

RocketDNA Ltd
(Formerly Delta Drone International Limited)
Appendix 4D
Half-year report

1. Company details

Name of entity:	RocketDNA Ltd
ABN:	17 618 678 701
Reporting period:	For the half-year ended 30 June 2023
Previous period:	For the half-year ended 30 June 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	6.4% to	3,006,580
Loss from ordinary activities after tax attributable to the owners of RocketDNA Ltd	down	8.0% to	(771,558)
Loss for the half-year attributable to the owners of RocketDNA Ltd	down	8.0% to	(771,558)

Dividends

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

Comments

Further explanation of the results is contained in the attached announcement and interim financial report

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.67	0.87

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities


Details of origin of accounting standards used in compiling the report:

All foreign entity accounting information is prepared using, and complies with, International Financial Reporting Standards (IFRS).

10. Audit qualification or review

This report is based on accounts that have been subject to an audit review. The Auditor has issued an Independent Auditor's Review Report with an unqualified opinion. The attached half-year financial report has been prepared on a going concern basis. There are no items of dispute with the auditor and the audit review is not subject to a qualification.

11. Signed

Signed  _____

Date: 24 August 2023

Christopher Clark
Executive Chairman and Chief Executive Officer

RocketDNA Ltd

(Formerly Delta Drone International Limited)

ABN 17 618 678 701

Interim Report - 30 June 2023

Directors

Mr Christopher Clark
Mr Paul Williamson
Mr David Morton

Executive Chairman, Chief Executive Officer
Executive Director, Chief Financial Officer
Non-Executive Director

RocketDNA Ltd
(Formerly known as Delta Drone International Limited)
Directors' report
30 June 2023

Company secretary	Mr Stephen Buckley
Registered office	75 Thomas Street Subiaco WA 6008 Email: contact@rocketdna.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 Email: hello@automic.com.au Web: www.automic.com.au
Auditor	Hall Chadwick Audit (WA) Pty Ltd 283 Rokeby Road Subiaco WA 6008
Legal Advisers (Australia)	Eaton Hall 20/210 Queen Victoria Street North Fremantle WA 6159
Legal Advisers (South Africa)	Rodl & Partner 1 Eastgate Lane Bedfordview South Africa 2007
Stock exchange listing	RocketDNA Ltd shares are listed on the Australian Securities Exchange (ASX code: RKT) ASX Limited Level 40, Central Park 152-158 St Georges Terrace Perth WA 6005
Website	Web: www.rocketdna.com/
Corporate Governance Statement	RocketDNA Ltd's Corporate Governance Statement can be viewed at: www.rocketdna.com/corporate-governance

Review of operations

Key financial outcomes for the period were:

- Operating loss from continuing operations reduced by 45% to \$717,065 (H1 2022: 1,312,666). Operating loss from continuing operations also reduced from the second half of 2022 by 29%. (H2 2022: \$1,001,948).
- Loss after income tax reduced by 10% to \$740,184 (H1 2022 \$818,264) with the first half of 2022 benefiting from the gain on sale of the Parazero discontinued operation. Loss after income tax reduced by 36% from the second half of 2022 (H2 2022: \$1,150,191).
- Cash balance was \$2,465,454 up 9% from 31 December 2022 (2022: \$2,253,877), including the receipt of the final proceeds from the Parazero business sale completed in February 2022.
- Net cash used in operating activities reduced by 59% to \$299,331 (H1 2022: \$733,765) or 63% from the second half of 2022 (H2 2022: \$813,370) with a continued focus of moving the business towards operating cash flow break-even.

