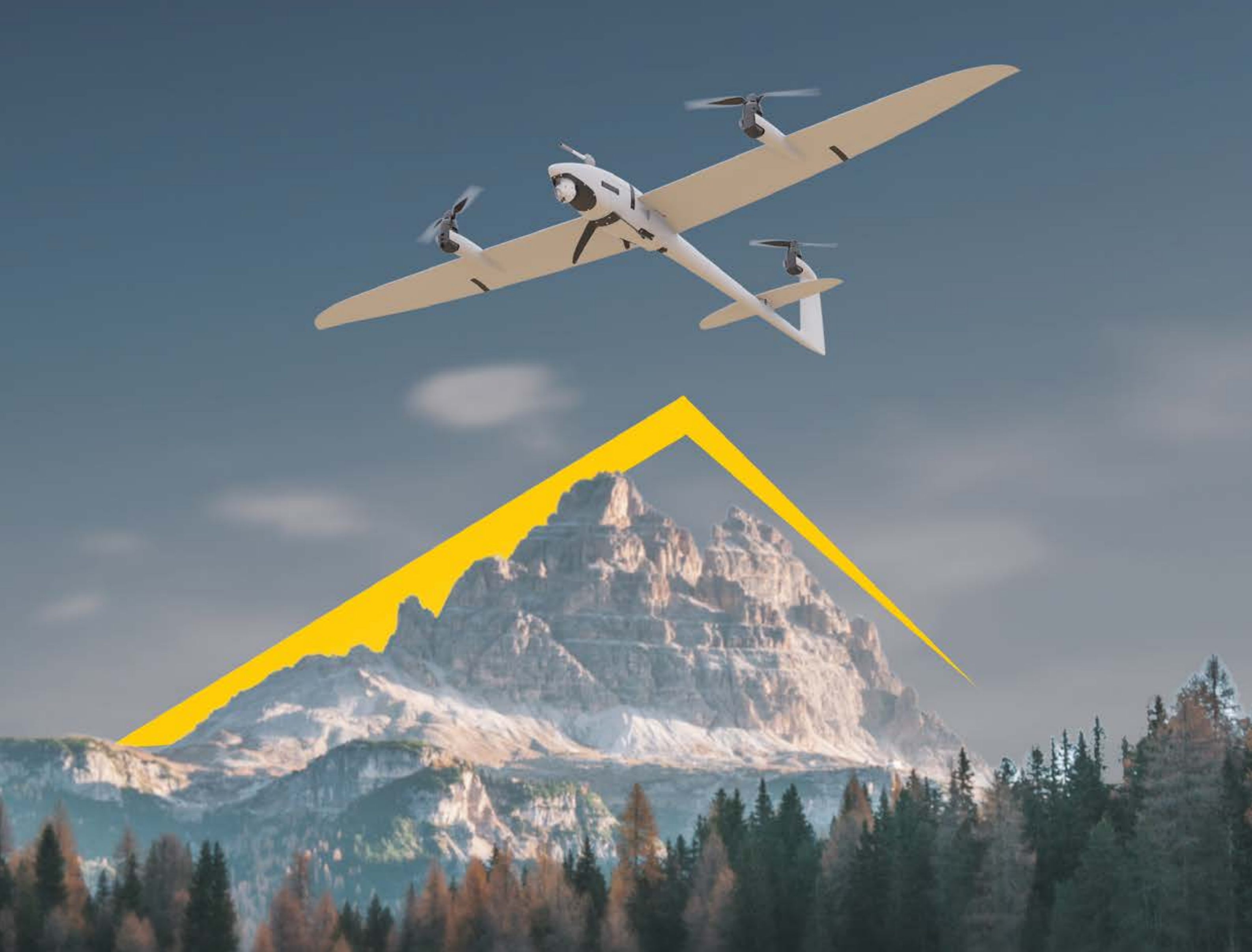
DELTA DRONE INTERNATIONAL



ANNUAL REPORT

31 DECEMBER 2021

DELTA DRONE INTERNATIONAL LIMITED | ABN 17 618 678 701

DLT IS A LEADING GLOBAL MINING & AGRICULTURE TECH-SERVICES COMPANY.

We enable clients to detect, define & calculate asset value by digitising their operational sites daily, with precision and at speed

HIGHLIGHTS

FY2021 – as at 28 Feb 2022 (unaudited)

ASX: DLT

REVENUE
INCREASED

36%

From pcp to $4.6m ($3.4m FY20)

AUSTRALIAN OPERATIONS

12%

Contribution to the Group's overall revenues

NEW ENTERPRISE CUSTOMERS

12

Increased from 2020

OUR ADVANTAGE

What makes our business model so unique

ASX: DLT

Market-leading Technologies

We research & deploy sophisticated sensors that are best in their class, enabling faster workflows & data capture

Long-Range Flight Capabilities

We operate semi & fully autonomous equipment beyond visual line of site (BVLOS) to enable larger area acquisition

Scalable Business Model

We deploy specialist drone pilots & semi-autonomous drones within a short time period of receiving customer orders, allowing flexibility of capital structures

High- Frequency High Speed Data

We provide higher resolution data at a higher frequency (vs. manned aircraft & satellite solutions) within 24 hours of capture

Proven Safety & Quality Systems

Our systems are world-class in meeting enterprise customer demand & regulator support for complex drone operations

Economies of Scale

We provide a more cost-effective offering through strong negotiating power with suppliers and with the support of our own internal maintenance & repair facilities

ASX: DLT

> The future is about long-range, high frequency super-fast drone data that is delivered daily on site enabling autonomous operations for our customers

CHRISTOPHER CLARK CEO

TABLE OF CONTENTS

CHAIRMAN'S LETTER

Dear Shareholders

On behalf of the Board, it is with pleasure I present Delta Drone International's annual report for the financial year ended 31 December 2021 (FY21).

Delta Drone International's first year as a listed company has seen us build a market-leading drone service business by extensively expanding the markets we operate in, our suite of services and number and calibre of enterprise contracts.

At the beginning of 2021, two international business were merged to form Delta Drone International, and with our majority acquisition of Arvista in Australia, we have formalised the foundations of our future market focus.

This refreshed focus on the Australian market along with thriving African operations has contributed to a strong financial performance in FY21, driven by our strong customer relationships, our expanded global footprint, and growing our range of services. Post-balance date we also sold the ParaZero business to narrow our focus on drone services, which will position Delta Drone International for accelerated growth in the years to come.

Delta Drone International operates as a subsidiary under the Delta Drone Group (DDG) (EPA: ALDR), with DDG owning 55.22% of DLT's shares as of February 2022. Post reporting period, leading provider of integrated drone solutions Volatus Aerospace made a strategic investment in the Delta Drone Group which will provide significant opportunities for Delta Drone International to further grow its business through sharing of expertise and use of complementary services.

The FY21 achievements would not have been possible without the dedication and tremendous contribution of our staff, led ably by CEO Chris Clark. I would therefore like to thank our team for their ongoing commitment and outstanding effort throughout the year.

On behalf of the Board, we thank our shareholders for their support throughout 2021. As the world embarks on a new journey towards autonomous drone operations, we see an abundance of opportunities for Delta Drone International, not only in Australia, but into new markets and geographies with our leading drone service capabilities.

With the overall global drone market expected to grow at a compound annual growth rate of 13.8% over 2020–2025 to reach US$42.8 billion, I look forward to updating you on the role Delta Drone International plays in revolutionising the way mining and agriculture companies conduct complex aerial data capture and embrace drone technology across other aspects of their sector, and in turn, deliver strong results for our shareholders.

Eden Attias
Executive Chairman

CEO'S LETTER

I am pleased to report that throughout the FY21 year we have made significant progress to ensure Delta Drone International remains one of the world's leading drones-as-a-service providers, by delivering on key strategic initiatives, particularly with respect to new markets and services.

Delta Drone International entered new markets throughout FY21, bringing our global footprint to nine countries, as well as adding another 12 major contracts with multinational enterprise companies. These achievements, along with others outlined in this report, played a key role in Delta Drone International being recognised as a top four global drone services provider in the Drone Industry Insights (Droneii) Top Drone Service Providers for 2021 Report.

The Company's overall revenue grew significantly, up 64% to $5.5 million for the year, attributed to expanding the markets we operate in, an expanded suite of services, and growing the number and calibre of enterprise contracts. Our already extensive range of services was bolstered by the latest capability in light detection and ranging [LiDAR], security monitoring and advanced Beyond Visual Line-of-Site (BVLOS) operations, allowing us to meet the increasingly specialist needs of our customers.

Our customer base continues to grow, with Delta Drone International signing contracts with some of the world's leading enterprise mining and agriculture companies, including, South32 Coal Holdings (now Seriti Power), Pioneer Seed RSA, GoviEx Uranium, AMS African Mining Services, and Rustenberg Platinum Mines, to name a few.

Perhaps the most significant milestone for our Company throughout 2021, was establishing an Australian-based headquarters and acquiring Perth-based provider of aerial and terrestrial surveying services, Arvista. Australia was identified as a key expansion area due to its vast mining and agriculture sectors and fragmented drone services industry, with the acquisition of Arvista providing the Company with a blue-chip Australian customer base.
Post financial year end, we sold our drone safety business, ParaZero Technologies, for A$6 million to allow the Company to focus on becoming the leading drone service provider globally.

The sale of ParaZero provides DLT with a strengthened balance sheet and a substantially reduced need for cash to fund the ongoing R&D investment that had been required by the ParaZero business, allowing us to focus on aggressively growing our global drone services business.

While 2021 was a year of positive flux, with the merger, establishing Australian operations, purchasing Arvista, the sale of ParaZero, we have a plan to profitability.

Looking ahead, I am excited by scaling our drone services offering and looking for other attractive growth opportunities. Commercial applications for drone services are steadily rising and will probably overtake government and defense in terms of market share in the next few years.

Delta Drone International is therefore focused on profitably growing its business, with ongoing investment in sales and marketing to harness the reputation of our technology and operations leadership as we execute our growth strategy throughout 2022 and beyond.

Lastly, I would like to thank you, our shareholders, for joining us on this exciting journey. I am confident our strong business offering combined with a wider social acceptance of drone technology will ensure our company continues to grow sustainably into the future and delivers value for our shareholders.

Christopher Clark
Chief Executive Officer

CORPORATE DIRECTORY

Directors	B.Gen (ret.) Eden Attias Mr Christopher Clark Mr Stephen Gorenstein Mr Nicolas Clerc Mr Christian Viguie Mr Clive Donner	Executive Chairman Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
Company secretary	Mr Stephen Buckley	
Registered office	75 Thomas Street Subiaco WA 6008 Email: contact@dlti.com.au	
Principal place of business	75 Thomas Street Subiaco WA 6008	
Share register	Automic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000 Tel: 1300 288 664 (Within Australia) | +61 2 9698 5414 (Outside Australia) Fax: +61 8 9321 2337 Email: hello@automic.com.au Web: www.automic.com.au	
Auditor	BDO Audit (WA) Pty Ltd Level 9, Mia Yellogonga Tower 2 5 Spring Street Perth WA 6000	
Legal Advisers (Australia)	Arnold Bloch Leibler Level 21 333 Collins Street Melbourne VIC 3000	
Legal Advisers (Israel)	Shibolet Museum Tower 4 Berkowitz Street Tel Aviv Israel 6423806	
Legal Advisers (South Africa)	Rodl & Partner 1 Eastgate Lane Bedfordview South Africa 2007	
Stock exchange listing	Delta Drone International Limited shares are listed on the Australian Securities Exchange (ASX code: DLT) ASX Limited Level 40, Central Park 152-158 St Georges Terrace Perth WA 6005	
Website	Web: www.dlti.com.au	
Corporate Governance Statement	Delta Drone's Corporate Governance Statement can be viewed at: https://www.dlti.com.au/resource/corporate-governance/	


TRINITY F9+
DO NOT TOUCH HERE
DO NOT TOUCH HERE

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Delta Drone International Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2021.

