



ASX Announcement

## ROCKETDNA JUNE Q2 FY2023 QUARTERLY REPORT

### Recurring Revenue Base Continues to Grow on Back of Contract Wins in Recent Quarters and Pathway Towards Operating Cash Breakeven Remains on Track

#### HIGHLIGHTS

- **Revenue from continuing operations** A\$1.474m in the June quarter, Q2 FY2023, flat at 0% on Q1 FY2023 and up 2% on Q2 FY2022; contracted recurring revenue was up 8% compared to the prior quarter on the back of contract wins from recent quarters, accounting for 42% of total revenue
- **Cash receipts from customers** A\$1.689m in Q2 FY2023, flat at 0% on Q1 FY2023 and up 27% on Q2 FY2022
- **Net cash used in operating activities**; remaining close to breakeven, was A\$237k in Q2 FY2023 compared to A\$62k in Q1 FY2023; on a year-to-date basis (YTD) Q2 FY2023 significantly improved by 63% at A\$299k compared to A\$816k for Q2 FY2022, confirming a continued pathway to achieve operating cash breakeven
- **Annual Recurring Revenue (ARR)** was A\$2.657m at the end of the June quarter, down 4% on Q1 FY2023 and up 55% on Q2 FY2022
- **Total contract value (TCV)** was A\$4.346m at the end of the June quarter, down 11% on Q1 FY2023 and up 14% on Q2 FY2022
- **Revised integrated business model confirmed** - first sale of AI software solution (Strayos), delivering more value and increasing opportunities from existing and new customers TCV/ARR not financially material to the Company)
- **Name change to RocketDNA completed** and provides alignment across business activities and corporate identity with a single name across the group; the new ASX ticker is RKT
- **BARS aviation safety verification secured** for operations in Australia and South Africa
- **Post quarter end:** contract signed with South32 – Hotazel Manganese Mines in South Africa (TCV A\$1.180m and ARR of A\$236k), 5-year contract
- **Cash balance** of A\$2.465m at 30 June 2023

**27 July 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 June 2023 (Q2 FY2023), along with its Appendix 4C quarterly cash flow report.

**RocketDNA CEO Christopher Clark said:** "Were it not for the South32 contract win landing just after quarter end on 10 July, our slightly receding ARR and TCV metrics would have generated positive single and double digit growth respectively for the quarter. Overall we are pleased with the way the business is

performing. We strengthened the operating model as demonstrated by the first sale of AI software solution Strayos, who we recently entered into a sales partnership with. In addition, the BARS aviation safety verification will strengthen our ability to win future contracts as a must have when vying for contracts especially with tier-1 miners globally.

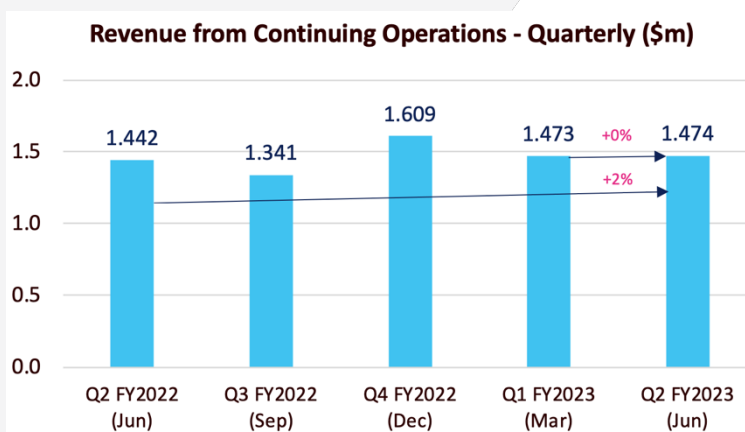
Finally, we continue to chip away at achieving an operating cash breakeven and we are in a stronger position than this time last year. It should be noted that we are balancing growth while at the same time fastidiously monitoring and managing costs.”

**1. FINANCIAL OVERVIEW**

Revenue from continuing operations (unaudited) for the June quarter Q2 FY2023 was A\$1.474m, flat at 0% on Q1 FY2023 and up 2% on Q2 FY2022.