Key operational developments during the year are announced on the ASX, and have included:

- Completing the name change to RocketDNA Ltd from Delta Drone International Limited ("DLT") which also provides alignment across business activities with a single name across the Group.
- BARS (Basic Aviation Risk Standard) registration secured for Australian and South African operations, which is increasingly becoming a pre-requisite registration service providers to large mining and gas operators.
- The first sale of partnered AI software solution (Strayos), confirming the revised business model announced in 2022.
- The signing of 2 new multi-year contracts being Vedanta Zinc International (South Africa, 31 January 2023) and Anglogold Ashanti (Western Australia, 27 February 2023)
- A once-off purchase order from Bayer Pty Ltd to deliver drone training, hardware, and consulting services for crop trial monitoring by Bayer's agronomists (South Africa).
- Post 30 June 2023, a 5-year contract was signed with South 32 (via Hotazel Manganese Mines Pty Ltd) for drone surveying services with a total contract value of \$1.180m (South Africa, 10 July 2023).

Key governance developments included:

- Experienced technology company director Mr David Morton was appointed to the Board as an Independent Non-Executive Director on 29 March 2023.
- Retirement of Non-Executive Directors, Mr Christian Viguie and Mr Nicolas Clerc with effect from 30 April 2023.

From a risk management perspective, the Board continues to monitor and manage key business risks, within a risk management framework which can be summarised as:

- Zero target appetite risks, such as safety, fraud, and data and equipment protection
- Strategic risks, such as staff retention and engagement, market and product developments, regulation and financial performance
- External risks, such as overseas political risks, inflation, exchange rate and customer and supplier credit risk.

RocketDNA Ltd
(Formerly Delta Drone International Limited)
Corporate directory
30 June 2023

Directors

Name	Title	Appointed	Resigned
Mr Christopher Clark	Executive Chairman, Chief Executive Officer	3 December 2020	-
Mr Paul Williamson	Executive Director, Chief Financial Officer	22 June 2022	-
Mr David Morton	Non-Executive Director	28 March 2023	-
Mr Nicolas Clerc	Non-Executive Director	8 April 2021	30 April 2023
Mr Christian Viguie	Non-Executive Director	8 April 2021	30 April 2023

Principal activities

Rocket DNA Ltd 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 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. Operations are focused on Australia and Africa with regional offices in Perth, Johannesburg and Accra.

Significant Change in State of Affairs

There were no significant changes in the state of affairs of the Group during the half year ended 30 June 2023.

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.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Christopher Clark
Executive Chairman and Chief Executive Officer

24 August 2023

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

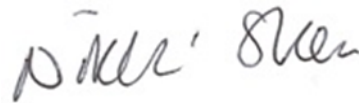
As lead audit director for the review of the financial statements of RocketDNA Ltd (formerly known as Delta Drone International Limited) and its controlled entities for the half-year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,



HALL CHADWICK AUDIT (WA) PTY LTD
ABN 42 163 529 682



NIKKI SHEN CA
Director

Dated this 24th day of August 2023
Perth, Western Australia

RocketDNA Ltd
(Formerly Delta Drone International Limited)
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30 June 2023

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General information

RocketDNA Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. 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 24 August 2023.

RocketDNA Ltd
(Formerly Delta Drone International Limited)
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Continuing operations			
Revenue	3	2,947,481	2,783,501
Cost of sales		(1,487,026)	(1,417,359)
Gross profit		1,460,455	1,366,142
Other income		16,307	10,625
Gains from disposals of assets		42,792	31,781
Expenses			
Operating expense		(2,088,573)	(2,572,065)
Depreciation and amortisation expense		(148,046)	(149,149)
Operating loss		(717,065)	(1,312,666)
Finance income		18,506	6,784
Finance expense		(16,184)	(27,221)
Loss before income tax benefit/(expense) from continuing operations		(714,743)	(1,333,103)
Income tax benefit/(expense)		(25,441)	9,207
Loss after income tax benefit/(expense) from continuing operations		(740,184)	(1,323,896)
Profit after income tax expense from discontinued operations		-	505,632
Loss after income tax benefit/(expense) for the half-year		(740,184)	(818,264)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(173,467)	(423,394)
Other comprehensive loss for the half-year, net of tax		(173,467)	(423,394)
Total comprehensive loss for the half-year		<u>(913,651)</u>	<u>(1,241,658)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		31,374	20,252
Owners of RocketDNA Ltd		(771,558)	(838,516)
		<u>(740,184)</u>	<u>(818,264)</u>
Total comprehensive loss for the half-year is attributable to:			
Continuing operations		45,837	35,742
Discontinued operations		-	-
Non-controlling interest		45,837	35,742
Continuing operations		(959,488)	(1,348,363)
Discontinued operations		-	70,963
Owners of RocketDNA Ltd		(959,488)	(1,277,400)
		<u>(913,651)</u>	<u>(1,241,658)</u>

