. Over time, like with many early-stage technological advancements, we think that will change and these autonomous technologies that are dual use will see higher adoption in civilian uses.

In the meantime, a combination of strong resilient hardware platforms, with key integrations with entrenched partners along with an ability to prove manufacturing at scale will be a key determinant of the winners. Also winning early contracts will be helpful as those companies can create a flywheel of product innovation and iteration that can theoretically keep them ahead of other new entrants.

Strategy

Draganfly's core focus is small, specialized UAV missions and platforms. The company is looking to position itself in specialized high value opportunities. In many cases, defense customers are looking for key attributes such as payload integration, flight duration, and the ability to produce in large quantities. In particular, the company emphasizes payload integration and swap-ability which allows the company to market solutions over simply competing on hardware. Ultimately providing a specialized offering unique to large tasks will help DPRO maintain solid gross margins when the industry becomes more commoditized.

The company has a long history in the first response market, especially for law enforcement, search and rescue and wildfire support. Recent activity includes servicing the oil and gas industry through a partnership with Volatus Aerospace (FLT-v, $0.62, Not Rated). In the medical field the company works with the Massachusetts Department of Transportation (DoT) where it was awarded a pilot project for medical delivery along with Boston's Mass General, who has selected DPRO for medical delivery service.

In the Defense space, where several opportunities have arisen lately, the company positions itself as a unique solutions provider that can also offer trusted and large-scale manufacturing. It has received NDAA compliance through inclusion on the Green UAS list which certifies that the company passes rigorous cyber and supply chain vetting and that it is eligible for consideration on the Blue UAS list. Blue UAS is a DoD/DIU program that vets and approves certain drones for US Government and Military use. Being on the Blue UAS list means that platforms can be bought by any federal agency without additional approval. Green UAS is a stepping stone to Blue UAS.

Its manufacturing capabilities are a critical component to winning business. It is expanding that manufacturing footprint. It already operates facilities in Burnaby, BC (Canada) and as well as in Saskatoon, Saskatchewan.

In 3Q:24 the company saw expanded footprint in Saskatoon Canada, which is a primary manufacturing and production site. In 1Q:25 DPRO opened its facility in Tampa FL. This facility also includes a full testing facility that allows the company and potential customers to test drones including drones with live ordinances. This is also to act as a key US manufacturing site for all US orders and public safety orders which helps by providing decision makers assurance on supply as well as the avoidance of any tariff complications. The company also has set up contract manufacturing with third parties and is looking to expand internal manufacturing further in the US.

Recent Wins

Preliminary order for Commander 3XL
On July 16, 2025, the company announced the Commander 3XL was selected by a major unnamed branch of the DoD for advanced operation initiatives. Here DPRO was a sub-contractor for a prime vendor though DPRO engaged directly with the customer to tailor the platform. This is for ISR work with specific attributes of the 3XL such as the flight performance, modular payload options and mission specific adaptability as differentiators. This win helps validate the 3XL, in our view.

CBP
The company was chosen for a US Southern border drone pilot program with the Cochise County Sheriff's Department. Cochise county is a high-profile border county. This program looks to incorporate drone technology with their existing camera and sensor along with AI capabilities. This order is another strong example of the type of specialized offering the company looks to provide. Its drone is designed for 7 hours of flight time to allow the drone to track and hover around border crossers until authorities can arrive. Given the high-profile nature of this win, we believe that it positions the company well to win federal CBP work that is similar in scope. The company is introducing this new offering called "Outrider" on November 16-17th in Sierra Vista, Arizona.

Prime for FPV
The company also announced that its Flex FPV drone has partnered with an unnamed Prime defense vendor that intends to use the Flex, along with its own technology to offer to DoD a unique product in terms of capabilities, payload, capacity and integration with AI. This product is incorporating lessons learned from the active Ukraine conflict.

US FPV win for embedded manufacturing
Separate from that, on September 30, the company received a significant order from the DoD. DraganFly has been contracted to deliver Flex FPV drones designed for high-performance operations as well as help establish on-site manufacturing of the Flex PFV within overseas US Forces facilities to accelerate deployment and reduce supply-chain timelines. This win in our view is extremely consequential in part because of the revenue it provides, which we estimate at around 20,000 FPVs and roughly $20 million. More important, however, is that DPRO is becoming embedded with the US Army for this key new technology.

DPRO will be delivering FPV drones but importantly helping the Army establish on-site manufacturing and manage the supply chain within the overseas bases of one brigade. This is a clear sign of confidence by the Army in DPRO's current platform and in the direction, it is headed. Being agile and able to build or adapt UAVs in the field is something the US has learned from Ukraine to be critical in an active conflict. The US Army in this order is relying on the expertise of DPRO to help develop and maintain this capability.

A recent article by Task and Purpose spoke of the US Army's 173rd Airborne Brigade working to open its own drone lab, something the Army is clearly growing more interested in. The same source highlighted Secretary Hegseth's memo in late April calling for drones to be utilized by every Army division by 2026. With this recent win, the company will be deploying with one brigade, however, the Army has dozens of brigades many of which will likely need FPV drone capabilities, in our view.

Global Ordinance

On October 9th DPRO announced a formal agreement with Global Ordinance, a US Defense Logistics Agency (DLA) prime contractor. In this agreement, Global Ordinance will serve as a US defense partner to DPRO's line of UAVs and related solutions. The two companies will collaborate to accelerate US defense adoption of DPRO platforms, embedded manufacturing capabilities, and supply chain support. The agreement aims to

leverage the extensive defense contracting expertise of Global Ordinance along with the UAV technology developed by Draganfly to enhance operational readiness of the DoD.

Potential Catalysts

We view the order from the Cochise County for border security as a potential steppingstone to broad support from agencies like CBP and DHS. DPRO is using a modified version of its Commander that has 100 miles of range over 7 hours. Often in the case of CBP, the cameras and towers can spot incursions, however, by the time they send personnel those migrants are gone. With this UAV, they can pinpoint the location of the migrant and then track them until authorities are on the scene. We think that if the drone can prove its usefulness with the state of AZ that there will be ample opportunity across what is now an rapidly increasing budget for border security.

The FPV Flex contract with the DoD has the potential to expand over time, if the company can bring these same capabilities to other brigades.

The company also has an opportunity to benefit from its Canadian heritage. The Canadian government has pledged $2 billion in support for Ukraine, though the country has stated that while they want Ukraine to make the decisions on what to buy, they want the money to go to Canadian companies. We would expect that given DPRO's prominent position in Canadian drone space as one of only two vendors, that it could garner some large business from these sources. As we look at DPRO's portfolio, we would expect that the heavy lift drones are likely candidates for adoption by Ukraine. The reason we look to heavy lift, is that the Ukraine already has significant capabilities in FPV and in ISR category 1 type drones but could use more capacity in drones that have the ability to move things around quickly.

The company could also benefit internationally from its Canadian heritage. Management has repeatedly spoken about work in west Africa, and in Asia in particular as two regions where it is seeing growing activity.

