

ASX Announcement

**DLT DECEMBER Q4 FY2022 QUARTERLY REPORT**  
**Positive Key Metrics Following Year of Business Refocus,**  
**Multi-Year Contracts, ParaZero Divestiture and Corporate Cost Right-Sizing**

**HIGHLIGHTS**

- **Revenue from continuing operations** A\$1.609m in Q4 FY2022, up 20% on Q3 FY2022
  - FY2022 revenue from continuing operations (unaudited December financial year-end) of A\$5.735m up 25% on FY2021
- **Annual Recurring Revenue (ARR)** accounted for 32% of total revenue in the quarter
- **Cash receipts from customers** A\$1.695m in Q4 FY2022, up 24% on Q3 FY2022,
- **Net cash used in operating activities** was A\$149k; resulting from growth in cash receipts and a reduction in operating costs compared to Q3 FY2022; positioning DLT well towards a pathway to achieve breakeven
- **Annual Recurring Revenue (ARR)** was A\$2.409m at the end of the December quarter, up 18% on Q3 FY2022
- **Total contract value (TCV)** was A\$4.877m at the end of the December quarter, up 10% on Q3 FY2022
- **Two material contracts** announced:
  - Anglo American's Mogalakwena Mine (TCV A\$516k and ARR of A\$258k)
  - SFTP Mining (TCV A\$341k and ARR of A\$227k)
- **Software Partnership** with Strayos signed, complementing DLT's data solutions with AI-driven technology, significantly broadening the business model
- **New institutional shareholders** have come onto the register following major shareholder Delta Drone SA (DDSA) materially selling down to under 5% post quarter-end
- **Cash balance** of A\$2.254m at 31 December 2022, excluding remaining A\$0.810m relating to the sale of ParaZero held in escrow until late February 2023

**25 January 2023** – Drone based data systems provider, **Delta Drone International Limited or DLT (ASX: DLT)** is pleased to provide the business update for the quarter ending 31 December 2022 (Q4 FY2022), along with its Appendix 4C quarterly cash flow report and unaudited key financial results for the full year FY2022 (December financial year end).

**Delta Drone International CEO Christopher Clark said:** “We have made significant progress across the business over the December-ended quarter, rounding out our financial year, which positions us very well for FY2023.

In terms of top line growth, our ARR and TCV have shown consistent growth through recent quarters, setting new records. This success is a function of our refocused strategy involving a divestiture (of ParaZero in Q1 2022) and acquisition (Arvista in Q4 2021) and new business operating model conceived a year ago.

A number of material new multi-year contracts were won in the quarter and over the full year. This

places us on a pathway to breakeven, as evident from Net Cash used in Operating Activities for the quarter nearing breakeven, which we are looking to replicate (and improve on) across future quarters.

This revenue growth, combined with our well-managed operational and corporate cost base, demonstrates our ability to consistently deliver on our commercial strategy. This means tweaking our business model continuously to meet customer demand, including our move beyond data capture into complimentary value-adding services, where our agreement with Strayos comes into play. See ASX announcement [14 November 2022](#).

Our operating model is scalable, already being replicated across multiple jurisdictions, demonstrating our ability to make acquisitions of existing businesses, which would quickly become value accretive from day one.

In summary, our strong cash-balance and responsible burn rate, combined with a new suite of institutional investors puts us in a healthy position for 2023, when compared to other companies in this industry and the tech-sector at large.

## 1. FINANCIAL OVERVIEW

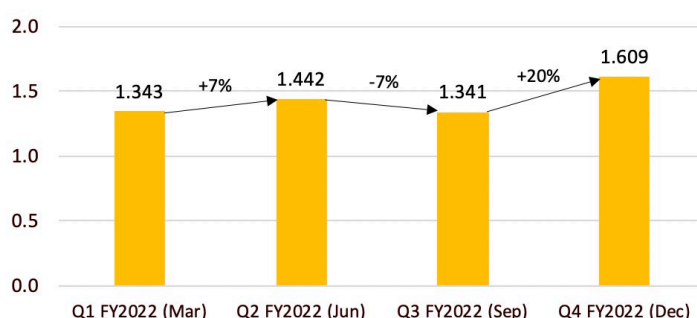
**Revenue from continuing operations** (unaudited) for the December quarter was A\$1.609m, up 20% on Q3 FY2022 due to strong project revenues, particularly in Africa.

