

A first half of 2022, in development, primarily dedicated to preparing for tomorrow's success

Dardilly, 30 September 2022 – 6.30 pm

- Consolidated revenue increased by 22% to €8.5 million
- The first commands related to the ISS Spotter and Countbot systems are effective
- The program of strong reduction of operating expenses in France (DDSA branch) is completed and will have effect from the 2nd half of the year
- The success of the €3 million fundraising operation sustains the group's cash flow

<i>IFRS Standards</i> (in K€)	1st sem. 2022	1st as. 2021	FY 2021
TURNOVER	8 530	6 987	15 865
Other products of the activity	(393)	582	1 420
Purchases and inventory changes	3 861	3 533	7 164
Personnel costs	8 694	6 994	15 718
Other operating income/expenses. Current	240	268	534
EBITDA	(4 658)	(3 226)	(6 131)
Net depreciation allowances	1 241	1 040	2 066
Net provisions and impairments	(241)	(42)	294
RECURRING OPERATING INCOME	(5 658)	(4 224)	(8 491)
Other operating income and expenses	(773)	(118)	(1 023)
OPERATING INCOME	(6 431)	(4 342)	(9 514)
Cost of net financial debt	(87)	(101)	(191)-
Other financial income and expenses	1 267	4 283	5 334
RESULT BEFORE TAX	(5 249)	(160)	(4 371)
NET RESULT OF INTEGRATED COMPANIES	(5 355)	(256)	(4 423)
NET INCOME GROUP SHARE	(5 075)	87	(4 347)
EQUITY & ASSIMILATION	20 940	20 948	22 349
NET TRESORERIE	2 322	5 364	1 343

Comments on the half-year accounts

The Delta Drone group is organized into 4 branches, one of which crystallizes operational losses

The Delta Drone group consists of 4 clearly identified branches:

- **Delta Drone Human & Tech** and its operational subsidiaries (DDHT): from its historical business in private security, DDHT contributes strongly to the dronification of the security sector by deploying a combined offer with security agents and technological means that are similar to "cyber-agents". DDHT is also the group's pool of human resources to train solution operators, both for the logistics sector (Countbot solution) and for the security sector (ISS Spotter solutions). For the 1st half of 2022, the DDHT division achieved a turnover of €6.2 million and a slightly positive current operating income (€18.4 K).
- **Delta Drone International** and its operational subsidiaries (DDI): following the sale at the beginning of the year of the Israeli subsidiary Parazero, DDI is now exclusively present in Africa

and Australia, mainly in the southern hemisphere. It is developing a drone services activity for the mining and agriculture sectors. Operating historically in Africa (South Africa, Ghana, Namibia, Zambia, Ivory Coast) where its Rocketmine brand is the market leader, DDI has been developing since 2021 in Australia. For the 1st half of 2022, the DDI division achieved a turnover of €1.9 million and a negative current operating income (-€836 K), mostly impacted by the weight of significant "governance costs", of the order of €300 K annually, which was terminated during the period.

- **UDT – United Drone Technologies:** UDT is an investment company, which therefore does not achieve any turnover or bear any operating costs. UDT holds stakes, still in the minority, in 5 young companies in the drone sector, 3 French companies (Donecle, Elistair, Diodon), 1 Swiss company (Aero41) and 1 Israeli company (Sightec). In 2021, the transition of the group's accounts to IFRS standards led to the recognition of €4.2 million as "other financial income and expenses", reflecting the appreciation of the value of the portfolio in relation to the initial investment. For the first half of 2022, the continued development of certain holdings led to the recognition of revenue of €1 million.
- **DDSA (Delta Drone SA and its French support subsidiaries):** in addition to its role as the group's parent company, this branch supports the R&D investments necessary for the development of Countbot (logistics) and ISS Spotter (security) professional solutions. It is also responsible for their production and marketing. For the 1st half of 2022, the DDSA division achieved a turnover of €0.5 million and a negative current operating income (-€4.8 million), which corresponds to the bulk of the group's consolidated loss.