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

RocketDNA Ltd
(Formerly Delta Drone International Limited)
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2023

		Cents	Cents
(Loss)/Earnings per share for loss attributable to the owners of RocketDNA Ltd			
Continuing operations			
Basic loss per share	7	(0.15)	(0.26)
Diluted loss per share	7	(0.15)	(0.26)
Discontinued operations			
Basic loss per share	7	-	0.10
Diluted loss per share	7	-	0.10
<u>Total</u>			
Basic loss per share	7	(0.15)	(0.16)
Diluted loss per share	7	(0.15)	(0.16)

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

RocketDNA Ltd
(Formerly Delta Drone International Limited)
Consolidated statement of financial position
As at 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents		2,465,454	2,253,877
Trade and other receivables		1,296,590	2,314,480
Deposits		38,205	52,915
Total current assets		3,800,249	4,621,272
Non-current assets			
Property, plant and equipment		1,047,184	1,041,895
Right-of-use assets		42,879	102,480
Intangibles		23,650	-
Deferred tax		-	10,828
Goodwill	4	1,151,177	1,194,670
Total non-current assets		2,264,890	2,349,873
Total assets		6,065,139	6,971,145
Liabilities			
Current liabilities			
Trade and other payables		906,106	924,575
Contract liabilities		10,627	12,257
Borrowings		35,498	32,591
Lease liabilities		94,073	118,449
Total current liabilities		1,046,304	1,087,872
Non-current liabilities			
Borrowings		120,000	120,000
Lease liabilities		161,125	109,743
Total non-current liabilities		281,125	229,743
Total liabilities		1,327,429	1,317,615
Net assets		4,737,710	5,653,530
Equity			
Issued capital		13,435,655	13,207,118
Reserves	5	(1,486,046)	(1,113,720)
Accumulated losses		(7,280,994)	(6,504,734)
Equity attributable to the owners of RocketDNA Ltd		4,668,615	5,588,664
Non-controlling interest		69,095	64,866
Total equity		4,737,710	5,653,530

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

RocketDNA Ltd
(Formerly Delta Drone International Limited)
Consolidated statement of changes in equity
For the half-year ended 30 June 2023

Consolidated	Issued capital \$	Foreign currency translation reserve \$	Reserves \$	Share based payment reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 January 2022	13,207,118	327,423	(968,570)	53,793	(4,581,279)	115,189	8,153,674
(Loss)/profit after income tax benefit for the half-year	-	-	-	-	(838,516)	20,252	(818,264)
Other comprehensive (loss)/income for the half-year, net of tax	-	(438,884)	-	-	-	15,490	(423,394)
Total comprehensive (loss)/income for the half-year	-	(438,884)	-	-	(838,516)	35,742	(1,241,658)
Transactions with owners in their capacity as owners:							
Share-based payments (note 8)	-	-	-	3,269	-	-	3,269
Balance at 30 June 2022	<u>13,207,118</u>	<u>(111,461)</u>	<u>(968,570)</u>	<u>57,062</u>	<u>(5,419,795)</u>	<u>150,931</u>	<u>6,915,285</u>
Consolidated	Issued capital \$	Foreign currency translation reserve \$	Reserves \$	Share based payment reserve \$	Accumulated losses \$	Non-controlling interest \$	Total equity \$
Balance at 1 January 2023	13,207,118	(253,029)	(968,570)	107,879	(6,504,734)	64,866	5,653,530
(Loss)/profit after income tax expense for the half-year	-	-	-	-	(771,558)	31,374	(740,184)
Other comprehensive (loss)/income for the half-year, net of tax	-	(141,620)	-	-	(46,310)	14,463	(173,467)
Total comprehensive (loss)/income for the half-year	-	(141,620)	-	-	(817,868)	45,837	(913,651)
Change in percentage of non-controlling interest	-	-	-	-	41,608	(41,608)	-
Share based payments	-	-	-	(16,206)	-	-	(16,206)
Exercise of options	17,247	-	-	-	-	-	17,247
Share issue costs	(3,210)	-	-	-	-	-	(3,210)
Shares issued to employees (non-KMP)	9,000	-	-	(9,000)	-	-	-
Shares issued to KMP under loan funded share plan	205,500	-	-	(205,500)	-	-	-
Balance at 30 June 2023	<u>13,435,655</u>	<u>(394,649)</u>	<u>(968,570)</u>	<u>(122,827)</u>	<u>(7,280,994)</u>	<u>69,095</u>	<u>4,737,710</u>