Directors			
Name	Title	Appointed	Resigned
B. Gen (ret.) Eden Attias	Executive Chairman	13 June 2018	-
Mr Christopher Clark	Chief Executive Officer	3 December 2020	-
Mr Stephen Gorenstein	Non-Executive Director	17 October 2018	-
Mr Nicolas Clerc	Non-Executive Director	8 April 2021	-
Mr Christian Viguie	Non-Executive Director	8 April 2021	-
Mr Clive Donner	Non-Executive Director	14 July 2021	-
Mr Chris Singleton	Non-Executive Director	1 January 2019	14 July 2021
Mr Dan Arazi	Non-Executive Director	13 June 2018	21 June 2021

Principal activities

Delta Drone is a multi-national drone-based data service and technology solutions provider for the mining, agricultural and engineering industries. It provides aerial surveying and mapping, security and surveillance and blast monitoring and fragment analysis through a fully-outsourced service and fast data turnaround that allows enterprise customers to focus on their operations while DLT takes care of everything in the air, including compliance and maintenance.

During the year, Delta Drone had in-house enabling proprietary technology, an R&D and integration centre and specialist expertise in designing, developing and provided best-in-class autonomous safety systems for commercial drone deliveries, drone flights for crowd monitoring in urban areas as well as 'beyond visual line of sight' (BVLOS) missions.

While the COVID-19 pandemic did have an impact on the business, the overall business remained resilient due to long-term annuity contracts with mining customers, considered essential to national economies.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the Group including non controlling interests, after providing for income tax amounted to $3,590,483 (31 December 2020: $115,391).

The loss for the Group from continuing operations amounted to $1,705,749 (31 December 2020: $61,003).

Unless otherwise stated, all figures in this report are in the Company's presentation currency, the Australian Dollar ("$").

Significant changes in the state of affairs

Acquisition of 60% ownership of Arvista Pty Ltd

On 1 September 2021 the Group completed the acquisition of 60% of the shares in Perth-based provider of aerial and terrestrial surveying services, Arvista Pty Ltd (Arvista). The merger is a key milestone in DLT's expansion strategy and has immediately provided the Group with a blue-chip Australian client base and access to a team of highly skilled professionals with the expertise to expand their skillset beyond surveying to include the full range of drone-as-a-service operations Delta Drone International provides.

Matters subsequent to the end of the financial year

On 28 January 2022 the Group announced that it had entered into a binding agreement with a consortium of investors led by NASDAQ-listed Medigus Ltd and facilitated by Israeli venture capital firm L.I.A Pure Capital Ltd to sell ParaZero Technologies Ltd ("ParaZero") which operated the Company's drone safety business, for a total consideration of A$6 million in cash. This transaction allows the Group to focus on becoming one of the leading drone service providers globally after its successful acquisition of the Delta Drone South Africa business in December 2020 and the purchase of Arvista Pty Ltd in Australia in September 2021. Post-sale this will leave the Company with a strengthened balance sheet and a substantially reduced need for cash to fund the ongoing R&D investment that had been required by the ParaZero business, allowing the Group to focus on aggressively growing its global drone services business. As such, the assets (including goodwill and intangible assets), liabilities and net profit of the Parazero operations have been classified as assets held for sale and liabilities directly attributed to discontinued operations in the 31 December 2021 report.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Group continues to be a drone-based data service and technology solutions provider for the mining, agricultural and engineering industries. It provides aerial surveying and mapping, security and surveillance and blast monitoring and fragment analysis through a fully-outsourced service and fast data turnaround that allows enterprise customers to focus on their operations on the ground while Delta Drone takes care of everything in the air, including compliance and maintenance.

Board changes

During the year Mr Chris Singleton and Mr Dan Arazi resigned as non-executive directors effective 14 July 2021 and 21 June 2021 respectively, while Mr Nicolas Clerc, Mr Christian Viguie and Mr Clive Donner were appointed as non-executive directors effective 8 April 2021, 8 April 2021 and 14 July 2021 respectively.

There were no other significant changes in the state of affairs of the Group during the financial year.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INFORMATION ON DIRECTORS

B. GEN (RET.) EDEN ATTIAS
Executive Chairman

Qualifications
Bachelor of Arts in Computer Science, Master of Arts in Public Administration

Experience and expertise
Brigadier General (ret.) Attias was nominated as Israel's first Ministry of Defense attach to Ottawa, Canada. He has a distinguished military resume, having served in Israeli's Air Force as a pilot and as a leader in numerous positions for over 30 years, achieving the rank of Brigadier General.

Eden was previously CEO and Chairman of ParaZero Limited and has immense experience in the development of the Drone services business. Following the acquisition of Delta Drone South Africa in December 2020, Eden stepped down as CEO but he has continued as Executive Chairman of the Company to provide his experience and guidance gained within the global drone services market.

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
559,717 Ordinary Shares

Interests in options
37,106 unlisted options expiring 24 June 2024 exercisable at $0.1125 5,598,837 Options expiring 13 June 2023 exercisable at $0.0027

Interests in rights
6,000,000 performance rights (Terms as noted in note 38 of this Annual report)

MR CHRISTOPHER CLARK
Chief Executive Officer

Qualifications
Bachelor of Accounting, Master of Business Administration

Experience and expertise
Mr Clark has been involved in the mining services sector for over 11 years in South Africa, beginning with technology and communication projects for mining giant Anglo American. Mr Clark has spearheaded the development of the DDSA business across Africa, including Ghana and Namibia, and has set up new business verticals in agriculture and executive training.

Chris was appointed as CEO of the Company following the acquisition of Delta Drone South Africa in December 2020.

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
None

Interests in options
None

Interests in rights
6,000,000 performance rights (Terms as noted in note 38 of this Annual report)

INFORMATION ON DIRECTORS

MR STEPHEN GORENSTEIN
Non-Executive Director

Qualifications
BSc (Hons) Geology and Geophysics, Masters in Accounting and Finance

Experience and expertise
Mr Gorenstein has over 17 years' experience in the capital markets including analyst roles at both Goldman Sachs and Merrill Lynch. He was formerly the Regional Head of Asia Pacific Metals and Mining at Bank of America Merrill Lynch. Mr Gorenstein has extensive networks in the Australian capital markets and is active in cross border transactions particularly sourcing high-quality technology companies from Israel looking to establish themselves in Australia.

Other current directorships
None

Former directorships (last 3 years)
White Rock Minerals Limited (ceased 1 February 2021)

Interests in shares
400,000 Ordinary Shares

Interests in options
37,106 unlisted options expiring 24 June 2024 exercisable at $0.1125

Interests in rights
Interests in rights: 1,000,000 performance rights (Terms as noted in note 38 of this Annual report)

MR NICOLAS CLERC
Non-Executive Director

Qualifications
Advanced Degree in Accounting and Management

Experience and expertise
Mr Clerc boasts 20 years of experience within accounting and audit firms. After working within several national and international firms, he became audit manager within a firm of about 60 people in the Auvergne-Rh ne-Alpes region. He joined the Delta Drone group in September 2017 as Group Administrative and Finance Director.

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
None

INFORMATION ON DIRECTORS

MR CLIVE DONNER
Non-Executive Director

Qualifications
Bachelor of Commerce

Experience and expertise
Mr Donner is the founding Managing Director of the LinQ Group, a boutique investment bank he founded in 2004 with specialist skills in mining and resources, technology and the property development sectors. Mr Donner has substantial private equity and debt skills having served as a former director of NM Rothschild and Sons (Australia) Limited, one of the world's preeminent project finance and advisory banking institutions and a senior executive of Citibank Group for the nine years prior to that. He founded and managed several mining private equity funds and property funds. Mr Donner has over 40 years' commercial experience in both Australia and internationally in both debt and equity including: private equity, funds management, corporate and project financing, capital raising, investment advising and evaluation of companies across several sectors.

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
None

MR CHRISTIAN VIGUIE
Non-Executive Director

Qualifications
Graduate of IEP Paris

Experience and expertise
Mr Viguie worked as a financial analyst before forming multiple financial reporting companies. He also served as CEO of the Unilog Group from 1998 to 2006, where he was responsible for relationships with the financial community. A member of the French Society of Financial Analysts, Christian VIGUIÉ serves as a professor at the Financial Analysis Training Center.

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
None

MR DAN ARAZI

Non-Executive Director

Qualifications

Bachelor of Economics and History

Experience and expertise

Mr Arazi is a serial entrepreneur and has been involved in a number of start-ups in Israel, most particularly in the telecom and internet space. He was a leading film producer in Israel and has been a member of the Board of Israeli Film Council. He is currently the Chairman of the Israel AeroClub Gliding Association and the President of the Keiretsu Forum, the Israeli Chapter of the 100+ Angels Club. Mr Arazi is also a cofounder and executive at Orckit Communications (NASDAQ: ORCT).

Other current directorships

None

Former directorships (last 3 years)

None

Interests in shares

359,800 Ordinary shares (as at the date of ceasing to be a director)

Interests in options:

25,956 unlisted options expiring 24 June 2024 exercisable at $0.1125 (as at the date of ceasing to be a director)

MR CHRIS SINGLETON

Non-Executive Director

Qualifications

B.Ed. Industrial Arts

Experience and expertise

Mr Singleton has extensive international experience in Oil & Gas, Manufacturing, Technology, Telecommunications and Service Industries.
He is currently the a provider of corporate advisory and growth strategies to Australian businesses.
Mr Singleton has held numerous directorship roles with public and private companies and has successfully founded and sold business including:
Votel, a service provider acquired by Vodafone,
B Digital, that was funded by Australian Capital Equity and eventually acquired by Soul Pattinson; Managing Director of Impress Energy, acquired by Beach Petroleum and recruitment solutions, Total Staffing Solutions and UltimateSkills, that were both acquired by Humanis Group.

Other current directorships

None

Former directorships (last 3 years)

Cycliq Group Limited (ceased 7 May 2019)

Interests in shares

200,000 Ordinary Shares (as at the date of ceasing to be a director)

Interests in options:

18,553 unlisted options expiring 24 June 2024 exercisable at $0.1125 (as at the date of ceasing to be a director)

MR STEPHEN BUCKLEY

Company secretary

Qualifications

GAICD

Experience and expertise

Mr Buckley has over 40 years' experience in financial markets and is a director of Governance Corporate Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services. In the 20 years prior to starting his own business, Mr Buckley has held executive and senior leadership roles in partnership management and business development.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2021, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Eden Attias	9	9
Christopher Clark	9	9
Stephen Gorenstein	9	9
Clive Donner	3	3
Nicolas Clerc	6	6
Christian Viguie	5	6
Dan Arazi	5	5
Chris Singleton	6	6

Held: represents the number of meetings held during the time the Director held office.

Remuneration report (audited)

This remuneration report for the year ended 31 December 2021 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (Cth), as amended (Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

Introduction

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the directors of the Company and identified key management personnel. Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

The Key Management Personnel of Delta Drone includes the current and former directors of the Company and Key Management Personnel of Delta Drone during the year ended 31 December 2021.