FY2022 revenue from continuing operations (unaudited December financial year end) of A\$5.735m was up 25% on FY2021 reflecting the full year impact and growth of our Australian business. Revenue from continuing operations is presented excluding revenue from ParaZero in FY2021 (in line with accounting standards), which was divested in early 2022.

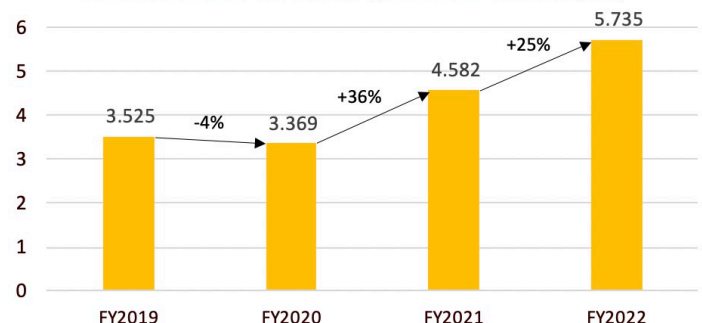
Contracted recurring revenue remained broadly constant from quarter 3 to quarter 4, given the timing of commencement of new contracts versus existing contracts being completed and was 32% of total revenue (40% in quarter 3) given the higher one-off project revenues.

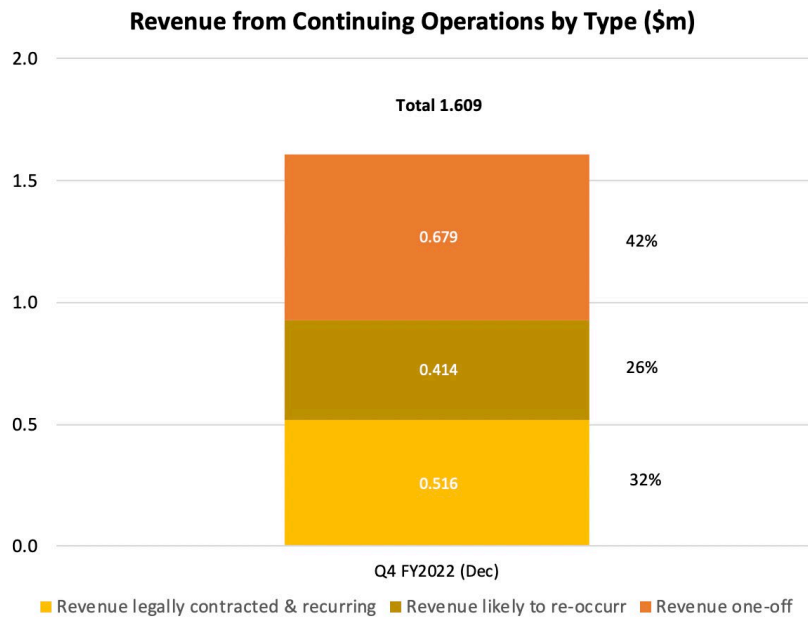
Growing the ARR component of overall revenue is a focus of the Company when tendering its services. Non-ARR revenue is an important (indicative) metric to the Company's prospective revenue pipeline, leading to potential new contract wins, as customers generally conduct ad-hoc projects or proof-of-concept trials before signing on for long-term agreements. Australian operations accounted for 32% of group revenue in the quarter (31% in Q3 FY2022) and 32% for FY2022.

**Revenue from Continuing Operations - Quarterly (\$m)**



**Revenue from Continuing Operations - Annual (\$m)**





Revenue definitions by type:

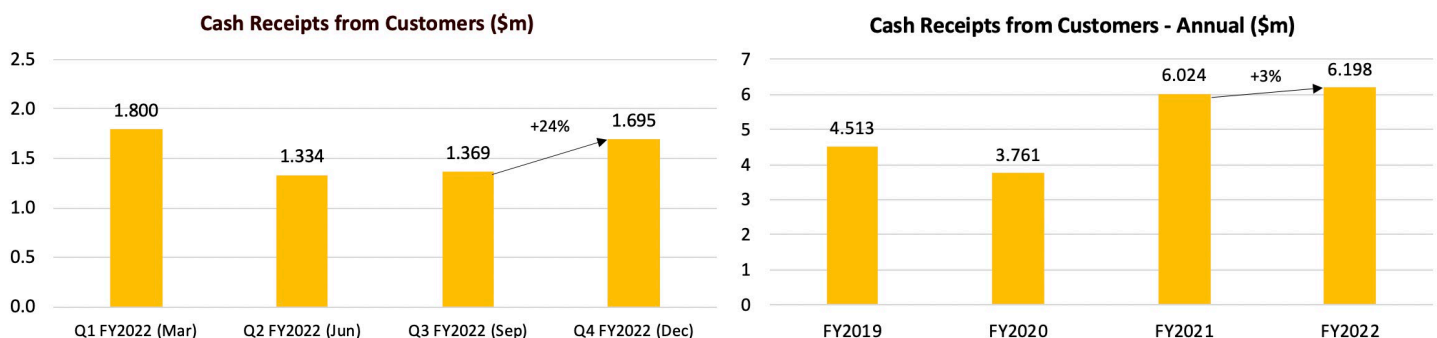
**(A) Revenue legally contracted and recurring:** revenue from legal contracts with minimum original terms of 12 months, subject to normal termination provisions per each contract. The TCV and ARR measures set out in the section below contain only this type of contract.