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

RocketDNA Ltd
(Formerly Delta Drone International Limited)
Consolidated statement of cash flows
For the half-year ended 30 June 2023

	Consolidated	
	2023	2022
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	3,383,219	3,101,160
Payments to suppliers (inclusive of GST)	<u>(3,722,264)</u>	<u>(3,739,969)</u>
	(339,045)	(638,809)
Interest received	19,465	6,769
Other revenue	19,145	-
Interest and other finance costs paid	-	(1,155)
Net cash (used in) discontinued operations	-	(127,423)
Income taxes refunded	<u>1,104</u>	<u>26,853</u>
Net cash used in operating activities	<u>(299,331)</u>	<u>(733,765)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(197,105)	(543,507)
Payment for deferred consideration	-	(274,483)
Proceed from loans	-	7,775
Other	(10,153)	-
Proceeds from disposal of business	788,164	4,275,218
Payments for costs associated with disposal of business	-	(200,351)
Proceeds from disposal of property, plant and equipment	<u>48,350</u>	<u>68,691</u>
Net cash from investing activities	<u>629,256</u>	<u>3,333,343</u>
Cash flows from financing activities		
Proceeds from exercise of options	17,247	-
Transaction costs	(1,260)	-
Proceeds from borrowings	-	40,000
Repayment of borrowings	<u>(98,732)</u>	<u>(380,216)</u>
Net cash used in financing activities	<u>(82,745)</u>	<u>(340,216)</u>
Net increase in cash and cash equivalents	247,180	2,259,362
Cash and cash equivalents at the beginning of the financial half-year	2,253,877	954,916
Effects of exchange rate changes on cash and cash equivalents	<u>(35,603)</u>	<u>(25,548)</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>2,465,454</u></u>	<u><u>3,188,730</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

RocketDNA Ltd
(Formerly Delta Drone International Limited)
Notes to the consolidated financial statements
30 June 2023

Note 1. Material accounting policy information

Going concern

During the period, the Group generated a loss after tax from continuing operations of \$740,184 (2022: \$1,323,896), is reporting a net working capital of \$2,753,945 (2022 : \$3,533,400), has incurred net cash outflows from operations of \$299,331 (2022 outflow of \$733,765). As at 30 June 2023, the Group had \$2,465,454 in cash (2022 : \$3,188,730) and consolidated net assets of \$4,737,710 (2022 : net assets of \$5,653,530).

The Group has prepared the financial statements for the financial period ended 30 June 2023 on a going concern basis, which assumes continuity of current business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Note 2. Operating segments

Identification of reportable operating segments

The Group is organised into 3 continuing 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 aligned with the geographical locations of the Group's main business, namely Australia and Africa.