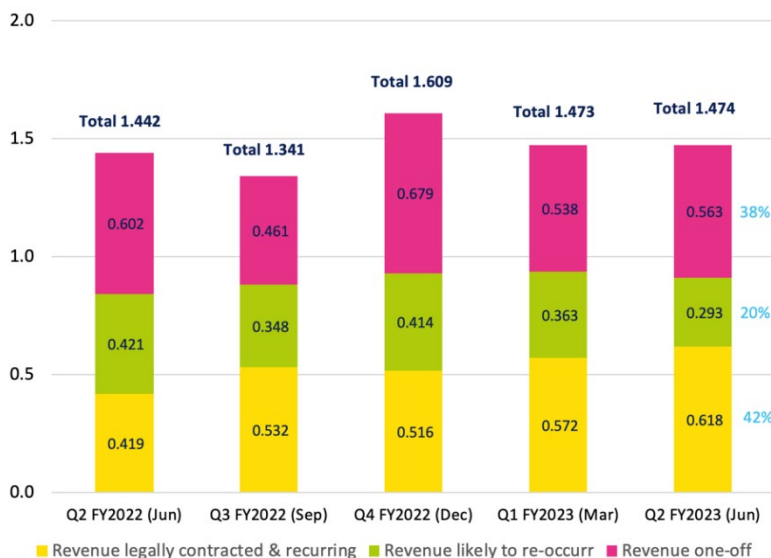
Contracted recurring revenue grew 8% compared to the prior quarter, accounting for 42% of total revenue in the June quarter. Growth has come from contract wins over recent quarters (Assmang Khumani, SFTP Mining and Vedanta Zinc International). Australian operations accounted for 34% of group revenue in the June quarter (32% in Q1 FY20223).

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.



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**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.

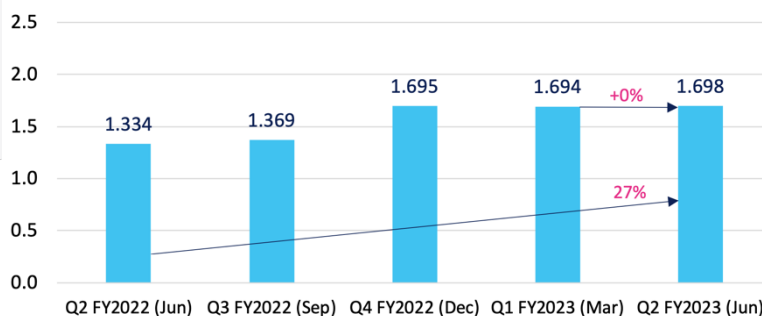
**(C) Revenue one-off:** revenue which does not meet the above definitions (these are typically one-off short projects)

**Cash receipts from customers** for the June quarter, totalled A\$1.689m, flat at 0% on Q1 FY2023 and up 27% on Q2 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)**

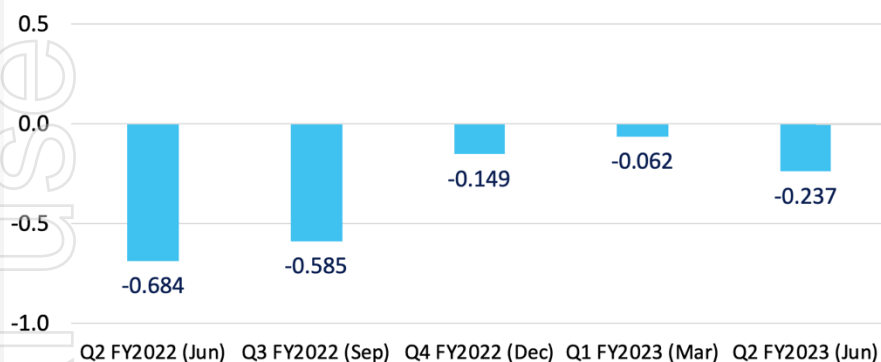


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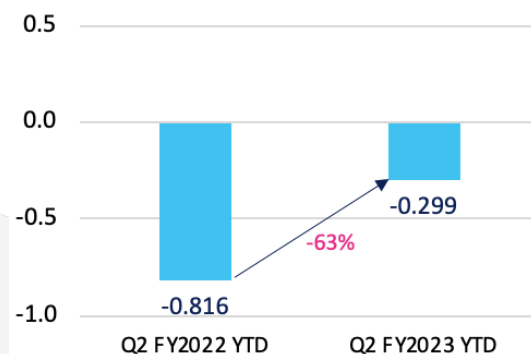
**Net cash used in operating activities** was A\$237k in Q2 FY2023 compared to A\$62k in Q1 FY2023 and substantially lower compared to Q2 FY2022 at A\$684k. Sustained but flat cash receipts and another quarter of good cost management, positions RocketDNA on a continued pathway to achieve operating cash breakeven.