Remuneration governance

The Board considers that the Company will not currently benefit from the establishment of a Remuneration Committee. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter, including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive:

a) the Board devotes time at appropriate Board meetings to assess the level and composition of remuneration for Directors and senior executives;

b) items that are usually required to be discussed by a remuneration committee are marked as separate agenda items at Board meetings when required; and

c) the Board may seek external advice and benchmarking to inform their decisions.

During the financial year ended 31 December 2021, the Company did not engage any remuneration consultants.

Executive remuneration arrangements

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, equity-based compensation, as well as employer contributions to superannuation funds. Shares and options may only be issued subject to approval by shareholders in a general meeting.

At the date of this report the Company has two (2) appointed executives, Mr Eden Attias as Executive Chairman and Christopher Clark as Chief Executive Officer. The terms of their Executive Services Agreement with Delta Drone are summarised below:

EDEN ATTIAS

- Executive salary of $185,000.
- Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies.
- The Agreement is terminable by either party on 90 days' notice but may be terminated immediately where either party commits a material breach of the Agreement, including for not performing the services under the Agreement.

CHRISTOPHER CLARK

- A total remuneration package of $195,000 per annum including statutory superannuation
- Participation in the Company's incentive programs.
- Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies.
- The Agreement may be terminated by either party giving four (4) months' notice and the Agreement may be terminated immediately if Mr Clark is engaged in conduct justifying summary dismissal.
- Non-compete and non-solicitation restraints in place for up to six months following cessation of employment.

Performance Conditions Linked to Remuneration

The Group maintains an Employee Incentive Plan ("Plan") to provide ongoing incentives to Eligible Participants of the Company. The Plan was approved by shareholders at the Company's annual general meeting held on 24 June 2021. Eligible Participants include:

- a Director (whether executive or non-executive) of any Group company;
- a full or part time employee of any Group company;
- a casual employee or contractor of a Group Company; or
- a prospective participant, being a person to whom the Offer was made but who can only accept the Offer if arrangement has been entered into that will resulting in the person becoming an Eligible Participant.

The purpose of the Plan is to provide an incentive to the employees and directors of Delta Drone and its subsidiaries to encourage the sense of proprietorship and to stimulate their active interest in the development and financial success of the Company by providing them with opportunities to purchase shares in the Company.

Both Mr Attias and Mr Clark were issued with 6,000,000 Performance Rights during the 2021 financial year under the Plan, subject to various milestones which are detailed in note 38 of this annual report.

No other Shares or Options were issued to executives under the Plan during the 2021 financial year (2020: nil).

Non-executive director fee arrangements

The Board policy is to remunerate non-executive directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to non-executive directors.

The maximum aggregate amount of fees that can be paid to non-executive directors is presently limited to an aggregate of $300,000 per annum and any change is subject to approval by shareholders at a General Meeting. To align directors' interests with shareholder interests, directors are encouraged to hold shares in the Company.

Total fees for non-executive directors for the financial year were $99,144 (2020: $120,000) and cover main Board activities only. Non-executive directors may receive additional remuneration for other services provided to the Group. All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

During the 2021 financial year, Mr Gorenstein was issued with 1,000,000 Performance Rights under the Plan, subject to various milestones which are detailed in note 38 of this annual report.

Details of remuneration

The Key Management Personnel of Delta Drone includes the current and former directors of the Company and Key Management Personnel of Delta Drone during the year ended 31 December 2021.

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

2021

	Short-term benefits			Postemployment benefits	Long-term benefits	Sharebased payments[i]	
$	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	Total
Non-Executive Directors:							
Stephen Gorenstein	40,000	-	-	-	-	4,138	44,138
Clive Donner[ii]	18,639	-	-	-	-	-	18,639
Nicholas Clerc[iii]	-	-	-	-	-	-	-
Christian Viguie[iv]	-	-	-	-	-	-	-
Dan Arazi[v]	19,000	-	-	-	-	-	19,000
Chris Singleton[vi]	21,505	-	-	-	-	-	21,505
Executive Directors:							
Eden Attias	200,446	-	-	-	-	24,828	225,274
Christopher Clark[vii]	165,991	-	16,821	14,638	-	24,828	222,278
	465,581		16,821	14,638		53,794	550,834

(i) Share-based payment expense is recorded pro-rata over the vesting period. Refer to Additional disclosures relating to equity instruments for further information on share-based payments granted to directors and key management during the year.
(ii) Appointed as non-executive director effective 14 July 2021.
(iii) Appointed as non-executive director effective 8 April 2021. No remuneration was paid during the year.
(iv) Appointed as non-executive director effective 8 April 2021. No remuneration was paid during the year.
(v) Resigned as non-executive director effective 21 June 2021.
(vi) Resigned as non-executive director effective 14 July 2021.
(vii) The remuneration for 31 December 2021 includes remuneration paid to Christopher Clark while employed in Delta Drone South Africa (Pty) Ltd. Other remuneration includes pension, medical and life insurances and other statutory employment benefits.

2020

	Short-term benefits			Postemployment benefits	Long-term benefits	Sharebased payments[i]	
$	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	Total
Non-Executive Directors:							
Dan Arazi[i]	40,000	-	-	-	-	-	40,000
Stephen Gorenstein	40,000	-	-	-	-	-	40,000
Chris Singleton[ii]	40,000	-	-	-	-	-	40,000
Executive Directors:							
Eden Attias	192,021	-	-	-	-	-	192,021
Christopher Clark[iii]	82,538	-	37,526	770	-	-	120,834
	394,559		37,526	770		-	432,855

(i) Resigned as non-executive director effective 21 June 2021.
(ii) Resigned as non-executive director effective 14 July 2021.
(iii) Appointed 3 December 2020. The remuneration for 31 December 2020 represents remuneration paid to Christopher Clark for the financial year 2020 whilst a director of Delta Drone South Africa (Pty) Ltd. Short term non-cash benefits includes medical and life insurances and other statutory employment benefits.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2021	2020	2021	2020	2021	2020
Non-Executive Directors:						
Stephen Gorenstein	91%	100%	-	-	9%	-
Clive Donner	100%	100%	-	-	-	-
Nicholas Clerc	100%	100%	-	-	-	-
Christian Viguie	100%	100%	-	-	-	-
Dan Arazi	100%	100%	-	-	-	-
Chris Singleton	100%	100%	-	-	-	-
Executive Directors:						
Eden Attias	89%	100%	-	-	11%	-
Christopher Clark	89%	100%	-	-	11%	-

Share-based compensation

Issue of shares
There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 31 December 2021.

Options
There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 31 December 2021.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 31 December 2021.

Performance rights
There were 13,000,000 performance rights over ordinary shares issued to Directors as part of compensation during the year ended 31 December 2021. Shareholders of the Company approved the issue of the Performance Rights at the Annual General Meeting of the Company held on 24 June 2021.

During the year 1,000,000 performance rights held by Chris Singleton were forfeited due to his resignation.

As at 31 December 2021, an expense of $53,794 based on a fair value of $0.024 per right has been recognised as share-based payment in the statement of profit or loss and other comprehensive income which represents the pro-rated value from 24 June 2021 (grant date) to 31 December 2021. Total value of the remaining 13,000,000 Performance Rights will be expensed over management's expected vesting period of 3 years. No performance rights have vested in the year ended 31 December 2021.

There were no performance rights over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 31 December 2021.

The terms and milestones for the Performance Rights are listed in note 38 of this annual report.

Name	No. of Performance Rights	Milestones	% vested	% unvested
Eden Attias	2,000,000	New Milestone 1	-	100.00%
Eden Attias	2,000,000	New Milestone 2	-	100.00%
Eden Attias	2,000,000	New Milestone 3	-	100.00%
Christopher Clark	666,667	DDG Milestone 1	-	100.00%
Christopher Clark	666,667	DDG Milestone 2	-	100.00%
Christopher Clark	666,667	DDG Milestone 3	-	100.00%
Christopher Clark	1,333,334	New Milestone 1	-	100.00%
Christopher Clark	1,333,334	New Milestone 2	-	100.00%
Christopher Clark	1,333,334	New Milestone 3	-	100.00%
Stephen Gorenstein	333,334	New Milestone 1	-	100.00%
Stephen Gorenstein	333,334	New Milestone 2	-	100.00%
Stephen Gorenstein	333,334	New Milestone 3	-	100.00%
	13,000,000			

DDG Milestones

Milestone	Description
DDG Milestone 1	DDSA achieving consolidated revenue (for the avoidance of doubt, only DDSA and excluding the Group) for any full financial year (being 1 Jan to 31 Dec) during the three-year term of the Performance Rights of not less than US$3,200,000 (based on audited accounts having been prepared by an external auditor or other suitable expert).
DDG Milestone 2	If DDSA enters into at least two binding contracts with Australian-based mining companies (being companies that conduct mining, exploration or extraction services) for the provision of drone survey or mapping solutions services to those mining companies in Australia ("Services") and DDSA receives not less than US$1,000,000 (based on audited accounts having been prepared by an external auditor or other suitable expert) of verified revenue in aggregate from such executed contracts received within the three-year term of the Performance Rights for its Services.
DDG Milestone 3	If during the three-year term of the Performance Rights, the Company announces to the ASX that DDSA has expanded the services of its business offering (being the provision of drone survey and mapping solutions) into a new geographic location outside of Australia, Israel, South Africa, Ghana and Namibia and achieved a revenue in that new geographic location of not less than US$1,000,000 (based on audited accounts having been prepared by an external auditor or other suitable expert).

Note: DDSA means Delta Drone South Africa and its subsidiaries, Drone Safety and Legal, Rocketmine South Africa and Rocketmine Ghana.

New Milestones

Milestone	Description
New Milestone 1	The Group achieving consolidated revenue of not less than A$10,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
New Milestone 2	The Group achieving total consolidated EBITDA of not less than A$1,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
New Milestone 3	The Company achieving a total return on equity of not less than 10% in a single financial year (being 1 Jan to 31 Dec), where return on equity is equal to net profit as a percentage of total equity based on audited accounts having been prepared by an external auditor or other suitable expert.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ resignations/ other	Balance at the end of the year
Ordinary shares					
Eden Attias	559,717	-	-	-	559,717
Christopher Clark	-	-	-	-	-
Stephen Gorenstein	400,000	-	-	-	400,000
Clive Donner	-	-	-	-	-
Nicolas Clerc	-	-	-	-	-
Christian Viguie	-	-	-	-	-
Dan Arazi	359,800	-	-	(359,800)	-
Chris Singleton	200,000	-	-	(200,000)	-
	1,519,517	-	-	(559,800)	959,717

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ resigned/ other	Balance at the end of the year	Vested	Unvested
Options over ordinary shares							
Eden Attias	5,635,943	-	-	-	5,635,943	100%	0%
Christopher Clark	-	-	-	-	-	-	-
Stephen Gorenstein	37,106	-	-	-	37,106	100%	0%
Clive Donner	-	-	-	-	-	-	-
Nicolas Clerc	-	-	-	-	-	-	-
Christian Viguie	-	-	-	-	-	-	-
Dan Arazi	25,956	-	-	(25,956)	-	100%	0%
Chris Singleton	18,553	-	-	(18,553)	-	100%	0%
	5,717,558	-	-	(44,509)	5,673,049		

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Eden Attias	-	6,000,000	-	-	6,000,000
Christopher Clark	-	6,000,000	-	-	6,000,000
Stephen Gorenstein	-	1,000,000	-	-	1,000,000
Clive Donner	-	-	-	-	-
Nicolas Clerc	-	-	-	-	-
Christian Viguie	-	-	-	-	-
Dan Arazi	-	-	-	-	-
Chris Singleton	-	-	-	-	-
	-	13,000,000	-	-	13,000,000

Loans to key management personnel and their related parties

There were no loans to/from key management personnel and their related parties as at 31 December 2021 (2020: nil)

Other transactions with key management personnel and their related parties

Transactions with related parties are entered into on terms equivalent to those that prevail in arm's length transactions. The Group had no other transactions with members of the Group's key management personnel and/or their related parties during the year.