**(B) Revenue likely to re-occur:** revenue which management have a reasonable expectation will reoccur in the future either because it has been historically demonstrated to re-occur or because we hold rolling short term purchase orders or legal contracts which are less than 12 months in original length.

**(C) Revenue one-off:** revenue which does not meet the above definitions (these are typically one-off short projects)

**Cash receipts from customers** for the December quarter, Q4 FY2022, totalled A\$1.695m, a 24% increase on Q3 FY2022. Historic figures shown in the charts below for Q1 FY2022 and prior, include cash receipts from ParaZero.

Note: differences between quarterly cash receipts and revenue may occur due to the 1) cash collection cycle and 2) revenue recognition on contracts and projects including anniversary dates of when contracts started.

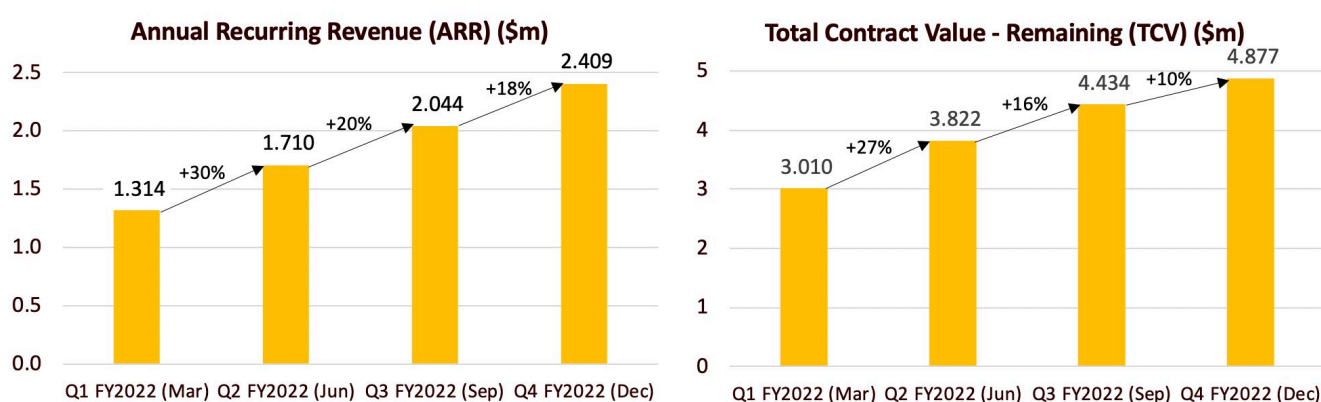


## TCV and ARR

**Annual Recurring Revenue (ARR)** is A\$2.409m at the end of the December quarter, up 18% on Q3 FY2022, subject to normal termination provisions per each contract. ARR grew in the quarter due to signing of new material contracts, in particular, Anglo American's Mogalakwena Mine and SFTP Mining, plus minor contract and price increases; partially offset by the Newmont Ahafo contract coming to its end date and transferring to "revenue likely to re-occur" until contractual arrangements are renewed.

**Total contract value (TCV)** is A\$4.877m at the end of the December quarter, up 10% on Q3 FY2022. TCV grew in the quarter for the reasons noted in the ARR comments above, less depletion for the quarter.

Note: TCV is the total value of all remaining contracts (only contracts that had a minimum of 12 months original duration are included) and is net of monthly contract depletion (i.e. the revenue remaining to be collected until end of contract life). Key contracts in the TCV include with Assmang Khumani Iron Ore, Red 5, Seriti (multiple), Exxaro, South32 (multiple), Anglo American and Newmont (multiple). ARR and TCV may be impacted by exchange rate fluctuations.