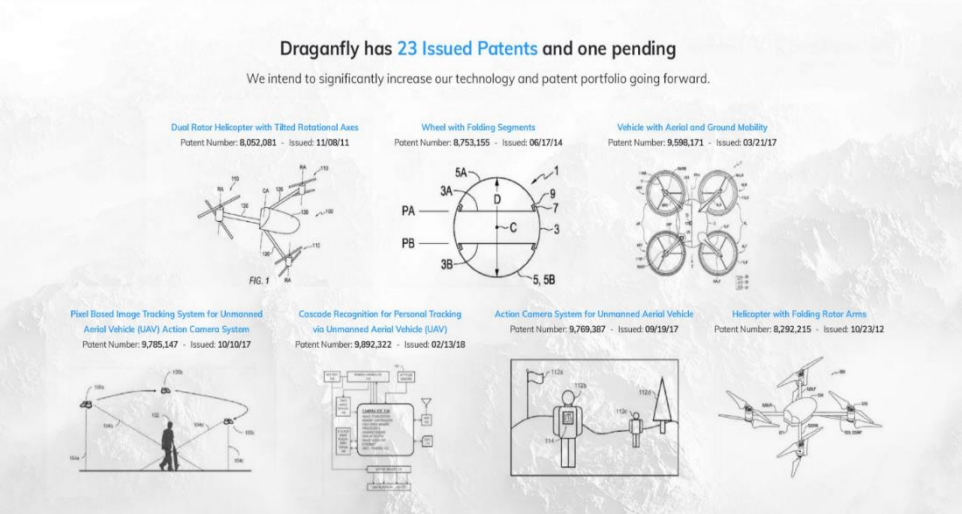
In law enforcement and public safety, the company has seen support from multiple safety organizations such as various tribal organizations as well as international ones such as the International Association of Chiefs of Police (IACP) and the International Association of Campus Law Enforcement Administrators (IACLEA).

Company Technology/Product Portfolio

As mentioned previously, Draganfly credits itself with many industry firsts, given its long history in the UAV space. Those include things like one of the first public safety UAVs to shoot aerial photos documenting a manned aircraft incident in a rural area, one of the first public safety operations where a UAV was used to save a life in a search and rescue, one of the first UAV granted country wide FAA certification of authorization and one of the first drones to be included in the Smithsonian National Air and Space museum to name a few.

The company has deep expertise in the UAV space. It holds 22 global patents across UAVs sensor integration, rotor folding, and tracking technologies. Some of those patents are for hybrid variable mode flight. These allow for vertical take off and landing (VTOL) but fix wing flight once a UAV is launched for longer flight duration. It also has patents around foldable airframe design so that UAV can be more easily transported. The company's designs typically feature interchangeable payloads allowing for various sensors depending on the demands of any given situation. They offer end-to-end systems capability with AI driven software and services.

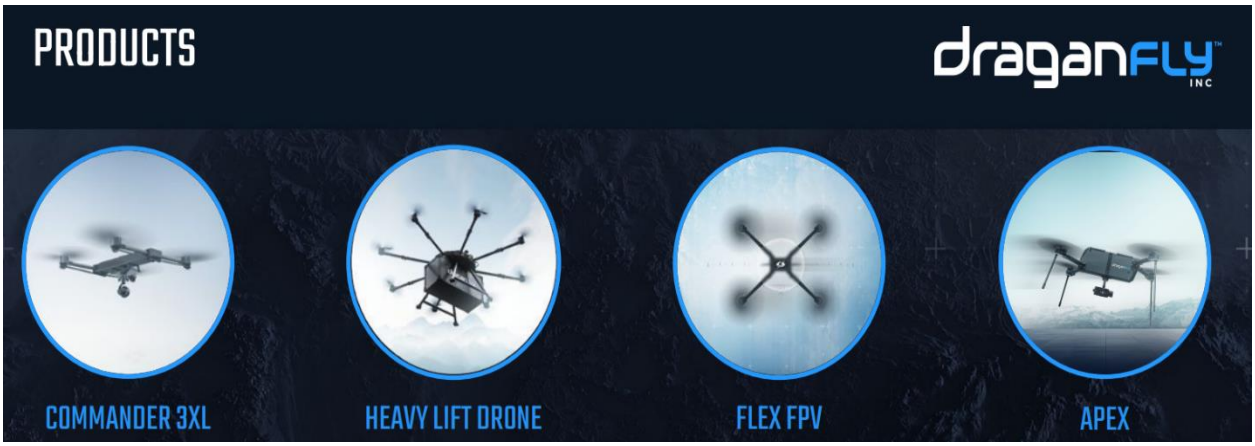
Exhibit 1: DPRO Patent Portfolio



Source: Company Reports

The company offers a wide breadth of airframes from tactical small first-person viewers (FPV) to heavy lift drones for transporting cargo.

Exhibit 2: DPRO Key Products



Source: Company Reports

Key products lines include:

The Commander 3XL

This is a high-endurance multirotor UAV with 50 minutes of endurance and is meant as a versatile all-around offering for things like public safety, mapping, inspection. It can carry up to 22 pounds of cargo for approximately 20 minutes. It is a versatile drone that can swap out multiple payloads and sensors (Swiss Arny knife of Drones). It supports automated and manual flight operations.

The Heavy Lift Drone

This drone is designed for industrial and military applications whereas the name implies heavy lift is desired. The drone can carry up to 67 pound payloads for up to 55 minutes of flight. It can swap payloads and has beyond visual line of sight (BVLOS) capabilities.

The Flex FPV

This drone is described as tactile, fast and maneuverable, often used for defense. It is meant to meet government tactile standards and for use in contested, fast response, reconnaissance, and possibly swarm attack roles. It is NDAA compliant engineered in three distinct sizes 4", 7", and 10". Depending on configuration it can carry from 550 grams up to 3 kilograms and it operates at speeds of up to 90 mph. This is a versatile offering that can adapt to various situations.

The Apex

This is a rapid response, general purpose device. It has an advanced autopilot system with triple redundant inertial measurement units (IMU) for safety and reliability. It can carry payloads of up to 6.6 pounds with a 45 minute flight time. It is Blue UAS certified and offers a mix of portability while also having diverse capabilities. The Apex is a large end category 1 drone addressing the ISR market for military and public safety. This drone looks to differentiate as more than just a flying camera (which is what most Cat. 1 drones are focused on). Given its size it can carry multiple payloads or sensors at the same time, its NVIDIA onboard computing means it can do more processing at the edge, along with capabilities in a GPS denied environment.

Beyond these key platforms the company has a broad set of offerings, including offshoots of these such as the Commander 3XL Hybrid, which offers dual powertrain. It also offers various payloads and delivery systems along with software applications that run on the devices. As well DPRO incorporates third-party sensors and software into their product set.

Competition

The small UAV industry is changing rapidly due to the rapid market growth cited above. The market has companies that focus on civilian use cases, such as inspection, public safety and monitoring, it has companies that are more specifically for military applications and it has dual use companies, those whose products are mainly for military today but have civilian or public safety roles in the future.

In the defense market the competitive landscape includes large defense and aerospace firms, like Lockheed Martin (LMT, $484.98, Not Rated), Elbit (ESLT, $473.07, Not Rated), among many others, as well as focused UAV systems companies such as Aerovironment (AVAV, $365.08, Not Rated). After these large players there are emerging new defense tech companies some of which are private and quite large such as Anduril and Skydio and there are those who are gaining market cap lately due to validating wins with Defense

agencies, these include names like RedCat (RCAT, $9.48, Buy) and Ondas (ONDS, $5.96 Buy) to name a few. Beyond these examples there are a number of companies that are private and have interesting technology but awaiting their breakthrough contract or who provide a subsystem to larger OEMs. This would also include a number of software companies, many of which are private but among public companies we would highlight Palladyne (PDYN, $7.09, Not Rated).