The objective of achieving financial equilibrium is primarily due to a new impetus from the DDSA branch

The beginning of 2022 will have been marked by the end of heavy R&D investments and the beginning of the commercialization of the Countbot and ISS Spotter systems. Commercial contacts are now numerous and should lead, from the end of the financial year and especially in 2023, to a very significant growth in turnover within the DDSA branch.

However, it appeared necessary, in parallel, to work on the significant reduction of operating expenses. It is in this logic that two waves of workforce reduction were carried out, the first in May (6 employees concerned) and the second in September (9 employees concerned). In the end, these departures, combined with several resignations, will make it possible to start the 2023 financial year with a payroll divided by more than 2, i.e., an annual amount of around €2 million (against €4.8 million previously). At the same time, the reduction in other external expenses should reduce their amount from €2.5 million to €1.5 million year-on-year.

Finally, the placement under backup of the subsidiary Delta Drone Engineering (DDE) on August 31, 2022 is intended to leave open all opportunities for the evolution of this entity.

Finalization of the financing method through the equitization of simple bonds

Reminder of the modalities of *equitization* of the OS

Delta Drone (the "**Company**") has issued, in two tranches carried out on July 15, 2022 and September 15, 2022 in the context of reserved issues for the benefit of certain investors, a total number of 60,000 simple bonds ("**OS**") with a nominal value of € 56 at a price of € 50 each representing a bond issue of a principal amount total of €3.36 million, for a gross product of €3 million.

The issuance of the SO is part of the implementation of a mechanism called "*equitization*" of the OS, by (i) the constitution of a management trust (the "**Trust**") for the benefit of the holders of OS who have decided to transfer their OS to the Trust and (ii) the issuance of warrants for shares called "*equitization*" (the "**BSA_E**" ") for the benefit of the Fiducie, whose terms and conditions of exercise will make it possible, from an economic point of view, to transform the SOs thus transferred into shares.

Incorporation of a Trust: on September 15, 2022, the Company incorporated the Trust, which is managed by equities Gestion as trustee (the "**Trustee**") under a trust agreement entered into on the same day between the Trustee and the Company (the "**Trust Agreement**").

Membership in the Trust: all PO holders joined the Trust between September 15, 2022 and September 29, 2022 and contributed to the Trust all of the 60,000 OS issued by the Company. Holders of SO who have joined the Trust will be reimbursed in cash through the net proceeds of the sale on the market, by the Trust, of the shares issued in connection with the *equitization*.

Redemption by the Company of the SOs held by the Trust: in order to facilitate the *os equitization* mechanism, all the OSes transferred to the Trust were repurchased today by the Company at par plus interest accrued from September 15, 2022 to September 30, 2022 inclusive. The repurchase price of the OS is the subject of a seller credit granted by the Trust to the Company (the "**Seller Credit**").

Issuance of BSA_E: in accordance with the terms of the Trust Agreement, the Company has today issued to the Trustee, as part of a reserved issue decided on the basis of the 7th resolution of the Combined Shareholders' Meeting of December 27, 2021, 500,000,000 BSA_E whose main characteristics are presented in [the Appendix](#) and whose full features are available on the Company's website.

BSA_E will not be admitted to trading on the Euronext Growth Paris market or on any other financial market.

Exercise of BSA_E by the Trustee: BSA_E are exercisable for a period of three years from their issuance, i.e. until September 30, 2025. The Trustee, acting on behalf of the Trust, is responsible for exercising the E-BSAs by offsetting claims with the Seller's Credit, and then selling as and when on the market, under strict terms defined in the Trust Agreement, the new shares resulting from the exercise of the BSA_E (the "**New Shares**").

The exercise of the BSA_E will not give rise to any fundraising for the Company to the extent that the BSA_E will be exercised only by offsetting against certain, liquid and due claims that the holder of BSA_E will hold against the Company under the Seller Credit. The duration that will be necessary to proceed with the full repayment of the Seller Credit by the *equitization* mechanism will essentially depend on the liquidity of the Delta Drone share on the market.

