

Financial year 2019 in line with the 2020-2021 plan Drawdown of a tranche of ORNAN of €1M of aggregate nominal value

Dardilly, 29 April 2020

Note: the accounts have been prepared in accordance with French standards, in compliance with the rules and methods applicable to consolidated accounts, as confirmed by order of 22 June 1999 approving the French Accounting Regulation Committee's regulation 99-02.

In €K	2016	2017	2018	2019	2019*
Sales revenue	1 310	5 748	10 449	15 987	15 987
Added value	-1 946	-141	3 224	9 071	9 389
EBITDA	-6 060	-7 416	-6 079	-4 914	-3 431
Operating income	-8 147	-9 244	-7 846	-6 396	-4 913
Net income	-9 113	-10 427	-10 387	-10 080	-8 594
Equity and quasi equity	8 438	9 576	12 177	9 734	9 734
Cash	3 325	2 088	2 512	2 043	2 043

** figures adjusted for non-recurring expenses (last effects of the 2018 - 2019 plan and first measures of the 2020 - 2021 plan)*

The Board of Directors reviewed and approved the accounts for the 2019 financial year on 28 April 2020.

The key points to remember concerning the 2019 accounts:

- **Consolidated revenue increased by 53% to reach €16M.** Taking into account the twelve-month figures for ATM Group (acquired during the financial year), **the Group's volume of activity reached €20M, as per the announced target (multiplied by 15 in 3 years).**
- Adjusted for non-recurring expenses, **EBITDA was of -€3.4M (loss divided by 2), in line with goal of achieving financial equilibrium in this respect this year.**
- 2019 net income takes into account €3 665K in depreciation and €1 356K in extraordinary items, i.e., €5 021K in calculated costs or in connection with the reorganization.

Structural elements for 2020:

- Delta Drone is now clearly organized into **2 business lines, i.e., professional solutions** (ISS SPOTTER for the security sector, COUNTBOT for warehouse inventory, ATMOS for entertainment, SAFESPRAYBOT for decontamination and disinfection, and ROCKETMINE for the mining industry) **and related services** (creating a complete value chain).
- Delta Drone is **very present at an international level:** Europe, Middle East, Africa, Australia.
- **Delta Drone has a large capacity for innovation and R&D** strengthened by the rapprochement underway with ParaZero: it will have two design departments, one in Nantes and the other in Tel-Aviv (Israel), at the heart of the world's main campus for technological innovation.
- **The shareholder structure has been strengthened and secured** thanks to a new reference shareholder (Ott Ventures).
- **The Group has the means to self-finance its development** and has taken **measures allowing it to secure its financial resources in order to weather the current health crisis and, even more importantly, the period following said crisis.**
- The business plan is in line with 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.

Consolidated income statement

In €K	2016	2017	2018	2019
Sales revenue	1 310	5 748	10 449	15 987
Other income	1 455	2 123	877	1 561
Operating expenses	4 711	8 012	8 102	8 477
Purchases	98	1 508	3 073	3 208
External expenses	4 452	6 324	4 826	4 844
Added value	-1946	-141	3 224	9 071
Personnel	4 114	7 275	9 303	13 985
Amortization expenses	2 087	1 828	1 767	1 995
Operating income	-8 147	-9 244	-7 846	-6 396
Current income before tax	-8 187	-9 499	-8 270	-6 396
Extraordinary income	82	325	-680	-1 356
Net deferred taxes	-82	-105	-49	-194
Net income	-8 187	-9 279	-9 000	-7 946
Amortization of goodwill	926	1 148	1 387	1 670
Consolidated net income	-9 113	-10 427	-10 387	-10 080
Group's share in net income	-8 995	-9 987	-10 341	-9 539

- Consolidated revenue includes the ATM sub-group as from 1 June 2019 (7 months). When taking into account ATM's revenue over 12 months, activity reached €20M.
- External expenses include €318K in expenses that no longer exist concerning, in particular, rents and other expenses in connection with sites that have been closed or sold.
- Personnel expenses include €1 165K in expenses concerning employees who are no longer with the company or are currently in the process of leaving.
- Extraordinary income is negative, at -€1 356K, mainly due to latent losses on shares and securities.