Together this broad swath of companies is coalescing to form an industry that can compete with countries like China who have up until recently dominated the UAV industry in part due to government subsidies. These subsidies have allowed Chinese firms to undercut western firms on price which is what led to the dominance to date. Due to the changes like the ASDA cited above, and the large federal defense dollars that are being allocated to this emerging technology is changing.

More specifically when talking about the UAV hardware platforms, key differentiators include things like autonomy capabilities, sensor and payload flexibility, power and endurance, manufacturing at scale, the ability to integrate and interoperate with other systems and technologies and other regulatory clearances. These factors help decide who wins contracts, and different agencies have different needs, which is why such a broad base of companies is developing.

Recent Results/Outlook

In 2024 Draganfly saw revenues of $6.6 million and 31% gross margins adjusted for some inventory write-downs. This was about flat from the prior year and was, at the time, described as such due to capacity issues. The company increased its capacity in 3Q:24 by upgrading and expanding in Canada. As a result, the company saw an uptick in 4Q which had revenues grow by 76% year-on-year. 2024 saw the company's first DoD purchases, early test units of the Commander 3XL and the FPV drones.

In 1Q:25 the company saw revenue growth of 16% year-over-year, though management indicated a clear pickup in activity. Gross margin was 17.5% (20% excluding an inventory write down), on an adjusted basis, down from 32% in the prior year due to mix. Key announcements included an exclusive agreement with Safelane (private) a world leading unexploded ordinance removal company. The company added new channel partners such as the LiDAR system company Balco (private) who needed an NDAA compliant drone as a way to bring its systems to market. These are two examples, but management highlighted that the demo team was at full capacity in the quarter. DPRO finished its new facility in Tampa, which allows for ordinance testing as well.

In 2Q:25 the company saw revenues of $2.2 million, a 22% year-over-year increase. Gross margin rose to 24% up 750 basis points sequentially. The company highlighted wins such as the border patrol contract it won with Cochise County, which we have mentioned previously. It also announced that they delivered FPV drones to a major unnamed US prime defense contractor. Management also spoke of a strategic military order for Commander 3XL UAV, which was characterized as an initial order with an expectation for follow-ons.

In 2Q gross margin was 24% up 400 basis points sequentially but down from 34% in the prior year. At this early stage, until volumes ramp, gross margin will fluctuate. Loss for the quarter was $4.7 million or $4.6 million excluding some one-time charges. This compares to $4.4 million in the prior year excluding write-downs.

Balance sheet

The company has completed a number of smaller financings in recent years as it struggled to gain scale. With the UAV space picking up traction lately and with recent large order announcements, the company was able to raise more capital. It ended 2Q with $22.4 million in cash, however, subsequently, a financing put that figure at $68 million by the time the company held the conference call in mid-August.

Outlook

On the 1Q:25 earnings call the company spoke to a top of funnel of greater than $100 million, through a number of outsized deals in the pipeline. We think this number could grow dramatically as well, given the desires for domestic drone production from both the US and Canada. For now we assume the core revenue base that has been producing about $1.6 million to $2.0 million per quarter grows given rising demand. We augment that growth with a layering in of the contract for FPV drones that was announced in September. We think this order could amount to about $20 million annually though expect that it won't hit that run rate until 4Q:26. We then model for a near 100% annual CAGR in 2027 and 2028 under the assumption that the FPV drone contract could beget other similar contracts for other brigades, and that some other elements from the pipeline and the sales funnel will convert.

We model for gross margins of 35% by late 2026 and holding that level through 2028. We think there is potential upside to that gross margin forecast, however, there is uncertainty given the rising competition and the need to scale. We see a modest but steady rise in operating costs throughout, resulting in roughly $70 million in revenue by 2028 and $3.7 million in adjusted EBITDA.

Valuation

Multiples of revenue have risen steadily for new defense-tech companies over the course of 2025. This is understandable as global militaries are shifting spending priorities. These represent large and growing pools of available funds being allocated in many cases to early-stage companies. With companies seeing revenue scale quickly, and with broad implications for autonomous systems in the field of defense and beyond, investors have shown a willingness to pay premium multiples for companies winning contracts in this space. We use the peer group below as guidance towards what multiple to use for DPRO. We see the group trading at close to 16x, though this includes some companies that are more well established. DPRO hcant advantages given its deep experience, North American manufacturing base and broad portfolio of products, though its revenue is still modest until it sees more conversions of its pipeline. As a result, we use a discount to the peer group, or 13x on our 2028 revenue forecast. We convert our $70 million 2028 revenue estimate to USD of about $50 million and apply the 13x multiple. We then discounted that back by 10% over the next two years. Finally, we add back the cash (converted to USD) to derive our $19 price target for the US listed shares.

Exhibit 3: Comp Table

Defense Tech and UAV Comps.												
		Price	EV	EV/LTM Rev	EV / REVENUE		EPS		P/E		Sales CAGR	
					2025	2026	2025	2026	2025	2026	3 year	5 year
Ondas Holdings In	ONDS	6.0	2,058.6	127.6x	75.9x	26.2x	(0.28)	(0.13)	NM	NM	35.26%	86.31%
Vuzix Corporation	VUZI	3.1	238.4	43.1x	34.4x	19.1x	(0.40)	(0.38)	NM	NM	-24.11%	-2.91%
Kopin Corporation	KOPN	3.0	443.3	9.4x	8.9x	6.8x	(0.06)	(0.03)	NM	NM	3.30%	11.26%
Red Cat Holdings,	RCAT	9.5	1,074.7	NM	18.0x	7.3x	(0.54)	0.04	NM	270.9x	0.00%	0.00%
LightPath Technol	LPTH	7.5	380.9	10.2x	0.0x	6.4x	(0.24)	(0.16)	0.0x	NM	1.52%	1.25%
Palladyne AI Corp.	PDYN	7.1	245.1	56.3x	47.4x	32.8x	(0.02)	(0.69)	NM	NM	15.33%	-5.16%
AeroVironment, In	AVAV	365.1	18,292.3	16.8x	0.0x	9.2x	3.05	3.62	0.0x	100.9x	22.56%	17.44%
Unusual Machines	UMAC	12.1	361.2	46.9x	33.3x	13.1x	(0.50)	(0.22)	NM	NM	937.11%	0.00%
Average					27.2x	15.1x						
Draganfly Inc.	DPRO	8.6	177.7	34.9x	27.9x	10.9x	(1.05)	(0.52)	NM	NM	-2.39%	36.58%

Source: Capital IQ; prices as of 11/4/2025. Exhibit 3 is for informational purposes only. Ladenburg Thalmann covers ONDS, KOPN, RCAT and LPTH. Ladenburg Thalmann does not cover any of the other companies mentioned in this table. Mention of specific companies not covered by Ladenburg Thalmann & co is not a recommendation to buy, hold or sell the securities mentioned.