Operating segment information

Consolidated - 2023	Australia \$	Africa \$	Corporate \$	Total \$
Revenue				
Sales to external customers	940,864	2,006,595	-	2,947,481
Other income and gain on sale of assets	-	59,098	-	59,098
Total revenue	940,864	2,065,693	-	3,006,557
EBITDA	(240,991)	499,413	(583,135)	(324,713)
Depreciation and amortisation	(105,652)	(256,003)	(30,719)	(392,374)
Interest revenue	-	7,232	11,274	18,506
Finance costs	(6,846)	(5,489)	(3,827)	(16,162)
(Loss)/profit before income tax expense	(353,488)	245,153	(606,407)	(714,743)
Income tax expense				(25,441)
Loss after income tax expense				(740,184)

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.

	Australia \$	Africa \$	Corporate \$	Total \$
Segment assets	1,727,281	2,441,560	1,896,298	6,065,139
Segment liabilities	757,843	288,624	280,962	1,327,429

RocketDNA Ltd
(Formerly Delta Drone International Limited)
Notes to the consolidated financial statements
30 June 2023

Note 2. Operating segments (continued)

Consolidated - 2022	Australia \$	Africa \$	Corporate \$	Total \$
Revenue				
Sales to external customers	973,732	1,809,769	-	2,783,501
Other income and gain on sale of assets	1,215	41,191	-	42,406
Total revenue	974,947	1,850,960	-	2,825,907
EBITDA	(307,544)	238,701	(849,471)	(918,314)
Depreciation and amortisation	(97,922)	(292,054)	(4,446)	(394,422)
Interest revenue	-	5,429	1,356	6,785
Finance costs	(691)	(23,703)	(2,758)	(27,152)
(Loss)/profit before income tax benefit	(406,157)	(71,627)	(855,319)	(1,333,103)
Income tax benefit				9,207
Discontinued Operations				505,632
Loss after income tax benefit				(818,264)

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.

	Australia \$	Africa \$	Corporate \$	Total \$
Segment assets	1,584,634	2,570,200	2,816,311	6,971,145
Segment liabilities	547,441	466,307	303,867	1,317,615

Note 3. Revenue

	Consolidated 2023 \$	Consolidated 2022 \$
Rendering of services	2,947,481	2,783,501
	Consolidated 2023 \$	Consolidated 2022 \$
Timing of revenue recognition		
At a point in time	1,245,579	1,221,208
Over time	1,701,902	1,562,293
	2,947,481	2,783,501

RocketDNA Ltd
(Formerly Delta Drone International Limited)
Notes to the consolidated financial statements
30 June 2023

Note 4. Non-current assets - Goodwill

	Consolidated	
	2023	2022
	\$	\$
Goodwill	<u>1,151,177</u>	<u>1,194,670</u>

Goodwill relates to the acquisition of Africa, and RocketDNA (WA) Pty Ltd (formerly Rocketmine WA Pty Ltd or Arvista Pty Ltd).

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 Africa and RocketDNA (WA) Pty Ltd . In assessing goodwill impairment for the period ended 30 June 2023, both 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 to be derived from each CGUs.

Note 5. Equity - reserves

	Consolidated	
	2023	2022
	\$	\$
Predecessor accounting reserves	(968,570)	(968,570)
Foreign currency reserve	(394,649)	(257,583)
Share-based payments reserve	<u>(122,827)</u>	<u>107,879</u>
	<u>(1,486,046)</u>	<u>(1,118,274)</u>

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.

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.

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.

Note 6. Events after the reporting period

Rocketmine Australia Pty Ltd name has changed to RocketDNA (AU) Pty Ltd effective 21 July 2023 and Rocketmine (WA) Pty Ltd name has changed to RocketDNA (WA) Pty Ltd effective 25 July 2023.