Consolidated balance sheet

In €K	2018	2019	2018	2019
Goodwill	3 978	4 452	Share capital	8 817
Intangible assets	2 439	2 410	Consolidated reserves	9 991
Tangible assets	2 426	1 584	Net income	-10 341
Investments	2 669	3 153	Other capital	3 710
Fixed assets	11 511	11 683	Shareholders' equity	12 177
Inventory and receivables	7 187	7 873	Provisions	1 096
Cash	2 512	2 043	Current liabilities	7 520
Total Assets	20 794	21 599	Total Liabilities	20 794
				21 599

- The decrease in share capital is a result of the drop in the share's par value. This transaction took place as a capital decrease via allocation for partial elimination of prior losses.
- Other capital includes €3.4M in convertible loans (*OCEANE* and *ORNAN*). They were converted in full during Q1 2020.
- Current liabilities include financial debts of €2 378K, €543K of which is due within one year.
- Net cash as at 31 December 2019 was of €2 043K, compared with €2 512K at the end of 2018.

Cash-flow statement

In €K	2018	2019
Cash flow from operations	-6 519	-5 541
Cash flow from operating activities	-7 532	-3 768
Cash flow from investing activities	-3 909	-6 900
Cash flow from financing activities	11 863	9 978
Change in cash position	422	-690
Cash at the beginning of the financial year	2 084	2 507
Cash at the closing of the financial year	2 507	1 817

Analysis of the cash flows shows the shift that is underway: cash flow from operating activities is improving, allowing for a decrease in cash flow from financing activities despite the increase in cash flow from investing activities in support of the Group's dynamic growth strategy. All these cash-flow activities made it possible to retain a cash position of close to €2M.

The 2019 accounts are available in detail at www.deltadrone.com

Drawdown of a tranche of ORNAN of €1M of aggregate nominal value in accordance with the financing agreement dated 7 April 2020

In accordance with the authority granted to the Board of Directors by the Extraordinary General Shareholders' meeting of Delta Drone (the "**Company**") dated 24 April 2020 pursuant to its sixth resolution, the Board of Directors:

- approved the principle of issuing 1 000 tranche warrants (the "**Tranche Warrants**"), giving access to 1 000 bonds redeemable in cash and/or new shares (the "**ORNAN**") with share subscription warrants attached (the "**Warrants**") upon exercise, to the investment fund YA II PN, LTD (the "**Investor**"), a fund managed by the US management company Yorkville Advisors, representing a financing of up to €10M of aggregate nominal value; and
- empowered the Chairman and CEO to decide to launch this transaction, to approve its final terms and conditions, to issue the Tranche Warrants and to drawdown the tranches of ORNAN with Warrants attached.

Pursuant to the sub-delegation of authority granted to him by the Board of Directors on 28 April 2020, the CEO decided today to launch this transaction, to approve its final terms and conditions, to issue the Tranche Warrants and to drawdown the first tranche of ORNAN with Warrants attached.

The main characteristics of the Tranche Warrants, ORNAN and Warrants (the terms and conditions of which are available in detail on the Company's website (www.deltadrone.com) under the « Investors » tab) have been presented in a press release dated 7 April 2020.

In accordance with the financing agreement entered into on 7 April 2020 with the Investor, a first tranche of ORNAN with Warrants attached of €1M of aggregate nominal value has been drawdown today, corresponding to the issuance of 100 ORNAN with 22 058 823 Warrants attached.

Prospects for 2020

The effects of the current health crisis and a presentation of our current situation were the subject of an in-depth press release a few days ago (see press release dated 27 April 2020).

It is too early to evaluate the impact of the “post-crisis” period on business activity levels in the coming months. In any event, the 2020 financial year may be atypical, but we cannot determine what it will look like at this point in time.

In this highly unusual context, Delta Drone will continue to implement its 2020 - 2021 plan and do everything it can to reach the goals it has set.

The date of the Annual General Meeting called to approve the accounts will be held on June 15, 2020.

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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