Management

Cameron Chell, Chief Executive Officer

Cameron Chell is a serial technology entrepreneur and currently serves as President, CEO, and Director of Draganfly Inc. He co-founded Waste Energy Corp., serving as chairman of its advisory board, and previously held leadership roles there including Non-Executive Chairman and President and CEO. Mr. Chell co-founded Pounce Technologies, where he served as CEO, Chairman, and Director, and founded ICOx Innovations (later MetaWorks/CurrencyWorks). He also founded Business Instincts Group, TraxOne, and Trace Live Network. He also co-founded Cold Bore Technologies, Urthecast, and Play It Gaming/Play It Interactive. He held leadership roles at companies including TruTrace Technologies, BLOCKStrain, Slyce, XTM, RYDE Holding, and Wenn Digital, as well as advisor and director to KodakCoin.

Paul Mullen, Chief Operating Officer

Paul Mullen serves as Chief Operating Officer at Draganfly Inc., where he oversees operational strategy, product expansion, mergers and acquisitions, and organizational development. Previously, he served as Vice President of Draganfly's Vital Intelligence Group. Mullen has led initiatives focused on scaling operations and executing go-to-market strategies for large corporations and start-ups.

Paul Sun, Chief Financial Officer

Paul Sun, MBA, CFA, serves as Chief Financial Officer and Corporate Secretary of Draganfly Inc. In addition to his financial leadership role, he is Chief Executive Officer, President, and Director of Eminent Gold Corp. and a Director of Tier One Silver Inc. Sun previously served on the boards of Katipult Technology, Global Gardens Group, and Deha Capital, and has advised multiple growth-stage companies. He is a licensed Professional Engineer and Chartered Financial Analyst. He holds a Bachelor of Applied Science and Engineering from the University of Toronto and an MBA from the Schulich School of Business.

Deborah Greenberg, Chief Legal Officer

Deborah Greenberg serves as Chief Legal Officer of Draganfly Inc., bringing extensive legal, governance, and technology leadership experience to the role. She previously served as Chief Information Officer and Chief Legal Officer at the Canada Mortgage and Housing Corporation. Earlier in her career, she practiced law at Davies Ward Phillips & Vineberg LLP and later served as legal advisor for several major organizations, including Air Canada. Ms. Greenberg holds degrees in Civil and Common Law and a Graduate Management Diploma from McGill University, as well as a Bachelor's degree in Psychology from Carleton University.

Board of Directors

Scott Larson, Chairman

Scott Larson serves as Chairman of the Board of Draganfly Inc. and has been an Independent Director with the company since its public listing. He serves as Chief Executive Officer of CO2 Lock Corp. and is Chairman and CEO of Zinc8 USA. Mr. Larson's expertise spans leadership roles across technology, aerospace, and clean energy sectors, including CEO and co-founder of Helios Wire and co-founder and former CEO of Urthecast. He has held executive positions at Kater Technologies and SpaceAlpha Insights and previously led Draganfly as President.

Cameron Chell, See management bio above.

Kim Moody

Kim Moody serves as a Director of Draganfly Inc. and is a Partner at RSM Richter LLP. A Chartered Accountant, Registered Trust and Estate Practitioner, and recognized tax specialist, he is also CEO and Director of Canadian Tax Advisory with Moodys Private Client Law LLP, Moodys Private Client LLP, and Moodys Tax. Based in Calgary, Moody has built a distinguished career in tax advisory and estate planning, earning the Early Achievement Award from the Institute of Chartered Accountants of Alberta. He has also held several leadership positions within the Society of Trust and Estate Practitioners of Canada, including Chair, Deputy Chair, Treasurer, and Chair of the Technical Committee, reflecting his expertise and contributions to the field.

Denis Silva

Denis Silva is a Partner at DLA Piper (Canada) LLP and previously served as Partner at Gowling WLG (Canada) LLP, where he advised clients across corporate finance, securities, and regulatory matters. Silva has also served as an Independent Director of Spirit Blockchain Capital and is currently a Director of Intellistake Technologies Corp. He holds a Bachelor of Arts from the University of British Columbia, a Master of Public Administration from Queen's University, and a Bachelor of Laws from the University of Windsor.

Tim Dunnigan

Tim Dunnigan co-founded Talon Aerolytics, where he serves as President, leading it to become one of the largest drone service providers in the US for infrastructure data capture and analysis. Mr. Dunnigan is a US Army veteran who held multiple leadership positions and completed several combat tours before transitioning to entrepreneurship. He is also the Founder and CEO of CaptureTec, LLC, and CEO and President of MMS Products Inc. Mr. Dunnigan holds a Bachelor's degree in Human Development, a Master's degree in Organizational Leadership and Management, and has completed doctoral studies in Adult Education at Auburn University.

Thomas Modly

Thomas Modly served as the 33rd Under Secretary of the Navy and later as Acting Secretary of the Navy, where he also held the roles of Chief Management Officer and Chief Information Officer. During his tenure, he led major reforms to improve efficiency, accountability, and education across the Department, including the Navy's first Business Operations Plan. He also chaired the Education for Seapower Study, driving modernization of naval education and leadership development. Prior to his government service, Modly was a Managing Director at PwC's Public Sector practice and previously served as Deputy Under Secretary of Defense for Financial Management. He holds degrees from the U.S. Naval Academy, Georgetown University, and Harvard Business School.

Christopher Miller

Christopher Miller serves as Director of Onebrief Inc. and on the advisory boards of HawkEye 360 and Healixa Inc. Miller previously held senior roles in the Department of Defense, including Assistant and Deputy Assistant Secretary for Special Operations and Combating Terrorism. Earlier, he served as Special Assistant to the President and Senior Director for Counterterrorism and Transnational Threats at the National Security Council. Following his retirement from the US Army, he worked as a defense contractor specializing in special operations and intelligence. Mr. Miller holds a Master of Arts in National Security Studies from the Naval War College and is a graduate of both the Naval College of Command and Staff and the US Army War College.

Primary Risks

In addition to normal economic and market risk factors that impact most equities, we believe that the primary risks to our recommendation and price target of an investment in Draganfly Inc. shares include, but are not limited to:

United States investors may not be able to obtain enforcement of civil liabilities against the Company

Financial and Operational Risks

The company has a history of losses and anticipates continued high operating expenses due to ongoing research, development, and marketing efforts. Profitability remains uncertain, as future growth depends on market penetration and successful commercialization of new products and services. Any delays in generating revenue or external funding could materially impact financial results.

Competitive Risks

The UAV industry's rapid technological advancement creates pressure to continuously innovate and adapt to avoid product obsolescence. Competitors may develop superior products, offer lower prices, or capture greater market visibility, potentially reducing the company's revenue and profitability. The success of new business models also remains uncertain, as they could fail to achieve expected returns or divert resources from more viable opportunities.

Regulatory Risks

The company's operations are subject to extensive regulation by Transport Canada and other government agencies overseeing UAV operations, privacy, and safety. Failure to obtain or maintain necessary approvals could restrict testing and sales. Evolving regulations may impose operational changes, and privacy concerns related to UAV use could limit adoption.

Technology Risks

The company's reliance on third-party suppliers exposes it to risks of shortage, quality issues, and production delays. Disruptions in global logistics, labor shortages, and material price increases could impair delivery schedules. Complex UAV systems are inherently vulnerable to defects and misuse, which could lead to injury, litigation, and significant financial liability.

Cybersecurity Risks

The company could face cybersecurity threats and risks related to data privacy compliance. Breaches or failures in IT infrastructure could result in the loss of confidential data, operational disruptions, or regulatory penalties.

