

Delta Drone reinforces its financial resources ***Signature of a €1M convertible-bonds contract with OTT Ventures***

Dardilly, 11 May 2020

PREAMBLE: RISKS IN CONNECTION WITH THE BOND ISSUE AND IMPACT OF THE TRANSACTION IN TERMS OF MANAGING LIQUIDITY AND TIMING RISKS

In view of a cash position of €2.5M at the beginning of May 2020 after payment of most of current debts, setting up new financing in addition to the €10M contract for ORNAN with warrants announced 8 April 2020, would make it possible to have a minimum cash position of €12.5M, which would cover the Company's financing needs for several years.

This analysis takes into account both the current situation and the implementation of the 2020-2021 plan in the event that the Company were unable to generate income from payments due, subject to the terms of the agreement (see below).

CONTEXT FOR THE TRANSACTION

The first priority is now to finance organic growth, thanks to the commercial success of professional solutions

As stated in the press release dated 7 April 2020, "this transaction (i.e., the €10 million ORNAN contract signed with Yorkville Advisors) therefore presents itself as a significant and likely decisive safety net for navigating the still-unknown effects of the current health crisis."

The issue of convertible bonds was undertaken with this in mind and in view of the Group's low market capitalization. The choice was therefore made to set up an additional source of funding to help implement the 2020 – 2021 plan.

LEGAL FRAMEWORK FOR THE ISSUING OF CONVERTIBLE BONDS

Pursuant to a decision dated 28 April 2020 in accordance with the power granted by the Extraordinary General Meeting of 24 April 2020 upon approval of the fifth resolution, the Company's Board of Directors approved, on principle, the issuance of €1M in Convertible Bonds, granting the Chairman and CEO of the company the power to sign such a contract. On 11 May 2020, the Chairman and CEO signed a €1M Convertible-Bonds contract with OTT Ventures.

Main characteristics of the Convertible Bonds

The Convertibles Bonds (the "CB") shall be issued in 10 Tranches of 10 CB each. The total par value of each Tranche shall therefore be equal to €100 000.

The CB have a par value of 10 000 euros each and are subscribed at 90% of par.

The CB have a maturity of 36 months from their date of issuance. Upon expiration, the CB that have not been converted shall be redeemed by the Company at par (plus accrued interest, if any). The CB bear 6% annual interest.

At its discretion, the Investor may convert all or any of the CB into new shares (a “**Conversion**”). Upon a Conversion, the Company shall issue to the Investor the corresponding number of new shares (as described below).

The number of shares to be remitted to the Investor on the Conversion date shall be equal to:

$$N = V_n / P$$

“N”: Number of new shares to be issued;

“V_n”: the Conversion Amount corresponding to the bond claim represented by the CB (par value of one CB, plus accrued interest, if any)

“P”: conversion price (the “**Conversion Price**”) corresponding to 65% of the Market Price (as defined below).

The Market Price (“**Market Price**”) shall be the lowest daily volume-weighted average price of the Company’s share over the five (5) consecutive trading days immediately preceding the issue decision.

The CB cannot be transferred to a third party without the Company’s prior approval. They shall not be the subject of a request for admission to trading on a financial market and therefore shall not be listed.

New shares resulting from the Conversion of CB

The new shares issued upon Conversion of the CB shall be admitted to trading on Euronext Growth as from their issuance, will carry immediate and current dividend rights, and will be fully assimilated to and fungible with the existing shares.

The Company shall update a summary table on its website showing the CB and number of shares outstanding.

MAIN RISKS CONCERNING THE COMPANY

Shareholders are welcome to acquaint themselves with the main risk factors set forth in the Management Report available on the Company’s website under the heading “Investors,” in the “Shareholders” section, as well as the risk factors set forth in this press release.

RISKS IN CONNECTION WITH THE COVID-19 HEALTH CRISIS

It is still too early to assess accurately the impact of the COVID-19 health crisis. Nevertheless, the suspension of various assignments could affect the activity level of the first quarter and even the first six months of the current financial year, although it is not possible to evaluate the financial consequences at this time as it is still impossible to predict how long the health crisis will last.

It should be noted that, in almost all the countries in which the Group has subsidiaries, strict stay-at-home measures have been ordered by the authorities. The main internal measures are to have employees work from home, coupled with taking some paid vacation. To much a lesser extent, partial unemployment has been applied in the cases where no work can be done due to the nature of the jobs in question (this concerns about thirty people within the entire Group worldwide). Some sick leave has also been recorded, generally falling under child-care.

THEORETICAL IMPACT OF THE ISSUANCE OF THE CB (BASED ON THE MARKET PRICE OF THE COMPANY'S SHARE ON 8 MAY 2020, I.E., 0.0342 EURO)

For reference, the impact of the new shares upon Conversion of the CB would be as follows:

- Impact of the issuance on the consolidated net assets per share (based on the shareholders' equity as at 31 December 2020, i.e., €15.3M and the number of shares making up the Company's share capital as at 8 May 2020, i.e., 445 435 990 shares)

	Consolidated net assets per share (non-diluted basis)	Consolidated net assets per share (fully diluted basis) (a)
Before issuance	€0.0448	€0.0439
After issuance of 45 045 045 new shares upon conversion of 10 CB	€0.0423	€0.0428

- Impact of the issuance on the situation of a shareholder owning 1% of the Company's capital, based on the number of shares making up the Company's share capital as at 8 May 2020, i.e., 445 435 990 shares)

	Shareholder investment (%) – non-diluted basis	Shareholder investment (%) – fully diluted basis (a)
Before issuance	1.00%	0.42%
After issuance of 45 045 045 new shares upon conversion of 10 CB	0.91%	0.40%

NOTICE

This transaction does not require or include a prospectus approved by the AMF (French Financial Markets Authority).

About Delta Drone: *The Delta Drone Group is a recognized international player in the field of civilian drones for professional use. It develops a range of professional solutions based on drone technology as well as all related services, thus providing a full value chain.*

Delta Drone is listed on Euronext Growth Paris – ISIN code: FR0011522168

Also listed on Euronext Growth: 33 443 695 BSA Y – ISIN code: FR0013400991

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