RocketDNA Ltd
(Formerly known as Delta Drone International Limited)
Notes to the consolidated financial statements
30 June 2023

Note 7. Earnings per share

	Consolidated	
	2023	2022
	\$	\$
<i>Loss per share for loss</i>		
Loss after income tax	(740,184)	(818,264)
Non-controlling interest	(31,374)	(20,252)
Loss after income tax attributable to the owners of RocketDNA Ltd	<u>(771,558)</u>	<u>(838,516)</u>
(Loss)/profit for the half-year is attributable to:		
Continuing operations	(771,558)	(1,344,148)
Discontinued operations	-	505,632
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>514,134,235</u>	<u>511,604,932</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>514,134,235</u>	<u>511,604,932</u>
	Cents	Cents
<u>Continuing operations</u>		
Basic loss per share	(0.15)	(0.26)
Diluted loss per share	(0.15)	(0.26)
<u>Discontinued operations</u>		
Basic loss per share	-	0.10
Diluted loss per share	-	0.10
<u>Total</u>		
Basic loss per share	(0.15)	(0.16)
Diluted loss per share	(0.15)	(0.16)

Note 8. Share-based payments

During the period, the Group provided performance rights and share options to Christopher Clark and Paul Williamson as a part of their remuneration package and as a performance incentive – the Board considers that these are appropriate forms of incentive as they align remuneration with the long-term success of the Group, shareholder interests and current market practice. The Group also provided share options to David Morton on his appointment as part of his remuneration.

Aside from the share-based payments provided to Key Management Personnel, the group also provided share options to African employees and free shares to Australian employees as part of its employee share plans.

The details of the share-based payments provided during the period are:

	Recipient	Instrument	Number	Conditions	Grant Date	Recognition	Fair value
(i)	Christopher Clark	Performance Rights	6,000,000	2023 new milestones	25 May 2023	Pro-rata to 31 Dec 2024 and 31 Dec 2025	1.1c per right
(ii)	Paul Williamson	Performance Rights	3,000,000	2023 new milestones	25 May 2023	Pro-rata to 31 Dec 2024 and 31 Dec 2025	1.1c per right
(iii)	Paul Williamson	Performance Rights	4,000,000	2022 new milestones	25 May 2023	Pro-rata to 31 Dec 2024 and 31 Dec 2025	1.1c per right
(iv)	Christopher Clark	Loan Funded Shares	10,000,000	2 year escrow	19 June 2023	Equiv. option pro-rata to 18 June 2028	0.665c per option
(v)	Paul Williamson	Loan Funded Shares	5,000,000	2 year escrow	19 June 2023	Equiv. option pro-rata to 18 June 2025	0.665c per option
(vi)	David Morton	Share options	1,000,000	none	25 May 2023	On grant date	0.414c per option
(vii)	African employees	Share options	6,500,000	future employment	23 May 2023	Pro-rata to 23 May 2024, 23 May 25 and 23 May 2026	0.591c 0.632c 0.654c
(viii)	Australian employees	Free shares	900,000	none	19 June 2023	On grant date	1.0c per share

Vesting of 2023 performance rights are conditional on the satisfaction of 2 milestones within a 4-year timeframe. The performance rights were issued at nil cost and will be converted into the equivalent number of shares when exercised. Vesting of the share options occurs based on employment conditions between 23 May 2024 and 23 May 2026.

In addition to the share-based payments provided during the year, the estimate of the number of performance rights expected to vest was revised for rights related to the 2021 DDG, 2021 New and 2022 milestones as shown below:

Note 8. Share-based payments (continued)

	Recipient	Instrument	Original number granted and previous vesting estimate	Conditions	Revised estimate of number to vest	Last qualifying financial period	Original recognition	Revised recognition
(ix)	Christopher Clark	Performance Rights	2,000,000	DDG 2021 Milestones	1,333,333	Year to 31 June 2024	Pro-rata 24 Jun 2021 to 24 June 2024	Pro-rata 24 Jun 2021 to 30 Jun 24 or 31 Dec 24
(x)	Christopher Clark	Performance Rights	4,000,000	2021 New Milestones	Nil	Year to 31 Dec 2023	Pro-rata 24 Jun 2021 to 24 June 2024	None
(xi)	Christopher Clark	Performance Rights	8,000,000	2022 New Milestones	8,000,000	Year to 31 Dec 2025	Pro-rata 03 Jun 2022 to 31 Dec 2023, 31 Dec 2024 and 31 Dec 2025	Pro-rata 03 Jun 2022 to 31 Dec 2024 and 31 Dec 2025