Intellectual Property Risks

The company's competitive position relies heavily on intellectual property protection through patents, trademarks, and trade secrets. Limited patent coverage, procedural lapses, and challenges from third parties could weaken protection or expose the company to infringement claims. Enforcing or defending intellectual property rights could consume significant resources that could be allocated elsewhere.

Table 1: Draganfly Inc Income Statement

Dollars in thousands, except per share

	F2023 A	March A	June A	Sept A	Dec A	F2024 A	March A	June A	Sept E	Dec E	F2025 E	March E	June E	Sept E	Dec E	F2026 E	March E	June E	Sept E	Dec E	F2027 E	F2028 E
Revenue																						
Sale of goods	5,287	1,238	1,387	1,329	1,415	5,368	1,542	1,902	1,934	2,634	8,012	2,921	4,198	4,459	6,095	17,673	5,558	8,067	8,549	12,794	34,967	69,395
Provision of services	1,268	92	346	557	199	1,193	6	214	167	248	635	235	235	209	298	977	259	259	230	343	1,089	1,198
Total Revenue	6,555	1,330	1,733	1,885	1,613	6,561	1,548	2,115	2,101	2,882	8,646	3,156	4,433	4,667	6,393	18,649	5,816	8,325	8,778	13,137	36,057	70,593
Total cost of goods sold	4,491	1,050	1,271	1,445	1,397	5,163	1,238	1,611	1,555	2,046	6,450	2,115	2,926	3,034	4,155	12,230	3,781	5,411	5,706	8,539	23,437	45,886
Gross profit	2,064	280	462	441	216	1,398	310	505	546	836	2,197	1,042	1,507	1,634	2,237	6,420	2,036	2,914	3,072	4,598	12,620	24,708
Non-GAAP gross profit																						
SG&A	22,579	3,264	4,060	3,636	3,674	14,633	3,671	4,773	4,728	4,842	18,015	4,892	4,965	4,994	5,050	19,902	5,118	5,162	5,179	5,255	20,714	21,458
Research and development	1,555	121	191	347	268	927	162	126	126	173	587	189	222	233	256	900	233	333	351	394	1,311	2,118
Amortization	36	3	3	3	3	11	2	2	2	2	9	9	9	9	9	36	36	36	36	36	144	578
Depreciation	511	143	142	139	142	566	75	73	73	73	295	73	73	73	73	292	73	73	73	73	292	292
Other																						
Total Opex	24,680	3,531	4,396	4,125	4,086	16,138	3,911	4,974	4,929	5,090	18,905	5,163	5,269	5,310	5,388	21,130	5,460	5,604	5,639	5,758	22,461	24,445
EBIT	(22,616)	(3,251)	(3,934)	(3,684)	(3,870)	(14,739)	(3,601)	(4,470)	(4,383)	(4,255)	(16,708)	(4,122)	(3,762)	(3,676)	(3,150)	(14,710)	(3,424)	(2,690)	(2,567)	(1,160)	(9,842)	262
EBITDA	(22,070)	(3,105)	(3,790)	(3,542)	(3,725)	(14,162)	(3,523)	(4,394)	(4,308)	(4,179)	(16,405)	(4,040)	(3,680)	(3,594)	(3,068)	(14,382)	(3,315)	(2,581)	(2,458)	(1,051)	(9,405)	1,132
Adjusted EBITDA		(2,906)	(3,485)	(3,142)	(3,447)	(12,980)	(3,234)	(4,019)	(3,933)	(3,804)	(14,990)	(3,665)	(3,305)	(3,219)	(2,693)	(12,882)	(2,940)	(2,206)	(2,083)	(676)	(7,905)	3,732
Total other income/(expense)	(995)	1,387	(3,157)	3,484	(852)	862	176	(292)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pretax income	(23,612)	(1,864)	(7,092)	(200)	(4,722)	(13,877)	(3,425)	(4,762)	(4,383)	(4,255)	(16,824)	(4,122)	(3,762)	(3,676)	(3,150)	(14,710)	(3,424)	(2,690)	(2,567)	(1,160)	(9,842)	499
Income taxes						0.0					0.0					0.0					0.0	0.0
Income (loss)	**($23,611.8)**	**($1,863.8)**	**($7,091.6)**	**($200.2)**	**($4,721.9)**	**($13,877)**	**($3,424.8)**	**($4,762.2)**	**($4,382.9)**	**($4,254.6)**	**($16,824.5)**	**($4,121.8)**	**($3,761.7)**	**($3,675.9)**	**($3,150.5)**	**($14,709.9)**	**($3,424.5)**	**($2,690.0)**	**($2,567.0)**	**($1,160.1)**	**($9,841.5)**	**$498.9**
Basic shares in millions																						
Diluted weighted average shares in millions	1,619	2,197	2,826	3,352	4,255	3,157	5,428	7,862	23,000	29,650	16,485	31,000	31,500	32,000	32,000	31,625	32,500	32,500	33,000	33,000	32,750	33,750
GAAP net income per share	**($14.58)**	**($0.85)**	**($2.51)**	**($0.06)**	**($1.11)**	**($4.40)**	**($0.63)**	**($0.61)**	**($0.19)**	**($0.14)**	**($1.02)**	**($0.13)**	**($0.12)**	**($0.11)**	**($0.10)**	**($0.47)**	**($0.11)**	**($0.08)**	**($0.08)**	**($0.04)**	**($0.30)**	**$0.01**
Ratios & assumptions																						
Sales growth rate	-86.2%	-87.6%	-83.4%	-82.2%	-81.2%	0.1%	16.4%	22.1%	11.5%	78.7%	31.8%	103.9%	109.6%	122.1%	121.8%	115.7%	84.3%	87.8%	88.1%	105.5%	93.3%	95.8%
Product revenue growth	-83.7%	-83.8%	-76.9%	-75.9%	-79.1%	1.5%	24.5%	37.1%	23%	65%	49.2%	70%	105%	115%	120%	120.6%	80%	85%	85%	105%	97.9%	98.5%
Services revenue growth	-91.5%	-97.0%	-92.2%	-89.1%	-89.0%	-5.9%	-93.6%	-38.2%	-70%	25%	-46.8%	nm	10%	25%	20%	53.8%	10%	10%	10%	15%	11.5%	10.0%
Total gross margin	31.5%	21.1%	26.6%	23.4%	13.4%	21.3%	20.0%	23.9%	26%	29%	25.4%	33%	34%	35%	35%	34.4%	35%	35%	35%	35%	35.0%	35.0%
SG&A (% of rev)	344.5%	245.5%	234.3%	192.8%	227.7%	223.0%	237.2%	225.7%	225%	168%	208.3%	155%	112%	107%	79%	106.7%	88%	62%	59%	40%	57.4%	30.4%
Product development (% of rev)	23.7%	9.1%	11.0%	18.4%	16.6%	14.1%	10.5%	5.9%	6%	6%	6.8%	6%	5%	5%	4%	4.8%	4%	4%	4%	3%	3.6%	3.0%
Operating profit margin	(345.0%)	(244.5%)	(227.0%)	(195.4%)	(239.9%)	(224.7%)	(232.7%)	(211.3%)	(208.6%)	(147.6%)	(193.2%)	(130.6%)	(84.9%)	(78.8%)	(49.3%)	(78.9%)	(58.9%)	(32.3%)	(29.2%)	(8.8%)	(27.3%)	0.4%
Adjusted EBITDA margin	0.0%	-218.6%	-201.1%	-166.6%	-213.7%	-197.8%	-209.0%	-190.0%	-187.2%	-132.0%	-173.4%	-116.1%	-74.5%	-69.0%	-42.1%	-69.1%	-50.6%	-26.5%	-23.7%	-5.1%	-21.9%	5.3%