Voting of shareholders at last year's annual general meeting

The Company received 99.47% "Yes" votes cast on its Remuneration Report for the 2020 financial year. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration policies.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Delta Drone International Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
13 June 2018	13 June 2023	$0.0027	7,590,418
17 April 2019	17 April 2024	$0.1125	955,480
24 June 2019	24 June 2024	$0.1125	953,544
5 November 2019	5 November 2024	$0.09	948,053
			10,447,495

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

No options were issued in the year.

Shares issued on the exercise of options

The following ordinary shares of Delta Drone International Limited were issued during the year ended 31 December 2021 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
13 June 2018	$0.0027	579,201

Shares under performance rights

Unissued ordinary shares of Delta Drone International Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
24 June 2021	24 June 2024	13,000,000

There were 13,000,000 performance rights over ordinary shares issued to Directors as part of compensation during the year ended 31 December 2021. Shareholders of the Company approved the issue of the Performance Rights at the Annual General Meeting of the Company held on 24 June 2021.

During the year 1,000,000 performance rights held by Chris Singleton were forfeited due to his resignation. As at 31 December 2021, an expense of $53,794 based on a fair value of $0.024 per right has been recognised as share-based payment in the statement of profit or loss and other comprehensive income which represents the pro-rated value from 24 June 2021 (grant date) to 31 December 2021. Total value of the remaining 13,000,000 Performance Rights ($312,000) will be expensed over management's expected vesting period of 3 years. No performance rights have vested in the year ended 31 December 2021.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights

There were no ordinary shares of Delta Drone International Limited issued on the exercise of performance rights during the year ended 31 December 2021 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and Officers of the Company for costs incurred, in their capacity as a Director or Officer, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Officers of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

The Company may decide to employ the Auditor (BDO Audit (WA) Pty Ltd) on assignments additional to their statutory audit duties.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out below.

The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the Auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the Auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

	Consolidated	
	2021	2020
(i) Audit services	$	$
Audit or review of the financial statements	71,000	58,000
Total remuneration for audit and other assurance services	71,000	58,000
(ii) Other services	$	$
Investigating Accountant's Report - BDO Corporate Finance (WA) Pty Ltd	-	60,600
Total remuneration for other services	-	60,600
Total remuneration of BDO Audit (WA) Pty Ltd	71,000	118,600
(iii) Audit services - network firms	$	$
Audit or review of the financial statements	54,831	60,327
Total remuneration of auditors	125,831	178,927

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Christopher Clark
Chief Executive Officer

31 March 2022

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF DELTA DRONE INTERNATIONAL LIMITED

As lead auditor of Delta Drone International Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Delta Drone International Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 31 March 2022


80%
0.354
0010
0015
CAUTION
RUBBER
LINED
ROCKETMINE

FINANCIAL STATEMENTS

General information

The financial statements cover Delta Drone International Limited as a Group consisting of Delta Drone International Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Delta Drone International Limited's functional and presentation currency.

Delta Drone International Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

75 Thomas Street, Subiaco WA 6008

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 31 March 2022. The Directors have the power to amend and reissue the financial statements.

ASX: DLT

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	Consolidated 2021 ($)	Consolidated 2020 ($)
Revenue	4	4,581,962	3,369,115
Cost of sales		(2,153,244)	(1,398,727)
Gross profit		2,428,718	1,970,388
Other income		39,811	68,519
Gains from disposals of assets		11,123	20,332
Expenses			
Operating expense	5	(4,114,053)	(1,874,275)
Depreciation expense		(86,995)	(125,154)
Amortisation of intangible assets		(33,273)	(37,595)
Operating (loss)/profit		(1,754,669)	22,215
Finance income		11,654	26,292
Finance expense		(867)	(23,064)
(Loss)/profit before income tax benefit/(expense) from continuing operations		(1,743,882)	25,443
Income tax benefit/(expense)	6	38,133	(86,446)
Loss after income tax benefit/(expense) from continuing operations		(1,705,749)	(61,003)
Loss after income tax expense from discontinued operations	7	(1,884,734)	(54,388)
Loss after income tax benefit/(expense) for the year		(3,590,483)	(115,391)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(94,728)	454,230
Depreciation expense		(94,728)	454,230
Total comprehensive income for the year		(3,685,211)	338,839
Loss for the year is attributable to:			
Non-controlling interest		27,324	68,568
Owners of Delta Drone International Limited		(3,617,807)	(183,959)
		(3,590,483)	(115,391)
Total comprehensive income for the year is attributable to:			
Continuing operations		(4,705)	67,596
Discontinued operations		-	-
Non-controlling interest		(4,705)	67,596
Continuing operations		(1,795,771)	325,631
Discontinued operations		(1,884,735)	(54,388)
Owners of Delta Drone International Limited		(3,680,506)	271,243
		(3,685,211)	338,839

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of profit or loss and other comprehensive income For the year ended 31 December 2021 (continued)

		Cents	Cents
Loss per share for loss from continuing operations			
Basic loss per share	37	(0.34)	(0.34)
Diluted loss per share	37	(0.34)	(0.34)
Loss per share for loss from discontinued operations			
Basic loss per share	37	(0.37)	(0.04)
Diluted loss per share	37	(0.37)	(0.04)
Loss per share for loss			
Basic loss per share	37	(0.71)	(0.13)
Diluted loss per share	37	(0.71)	(0.13)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position
As at 31 December 2021

	Note	Consolidated	
		2021 ($)	2020 ($)
Assets			
Current assets			
Cash and cash equivalents	8	954,916	4,991,134
Trade and other receivables	9	1,415,957	789,758
Deposits		40,178	35,531
		2,411,051	5,816,423
Assets of disposal groups classified as held for sale	10	6,540,901	7,282,631
Total current assets		8,951,952	13,099,054
Non-current assets			
Property, plant and equipment	11	741,252	397,952
Right-of-use assets	12	121,621	177,304
Intangibles	13	5,313	38,118
Deferred tax	14	97,542	50,930
Goodwill	15	1,403,438	580,824
Total non-current assets		2,369,166	1,245,128
Total assets		11,321,118	14,344,182
Liabilities			
Current liabilities			
Trade and other payables	16	470,718	408,425
Contract liabilities	17	114,850	-
Borrowings	18	350,000	506,839
Lease liabilities	19	97,638	79,194
Deferred consideration	20	271,483	-
Bank overdraft		18,895	31
		1,323,584	994,489
Liabilities directly associated with assets classified as held for sale	21	1,682,604	1,746,997
Total current liabilities		3,006,188	2,741,486
Non-current liabilities			
Borrowings	22	105,253	-
Lease liabilities	23	56,003	122,642
Deferred tax		-	13,169
Total non-current liabilities		161,256	135,811
Total liabilities		3,167,444	2,877,297
Net assets		8,153,674	11,466,885
Equity			
Issued capital	24	13,207,118	12,904,061
Reserves	25	(587,354)	(548,725)
Accumulated losses		(4,581,279)	(963,472)
Equity attributable to the owners of Delta Drone International Limited		8,038,485	11,391,864
Non-controlling interest		115,189	75,021
Total equity		8,153,674	11,466,885

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity
As at 31 December 2021

Consolidated	Issued capital ($)	Foreign Currency Translation Reserve ($)	Reserves ($)	Accumulated losses ($)	Noncontrolling interest ($)	Total equity ($)
Balance at 1 January 2020	1,159,854	(35,357)	(968,570)	(779,513)	7,425	(616,161)
(Loss)/profit after income tax expense for the year	-	-	-	(183,959)	68,568	(115,391)
Other comprehensive income for the year, net of tax	-	455,202	-	-	(972)	454,230
Total comprehensive income for the year	-	455,202	-	(183,959)	67,596	338,839
Transactions with owners in their capacity as owners:						
Reverse acquisition	5,563,284	-	-	-	-	5,563,284
Issue of shares	6,815,530	-	-	-	-	6,815,530
Share issue costs	(634,607)	-	-	-	-	(634,607)
Balance at 31 December 2020	12,904,061	419,845	(968,570)	(963,472)	75,021	11,466,885

Consolidated	Issued capital ($)	Foreign Currency Translation Reserve ($)	Reserves ($)	Share based payment reserves ($)	Accumulated losses ($)	Non-controlling interest ($)	Total equity ($)
Balance at 1 January 2021	12,904,061	419,845	(968,570)	-	(963,472)	75,021	11,466,885
(Loss)/profit after income tax expense for the year	-	-	-		(3,617,807)	27,324	(3,590,483)
Other comprehensive income for the year, net of tax	-	(92,422)	-		-	(2,306)	(94,728)
Total comprehensive income for the year	-	(92,422)	-		(3,617,807)	25,018	(3,685,211)
Acquisition of Arvista	5,563,284	-	-		-	-	5,563,284
Issue of shares	6,815,530	-	-		-	-	6,815,530
Issue of performance rights	-	-	-	53,793	-	-	53,793
Share issue costs	(5,882)	-	-		-	-	(5,882)
Balance at 31 December 2021	13,207,118	327,423	(968,570)	53,793	(4,581,279)	115,189	8,153,674

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated statement of cash flows
For the year ended 31 December 2021

		Consolidated	
	Note	2021 ($)	2020 ($)
Current assets			
Receipts from customers (inclusive of GST)		4,507,022	3,761,123
Payments to suppliers (inclusive of GST)		(6,216,466)	(3,483,788)
		(1,709,444)	277,335
Interest received		11,654	23,374
Net cash from/(used in) continuing operating activities		(1,697,790)	300,709
Net cash from/(used in) operating activities - discontinued operations		(1,163,968)	-
Net cash from/(used in) operating activities	34	(2,861,758)	300,709
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	31	(231,213)	-
Payments for property, plant and equipment	11	(813,792)	(339,117)
Proceeds from disposal of property, plant and equipment		18,364	91,376
Cash acquired on acquisition of subsidiary		-	247,104
Payments for deposits (equipment and rental)		(515)	(19,876)
Net cash (used by) continuing investing activities		(1,027,156)	(20,513)
Net cash (used by) investing activities - discontinued operations		(6,466)	-
Net cash used in investing activities		(1,033,622)	(20,513)
Cash flows from financing activities			
Proceeds from issue of shares	4	-	4,395,356
Repayment of borrowings		(512,111)	(167,707)
Repayment of lease liabilities		(49,062)	(112,563)
Proceeds from loans		454,821	-
Net cash from/(used in) continuing financing activities		(106,352)	4,115,086
Net cash from/(used in) financing activities – discontinued operations		(36,963)	-
Net cash from/(used in) financing activities		(143,315)	4,115,086
Net increase/(decrease) in cash and cash equivalents		(4,038,695)	4,395,282
Cash and cash equivalents at the beginning of the financial year		4,991,134	784,604
Effects of exchange rate changes on cash and cash equivalents		2,477	3,037
Cash movement of discontinued operations		-	(191,789)
Cash and cash equivalents at the end of the financial year	8	954,916	4,991,134

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Delta Drone International Limited ('Company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. Delta Drone International Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Delta Drone International Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Computer	3 years
Furniture and equipment	3-17 years
Leasehold improvements	the shorter of the lease term and the useful life
Buildings	2-3 years
Plant and equipment	1-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.

- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Delta Drone International Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

The Group issued performance rights during the year ended 31 December 2021 based on the conditions set out in note 38. The Group follows the guidelines of AASB 2 ‘Share Based Payments’ and takes into account non-market vesting conditions and estimates the probability and expected timing of achieving the vesting conditions. For full terms of the securities issued see note 38.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment.
If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Business combinations
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

During the year, the Company acquired 60% of the ordinary shares of Arvista Pty Ltd and accounted for the acquisition as a business combination as disclosed in note 31. The Shareholders Agreement provides for a call option where the Company has the right to purchase the remaining 40% interest in Arvista Pty Ltd at 1.5 times the 12-month trading revenue. The call option is not on fixed for fixed terms and is therefore accounted for as a derivative at fair value through profit or loss. As the exercise price is based on fair value of the business, the value of the option has been determined by the directors to be nil.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The segments are split into the geographical locations of the Group's main business, namely Australia, South Africa and Israel. The following table analyses sales revenue and EBITDA based on geographical location

Operating segment information

Consolidated - 2021	Australia ($)	South Africa ($)	Israel ($)	Other segments ($)	Total ($)
Revenue					
Sales to external customers	553,836	4,028,126	966,354	-	5,548,316
Total revenue	553,836	4,028,126	966,354	-	5,548,316
EBITDA	(1,689,851)	114,393	(1,324,677)	(44,679)	(2,944,814)
Depreciation and amortisation	(16,891)	(103,377)	(525,148)	-	(645,416)
Interest revenue	164	11,654	-	-	11,818
Finance costs	(108)	(13,279)	(34,910)	-	(48,297)
(Loss)/profit before income tax benefit	(1,706,686)	9,391	(1,884,735)	(44,679)	(3,626,709)
Income tax benefit					36,226
Loss after income tax benefit					(3,590,483)

Consolidated - 2020	Australia ($)	South Africa ($)	Israel ($)	Other segments ($)	Total ($)
Revenue					
Sales to external customers	-	3,369,115	-	-	3,369,115
Total revenue	-	3,369,115	-	-	3,369,115
EBITDA	(172,220)	357,184	(40,000)	-	144,964
Depreciation and amortisation	-	(162,747)	(14,388)	-	(177,135)
Interest revenue	-	26,291	-	-	26,291
Finance costs	(4,207)	(18,858)	-	-	(23,065)
(Loss)/profit before income tax benefit	(176,427)	201,870	(54,388)	-	(28,945)
Income tax benefit					(86,446)
Loss after income tax benefit					(115,391)

(i) Results relating to operations in Israel have been included in this note for disclosure purposes. Results for the segment are reported on a net basis in the consolidated statement of profit or loss and other comprehensive income as it is a discontinued operation.

	2021	2020
Segment assets	**10,504,861**	**9,302,118**
Unallocated assets:		
Cash	954,915	4,991,134
Deferred tax asset	97,542	50,930
	11,557,318	**14,344,182**
Segment liabilities	**2,948,391**	**2,357,290**
Unallocated liabilities:		
Borrowings	455,253	506,838
	3,403,644	2,864,128

Note 4. Revenue

	Consolidated	
	2021 ($)	**2020 ($)**
Rendering of services	4,581,962	3,369,115

	Consolidated	
	2021 ($)	**2020 ($)**
Timing of revenue recognition		
At a point in time	-	-
Over time	4,581,962	3,369,115
	4,581,962	3,369,115

Note 5. Operating expense

	Consolidated	
	2021 ($)	**2020 ($)**
Employee benefits expense	1,474,711	822,905
General and administrative expenses	1,398,698	879,150
Corporate costs	1,240,644	172,220
	4,114,053	1,874,275

Note 6. Income tax expense/(benefit)

	Consolidated	
	2021 ($)	**2020 ($)**
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
(Loss)/profit before income tax benefit/(expense) from continuing operations	(1,743,882)	25,443
Loss before income tax expense from discontinued operations	(1,884,734)	(54,388)
	(3,628,616)	(28,945)
Tax at the statutory tax rate of 26%	(943,440)	(7,526)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent difference relating to loss on disposal of discontinued operations	490,031	-
Permanent difference relating to non-deductible expenses	31,270	-
	(422,139)	(7,526)
Movement in unrecognised temporary differences	-	18,228
Movement in temporary differences	(31,593)	(88,707)
Tax effect of current year losses for which no deferred tax asset has been recognised	495,665	14,645
Tax effect of losses utilised	-	(19,045)
Effect of different tax rate of group entities operating in different jurisdictions	(2,724)	(4,041)
Income tax expense/(benefit)	39,209	(86,446)

	Consolidated	
	2021 ($)	**2020 ($)**
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	1,906,403	4,043,881
Potential tax benefit @ 26%	495,665	1,051,409

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated	
	2021 ($)	**2020 ($)**
Deferred tax assets		
Capital allowances	5,994	2,201
Leases	8,261	6,869
Provisions	7,431	4,362
Carry forward foreign tax losses	76,541	37,498
	98,227	50,930
Deferred tax liabilities		
Prepayments	803	(2,496)
Brand name	(282)	(2,025)
Licenses to operate	(1,129)	(8,099)
Domain, manuals and processes	(77)	(549)
	(685)	(13,169)
Deferred tax liabilities		
US License	(218,822)	(251,000)
Technology	(102,368)	(117,000)
Customer Relationships	(266,174)	(380,000)
	(587,364)	(748,000)

	Consolidated	
	2021 ($)	**2020 ($)**
Unrecognised temporary differences		
Deferred tax assets		
Blackhole expenditure	-	176,781
Patent costs	-	431
Accrued expenses	67,570	27,820
Capital raising costs	-	275,442
Carry forward revenue tax losses	457,956	570,935
	525,526	1,051,409
Deferred tax liability		
Contract assets	(29,861)	-
	(29,861)	-
Total unrecognised temporary differences	495,665	1,051,409

Unused tax losses for which no deferred tax asset has been recognised will be subject to the Company satisfying the requirements imposed by regulatory taxation authorities. The benefits of deferred tax assets will only be recognised if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- The conditions for deductibility imposed by tax legislation continue to be complied with; and
- No changes in tax legislation adversely affect the Company in realising the benefit.

Note 7. Discontinued operations

	Consolidated	
	2021 ($)	**2020 ($)**
Revenue	966,354	-
Expenses	(2,851,088)	(54,388)
Loss before income tax expense	(1,884,734)	(54,388)
Income tax expense	-	-
Loss after income tax expense from discontinued operations	(1,884,734)	1,051,409

In February 2022, the Group finalised the sale of Parazero Israel. In line with *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* the assets and liabilities of the entity has been disclosed separately in this note and has been recognised as assets of disposal groups classified as held for sale and liabilities directly associated with assets classified as held for sale. The performance of Parazero Israel has been included as a single line item in the Consolidated statement of profit or loss and other comprehensive income. Refer to note 33 for further information.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2021 ($)	**2020 ($)**
Cash and cash equivalents	954,916	4,991,134

Refer to note 26 for further information on the risk exposure analysis of cash and cash equivalents.

Note 9. Current assets - trade and other receivables

	Consolidated	
	2021 ($)	**2020 ($)**
Trade receivables	1,067,644	557,898
Expected Credit loss allowance	(6,095)	(7,946)
Goods and services tax	92,143	206,819
	1,153,692	756,771
Prepayments	259,885	23,522
Other receivables	2,380	9,465
	1,415,957	789,758

Refer to note 26 for further information on the risk exposure analysis of trade and other receivables.
There are no receivables that are past due where expected credit loss has not been assessed.

Prepayments mainly relate to payments made for insurances paid in advance.

Note 10. Current assets - assets of disposal groups classified as held for sale

	Consolidated	
	2021 ($)	**2020 ($)**
Cash and cash equivalents	45,424	191,789
Trade and other receivables	38,281	184,453
Inventories	483,895	480,850
Property, plant and equipment	68,957	82,337
Intangibles and goodwill	5,818,054	6,343,202
Deferred tax asset	86,290	-
	6,540,901	7,282,631

Note 11. Non-current assets - property, plant and equipment

	Consolidated	
	2021 ($)	**2020 ($)**
Cost	2,095,970	1,495,952
Accumulated depreciation	(1,354,718)	(1,098,000)
Net carrying amount	741,252	397,952

31 December 2021	Opening balance ($)	Additions ($)	Disposals ($)	Foreign exchange movements ($)	Depreciation ($)	Closing balance ($)
Survey equipment	18,961	-	-	349	(19,310)	-
Furniture and fixtures	28,571	2,936	-	(743)	(7,327)	23,437
Motor vehicles	20,281	137,770	-	(1,186)	(14,679)	142,186
Office equipment	12,533	28,620	-	(250)	(8,635)	32,268
IT equipment	44,779	47,278	-	861	(43,206)	49,712
Leasehold improvements	16,285	-	-	(278)	(5,835)	10,172
Drone accessories	55,404	219,829	-	(1,527)	(129,241)	141,421
Drones	183,832	291,614	(3,044)	(8,926)	(170,165)	294,928
Drone batteries	-	69,686	(1,427)	(1,122)	(47,081)	19,995
Other fixed assets	287	7,318	(1,488)	6	(4,962)	2,460
Capital works in progress	17,019	8,741	(189)	(1,087)	-	24,673
	397,952	813,792	(6,148)	(13,903)	(450,441)	741,252

Note 11. Non-current assets - property, plant and equipment (continued)

31 December 2020	Opening balance ($)	Additions ($)	Disposals ($)	Foreign exchange movements ($)	Depreciation ($)	Closing balance ($)
Survey equipment	-	31,762	-	-	(12,801)	18,961
Furniture and fixtures	24,924	12,552	-	(3,150)	(5,755)	28,571
Motor vehicles	12,259	12,339	-	(957)	(3,360)	20,281
Office equipment	12,353	4,483	-	(1,492)	(2,811)	12,533
IT equipment	101,471	15,466	(5,556)	(14,227)	(52,375)	44,779
Leasehold improvements	35,644	14,195	-	(4,629)	(28,925)	16,285
Drone accessories	67,203	73,305	(4,802)	(11,312)	(68,990)	55,404
Small assets	-	6,163	-	-	(6,163)	-
Drones	318,647	108,319	(1,925)	(39,605)	(201,604)	183,832
Other fixed assets	563	-	-	(73)	(203)	287
Capital works in progress	-	17,019	-	-	-	17,019
	573,064	295,603	(12,283)	(75,445)	(382,987)	397,952

Note 12. Non-current assets - right-of-use assets

	Consolidated	
	2021 ($)	2020 ($)
Land and buildings - right-of-use	397,700	368,680
Less: Accumulated depreciation	(276,079)	(191,376)
	121,621	177,304

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings ($)	Total ($)
Balance at 1 January 2020	202,463	202,463
Additions	92,882	92,882
Exchange differences	(26,304)	(26,304)
Depreciation expense	(91,737)	(91,737)
Balance at 31 December 2020	177,304	177,304
Additions	20,694	20,694
Exchange differences	16,215	16,215
Transfers in/(out)	(92,592)	(92,592)
Balance at 31 December 2021	121,621	121,621

Right-of-use assets relate to rental properties used in South Africa.

