



ASX Announcement

## ROCKETDNA SEPTEMBER Q3 FY2023 QUARTERLY REPORT

### Key Metrics Continue to Show Growth

#### HIGHLIGHTS

- **Revenue from continuing operations** A\$1.550m in the September quarter, Q3 FY2023, was up 5% on Q2 FY2023 and up 16% on Q3 FY2022; YTD Q3 FY2023 was up 9% over YTD Q3 FY2022 (note: December financial year end)
- **Contracted recurring revenue** was up 21% compared to the prior quarter on the back of contract wins in recent quarters, accounting for 48% of total revenue
- **Cash receipts from customers** A\$1.805m in Q3 FY2023, up 7% on Q2 FY2023 and up 32% on Q3 FY2022; YTD Q3 FY2023 up 15% over YTD Q3 FY2022
- **Net cash used in operating activities;** was A\$334k in Q3 FY2023 compared to A\$237k in Q2 FY2023 and A\$585k in Q3 FY2022; YTD Q3 FY2023 improved 55% over YTD Q3 FY2022
- **Annual Recurring Revenue (ARR)** was A\$2.821m at the end of the September quarter, up 6% on Q2 FY2023 and up 38% on Q3 FY2022; positively impacted by the signing of a material contract (South32) partially offset by one existing contract ending and awaiting formal legal renewal while work continues under purchase orders
- **Total contract value (TCV)** was A\$5.018m at the end of the September quarter, up 15% on Q2 FY2023 and up 13% on Q3 FY2022, the movement is described above (note: TCV is net of ongoing contract depletion on existing contracts)
- **Material contract signed with South32** - Hotazel Manganese Mines in South Africa (TCV A\$1.180m and ARR of A\$236k), 5-year contract
- **Autonomous drone-in-a-box solutions approvals received in Australia and South Africa** - Australian Civil Aviation Safety Authority (CASA) and The South African Civil Aviation Authority (SACAA)
- **Cash balance** of A\$1.745m at 30 September 2023

**23 October 2023, RocketDNA Ltd (ASX: RKT)**, formerly Delta Drone International Limited, a global drones-as-a-service provider, is pleased to provide the business update for the quarter ending 30 September 2023 (Q3 FY2023), along with its Appendix 4C quarterly cash flow report.

**RocketDNA CEO Christopher Clark said:** "We are pleased to show continued growth in our key metrics across ARR, revenue and ongoing cumulative improvement in net operating cash flows Q3 year to date.

We have a competitive advantage following licensing approvals for autonomous drone operation in our key operating markets of Australia and South Africa. We continue to develop sales and marketing strategy around leveraging our xBOT® capability, leading with a growing number of use cases which we are looking to result in growing our pipeline of sales.

In terms of markets, Africa continues to grow strongly, while we are seeing softness in Australia. We are closely monitoring the Australian mining segment in which our traditional drone services are demonstrating slower growth than we expected, particularly in gold where we have traditionally generated sales. Our new xBOT® automated drone-in-a-box solution provides us with further opportunity to expand our services within existing customers, as well as onto other verticals, such as critical asset monitoring and solar inspection applications.

Overall, our pathway to operating breakeven has been strong over recent quarters, demonstrated by a 55% reduction in net operating cash outflows Q3 year to date to A\$0.6m (end September).”

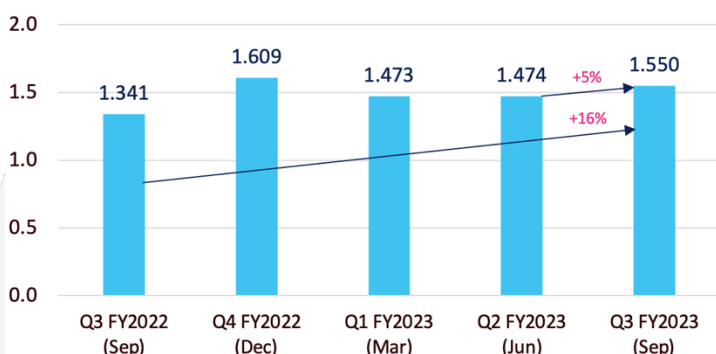
**1. FINANCIAL OVERVIEW**

**Revenue from continuing operations** (unaudited) for the September quarter Q3 FY2023 was A\$1.550m, up 5% on Q2 FY2023 and up 16% on Q3 FY2022. YTD Q3 revenue was up 9% over YTD Q3 FY2022.