Of the 2,000,000 share options (fair value 0.69c per option) granted to Christopher Clark on 3 June 2022, 333,333 options vested during the period. Vesting of the Share options occurs based on employment conditions between 1 July 2022 and 1 July 2024. (xii)

A summary of the movement of performance rights changes during the period is:

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
24 June 2021	24 June 2024	6,000,000	-	-	-	6,000,000
03 June 2022	03 June 2026	8,000,000	-	-	-	8,000,000
25 May 2023	25 May 2027	-	13,000,000	-	-	13,000,000
		14,000,000	13,000,000	-	-	27,000,000

The details of holdings of performance rights as at 30 June 2023 and the milestones are described in the tables below:

Name	No. of Performance Rights	Milestones
Christopher Clark	2,000,000	DDG 2021 Milestones
Christopher Clark	4,000,000	2021 New Milestones
Christopher Clark	8,000,000	2022 New Milestones
Christopher Clark	6,000,000	2023 New Milestones
Paul Williamson	4,000,000	2022 New Milestones
Paul Williamson	3,000,000	2023 New Milestones

Note 8. Share-based payments (continued)

DDG 2021 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).

2021 New Milestones

Milestones	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.

2022 New Milestones

Milestone	Description
New Milestone 1	The Group achieving total consolidated EBIT of not less than A\$nil (i.e. break-even) 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 revenue of not less than A\$15,000,000 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 Group achieving total consolidated EBIT of more than A\$2,000,000 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.

2023 New Milestones

Milestone	Description
New Milestone 1	Reaching operating cashflow break even as measured by the total of four consecutive positive quarters as disclosed in the Company's ASX Appendix 4C item 1.9, excluding revenue received in the form of government grants, allowances, rebates or other hand-outs..
New Milestone 2	Total Shareholder Return (TSR) of 100% as measured by the 10 day Volume Weighted Average Price (VWAP) of the Company's shares at the date of issuing the Performance Rights (Base Price) and the 10 day VWAP of the Company's shares at any given date (Milestone Price) up until the Performance Rights lapse. The VWAP of trading in the Company's securities on the ASX market and Chi-X market, excludes block trades, large portfolio trades, permitted trades during the pre-trading hours period, permitted trades during the post-trading hours period, out of hours trades and exchange traded option exercises. The formula for calculating the TSR is: ((Milestone Price-Base Price)+dividends)/Base Price

Note 8. Share-based payments (continued)

Loan funded shares (iv) (v)

There were 15,000,000 shares issued to key management personnel as part of Loan Funded Share (LFS) arrangements approved by shareholders at the AGM on 25 May 2023.

1. RocketDNA Ltd provides its key executives, ('the executive') with a loan to purchase an agreed number of RocketDNA Ltd shares at an issue price based on the 10-day Volume Weighted Average Price (VWAP) at the date of issue;
2. The Limited Recourse Loan will be interest free for a period of five years, provided that if the Limited Recourse Loan is not repaid by the repayment date, the Limited Recourse Loan will incur interest at a default rate after that date (which will accrue on a daily basis and compound annually on the then outstanding Limited Recourse Loan balance
3. The Limited Recourse Loan becomes repayable on the earliest of:
 - (A) 5 years from the date on which the Loan is advanced to the borrower;
 - (B) the cessation of employment of the borrower;
 - (C) a change in control of the Company or an event of default (including a breach of the loan agreement by the borrower or a bankruptcy or insolvency event occurring in relation to the borrower);
 the earliest being the Repayment Date
- 4 Notwithstanding paragraph (3) above,
 - (A) the borrower may repay all or part of the Limited Recourse Loan at any time before the Repayment Date; and
 - (B) the loan will be limited recourse such that on the Repayment Date the repayment obligation under the Limited Recourse Loan will be limited to the lesser of the outstanding balance of the Limited Recourse Loan and the market value of the Loan Shares on that date.
- 5 In addition, where the borrower has elected for the Loan Shares to be provided to the Company in full satisfaction of the Loan, the Company must accept a transfer of the Loan Shares by the borrower as full settlement of the repayment obligation under the Limited Recourse Loan.