### Anglo American – Mogalakwena Mine

A 2-year contract (remaining) expiring Q4 2024 was signed with Rustenburg Platinum Mines Limited Mogalakwena (wholly owned by mining giant Anglo American) in South Africa for surveying services. The contract had a TCV of A\$516k and ARR of A\$258k. See ASX announcement [17 October 2022](#).

### SFTP Mining

A 1.5-year contract was signed with SFTP Mining across two mines in the Ivory Coast for drone data and surveying services. The contract had a TCV of A\$341k and ARR of A\$227k. See ASX announcement [5 December 2022](#).

### Strayos AI

A software partnership with Strayos was signed, complementing DLT's data solutions with AI-driven technology, significantly broadening the business model and value-add to customers to support higher pricing and multi-year contract revenue growth.

Strayos develops and runs a Software as a Service (SaaS) platform for use in the drilling, blasting, mining, construction, conservation and related industries.

Strayos will be the primary data and visualisation platform for DLT and its mining customers. The software and AI tools will become an integrated cornerstone of DLT's service offerings going forward. The integration of AI with drone data enhances digitalization solutions, services, workflows, and increase the speed of insights available to DLT's clients. See ASX announcement 14 November 2022.

## 2. CORPORATE

### Market engagement

- **Australian Microcap Investment Conference:** DLT presented at the conference on Tuesday 18 October (Sofitel, Melbourne). View the investor presentation [here](#).
- **TechKnow Invest Roadshow:** DLT presented at the conference on Monday 7 November (Grand Hyatt, Melbourne) and on Wednesday 9 November (Radisson Blu Plaza Hotel, Sydney). View the investor presentation [here](#).

**Partial sale of DLT shares by major shareholder:** DLT's major shareholder Delta Drone Societe Anonyme (DDSA), holder of 58.16% of shares in DLT, disposed of part of its shareholding in DLT in late December 2022. See ASX announcement [29 December 2022](#). DDSA made a further sale of shares in early January 2023 resulting in DDSA no longer being a substantial shareholder (holding under 5%). As a result, a number of sophisticated investors and institutional funds came onto the share register. These new substantial shareholders holding over 5% include Altor Capital, Capital H Management and, Pither Investments & Nintieth Y.

**Cash:** The cash balance at 31 December 2022 was A\$2.254m. This balance excludes A\$0.810m currently held in escrow, which is subject to potential warranties and claims related to the ParaZero divestment, to be settled by late February 2023. The amount expected to be released from escrow to DLT was reduced by A\$227k during the quarter following the resolution of all outstanding tax matters, including the release from escrow of A\$154k to DLT, as shown in Appendix 4C Section 2.2(b).

Financing facilities shown in the Appendix 4C section 7.1 include \$2.5m from DDSA which is expected to be cancelled in the next few weeks. The funding runway shown in the Appendix 4C Section 8.5 of 32.5 quarters recalculates to 21.1 quarters when the \$2.5m funding facility is removed and the A\$0.810m escrow amount is added,

## 3. APPENDIX 4C

Cash receipts from customers A\$1.695m in Q4 FY2022, up 24% on Q3 FY2022. Total payments for operating activities were A\$1.832m in Q4 FY2022, down 6% on Q3 FY2022. The resulting net cash flow from operating activities was A\$0.149m outflow (Quarter 3, A\$0.585m outflow) showing good progress toward our cash breakeven goal as we continue to drive revenue growth and control overheads and corporate costs.

Pursuant to ASX Listing Rule 4.7C.2, the Company provides the below table as a comparison of actual expenditure against the "use of funds" table as disclosed in the Prospectus dated 10 November 2020 ("Prospectus") (ASX announcement of 10 November 2020):

Use of Funds Under Prospectus	Budgeted Expenditure Amount (\$M)	Actual Expenditure Amount (\$M)
Costs to establish an Australian Head Office	(0.57)	(0.35)
Expenditure on Australian Sales and Marketing Activities	(0.86)	(0.70)
Costs associated with Expansion of South African operations	(0.41)	(3.04)
R&D Expenses	(1.81)	(2.01)
Working capital	(0.60)	(8.48)
Transaction Fees and Expenses	(0.75)	(0.79)
<b>TOTAL</b>	<b>(5.00)</b>	<b>(15.37)</b>
<b>Less: Working capital for Arvista (newly acquired)<sup>1</sup></b>		(0.68)
<b>Add: Opening cash prior to IPO</b>		0.22
<b>Add: Proceeds from IPO</b>		5.00
<b>Add: Receipts from Customers</b>		12.22
<b>Add: Cash received from divestiture of ParaZero</b>		4.21
<b>Less: Product Manufacturing and Direct Operating Costs</b>		(3.35)
<b>Remaining cash at 30 June 2022 as disclosed in Appendix 4C</b>		<b>2.25</b>