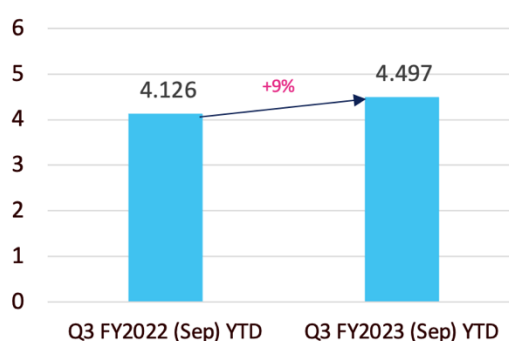
**Contracted recurring revenue** grew 21% compared to the prior quarter, accounting for 48% of total revenue in the September quarter. Growth was primarily driven from the commencement of operations on the South 32 Mamatwan contract early in the quarter, as well as annual price escalation clauses in some existing contracts.

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, noting this revenue can be quite variable from quarter to quarter.

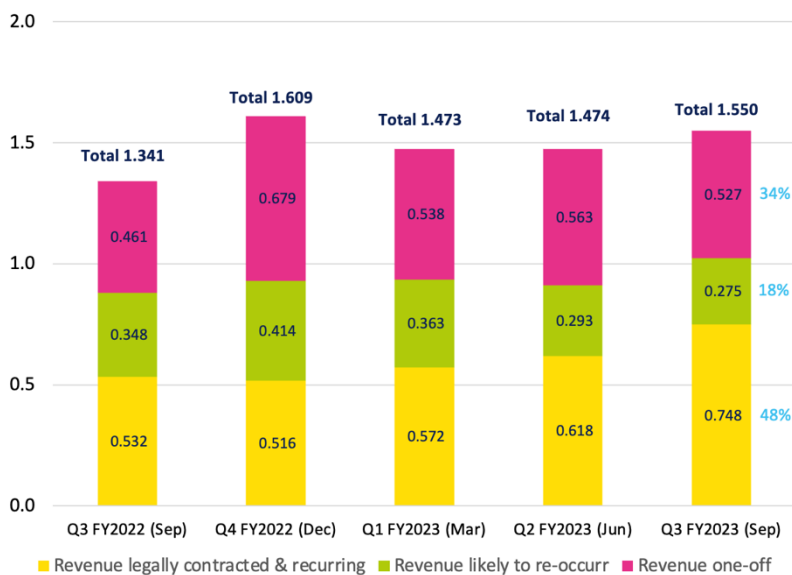
**Revenue from Continuing Operations - Quarterly (\$m)**



**Revenue from Continuing Operations - Q3 YTD (\$m)**



**Revenue from Continuing Operations by Type (\$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.

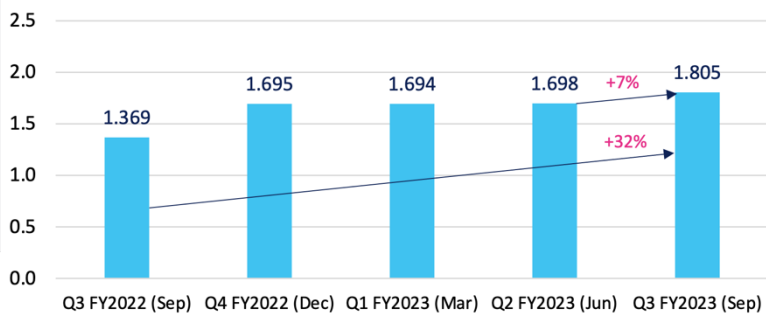
**(C) Revenue one-off:** revenue which does not meet the above definitions (these are typically one-off short projects)

**Cash receipts from customers** for the September quarter totalled A\$1.805m, up 7% on Q2 FY2023 and up 32% on Q3 FY2022. YTD Q3 cash receipts are up 15% over YTD Q3 FY2022.