The Loan Shares will rank equally with all other fully paid ordinary shares on issue in the capital of the Company. Holders of Loan Shares will be entitled to exercise all voting rights attaching to those Shares in accordance with the Company's constitution. In addition, holders of Loan Shares will be entitled to participate in dividends declared and paid by the Company in accordance with the Company's constitution, provided that any dividends declared with respect to the Loan Shares, whilst there is still remaining any portion of the Limited Recourse Loan unpaid, shall first be applied and paid to the Company in reduction of the outstanding Limited Recourse Loan balance until that outstanding Limited Recourse Loan balance is zero, before it is paid in cash to, or for any other benefit of, the Participant.

The Loan Shares will be held in escrow and subject to a holding lock for a period of 2 years from the date of issue

Management has assessed this plan, in substance as an option, and therefore the LFS have been accounted for as such. Using the Hoadly Employee Share Options 2 model, and based on the assumptions set out below, the combination of the shares and limited resource loans were ascribed the following value;

Grant, Vesting and Issue dates	VWAP at grant date, i.e. option exercise price	Expiry Date	Share price at grant date	Dividend yield	Volatility	Risk free Rate	Vesting conditions
19 June 2023	1.37cents	19 June 2028	1.1 cents	Nil	100%	3.92%	n/a

Accounting option value: 0.665 cents. Total value of loan funded shares: \$99,750

Note 8. Share-based payments (continued)

Reconciliation of expense and share-based payment reserve

During the period to 30 June 2023, a credit of (\$16,206) (2022: \$13,269 charge) has been recognised for the matters set out above as follows:

Share-based payments recognised cumulatively to 31 December 2022	107,879
Recognition of pro-rata expense for Performance rights granted 25 May 2023 (i) (ii) (iii)	6,927
Recognition of pro-rata expense for Loan funded share scheme (iv) (v)	2,101
Recognition of expense for options granted 25 May and immediately vested (vi)	4,140
Recognition of pro-rata expense for options issued to African employees (vii)	2,533
Recognition of expense for free shares issued to Australian employees (viii)	9,000
Re-estimation of cumulative expense for Performance rights granted 24 June 2021 (ix) (x)	(53,072)
Re-estimation of cumulative expense for Performance rights granted 3 June 2022 (xi)	9,865
Recognition of options granted 4 June 2022, vested 1 April 2023 and 1 July 2023 (xii)	2,300
Share-based payment credit recognised in period to 30 June 2023	<u>(16,206)</u>
Share-based payments recognised cumulatively to 30 June 2023	<u>91,673</u>
Share-based payment reserve at 31 December 2022	107,879
Share-based payment credit recognised in period to 30 June 2023	(16,206)
Shares issued Australian employees	(9,000)
Shares issued under loan funded share scheme	(205,500)
Share-based payment reserve at 30 June 2023	<u>(122,827)</u>

RocketDNA Ltd
(Formerly Delta Drone International Limited)
Directors' declaration
30 June 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial half-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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Christopher Clark
Executive Chairman and Chief Executive Officer

24 August 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ROCKETDNA LTD (FORMERLY KNOWN AS DELTA DRONE INTERNATIONAL LIMITED) AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of RocketDNA Ltd (formerly known as Delta Drone International Limited) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' Responsibility for the half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2023 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

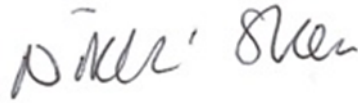
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HALL CHADWICK AUDIT (WA) PTY LTD
ABN 42 163 529 682



NIKKI SHEN CA
Director

Dated this 24th day August 2023
Perth, Western Australia