As per item 6 of the attached Appendix 4C cash flow report for the quarter, payments to related parties and their associates of A\$134k comprised of:

- Chris Clark: A\$61k for director fees and A\$18k paid to a related-party
- Paul Williamson: A\$55k for CFO services provided under his executive agreement, noting that Paul is not being paid additional fees for his director duties.

*This announcement has been authorised for release by the Board of Delta Drone International Limited.*

-ENDS-

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**About Delta Drone International** [www.dlti.com.au](http://www.dlti.com.au)

**Delta Drone International is a ASX listed (ASX: DLT)** multi-national drone-based data service and technology solutions provider for the mining, agricultural and engineering industries.

**Services** are aerial surveying and mapping, security and surveillance, and blast monitoring and fragment analysis through a fully-outsourced service with AI and fast data turnaround that allows enterprise customers to focus on operations on the ground while Delta Drone International takes care of everything in the air.

**Revenues** are generated through multi-year recurring revenue contracts and short projects which also have the potential to be recurring. Key customer contracts include with tier 1 and tier 2 miners, South32, Newmont Mining, Red 5, Seriti Coal and Anglo American.

DLT's operations are focused on Australia and Africa with regional offices in Perth, Johannesburg & Accra.

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## Appendix 4C

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

**Name of entity**

DELTA DRONE INTERNATIONAL LIMITED

**ABN**

17 618 678 701

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

31 December 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,695	6,198
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(362)	(1,385)
(c) advertising and marketing	(55)	(262)
(d) leased assets	(43)	(183)
(e) staff costs	(802)	(3,482)
(f) administration and corporate costs	(570)	(2,465)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	18
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes (paid)/received	(13)	13
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(5)	(1)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(149)</b>	<b>(1,550)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	(274)
	(c) property, plant and equipment	(126)	(795)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	154	4,211
	(c) property, plant and equipment	14	83
	(d) investments	-	20
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	1	(1)
2.4	Dividends received (see note 3)	-	-
2.5	Other (equipment deposits)	(1)	8
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>42</b>	<b>3,252</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	
3.5	Proceeds from borrowings	40	80
3.6	Repayment of borrowings	(25)	(435)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>15</b>	<b>(355)</b>



<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,342	955
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(149)	(1,550)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	42	3,252
4.4	Net cash from / (used in) financing activities (item 3.10 above)	15	(355)
4.5	Effect of movement in exchange rates on cash held	4	(48)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,254</b>	<b>2,254</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,145	2,337
5.2	Call deposits	109	5
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,254</b>	<b>2,342</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	134
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	2,620	120
7.2	Credit standby arrangements	114	23
7.3	Other (see note below)	109	109
7.4	<b>Total financing facilities</b>	<b>2,843</b>	<b>252</b>
7.5	<b>Unused financing facilities available at quarter end</b>		2,591
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>7.1: Unsecured loan facility of \$2,500K from Delta Drone SA (France) bearing interest of 2.5% per annum on all drawn amounts. As at 31 December 2022, none of this was drawn down. Unsecured and interest free shareholder loan of \$120K from Entech Pty Ltd.</p> <p>7.2: Unsecured credit card (A\$2K) bearing interest 20.00%, unsecured loan from Nedbank (A\$6K) bearing interest 9.75%, unsecured loan from Sasfin bank (A\$86K) bearing interest 17.75% and unsecured credit card (A\$20k) bearing interest of 20.24%. Figures in brackets represent the facility amounts</p> <p>7.3: Motor vehicle financing of (\$51K) and (\$48K) from Toyota Finance bearing interest of 2.90% and 4.54% respectively. Insurance funding of (\$4K) and (\$6K) from QPR Limited bearing interest of 3.39% and 3.95% respectively.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(149)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,254
8.3	Unused finance facilities available at quarter end (item 7.5)	2,591
8.4	Total available funding (item 8.2 + item 8.3)	4,845
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	32.52
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

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

Date: 25 January 23

Authorised by: By the board  
(Name of body or officer authorising release – see note 4)

## Notes

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