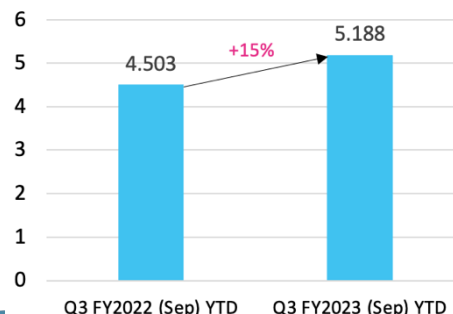
Percentages to the right hand side of the above graph represent revenue weightings by type.

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.

**Cash Receipts from Customers (\$m)**

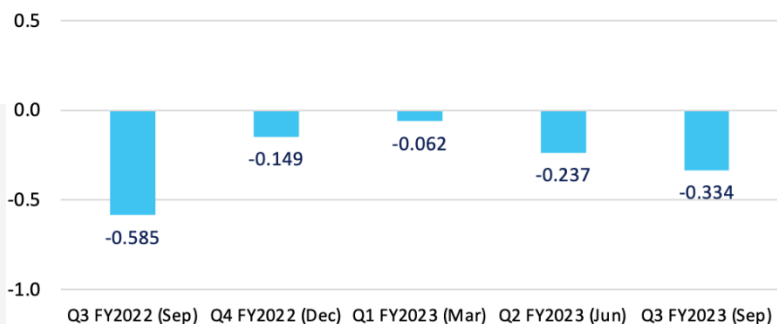


**Cash Receipts from Customers - Q3 YTD (\$m)**

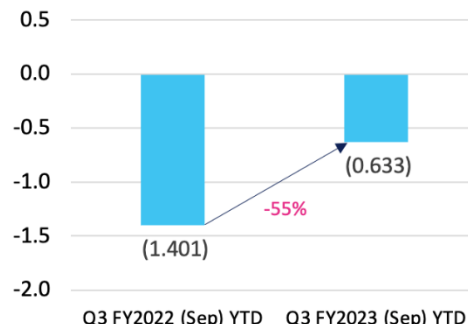


**Net cash used in operating activities** was A\$334k in Q3 FY2023 compared to A\$237k in Q2 FY2023 and A\$585k in Q3 FY2022. YTD Q3 FY2023 improved 55% over YTD Q3 FY2022.

**Net Cash Used in Operating Activities - Quarterly (\$m)**



**Net Cash Used in Operating Activities - Q3 YTD (\$m)**



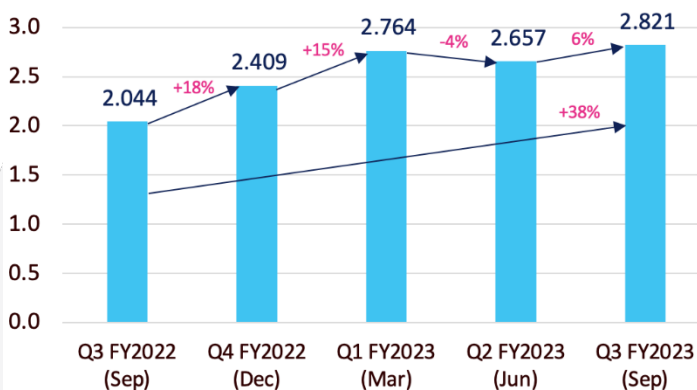
## TCV and ARR

**Annual Recurring Revenue (ARR)** is A\$2.821m at the end of the Q3 FY2023, up 6% on Q2 FY2023 and up 38% on Q3 FY2022. The movement was positively impacted by the signing of a material contract (South32) partially offset by one existing contract ending and awaiting formal legal renewal while work continues under purchase orders (see section – Material contracts signed); individual contracts are subject to normal termination provisions.