Source: Ladenburg Thalmann estimates, and Co. reports

Table 2: Draganfly Inc: Statement of Cash Flows

Dollars in thousands, except per share

	March A	June A	Sept A	Dec A	F2024A	March A	June A	Sept E	Dec E	F2025 E	March E	June E	Sept E	Dec E	F2026 E	F2027 E	F2028 E
Operating activities																	
Net income	($1,864)	($7,092)	($200)	($4,722)	($13,877)	($3,425)	($4,762)	($4,383)	($4,255)	($16,824)	($4,122)	($3,762)	($3,676)	($3,150)	($14,710)	($9,842)	$499
Stock-based compensation expense	199	305	401	278	1,183	289	375	375	375	1,414	375	375	375	375	1,500	1,500	2,600
Depreciation	143	142	139	142	566	75	73	200	200	548	225	200	200	200	825	825	825
Amortization	3	3	3	3	11	2	2	0	0		0	0	0	0			
Forex (gain)/losses	0				0												
(Increase) / decrease in working capital	77	5,178	(8,532)	1,958	(1,319)	(985)	(1,234)	(1,766)	(751)	(4,736)	176	(1,139)	10	(1,170)	(2,123)	(4,107)	(2,001)
Change in other long-term assets and liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other items	(1,204)	(2,290.9)	4,987.3	110.3	1,603	(23.1)	180.7				0.0	0.0					
Cash Flow from Operating Activities:	(2,646)	(3,755)	(3,202)	(2,231)	(11,834)	(4,067)	(5,365)	(5,574)	(4,430)	(19,436)	(3,346)	(4,326)	(3,091)	(3,746)	(14,508)	(11,623)	1,923
Investing activities																	
Capital expenditures	(4)	(44)	(25)	(94)	(167)	(32)	(21)	(650)	(650)	(1,353)	(250)	(250)	(250)	(320)	(1,070)	(2,197)	(3,530)
Additions to definite life intangibles																	
(Purchase)/Sale of Investments	73	0	31	0	104	26	8			34							
Acquisitions																	
Proceeds from Divestitures																	
Other	7	4	8	22	40	(0)	(0)										
Cash Flow from Investing Activities:	76	(40)	13	(73)	(23)	(6)	(13)	(650)	(650)	(1,319)	(250)	(250)	(250)	(320)	(1,070)	(2,197)	(3,530)
Cash flow available for financing activities	**($2,570.0)**	**($3,795.0)**	**($3,188.8)**	**($2,303.8)**	**($11,857.6)**	**($4,073.1)**	**($5,377.6)**	**($6,223.9)**	**($5,080.2)**	**($20,754.8)**	**($3,596.2)**	**($4,575.5)**	**########**	**($4,065.3)**	**($15,577.9)**	**($13,820.0)**	**($1,606.9)**
Financing activities																	
Issuance / (repayment) of revolver	(82)	0	0	0	(82)	0	0	0	0	0	0	0	0	0	0	0	0
Issuance of long-term debt																	
(Repayment) of long-term debt																	
Equity issuance	3,988	4,473	1,982	4,652	15,096		21,676	48,000		69,676							
Repurchase of equity																	
Warrant conversion							4,176		5,000	9,176							
Option proceeds																	
Other	(81)	280	(88)	(99)	12	(37)	(38)										
Cash Flow from Financing Activities:	3,826	4,753	1,895	4,553	15,026	(37)	25,817	48,000	5,000	78,852	0	0	0	0	0	0	0
Effect of forex		(17)	1	6	10	(16)	5			(11)							
Net change in cash	1,256	941	(1,293)	2,255	3,159	(4,126)	20,445	41,776	(80)	58,015	(3,596)	(4,576)	(3,341)	(4,065)	(15,578)	(13,820)	(1,607)
Beginning cash balance	3,094	4,349	5,291	3,998	3,094	6,252	2,126	22,571	64,347	6,252	64,267	60,671	56,095	52,754	64,267	48,689	34,869
Ending cash balance	4,349	5,291	3,998	6,252	6,252	2,126	22,571	64,347	64,267	64,267	60,671	56,095	52,754	48,689	48,689	34,869	33,262
Free cash flow	(2,650)	(3,799)	(3,227)	(2,325)	(12,002)	(4,099)	(5,386)	(6,224)	(5,080)	(20,789)	(3,596)	(4,576)	(3,341)	(4,065)	(15,578)	(13,820)	(1,607)
Free cash flow per share	$ (1.21)	$ (1.34)	$ (0.96)	$ (0.55)	$ (3.80)	$ (0.76)	$ (0.69)	$ (0.27)	$ (0.17)	$ (1.26)	$ (0.12)	$ (0.15)	$ (0.10)	$ (0.13)	$ (0.49)	$ (0.42)	$ (0.05)
Free cash flow ex stock comp.	(2,849)	(4,104)	(3,627)	(2,603)	(13,184)	(4,388)	(5,761)	(6,599)	(5,455)	(22,203)	(3,971)	(4,951)	(3,716)	(4,440)	(17,078)	(15,320)	(4,207)
FCF per share ex. stock comp.	$ (1.30)	$ (1.45)	$ (1.08)	$ (0.61)	$ (4.18)	$ (0.81)	$ (0.73)	$ (0.29)	$ (0.18)	$ (1.35)	$ (0.13)	$ (0.16)	$ (0.12)	$ (0.14)	$ (0.54)	$ (0.47)	$ (0.12)