Note 13. Non-current assets - intangibles

	Consolidated	
	2021 ($)	**2020 ($)**
Brand Names - at cost	30,235	30,990
Less: Accumulated amortisation	(29,228)	(23,759)
	1,007	7,231
Client contracts - at cost	194,837	-
Less: Accumulated amortisation	(194,837)	-
	-	-
Licenses to operate - at cost	120,942	123,960
Less: Accumulated amortisation	(116,910)	(95,036)
	4,032	28,924
Domain, manuals and processes - at cost	94,594	96,956
Less: Accumulated amortisation	(94,320)	(94,993)
	274	1,963
	5,313	38,118

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Brand names ($)	Licenses to operate ($)	Domain, manuals and processed ($)	USA licenses ($)	Technology ($)	Customer relationships ($)	Total ($)
Balance at 1 January 2020	15,435	61,741	9,843	-	-	-	87,019
Additions through business combinations (note 31)	-	-	-	1,569,000	734,000	2,376,000	4,679,000
Exchange differences	(2,005)	(8,022)	(1,278)	-	-	-	(11,305)
Amortisation expense	(6,199)	(24,795)	(6,602)	(5,370)	(2,512)	(6,506)	(51,984)
Balance at 31 December 2020	7,231	28,924	1,963	1,563,630	731,488	2,369,494	4,702,730
Classified as held for sale	-	-	-	(1,367,639)	(639,801)	(2,132,024)	(4,139,464)
Exchange differences	90	355	24	-	-	-	469
Amortisation expense	(6,313)	(25,248)	(1,713)	(195,991)	(91,687)	(237,470)	(558,422)
Balance at 31 December 2021	1,008	4,031	274	-	-	-	5,313

Note 14. Non-current assets - deferred tax

	Consolidated	
	2021 ($)	**2020 ($)**
Deferred tax asset	97,542	50,930

Note 15. Non-current assets - Goodwill

	Consolidated	
	2021 ($)	2020 ($)
Goodwill	1,403,438	580,824

Goodwill relates to the acquisition of Rocketmine (Pty) Ltd (South Africa), and Arvista Pty Ltd (Australia).

The recoverable amount of all cash-generating units is based on the higher of its value-in-use or fair value less costs to sell which require use of assumptions. For the purpose of impairment testing, goodwill is allocated to two (2) cash-generating units (CGU), being Delta Drone South Africa and Australia. In assessing goodwill impairment for the year ended 31 December 2021, all CGUs used a discounted cash flow model in accordance with the value-in-use (VIU) method, which reflect the present value of the future cash flows expenditure to be derived from each CGUs. The allocation of the fair value to goodwill arising on acquisition of Arvista Pty Ltd has been made on a provisional basis. Under AASB 3 – Business Combinations management has up to 12 months to finalise the carrying value of assets and liabilities acquired on completion of an acquisition. The significant inputs and key assumptions used by management within the discounted cash flow model for the Delta Drone South Africa CGU and Arvista Pty Ltd CGU are:

Delta Drone South Africa (Pty) Ltd

- Discount rate (pre-tax): risk in the industry and country in which it operates – 16.3%.
- Revenue growth: relevant to the market conditions and business plan – 31.4%.
- Budgeted gross profit rate: based on past performance and management's expectations for the future – 54.7%.
- Long term growth rate: typically consistent with the long-term growth rate of the economic environment or country in which it operates.

Arvista Pty Ltd

- Discount rate (pre-tax): risk in the industry and country in which it operates – 15.0%.
- Revenue growth: relevant to the market conditions and business plan – 33.5%
- Budgeted gross profit rate: based on past performance and management's expectations for the future – 35.0%.
- Long term growth rate: typically consistent with the long-term growth rate of the economic environment or country in which it operates.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2021 ($)	2020 ($)
Trade payables	431,388	408,425
Goods and services tax	39,330	-
	470,718	408,425

Refer to note 26 for further information on financial instruments.

Note 17. Current liabilities - contract liabilities

	Consolidated	
	2021 ($)	**2020 ($)**
Contract liabilities	114,850	-

Reconciliations
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	-	-
Payments received in advance	114,850	-
Closing balance	114,850	-

Note 18. Current liabilities - borrowings

	Consolidated	
	2021 ($)	**2020 ($)**
Short-term loan	350,000	506,839

Refer to note 26 for further information on financial instruments.

The borrowing represents a short-term bridge financing by way of an unsecured line of credit (“loan”) of $350,000 (2020: $500,000) advanced by Delta Drone SA France with an interest rate of 2.5% (2020: 10%) per annum. The loan and the accrued interest were repaid subsequent to the year end.

Note 19. Current liabilities - lease liabilities

	Consolidated	
	2021 ($)	**2020 ($)**
Lease liability	97,638	79,194

Refer to note 26 for further information on financial instruments.

Note 20. Current liabilities – deferred consideration

	Consolidated	
	2021 ($)	**2020 ($)**
Deferred consideration - Arvista Pty Ltd acquisition	271,483	-

Deferred consideration
The deferred provision represents the obligation to pay contingent consideration following the acquisition of Arvista Pty Ltd in the year. It is measured at the present value of the estimated liability. This consideration is to be paid in cash one month after the annual report is provided to the Australian Securities Exchange (ASX).

Note 21. Current liabilities - liabilities directly associated with assets classified as held for sale

	Consolidated	
	2021 ($)	2020 ($)
Trade payables	932,302	998,997
Deferred tax liability	750,302	748,000
	1,682,604	1,746,997

Refer to note 26 for further information on financial instruments.

Non-current borrowings relate to motor vehicle finance leases and long-term borrowing from a supplier.

Note 22. Non-current liabilities - borrowings

	Consolidated	
	2021 ($)	2020 ($)
Borrowings	105,253	-

Refer to note 26 for further information on financial instruments.

Non-current borrowings relate to motor vehicle finance leases and long-term borrowing from a supplier.

Note 23. Non-current liabilities - lease liabilities

	Consolidated	
	2021 ($)	2020 ($)
Lease liability	56,003	122,642

Refer to note 26 for further information on financial instruments.

Note 24. Equity - issued capital

	Consolidated			
	2021 Shares	**2020 Shares**	**2021 ($)**	**2020 ($)**
Ordinary shares - fully paid	511,604,932	500,800,731	13,207,118	12,904,061

Movements in ordinary share capital

Details	Date	Shares	Issue price	($)
Balance	1 January 2020	139,082,099		1,735,384
Conversion of convertible notes	22 December 2020	12,500,000	$0.0040	500,000
Conversion of convertible notes	22 December 2020	14,705,882	$0.0340	500,000
Issue of shares to acquire Delta Drone South Africa	22 December 2020	203,512,750	$0.0273	5,563,284
Issue of shares pursuant to Prospectus	22 December 2020	125,000,000	$0.0400	5,000,000
Issue of Broker Shares	22 December 2020	6,000,000	$0.0400	240,000
Capital raising costs	22 December 2020			(634,607)
Balance	31 December 2020	500,800,731		12,904,061
Issue of shares on exercise of options	10 February 2021	579,201	$0.0027	1,564
Issue of shares to third party	10 March 2021	625,000	$0.0310	19,375
Issue of shares for acquisition of Arvista Pty Ltd	1 September 2021	9,600,000	$0.0300	288,000
Share issue costs	1 September 2021		-	(5,882)
Balance	31 December 2021	511,604,932		13,207,118

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 25. Equity - reserves

	Consolidated	
	2021 ($)	**2020 ($)**
Predecessor accounting reserves	(968,570)	(968,570)
Foreign currency reserve	327,423	419,845
Share-based payments reserve	53,793	-
	(587,354)	(548,725)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Predecessor accounting reserve
The predecessor accounting reserve comprises the excess of purchase price over the fair value of net assets when the common controlled entity, Drone Safety and Legal (Pty) Ltd was acquired by Delta Drone SA France.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 26. Financial instruments

Financial risk management objectives
The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Group's approach to capital management during the year.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

	Consolidated	
	2021 ($)	2020 ($)
Financial assets		
Cash and cash equivalents	954,916	4,991,134
Trade and other receivables	1,415,957	789,758
Financial assets held at amortised cost	34,869	35,531
	2,405,742	5,816,423
Financial liabilities		
Trade and other payables	470,718	408,425
Bank overdraft	18,895	31
Lease liabilities	153,371	201,836
Borrowings	455,253	506,839
Deferred consideration	271,483	
	1,369,720	1,117,131

The fair value of the above financial instruments approximates their carrying values.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar (the functional currency of the Israeli subsidiary company now held for sale), the New Israeli Shekel, the Australian Dollar (functional currency of the Parent company) and the South African Rand (the functional currency of the South African subsidiaries).

Interest rate risk
The Group's main interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk.

Price risk
The Group is not exposed to any significant price risk

Consolidated - 2021	Basis points change	Basis points increase profit before tax	Effect on equity	Basis points change	Basis points decrease Effect on profit before tax	Effect on equity
Cash and cash equivalents	100	9,549	9,549	(100)	(9,549)	(9,549)

Consolidated - 2020	Basis points change	Basis points increase profit before tax	Effect on equity	Basis points change	Basis points decrease Effect on profit before tax	Effect on equity
Cash and cash equivalents	100	49,911	49,911	(100)	(49,911)	(49,911)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Allowance for expected credit losses
The Group has recognised a loss of $6,095 (31 December 2020: $7,946) in profit or loss in respect of the expected credit losses for the year ended 31 December 2021.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2021 %	2020 %	2021 %	2020 %	2021 %	2020 %
Not overdue	-	-	1,059,504	515,374	-	-
0 to 3 months overdue	74.69%	18.00%	8,160	30,162	6,095	5,429
3 to 6 months overdue	-	20.36%	-	12,362	-	2,517
			1,067,664	557,898	6,095	7,946

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2021	Weighted average interest rate (%)	1 year or less ($)	Between 1 and 2 years ($)	Between 2 and 5 years ($)	Over 5 years ($)	Remaining contractual maturities ($)
Non-derivatives						
Non-interest bearing						
Trade payables	-	470,718	-	-	-	470,718
Deferred consideration		271,483				271,483
Non-interest bearing						
Bank overdraft	-	18,895	-	-	-	18,895
Lease liability	-	97,638	56,003	-	-	153,641
Interest-bearing - fixed rate						
Borrowings	2.50%	350,000	-	-	-	350,000
Total non-derivatives	-	1,208,734	56,003	-	-	1,264,737

Consolidated - 2020	Weighted average interest rate (%)	1 year or less ($)	Between 1 and 2 years ($)	Between 2 and 5 years ($)	Over 5 years ($)	Remaining contractual maturities ($)
Non-derivatives						
Non-interest bearing						
Trade payables	-	408,425	-	-	-	408,425
Non-interest bearing						
Lease liability	-	79,194	122,642	-	-	201,836
Interest-bearing - fixed rate						
Borrowings	10.00%	506,839	-	-	-	506,839
Total non-derivatives	-	994,458	122,642	-	-	1,117,100

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 27. Key management personnel disclosures