The terms and conditions for the exercise of the E-BSAs and the sale of the underlying shares are available on the Company's website.

At the end of the Exercise Period, all BSA_E that has not been exercised will be automatically null and void. In addition, the BSA_E will automatically lapse once the claim that the holder of BSA_E will hold on the Company in respect of the Seller Credit has been fully repaid.

Distribution of the proceeds of disposal of the New Shares: as soon as all the New Shares issued as part of the *equitization* relating to the transferred OS have been transferred by the Trust, the Trustee will proceed to the distribution in cash, among the holders of OS who brought them to the Trust, of the net proceeds of disposal on the Market of the New Shares.

New Shares

The New Shares will be ordinary shares bearing current enjoyment which will confer on their holder, upon delivery, all the rights attached to the existing ordinary shares detailed in the Articles of Association of the Company.

The New Shares will be the subject of applications for admission to trading on the Euronext Growth Paris market. They will be immediately assimilated to the existing shares of the Company and negotiable on the same line as the existing shares (ISIN code: FR0014009LP0).

Dilution

As an indication, the impact of the issuance of the E-bonds on consolidated equity per share on the basis of (i) equity as at June 30, 2022, i.e. €20,939,542, and (ii) the number of shares comprising the Company's capital at the date of this press release, i.e. 6,617,563 shares, would be as follows:

	Share of equity (in euros)	
	Undiluted base	Diluted base ⁽¹⁾
Before issuing the New Shares	3.1642	0.6901
After issue of 25,055,928 New Shares resulting from the exercise of BSA _E ⁽²⁾	0,7672	0,4616

- (1) Theoretical calculation based on the conversion of all orNAN not converted to date and Free Shares Awarded, not yet created.
- (2) Theoretical calculation of the number of New Shares carried out on the basis of the closing price of the Company's share on September 30, 2022, i.e. 1.490 euros, an estimate of the exercise price of the BSA_E equal to 90% of this value and an amount of OS of 3,360 thousand euros

As an indication, the impact of the issuance of the BSA_E on the participation in the capital of a shareholder holding 1% of the company's share capital prior to the transaction and not participating in it, on the basis of the number of shares comprising the company's capital at the date of this press release, i.e. 6,617,563 shares, would be as follows:

	Shareholder participation (%)	
	Undiluted base	Diluted base ⁽¹⁾
Before issuing the New Shares	1.00%	0.18%
After issue of 25,055,928 New Shares resulting from the exercise of BSA _E ⁽²⁾	0.21%	0.11%

- (1) Theoretical calculation based on the conversion of all orNAN not converted to date and Free Shares Awarded, not yet created.
- (2) Theoretical calculation of the number of New Shares carried out on the basis of the closing price of the Company's share on September 30, 2022, i.e 1.490 euros, an estimate of the exercise price of the BSA_E equal to 90% of this value and an amount of OS of 3,360 thousand euros

About Delta Drone: 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 associated services that form a complete value chain.

Delta Drone shares are listed on the Euronext Growth Paris market – ISIN code: FR0014009LPO

BSA Y – ISIN code: FR 0013400991

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Annex

Key Features of BSA_E

BSA_E are subscribed by the Trustee as part of the trust-management agreement.

The holder of BSA_E will be entitled to choose, at any time during a period of three (3) years from their issue, to exercise all or part of the BSA_E in New Shares.

Each BSA_E will give the right to subscribe to one (1) New Share (the "**BSA E Exercise Parity**").

The E BSAs will be exercised at a price representing 90% of the lowest daily volume-weighted average price of the Company's share, observed on trading days during which the Trust has not sold any shares of the Company among the last fifteen (15) trading days preceding the applicable BSA E exercise date, without being less than the par value of the Company's share (the "**Exercise Price of BSA_E**").

The BSA_E will be exercised only by offsetting against certain, liquid and due claims that the holder of BSA_E will hold on the Company.

The detailed characteristics of the BSA_E are published on the Company's website.