Source: Ladenburg Thalmann estimates, and Co. reports

Table 3: Draganfly Inc: Balance sheet

Dollars in thousands, except per share

	F2023 A	March A	June A	Sept A	Dec A	F2024 A	March A	June A	Sept E	F2025 E	March E	June E	Sept E	F2026 E	March E	June E	Sept E	F2027 E	F2028 E
Cash and short-term investments	$3,094	$4,340	$5,291	$3,998	$6,252	$6,252	$2,126	$22,571	$64,347	$64,267	$60,671	$56,095	$52,754	$48,689	$46,172	$42,028	$39,306	$34,869	$33,262
Accounts Receivable, net	650	491	878	854	573	573	578	1,130	1,267	1,737	1,902	2,672	2,813	3,853	3,506	5,018	5,291	7,918	11,206
Inventory	1,597	1,460	1,576	1,510	1,532	1,532	1,969	2,576	2,576	2,576	2,576	2,576	2,576	2,576	2,576	2,576	2,576	2,576	2,576
Prepaid expenses	1,342	1,074	646	972	725	725	1,179	1,325	1,874	2,691	2,549	3,688	3,657	5,009	4,558	6,227	6,566	9,826	16,475
Total Current Assets:	6,682	7,364	8,391	7,335	9,083	9,083	5,852	27,602	70,064	71,237	67,664	64,997	61,767	60,093	56,777	55,815	53,705	55,155	63,485
PP&E, net	681	600	573	515	530	530	510	481	708	936	1,023	1,111	1,198	1,310	1,412	1,558	1,711	2,079	3,314
Intangibles	56	54	51	48	45	45	43	41	38	36	34	32	30	28	26	24	22	20	12
Investments	189	178	180	14	14	14	21	29	29	29	29	29	29	29	29	29	29	29	7,612
Receivable		156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156	156
Right of use assets	722	638	551	461	372	372	337	301	301	301	301	301	301	301	301	301	301	301	301
Other Long-term Assets																			
Total Assets:	8,330	8,991	9,901	8,529	10,200	10,200	6,919	28,609	71,297	72,695	69,207	66,626	63,481	61,917	58,701	57,883	55,924	57,740	74,881
Accounts Payable	2,639	2,397	2,313	2,213	2,399	2,399	2,484	2,570	1,108	1,458	1,622	2,084	2,161	2,960	2,900	3,855	4,064	6,082	11,272
Customer deposits	105	62	111	95	466	466	427	188	466	614	634	878	910	1,247	1,134	1,623	1,712	2,562	4,747
Deferred income	12	16	9	14	19	19	37	80	80	80	80	80	80	80	80	80	80	80	80
Derivative liability	4,196	4,034	9,383	1,252	2,198	2,198	2,040	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221	2,221
Lease liability	362	317	264	210	154	154	158	158	158	158	158	158	158	158	158	158	158	158	158
Other																			
Total Current Liabilities:	7,314	6,826	12,080	3,785	5,236	5,236	5,146	5,217	4,033	4,531	4,715	5,421	5,530	6,665	6,493	7,937	8,235	11,103	18,479
Revolver	85	3	2																
Long-Term Debt																			
Deferred revenue	96	91	87	69	68	68	63	55	55	55	55	55	55	55	55	55	55	55	55
Lease liability	428	392	354	314	274	274	233	195	195	195	195	195	195	195	195	195	195	195	195
Other Long-term Liabilities																			
Total Liabilities:	7,923	7,313	49,265	4,168	5,578	5,578	5,442	5,467	4,283	4,780	4,965	5,671	5,780	6,915	6,743	8,187	8,485	11,353	18,729
Total Equity:	408	1,678	(39,364)	4,361	4,622	4,622	1,477	23,142	67,014	67,915	64,242	60,955	57,701	55,002	51,958	49,696	47,439	46,387	56,152
Total Liabilities and Equity:	8,330	8,991	9,901	8,529	10,200	10,200	6,919	28,609	71,297	72,695	69,207	66,626	63,481	61,917	58,701	57,883	55,924	57,740	74,881
Net Cash Per share	1.858	1.974	1.871	1.193	1.469	1.981	0.392	2.871	2.798	3.896	1.956	1.780	1.648	1.538	1.420	1.292	1.190	1.064	0.985
Current Ratio	0.914	1.079	0.695	1.938	1.735	1.735	1.137	5.290	17.374	15.724	14.349	11.990	11.169	9.016	8.744	7.032	6.521	4.968	3.436
Return on Equity	-5791.1%	-111.1%	18.0%	-4.6%	-102.2%	-300.3%	-231.9%	-20.6%	-6.5%	-24.8%	-6.4%	-6.2%	-6.4%	-26.7%	-6.6%	-5.4%	-5.4%	-21.2%	0.9%
Book Value per share	0.25	0.76	-13.93	0.55	0.20	1.46	0.27	2.94	2.13	4.12	2.07	1.94	1.78	1.74	1.60	1.53	1.42	1.42	1.66

Source: Ladenburg Thalmann estimates, and Co. reports

APPENDIX A: IMPORTANT RESEARCH DISCLOSURES

ANALYST CERTIFICATION

I, Glenn G. Mattson, attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report, provided, however, that:

The research analyst primarily responsible for the preparation of this research report has or will receive compensation based upon various factors, including the volume of trading at the firm in the subject security, as well as the firm's total revenues, a portion of which is generated by investment banking activities.

Additional information regarding the contents of this publication will be furnished upon request. Please contact Ladenburg Thalmann, Compliance Department, 640 Fifth Avenue, 4th floor, New York, New York 10019 (or call 212-409-2000) for any information regarding current disclosures, and where applicable, relevant price charts, in regard to companies that are the subject of this research report.

COMPANY BACKGROUND

Draganfly is a leading North American drone solution provider with its headquarters in Saskatoon, Canada. The company has manufacturing in both the US and Canada, where it makes a variety of UAVs for commercial and government customers.

VALUATION METHODOLOGY

We use a discount to the peer forward multiple of revenue on our 2028 estimate discounted back.

RISKS

In addition to normal economic and market risk factors that impact most equities, we believe that the primary risks to our recommendation and price target of an investment in Draganfly Inc. shares include, but are not limited to:

United States investors may not be able to obtain enforcement of civil liabilities against the Company

Financial and Operational Risks

The company has a history of losses and anticipates continued high operating expenses due to ongoing research, development, and marketing efforts. Profitability remains uncertain, as future growth depends on market penetration and successful commercialization of new products and services. Any delays in generating revenue or external funding could materially impact financial results.

Competitive Risks

The UAV industry's rapid technological advancement creates pressure to continuously innovate and adapt to avoid product obsolescence. Competitors may develop superior products, offer lower prices, or capture greater market visibility, potentially reducing the company's revenue and profitability. The success of new business models also remains uncertain, as they could fail to achieve expected returns or divert resources from more viable opportunities.

Regulatory Risks

The company's operations are subject to extensive regulation by Transport Canada and other government agencies overseeing UAV operations, privacy, and safety. Failure to obtain or maintain necessary approvals could restrict testing and sales. Evolving regulations may impose operational changes, and privacy concerns related to UAV use could limit adoption.

Technology Risks

The company's reliance on third-party suppliers exposes it to risks of shortage, quality issues, and production delays. Disruptions in global logistics, labor shortages, and material price increases could impair delivery schedules. Complex UAV systems are inherently vulnerable to defects and misuse, which could lead to injury, litigation, and significant financial liability.

Cybersecurity Risks

The company could face cybersecurity threats and risks related to data privacy compliance. Breaches or failures in IT infrastructure could result in the loss of confidential data, operational disruptions, or regulatory penalties.

Intellectual Property Risks

The company's competitive position relies heavily on intellectual property protection through patents, trademarks, and trade secrets. Limited patent coverage, procedural lapses, and challenges from third parties could weaken protection or expose the company to infringement claims. Enforcing or defending intellectual property rights could consume significant resources that could be allocated elsewhere.

STOCK RATING DEFINITIONS

Buy: The stock's return is expected to exceed 12.5% over the next twelve months.

Neutral: The stock's return is expected to be plus or minus 12.5% over the next twelve months.

Sell: The stock's return is expected to be negative 12.5% or more over the next twelve months.

Investment Ratings are determined by the ranges described above at the time of initiation of coverage, a change in risk, or a change in target price. At other times, the expected returns may fall outside of these ranges because of price movement and/or volatility. Such interim deviations from specified ranges will be permitted but will become subject to review.