Directors

The following persons were Directors of Delta Drone International Limited during the financial year:

Eden Attias	Executive Chairman
Christopher Clark	Chief Executive Officer
Stephen Gorenstein	Non-Executive Officer
Clive Donner	Non-Executive Officer (appointed 14 July 2021)
Nicolas Clerc	Non-Executive Officer (appointed 8 April 2021)
Christian Viguie	Non-Executive Officer (appointed 8 April 2021)
Dan Arazi	Non-Executive Officer (resigned 21 June 2021)
Chris Singleton	Non-Executive Officer (resigned 14 July 2021)

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2021 ($)	2020 ($)
Short-term employee benefits	482,402	432,085
Post-employment benefits	14,638	770
Share-based payments	53,794	-
	550,834	432,855

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	2021 ($)	2020 ($)
Audit services -		
Audit or review of the financial statements	71,000	58,000
Other services -		
Investigating Accountant's Report		-
- BDO Corporate Finance (WA) Pty Ltd	-	60,600
		60,600
	71,000	118,600
Audit services - network firms		
Audit or review of the financial statements	54,831	60,327

Note 29. Related party transactions

Parent entity

Delta Drone International Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2021 ($)	**2020 ($)**
Current borrowings:		
Loan from Delta Drone SA (France)	350,000	506,838

As at 31 December 2021, Delta Drone International Limited held a loan payable balance of $350,000 (31 December 2020: $500,000), which was owed to Delta Drone SA (France), a related party which holds a majority shareholding in the Company. The loan bears an interest of 2.5% (2020: 10%) per annum. This loan balance was repaid in full post-year end.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 30. Parent entity information

	Parent 2021 ($)	**Parent 2020 ($)**
Loss after income tax	(4,064,639)	(17,429,836)

	Parent 2021 ($)	**Parent 2020 ($)**
Assets		
Current assets	562,846	4,340,808
Total assets	562,846	4,340,808
Liabilities		
Current assets	(708,660)	(726,869)
Total liabilities	(708,660)	(726,869)
Net Assets	(145,814)	3,613,939
Shareholders' Equity		
Issued capital	19,418,100	19,115,043
Reserves	1,924,512	1,922,683
Accumulated losses	(21,488,426)	(17,423,787)
	(145,814)	3,613,939

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2021 and 31 December 2020.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021 and 31 December 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2021 and 31 December 2020.

Note 31. Business combinations

Arvista Pty Ltd

On 1 September 2021 Delta Drone International Limited acquired 60% of the ordinary shares of Arvista Pty Ltd for the total consideration transferred of $859,483. The acquired business contributed revenues of $553,836 and profit after tax of $39,760 to the Group for the period from 1 September 2021 to 31 December 2021. The goodwill on acquisition was $836,758 which arose as the difference between the fair value of consideration paid and the total tangible assets transferred and represents the access to blue-chip Australian client base and highly skilled professionals allowing the Group to expand its offering beyond surveying. If the acquisition occurred on 1 January 2021, the full year contributions would have been revenues of $1,396,352 and loss after tax of $80,584.

Deferred consideration

There is a deferred consideration portion of $271,483 that is due within one (1) month of the submission of the 31 December 2021 annual report to the Australian Securities Exchange (ASX).

Call Option

The Shareholders Agreement provides for a call option where the Group has the right to purchase the remaining 40% interest in Arvista Pty Ltd at 1.5 times the 12-month trading revenue on the purchase price for 31 August 2021. The option is valid for 5 years. As the option exercise price is linked to the fair value of the business, the directors have determined that the option is immaterial.

Details of the acquisition are as follows:

	Fair value ($)
Cash and cash equivalents	68,787
Trade receivables	173,595
Other current assets	1,092
Plant and equipment	1,867
Motor vehicles	13,739
Trade payables	(161,201)
Employee benefits	(58,922)
Other borrowings	(1,082)
Net assets acquired	37,875
Goodwill	836,758
Non-controlling interest	(15,150)
Acquisition-date fair value of the total consideration transferred	859,483
Representing:	300,000
Cash paid or payable to vendor	288,000
Delta Drone International Limited shares issued to vendor	271,483
Deferred consideration	859,483
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	859,483
Less: cash and cash equivalents	(68,787)
Less: payments to be made in future periods	(271,483)
Less: shares issued by theCompany as part of consideration	(288,000)
Net cash used	231,213

** The non-controlling interest has been calculated by the proportionate share of net asset method.*

Fair value measured on a provisional basis

The allocation of the fair value to goodwill has been made on a provisional basis. Under AASB 3 – Business Combinations management has up to 12 months to finalise the carrying value of assets and liabilities acquired on completion of an acquisition.

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 ($)	Ownership interest 2020 ($)
ParaZero Technologies	Israel	100.00%	100.00%
Delta Drone South Africa (Pty) Ltd	South Africa	100.00%	100.00%
Drone Safety and Legal (Pty) Ltd	South Africa	100.00%	100.00%
Rocketmine South Africa	South Africa	74.00%	74.00%
Rocketmine Ghana	Ghana	90.00%	90.00%
Rocketmine Australia Pty Ltd	Australia	100.00%	100.00%
Arvista Pty Ltd	Australia	60.00%	-

Note 33. Events after the reporting period

On 28 January 2022 the Group announced that it had entered into a binding agreement with a consortium of investors led by NASDAQ-listed Medigus Ltd and facilitated by Israeli venture capital firm L.I.A Pure Capital Ltd to sell ParaZero Technologies Ltd (“ParaZero”) which operated the Company’s drone safety business, for a total consideration of A$6 million in cash. This transaction allows the Group to focus on becoming one of the leading drone service providers globally after its successful acquisition of the Delta Drone South Africa business in December 2020 and the purchase of Arvista Pty Ltd in Australia in September 2021. Post-sale this will leave the Company with a strengthened balance sheet and a substantially reduced need for cash to fund the ongoing R&D investment that had been required by the ParaZero business, allowing the Group to focus on aggressively growing its global drone services business. As such, the assets (including goodwill and intangible assets), liabilities and net profit of the Parazero operations have been classified as assets held for sale and liabilities directly attributed to discontinued operations in the 31 December 2021 report.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years.

Note 34. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	2021 ($)	**2020 ($)**
Loss after income tax benefit/(expense) for the year	(3,590,483)	(115,391)
Adjustments for:		
Depreciation and amortisation	1,064,076	202,293
Share-based payments	53,793	-
Foreign exchange differences	(92,422)	585
Gain on sale of assets	(11,123)	(20,332)
Interest received	-	(26,292)
Finance costs	7,487	110,723
Expected credit loss allowance	6,095	(5,019)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(318,694)	(289,083)
Decrease/(increase) in inventories	6,185	(472,719)
Decrease/(increase) in income tax refund due	(135,576)	86,446
Increase in deferred tax assets	(146,070)	-
Increase in trade and other payables	180,124	829,498
Increase in contract liabilities	114,850	-
Net cash from/(used in) operating activities	(2,861,758)	300,709

Note 35. Non-cash investing and financing activities

	Consolidated	
	2021 ($)	**2020 ($)**
Shares issued in relation to business combinations	288,000	-

The Company issued 9,600,000 shares as part of the business combination to acquire Arvista Pty Ltd during the year. Refer to note 31 for more information.

Note 36. Changes in liabilities arising from financing activities

Consolidated	Borrowing ($)	Lease liabilies ($)	Total ($)
Balance at 1 January 2020	3,354,742	226,740	3,581,482
Net cash used in financing activities	(167,707)	(103,384)	(271,091)
Loans received	500,000	-	500,000
Acquisition of leases	-	92,882	92,882
Exchange differences	-	(29,459)	(29,459)
Changes in fair values	6,839	15,058	21,897
Other changes	(3,187,035)	-	(3,187,035)
Balance at 31 December 2020	506,839	201,837	708,676
Net cash used in financing activities	(512,111)	(49,062)	(561,173)
Proceeds from loans	454,821	-	390,000
Addition on business combination	1,082	-	1,082
Exchange differences	4,620		4,620
Changes in fair values	-	(867)	(867)
Balance at 31 December 2021	455,241	151,908	607,149

There are no other non-cash investing and financing activities.

Note 37. Earnings per share

	Consolidated	
	2021 ($)	2020 ($)
Loss per share for loss from continuing operations		
Loss after income tax	(1,705,749)	(61,003)
Non-controlling interest	(27,324)	(68,568)
Loss after income tax	(1,733,073)	(129,571)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	505,033,787	144,191,756
Weighted average number of ordinary shares used in calculating diluted earnings per share	505,033,787	144,191,756
	Cents	Cents
Basic loss per share	(0.34)	(0.09)
Diluted loss per share	(0.34)	(0.09)

	Consolidated	
	2021 ($)	2020 ($)
Loss per share for loss from discontinued operations		
Loss after income tax	(1,884,734)	(54,388)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	505,033,787	144,191,756
Weighted average number of ordinary shares used in calculating diluted earnings per share	505,033,787	144,191,756
	Cents	Cents
Basic loss per share	(0.37)	(0.04)
Diluted loss per share	(0.37)	(0.04)
	Cents	Cents
Total Basic loss per share	(0.71)	(0.13)
Total Diluted loss per share	(0.71)	(0.13)

Note 38. Share-based payments

The Group provided performance rights to selected directors as a part of their remuneration package and as a performance incentive – the Board considers that performance rights are an appropriate form of incentive as they align remuneration with the long-term success of the Group, shareholder interests and current market practice.

Vesting of the performance rights is conditional on the satisfaction of various milestones within a three (3) year timeframe. The performance rights were issued at nil cost and will be converted into the equivalent number of shares when exercised.

2021

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/06/2021	24/06/2024	-	14,000,000	-	(1,000,000)	13,000,000
		-	14,000,000	-	(1,000,000)	13,000,000

Set out below are summaries of performance rights granted under the plan:

	Number of rights 2021
Outstanding at the beginning of the financial year	-
Granted	14,000,000
Forfeited	(1,000,000)
Outstanding at the end of the financial year	13,000,000

There were 14,000,000 performance rights over ordinary shares issued to Directors as part of compensation during the year ended 31 December 2021. Shareholders of the Company approved the issue of the Performance Rights at the Annual General Meeting of the Company held on 24 June 2021.

During the year 1,000,000 performance rights held by Chris Singleton were forfeited due to his resignation. As at 31 December 2021, an expense of $53,794 based on a fair value of $0.024 per right has been recognised as share-based payment in the statement of profit or loss and other comprehensive income which represents the pro-rated value from 24 June 2021 (grant date) to 31 December 2021. Total value of the remaining 13,000,000 Performance Rights will be expensed over management's expected vesting period of 3 years. No performance rights have vested in the year ended 31 December 2021.

