

Delta Drone is now ready for a strong growth dynamic

Dardilly, 18 May 2020

The beginning of the exercise is marked by the commercial success of the new solutions

A few months after the announcement of its commercial launch, the ISS SPOTTER solution has attracted a great deal of interest from a clientele of major industrial groups, both in France and abroad. The first successful sales are first-rate references to convince more and more customers, although the very nature of the system, which is dedicated to enhancing the safety & security of often sensitive sites, requires that the contracts signed be confidential.

Currently, the manufacturing plan is based on the planned production of more than 25 systems in 2020, some of which are expected to be commissioned in the second half of the year.

In this respect, it should be recalled that the installation of a system on site is a relatively long and complex process since it requires, on the one hand, a full environmental analysis and the creation of associated infrastructures and, on the other hand, the integration of the software part into the overall monitoring system already in place.

Building on the success of the ROCKETMINE solution for the mining sector in Africa, the group recently decided to extend its scope to Australia, a country of world-leading importance in the sector.

The merger currently underway of the entities DELTA DRONE SOUTH AFRICA (parent company of Rocketmine Ltd, Rocketmine Ghana and DSL Africa) and PARAZERO Ltd. falls within this strategic framework. Operationally, a new subsidiary ROCKETMINE AUSTRALIA is being created.

The agreements signed between DELTA DRONE and GEODIS concerning the COUNTBOT solution provide for the deployment of systems primarily on sites identified by GEODIS, which will initially be operated by DELTA DRONE teams in the form of service delivery. The implementation plan is being finalized, somewhat delayed by difficulties arising from the current health crisis.

Finally, as the SAFESPRAYBOT solution is a system derived from the Countbot solution, it is best to set an order of priority for the deployment of this newly developed solution. In addition, this schedule allows for taking the time necessary to engage with potential partners, including chemical groups, to optimize the quality of the disinfectant products used. It also makes it possible to wait to know precisely what health rules will be issued by public authorities once a “return to normal” begins.

Taking into account these very promising first elements, the group decided to create five permanent demonstration centres, where the range of solutions will be presented and used in real-life situations during dedicated sessions. They are expected to be operational before the end of this year, and will be located in France, the Czech Republic, Morocco, Australia and South Africa. In the latter country, the demonstration center will be coupled with a training center for drone remotes, hosted on a closed site of more than 20 ha made available by the University of Pretoria.

The end of the shelter-in-place period in France allowed the opening of the new production site in Dardilly to be rescheduled for the end of May. Production is expected to start by early July at the latest.

Regarding the “services” branch, the activity was obviously impacted by the stay-at-home period, during which the data-acquisition missions and training sessions had to be postponed. Conversely, the “traditional private security” activity was not significantly impacted, except for the missions related to the “events” part.

Particular attention paid to securing the financial structure

The unprecedented shelter-in-place situation and the uncertainties associated with the time ahead do not call into question the implementation of the 2020 – 2021 plan and the accompanying objectives. However, at a time when the Group is embarking on a new phase in its history, it became necessary to anticipate any adverse effects of a general economic environment that is likely to be difficult so as to not slow the growth dynamic.

It is with this in mind that we must understand and analyze the Group's recent initiatives:

- On 27 March, a stable shareholding was set up thanks to Ott Ventures' capital investment;
- Signature on 7 April of a €10 million ORNAN contract with the Yorkville Advisors fund, a historic partner of the Group since its change of governance in 2014, subject to the shareholders' approval in an Extraordinary Meeting;
- Extraordinary General Shareholders' Meeting held on 24 April for the purpose of obtaining the necessary authorisations to ratify the ORNAN contract and to carry out any additional fundraising.

Thanks to this mechanism, the issuance of a first tranche of ORNAN of €1 million facilitated the payment in full of operating debts without taking on the risk of bank debt or having to face maturities resulting from payment deferrals in the coming months, while maintaining a satisfactory level of positive cash (above €2 million).

In view of this situation, thanks to the first contracts signed recently for the SPOTTER ISS solution, the proven prospects for the COUNTBOT solution and the launch of the new SAFESPRAYBOT solution, the signing on May 11 of a €1 million loan in the form of convertible bonds entirely subscribed by Ott Ventures marks our reference shareholder's willingness to step up its role by now actively supporting the financing of growth. Discussions are underway with Ott Ventures to set up complementary means to finance the successful execution of the expansion project in Australia, the creation of a new subsidiary in Prague (Czech Republic), the creation of five demonstration centres in France and abroad, and the working capital in connection with the production programme for professional solutions.

Under these conditions, the use of the ORNAN contract could be limited in the short term, depending on the market capitalisation level, so as not to accentuate dilution.

Finally, this week, the Group launched a new version of the www.deltadrone.com website, entirely revamped to better reflect Delta Drone today. This new website, available in English and French, will be progressively translated into other languages.

The Annual General Meeting for the approval of the accounts is set for 15 June 2020 at the head office in Dardilly. The BALO notice was published on 8 May 2020 and is available at www.deltadrone.com.

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.*

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