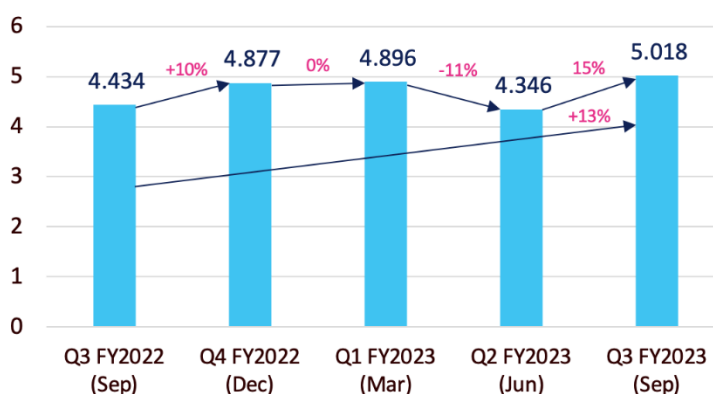
**Total contract value (TCV)** is A\$5.018m at the end of the September quarter, up 15% on Q2 FY2023 and up 13% on Q3 FY2022. The movement in TCV in the quarter was for the reasons noted in the ARR comments above, less existing contract depletion (run-off) in the quarter.

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 can be found in recent investor presentations. ARR and TCV may be impacted by exchange rate fluctuations.

**Annual Recurring Revenue (ARR) (\$m)**



**Total Contract Value (TCV) (\$m)**



## Material contracts signed

**South32 – Hotazel Manganese Mines:** A 5-year contract was signed with South 32 in South Africa for drone surveying services. The contract has a TCV of A\$1.180m and ARR of A\$236k). See ASX announcement [10 Jul 2023](#).

## Other developments (ASX announced)

**Approval for autonomous drone in a box solution in Australia:** The Australian Civil Aviation Safety Authority (CASA) approval received to operate RocketDNA's autonomous drone product ('drone-in-a-box') in Australia. Approval received for two autonomous drone systems (DJI Dock System and Hextronics Global Drone Station), which includes Beyond Visual Line of Sight (BVLOS) and Remote Operations.

RKT is the first company in Australia to receive approval for DJI's new to market Dock System. This follows an extensive approval process including assessment of RocketDNA's remote operating centre and, deployment and operational risk assessment (SORA) methodology and policies. See [ASX announcement 30 August 2023](#).

**Approval for autonomous drone in a box solution in South Africa:** The South African Civil Aviation Authority (SACAA) approval received for Remote Docking Station Operations, to operate RocketDNA's autonomous drone product ('drone-in-a-box').

RKT is the first company in South Africa to receive approval for Remote UAS Docking Station Operations. This follows an extensive approval process including demonstration at RocketDNA's remote operating centre and an assessment of its operations manual. See [ASX Announcement 13 September 2023](#).

## Projects update (not individually material)

**Strayos AI:** Software sale to Exxaro Resources Limited (South Africa) related to Mine-to-Mill AI Analysis for Open Pit operations.

**Solar Farm Inspection:** Conducted ad-hoc solar farm inspection & heatspot analysis for Alinta Energy Australia.

As set out in the revenue definitions, project work is not included in ARR or TCV measures.

## 3. CORPORATE

### Market engagement

- **Half year report (period ending 30 June 2023)** – see the report [here](#)
- **TechKnow investor conference, Gold Coast (1 August) and Melbourne (2 August)** – CEO Chris Clark presented to investors, see investor presentation [here](#)
- **Coffee Microcaps investor webinar, 1 September 2023** – CEO Chris Clark presented to investors see investor presentation [here](#)

### Upcoming events

- **Australian Microcap Investment Conference** – Melbourne (Sofitel Melbourne on Collins) on Tuesday 24 October

### 4. APPENDIX 4C

The cash balance at 30 September 2023 was A\$1.745m.