RATINGS DISPERSION AND BANKING RELATIONSHIPS AS OF (November 5, 2025)

Rating	%	IB %
BUY	71.8	53.9
NEUTRAL	28.2	37.5
SELL	0.0	0.0

COMPANIES UNDER GLENN'S COVERAGE

Atlantic International Corp. (ATLN)
Draganfly Inc. (DPRO)
LightPath Technologies Inc. (LPTH)
FiscalNote Holdings, Inc. (NOTE)
Ocean Power Technologies Inc. (OPTT)
Serve Robotics Inc. (SERV)
Veritone Inc. (VERI)
Beeline Holdings, Inc. (BLNE)
Kopin Corporation (KOPN)
Neonode Inc. (NEON)
Ondas Holdings Inc. (ONDS)
Red Cat Holdings Inc. (RCAT)
SoundHound AI Inc. (SOUN)

COMPANY SPECIFIC DISCLOSURES

Ladenburg Thalmann & Co. Inc. intends to seek compensation for investment banking and/or advisory services from Draganfly Inc., Kopin Corporation, LightPath Technologies Inc. and Ondas Holdings Inc. within the next 3 months.

Ladenburg Thalmann & Co. Inc. expects to receive compensation for investment banking and/or advisory services from LightPath Technologies Inc., Ondas Holdings Inc. and Red Cat Holdings Inc. within the next 3 months.

Ladenburg Thalmann & Co. Inc had an investment banking relationship with Ondas Holdings Inc. and Red Cat Holdings Inc. within the last 12 months.

Ladenburg Thalmann & Co. Inc received compensation for investment banking services from Ondas Holdings Inc. and Red Cat Holdings Inc. within the past 12 months.

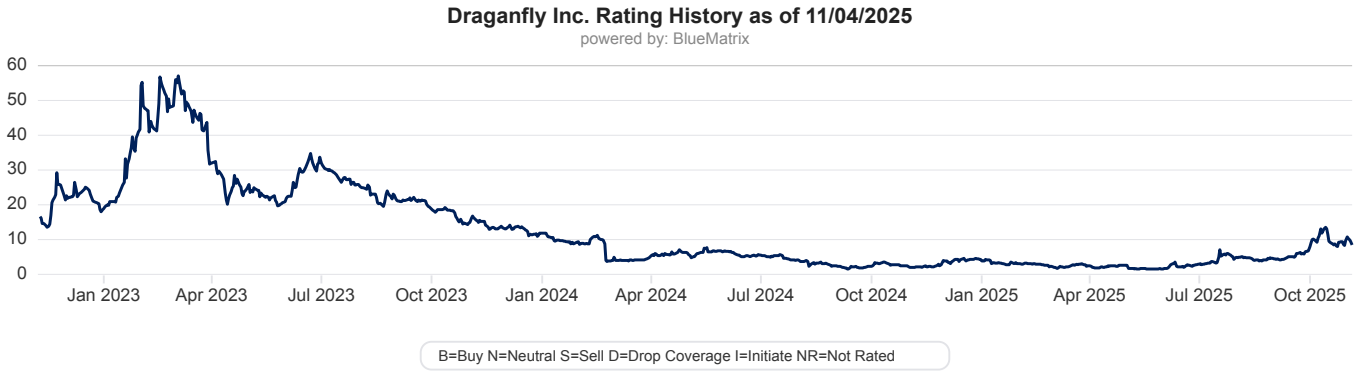
Ladenburg Thalmann & Co Inc. acted in an advisory capacity for Ondas Holdings Inc. and Red Cat Holdings Inc. in the last 12 months.

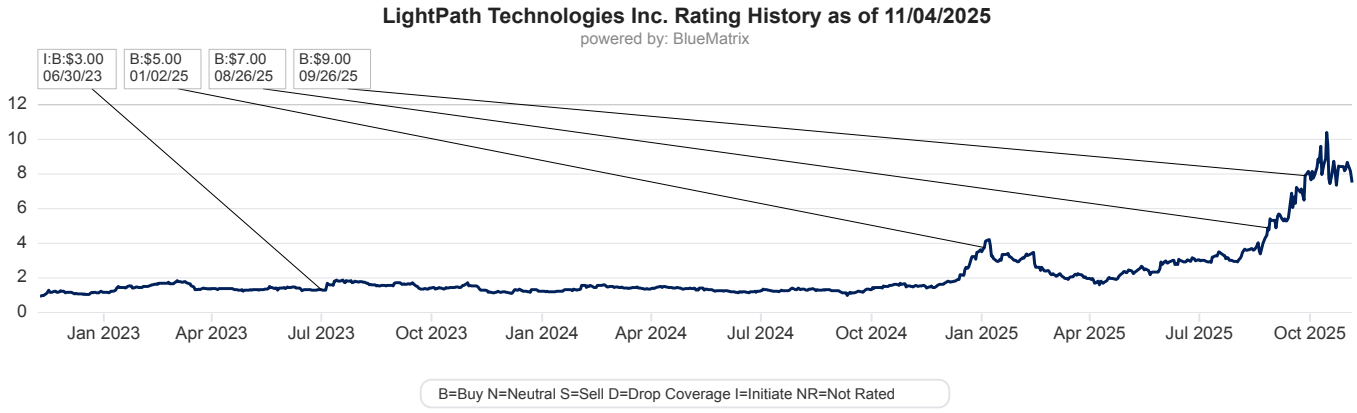
Ladenburg Thalmann & Co. Inc. has managed or co-managed a public offering for Ondas Holdings Inc. and Red Cat Holdings Inc. within the past 12 months.

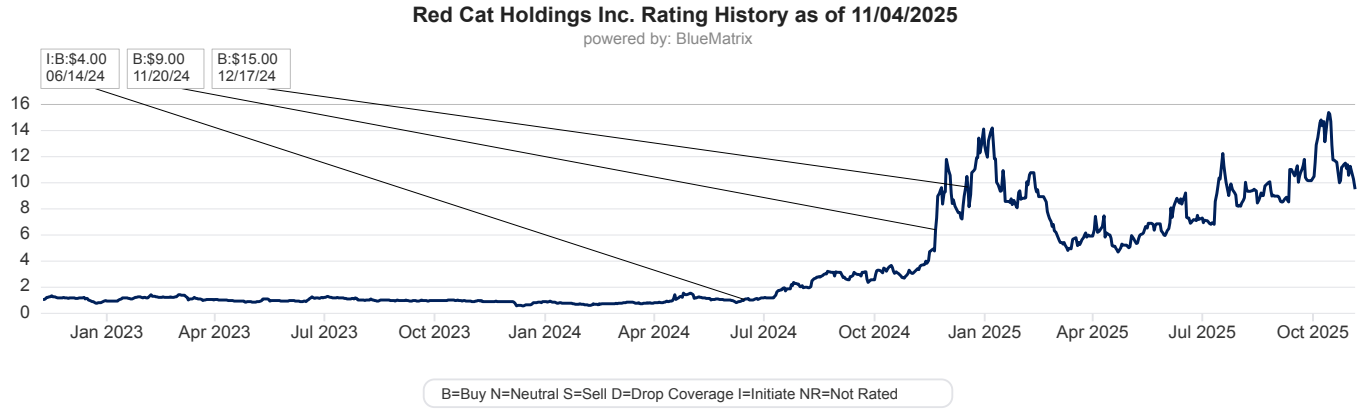
OTHER COMPANIES MENTIONED

Kopin Corporation (KOPN, $3.01, BUY)
Ondas Holdings Inc. (ONDS, $5.96, BUY)
LightPath Technologies Inc. (LPTH, $7.53, BUY)
Red Cat Holdings Inc. (RCAT, $9.48, BUY)

INVESTMENT RATING AND PRICE TARGET HISTORY







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