The details of allottees and the Milestones are described in the tables below

Name	No. of Performance Rights	Milestones
Eden Attias	2,000,000	New Milestone 1
Eden Attias	2,000,000	New Milestone 2
Eden Attias	2,000,000	New Milestone 3
Christopher Clark	666,667	DDG Milestone 1
Christopher Clark	666,667	DDG Milestone 2
Christopher Clark	666,667	DDG Milestone 3
Christopher Clark	1,333,334	New Milestone 1
Christopher Clark	1,333,334	New Milestone 2
Christopher Clark	1,333,334	New Milestone 3
Stephen Gorenstein	333,334	New Milestone 1
Stephen Gorenstein	333,334	New Milestone 2
Stephen Gorenstein	333,334	New Milestone 3
	13,000,000	

DDG Milestones

Milestone	Description
DDG Milestone 1	DDSA achieving consolidated revenue (for the avoidance of doubt, only DDSA and excluding the Group) for any full financial year (being 1 Jan to 31 Dec) during the three-year term of the Performance Rights of not less than US$3,200,000 (based on audited accounts having been prepared by an external auditor or other suitable expert).
DDG Milestone 2	If DDSA enters into at least two binding contracts with Australian-based mining companies (being companies that conduct mining, exploration or extraction services) for the provision of drone survey or mapping solutions services to those mining companies in Australia ("Services") and DDSA receives not less than US$1,000,000 (based on audited accounts having been prepared by an external auditor or other suitable expert) of verified revenue in aggregate from such executed contracts received within the three-year term of the Performance Rights for its Services.
DDG Milestone 3	If during the three-year term of the Performance Rights, the Company announces to the ASX that DDSA has expanded the services of its business offering (being the provision of drone survey and mapping solutions) into a new geographic location outside of Australia, Israel, South Africa, Ghana and Namibia and achieved a revenue in that new geographic location of not less than US$1,000,000 (based on audited accounts having been prepared by an external auditor or other suitable expert).

Note: DDSA means Delta Drone South Africa and its current subsidiaries, Drone Safety and Legal, Rocketmine South Africa and Rocketmine Ghana.

New Milestones

Milestone	Description
New Milestone 1	The Group achieving consolidated revenue of not less than A$10,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
New Milestone 2	The Group achieving total consolidated EBITDA of not less than A$1,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
New Milestone 3	The Company achieving a total return on equity of not less than 10% in a single financial year (being 1 Jan to 31 Dec), where return on equity is equal to net profit as a percentage of total equity based on audited accounts having been prepared by an external auditor or other suitable expert.

Note 38. Share-based payments (continued)

In the prior year the Company issued 45,000,000 Performance Shares for which $nil value was ascribed to as part of the acquisition accounting. The Performance Shares will convert to new shares according to the following milestones:

Class A Performance Shares
Each Class A Performance Share entitles Delta Drone SA France to subscribe for one fully paid ordinary share in the capital of the Company if Delta Drone South Africa achieves consolidated revenue (for avoidance of doubt, only Delta Drone South Africa and excluding the Company) for any full financial year (being 1 January to 31 December) during the three-year term of the Class A Performance Share of not less than US$3.2 million ("First Performance Milestone").

Class B Performance Shares
Each class B Performance Share entitles Delta Drone SA France to subscribe for one fully paid ordinary share in the capital of the Company if Delta Drone South Africa enters into at least two binding contracts with Australian based mining companies (being companies that conduct mining, exploration or extraction activities) for the provision of drone survey or mapping solution services to those mining companies in Australia ("Services") and Delta Drone South Africa receives not less than US$1,000,000 (based on audited accounts) of verified revenue in aggregate form from such executed contracts received within the three-year term of the Performance Shares for its Services ("Second Performance Milestone").

Class C Performance Shares
Each Class C Performance Share entitles Delta Drone SA France to subscribe for one fully paid ordinary share in the capital of the Company if during the three-year term of the Class C Performance Shares the Company announces to the ASX that Delta Drone South Africa has expanded the services of its business offering (being the provision of drone survey and mapping solutions) into a new geographic location outside of Australia, Israel South Africa, Ghana and Namibia and achieved a revenue in that geographic location of not less than US$1,000,000 ("Third Performance Milestone").

If a Performance Milestone is not satisfied within 3 years of the date of issue of the Performance Shares (being 22 December 2020), then the relevant Performance Shares will automatically lapse.

Directors' declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001. Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Christopher Clark
Chief Executive Officer

31 March 2022

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Delta Drone International Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Delta Drone International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

BDO

Accounting for business combination

Key audit matter	*How the matter was addressed in our audit*
During the financial year ended 31 December 2021 the Group acquired Arvista Pty Ltd as disclosed in Note 31. The accounting for this acquisition is a key audit matter due to the material nature of the acquisition, the related estimates and judgements associated with the identification and determination of the fair value of assets and liabilities acquired and the final purchase consideration.	Our procedures included, but were not limited to the following: • Reviewing the purchase and sale agreement to understand the terms and conditions of the acquisition including evaluating management's application of *AASB 3 Business Combinations*; • Assessing how the group estimated fair value of assets and liabilities identified in the acquisition; • Evaluating the group's determination of purchase consideration to underlying share agreements and cash paid; • Comparing assets and liabilities recognised on acquisition against executed agreements and the historical financial information of the acquired business; • Reviewing the purchase price allocation, including the recognition of goodwill; and • Assessing the adequacy of the Group's disclosures of the acquisition in the financial report.

Disposal of Parazero Technologies Ltd

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 7, in December 2021, the directors of Delta Drone Limited resolved to dispose of its subsidiary Parazero Technologies Limited (Parazero Israel), with final settlement effectuating subsequent to financial year-end on 28 January 2022. The associated asset and liabilities have been recognised as 'held for sale' in the 31 December 2021 statement of financial position. This was determined to be a key audit matter as the sale of Parazero Israel represents a significant unique transaction to the Group.	Our procedures included, but were not limited to: • Examining the underlying documentation to support the transaction to consider if the classification as 'held for sale' is appropriate and in line with the criteria in *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* ("AASB 5"); • Considering whether the reclassification indicates impairment testing was required under AASB 5; • Assessing the separate disclosure requirements of 'held for sale' in the statement of financial position and the impact on other disclosures within the consolidated financial statements; and • Assessing the appropriateness of the Group's disclosures in respect of the disposal including the disclosures related to discontinued operations and the restatement of comparative consolidated statement of profit or loss and consolidated statement of other comprehensive income.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 24 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Delta Drone International Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 31 March 2022

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 6 March 2022.
As at 6 March 2022, there were 706 holders of fully paid ordinary shares.

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options and performance options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of Ordinary Fully Paid Shares are:

Holder Name	Holding	% IC
Delta Drone SA	282,506,678	55.22%
The Trust Company (Australia) Limited <MOF A/C>	27,275,691	5.33%
010 Yazamut Ltd	23,959,727	4.68%
HSBC Custody Nominees (Australia) Limited	19,999,624	3.91%
Meah Plus Maarchot Betichot Le'rachfanim LP	18,112,983	3.54%
Cukierman & Co Investment House Ltd	6,000,000	1.17%
Nintieth Y Pty Ltd <I K Caldwell & Co Staff A/C>	5,750,000	1.12%
Pither Investments Pty Ltd <Pither Investments A/C>	5,750,000	1.12%
Adfect Aps	5,107,395	1.00%
Mr Perry Julian Rosenzweig	5,000,000	0.98%
Mr Shane Gavin Mcleay & Ms Karen Leigh Mcleay <Mcleay Family A/C>	3,840,000	0.75%
Mr Evan Mckern <Mckern Family A/C>	3,840,000	0.75%
Amir Tsaliah	3,523,386	0.69%
Ronald Zelazo <Revocable A/C>	3,238,622	0.63%
Auto Management Pty Ltd <The Branchi Family A/C>	3,000,000	0.59%
Ronald Zelazo	2,433,333	0.48%
Opima Pty Limited <Opima A/C>	2,000,000	0.39%
Investmin Pty Ltd	1,920,000	0.38%
Mrs Kathryn Valerie Van Der Zwan <Harleston Family A/C>	1,750,000	0.34%
Jetmax Trading Pty Ltd	1,681,250	0.33%
Totals	**426,688,689**	**83.40%**

SHAREHOLDER INFORMATION

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders are:

Name	No of Shares Held	% of Issued Capital
Delta Drone SA	282,506,678	55.22%
Merchant Funds Management Pty Ltd as manager of the Merchant Opportunities Fund and the Merchant Leaders Fund	27,275,691	5.44%

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Ca
1 - 1,000	9	3,581	0.00%
1,001 - 5,000	15	54,790	0.01%
5,001 - 10,000	69	665,198	0.13%
10,001 - 100,000	423	20,118,847	3.93%
100,001 and ove	190	490,762,516	95.93%
Totals	706	511,604,932	100.00%

Unmarketable Parcels – 216 Holders with a total of 3,061,590 shares, based on the last trading price of $0.018 on 4 March 2022.

RESTRICTED SECURITIES

The following securities are subject to ASX escrow:

211,718,632	Ordinary Fully Paid Shares escrowed until 31 December 2022
20,000,000	Class A Performance Shares escrowed until 31 December 2022
15,000,000	Class B Performance Shares escrowed until 31 December 2022
10,000,000	Class C Performance Shares escrowed until 31 December 2022

Note:
The milestones applicable to the Performance Shares are detailed in Note 38 of this Annual Report.

The following securities are subject to voluntary escrow:

625,000	Ordinary Fully Paid Shares voluntarily escrowed until 10 March 2022
9,600,000	Ordinary Fully Paid Shares voluntarily escrowed until 1 September 2023

UNQUOTED SECURITIES

The following unquoted securities are on issue:

7,590,418 Options Expiring 13 June 2023 @ $0.0027 – 3 Holders

Holders with more than 20%

Holder Name	Holding	% IC
EATC International Ltd	5,598,837	73.76%

20,000,000 Class A Performance Shares escrowed until 31 December 2022 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Delta Drone SA	20,000,000	100.00%

The milestones applicable to the Performance Shares are detailed in Note 38 of this Annual Report.

15,000,000 Class B Performance Shares escrowed until 31 December 2022 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Delta Drone SA	15,000,000	100.00%

The milestones applicable to the Performance Shares are detailed in Note 38 of this Annual Report.

10,000,000 Class C Performance Shares escrowed until 31 December 2022 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Delta Drone SA	10,000,000	100.00%

The milestones applicable to the Performance Shares are detailed in Note 38 of this Annual Report.

955,480 Options Expiring 17 April 2024 @ $0.1125 – 14 Holders

Holders with more than 20%

Holder Name	Holding	% IC
The Trust Company (Australia) Limited <MOF A/C>	618,430	64.72%

953,544 Options Expiring 24 June 2024 @ $0.1125 – 5 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Meah Plus Maarchot Betichot Le'rachfanim LP	823,673	86.38%

948,053 Options Expiring 5 November 2024 @ $0.09 – 5 Holders

Holders with more than 20%

Holder Name	Holding	% IC
010 Yazamut Ltd	270,872	28.57%
Adfect Aps	225,727	23.81%
Ronald Zelazo	225,727	23.81%
The Trust Company (Australia) Limited <MOF A/C>	222,745	23.50%

The following unquoted securities are on issue and were issued under the employee incentive plan.

666,667 Performance Rights - 1 Holder
666,667 Performance Rights - 1 Holder
666,666 Performance Rights - 1 Holder
3,666,668 Performance Rights - 3 Holders
3,666,666 Performance Rights - 3 Holders
3,666,666 Performance Rights - 3 Holders

The milestones applicable to the Performance Shares are detailed in Note 38 of this Annual Report.

ON-MARKET BUY BACK

There is currently no on-market buyback program.

ASX LISTING RULE 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing of the Company's securities to quotation in a way consistent with its business objectives.

DELTA DRONE INTERNATIONAL LIMITED

contact@dlti.com.au
+61 8 6189 1155

75 Thomas Street

Subiaco WA 6008

Email: contact@dlti.com.au

DELTA DRONE INTERNATIONAL LIMITED | ABN 17 618 678 701