

Extraordinary general shareholders' meeting of 24 April 2020: Delta Drone secures the means to implement its development plan

Dardilly, 27 April 2020

The extraordinary general shareholders' meeting took place in a closed session in accordance with the measures in place due to the current health crisis. Via powers granted to the Chairman and mail-in ballots, approximately forty shareholders voted, representing a total of 26.9% of the capital. As a quorum was met, the Shareholders' Meeting could validly deliberate. All the resolutions submitted were approved by a majority exceeding 99% (except resolution no. 11 concerning employee shareholding).

Despite the particular logistical conditions, the shareholders' general meeting made possible a more comprehensive understanding of the Delta Drone Group's current situation and future prospects.

Impact of the health crisis & current situation

Regarding the Group's activity, consolidated revenue for the first quarter of the 2020 financial year was of €3.7M, down 27% compared with the comparable figure from the previous financial year. This change is obviously a direct consequence of the current health crisis and, more specifically, the shelter-in-place orders in effect in most countries. The drop in activity generally concerned the performance of assignments in general as most have been postponed until the lifting of shelter-in-place orders, especially security services for sports or cultural events. Also, it is impossible to produce and therefore deliver solutions sold.

As regards the latter point, there will be a delay (probably of a few months), although the first sales of the new ISS SPOTTER (security) and COUNTBOT (warehouse inventory) solutions are very promising. Indeed, three ISS SPOTTER systems have been sold (two of which outside France) and five deliveries of the COUNTBOT solutions are scheduled in the short-term.

Despite the various limitations attributable to the current crisis, R&D and sales development activities have intensified, as reflected in our recent announcements of the partnership agreement with PARAZERO for CityZone in Tel-Aviv (drone urban transport project) and, of course, the commercial launch of the CountBot solution in close partnership with the GEODIS group (warehouse inventory).

As for our internal organization, all preventative measures have been taken:

- In France, most employees have been able to work from home and a few were put on leave for childcare purposes. Only four employees were placed on temporary partial unemployment.
- In Morocco, the nine employees of the DELTA DRONE AFRICA subsidiary (formerly Delta Drone Maroc) were placed on partial unemployment, in compliance with the recommendations of the local authorities.
- In South Africa and Ghana, most of the pilots sheltered in place at the mining sites so they have continued to perform services as planned. Only a few sites have been closed temporarily.

As regards changes in the Group's scope of consolidation, transactions started at the beginning of the year were able to proceed as scheduled. Thus, the sale of the HYDROGEOSPHERE subsidiary has entered the final phase and should be completed in the next few weeks.

In Europe, the creation of a subsidiary called DELTA DRONE EUROPA, co-owned by Delta Drone and OTT Ventures (new reference shareholder) is underway. This new entity, which will be based in Prague (Czech Republic) will, more specifically, be in charge of marketing the solutions currently available, in particular the ISS Spotter and CountBot solutions, which will benefit from Ott Ventures' significant business network in many European countries.

Outside Europe, the rapprochement of DELTA DRONE SOUTH AFRICA with the Australian company PARAZERO Ltd is proceeding as planned. It is under this framework that a new entity, ROCKETMINE AUSTRALIA, is currently being created in Adelaide for mining solutions mines on the Australian market.

Financing the Group's development plan

All of Delta Drone's teams are currently focused on implementing the 2020 – 2021 plan and its three pillars: consolidated revenue of €30M, a positive operating margin of 10% and 30% of revenue generated by activities outside France.

The success of this plan, the three pillars of which remain unchanged despite the current economic situation, requires investments and disbursements to begin production of the solutions (including the investments necessary for the new industrial site in Dardilly), the implementation of local customer and maintenance services, and the strengthening of the sales organization. As previously announced, the overall corresponding financing necessary was evaluated at €3M.

On the date of the general meeting, the Group's cash position was of €2.3M, €0.5M of which was held by Delta Drone South Africa, the South African subsidiary.

The latest ORNAN agreement, set up at the end of last year, has ended as all the bonds have been converted. The only financial instruments that might now cause the creation of new shares are warrants (BSA), with the BSA Y listed on the Euronext Growth market. The exercise of all these warrants would result in additional resources totaling €6M and the creation of 61 031 144 new shares (11.2% of the capital).

This potential source of additional financing is therefore in line with the financing plan required for the implementation of the 2020 – 2021 plan. It nevertheless depends on the increase of the share price so that the exercise price of the BSA is at least equal to the share price on the market.

This uncertainty is substantially worsened by the still-unknown effects of lifting the stay-at-home orders and of the post-health-crisis situation. In any event, the global economy will face significant turbulence, such that the schedule for implementing our roadmap will be affected. So, although the goals remain unchanged, the timing may encounter some delays.

Under these unusual circumstances, it is now, more than ever, important to remain vigilant in approaching the re-opening period by following three ground rules:

- Have the means necessary to cover financing needs;
- Not incur debt, as this risks generating excessive interest/fees upon reimbursement;
- Not delay payment of the company's operating costs and current expenses so as to not accumulate debts that will have to be paid anyway.

It is with regards to this safety and prevention that Delta Drone entered into a new ORNAN agreement for €10M with the YA fund (cf. press release dated 8 April 2020), which represents a major asset that ensures our future financial needs will be covered.

The use of all or part of this funding will, of course, depend on how both the general economic situation and that of Delta Drone in particular evolve. Its possible impact on the makeup of the capital remains closely tied to future changes in Delta Drone's share price.

About Delta Drone: *The Delta Drone Group is an international player in the field of civilian drones for professional use. It provides a range of professional solutions specifically designed for targeted sectors, as well as a complete selection of related services.*

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

Also listed on Euronext Growth 33 443 695 BSA Y – ISIN code: FR 0013400991

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