Q2 FY2023 YTD Net cash used in operating activities significantly improved over Q2 FY2022 YTD.

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



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



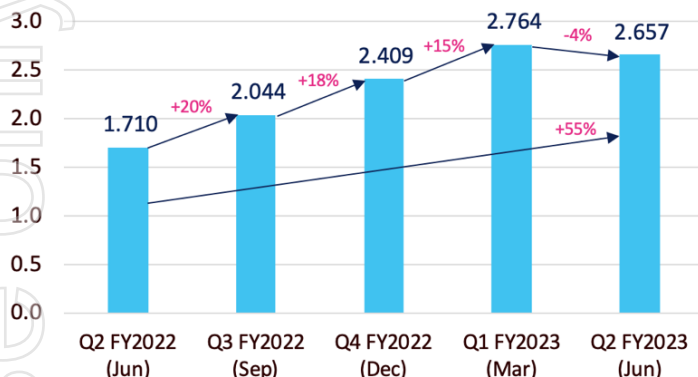
### TCV and ARR

**Annual Recurring Revenue (ARR)** is A\$2.657m at the end of the Q2 FY2023, down 4% on Q1 FY2023 and up 55% on Q2 FY2022 due to new contracts being signed (see Material Contracts Section); ARR accounted for 42% of total revenue in the quarter. Individual contracts are subject to normal termination provisions.

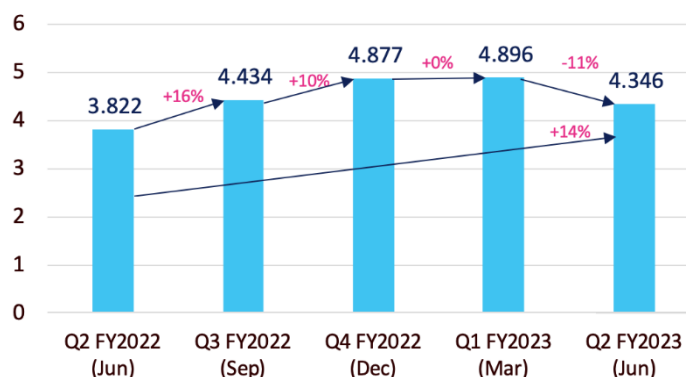
**Total contract value (TCV)** is A\$4.346m at the end of the June quarter, down 11% on Q1 FY2023 and up 14% on Q2 FY2022. The movement in TCV in the quarter was for the reasons noted in the ARR comments above, less existing contract depletion (run-off) in the quarter.

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)**



## 2. COMMERCIAL UPDATE

### Business model

**First partnered sale under revised business model:** RocketDNA revised its business model late in calendar 2022 to an integrated solutions focused model. This was confirmed with first sale of partnered AI software solution (Strayos), delivering more value and increasing opportunities from existing and new customers. See ASX announcement [5 April 2023](#).

The TCV/ARR from this first sale is not individually financially material to the Company. For further information about RocketDNA's software partnership with Strayos, see ASX announcement [14 November 2022](#).

**Name change:** As part of the revised business model, the name change to RocketDNA was also undertaken and completed. This provides alignment across business activities and corporate identity with a single name across the group. See ASX announcement [13 June 2023](#).

### Projects update

**United Manganese of Kalahari (UMK):** A 12 month purchase order was signed for drone survey services with UMK, mining company operating in the Northern Cape Province of South Africa. This purchase order is not material to RKT.

**Japan Tobacco International (JTI):** A purchase order was signed for drone agricultural survey services with JTI in Ghana. This purchase order is not material to RKT.

As set out in the revenue definitions, purchase orders are not included in ARR or TCV measures unless a more detailed legal contract is also signed.