The total operating payments per section 1.2 of the attached 4C were A\$2.149m.

As per item 7.3 of the attached Appendix 4C, financier approvals were concluded during the quarter to sell and leaseback previously purchased Drone Hardware, Accessory and xBOT assets, amounting to A\$243k. Cash settlement of the sales are expected to occur in calendar quarter 4, with A\$137k having already settled during October. Total available funding, including the sale and leaseback finance, per item 8.4 of the attached Appendix 4C was A\$2.000m.

As per item 6.1 of the attached Appendix 4C, payments to related parties and their associates of A\$168k comprised of \$63k to Chris Clark for director fees, \$21k to a related party of Chris Clark, \$57k to Paul Williamson for CFO services, and \$27k to David Morton for director's fees.

This announcement has been authorised for release by the Board of RocketDNA Ltd.

-ENDS-

### For more information, please contact:

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## About RocketDNA

**RocketDNA Ltd (ASX: RKT)**, formerly Delta Drone International Limited, is a ASX listed is a 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 RocketDNA 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 and Seriti Coal.

RocketDNA'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**

ROCKETDNA LIMITED

**ABN**

17 618 678 701

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

30 SEPTEMBER 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,805	5,188
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(476)	(1,304)
(c) advertising and marketing	(84)	(235)
(d) leased assets	(41)	(110)
(e) staff costs	(723)	(2,180)
(f) administration and corporate costs	(825)	(2,041)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid)/received	1	2
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	19
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(334)</b>	<b>(633)</b>



<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(290)	(488)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(153)	(162)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	788
	(c) property, plant and equipment	47	96
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	1	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (leasehold office deposit)	(20)	(20)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(415)</b>	<b>214</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	-	17
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(3)
3.5	Proceeds from borrowings	40	40
3.6	Repayment of borrowings	(32)	(130)
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>6</b>	<b>(76)</b>

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

<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	2,465	2,254
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(334)	(633)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(415)	214
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6	(76)
4.5	Effect of movement in exchange rates on cash held	23	(14)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,745</b>	<b>1,745</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	1,673	2,323
5.2	Call deposits	72	142
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>1,745</b>	<b>2,465</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	168
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. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</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>							
7.1 Loan facilities	160	160					
7.2 Credit standby arrangements	28	16					
7.3 Other (short term bridge financing)	482	239					
<b>7.4 Total financing facilities</b>	<b>670</b>	<b>415</b>					
<b>7.5 Unused financing facilities available at quarter end</b>		<b>255</b>					
7.6 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.							
<b>Item</b>	<b>Description</b>	<b>Lender</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Security</b>	<b>Facility \$A'000</b>	<b>Drawn \$A'000</b>
7.1	Shareholder loan	Entech Pty Ltd	0%	none	Unsecured	160	160
7.2	Credit cards	Sasfin/ Nedbank / Commonwealth	11% to 22%	none	Unsecured	28	16
7.3	Vehicle Leases	Toyota Finance	2.9% to 6.2%	9/11/25, 5/5/26, 22/5/28	Secured	162	162
7.3	Vehicle Lease	Toyota Financial Services	12.25%	1/08/2028	Secured	58	58
7.3	Equipment Lease	GC Leasing	10.15%	1/04/2026	Secured	19	19
7.3	Sale and Leaseback	GC Leasing	12.30%	36mths from inception	Secured	137	0
7.3	Sale and Leaseback	Sunlyn	prime+3.5%	36mths from inception	Secured	106	0

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(334)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,745
8.3 Unused finance facilities available at quarter end (item 7.5)	255
8.4 Total available funding (item 8.2 + item 8.3)	2,000
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>5.99</b>
<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

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

### Compliance statement

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

Date: 23 October 2023

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.