### Material contracts signed – post quarter end

**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

**BARS aviation safety verification:** The Basic Aviation Risk Standard (BARS) registration was secured in its operations in Australia and South Africa. BARS registration is increasingly recognised by large mining and oil & gas operators, and other member organisations who utilise airspace as part of their operations; increasingly a prerequisite registration required by operators of their service providers, particularly tier-1 and tier-2 operators.

BARS is a highly industry recognised demonstration and commitment to safety in the aviation world and was recently extended to cover unmanned aviation in addition to pre-existing manned aviation. See ASX announcement [2 June 2023](#).

## 3. CORPORATE

### Market engagement

Coffee Microcaps Conference 'Discover Hidden Gems'- CEO Chris Clark presented to investors in Sydney on Thursday 27 April. The presentation can be viewed [here](#).

### Upcoming events

- **TechKnow investor conference:**
  - Gold Coast (JW Marriott Gold Coast Resort & Spa) on Tuesday 1 August
  - Melbourne (Grand Hyatt) on Thursday 2 August
- **Australian Microcap Investment Conference**
  - Melbourne (Sofitel Melbourne on Collins) on Tuesday 24 and Wednesday 25 October

**Cash:** The cash balance at 30 June 2023 was A\$2.465m compared to A\$2.843m at the end of the March quarter.

## 4. APPENDIX 4C

Cash receipts from customers of A\$1.689m in Q2 FY2023 were flat at 0% on Q1 FY2023. Total payments for operating activities were A\$1.936m in Q2 FY2023, up 8% on Q1 FY2023 primarily from the timing of purchases. The resulting net cash flow from operating activities was A\$0.237m outflow (Quarter 1, A\$0.062m outflow). These metrics show continued good progress toward our cash breakeven goal as we continue to drive revenue growth and control overheads and corporate costs.

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 RocketDNA Ltd.

-ENDS-

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**About RocketDNA**

**RocketDNA Ltd (ASX: RKT)**, formerly Delta Drone International Limited, is an ASX listed 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 JUNE 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,689	3,383
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(451)	(828)
(c) advertising and marketing	(77)	(151)
(d) leased assets	(27)	(69)
(e) staff costs	(718)	(1,457)
(f) administration and corporate costs	(663)	(1,216)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid)/received	(1)	1
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>(237)</b>	<b>(299)</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	(69)	(198)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	(9)	(9)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	(25)	788
	(c) property, plant and equipment	13	49
	(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 (equipment deposits)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(90)</b>	<b>629</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	17
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(1)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(44)	(98)
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>(28)</b>	<b>(82)</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	2,843	2,254
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(237)	(299)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(90)	629
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(28)	(82)
4.5	Effect of movement in exchange rates on cash held	(23)	(37)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,465</b>	<b>2,465</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	2,323	2,644
5.2	Call deposits	142	199
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>2,465</b>	<b>2,843</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.*

7.	<b>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. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	120	120
7.2	Credit standby arrangements	107	20
7.3	Other (see notes below)	210	210
7.4	<b>Total financing facilities</b>	<b>437</b>	<b>350</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>87</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.		
	<p>7.1: Unsecured and interest free shareholder loan of \$120K from Entech Pty Ltd.</p> <p>7.2: Unsecured credit card (A\$2K, nil drawn) bearing interest 22.00%, unsecured loan from Nedbank (A\$6K, A\$3k drawn) bearing interest 11.75%, unsecured loan from Sasfin bank (A\$80K, nil drawn) bearing interest 17.75% and unsecured credit card (A\$20k, A\$17k drawn) bearing interest of 20.74%.</p> <p>7.3: Motor vehicle financing of (\$44K), (\$38K) and (\$91k) from Toyota Finance bearing interest of 2.90%, 4.54% and 6.19% respectively. Insurance funding of (\$12K) and (\$4K) from QPR Limited bearing interest of 3.39% and 3.95% respectively. Drone lease of (A\$21k) from Grenke bearing interest of 10.15%.</p>		

8.	<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)	(237)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,465
8.3	Unused finance facilities available at quarter end (item 7.5)	87
8.4	Total available funding (item 8.2 + item 8.3)	2,552
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>10.77</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	
	<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: 27 July 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.