

Fiscal Year 2020 in line with the implementation of the 2020-2021 plan
Multi-year contracts account for 70% of the activity
The signed order backlog amounts to 31/12/20 to €20 million

January 27th, 2021 at 6 p.m.

- *Consolidated sales in 2020: 13.5 million euros (-16%).*
- *Narrowed revenue decline, given the sale of several loss-making subsidiaries and the termination of structurally loss-making activities (representing 3.8 million euros in sales in 2019), and the interruption of training services and events, due to the health crisis.*
- *Thanks to reorganization efforts, the share of multi-year contracts signed (2 to 5 years) now account for 70% of turnover, of which 20 million euros remain to be billed by 2024.*
- *Continued production of the ISS Spotter and Countbot systems for their next delivery.*
- *Successful development in Australia, with the establishment of the subsidiary Delta Drone International Ltd listed on the Sydney Stock Exchange.*
- *Strengthening the Group's financial strength in order to cope with the uncertainties of the future, arising from the global health crisis.*

The general health crisis context

Regarding the economic world, 2020 was marked primarily by the health crisis. Contrary to the optimistic forecasts born at the end of the first lockdown and maintained during the summer period, the arrival of a second wave of Covid from the autumn strongly thwarted the prospects of a rapid and short-term recovery of activity.

In this context of persistent uncertainty, Delta Drone's strategic choice of limited use of the PGE mechanism (State-guaranteed loan) and the deferral of charges, while normally continuing its deleveraging schedule, seems very cautious in view of the challenges facing the entire economic world, when the end of the period of global crisis will come. It is also in this logic that two new financing contracts, the first of 10 million euros, the second of 25 million euros were signed in April and then in October with the American fund Yorkville Advisors, in order to acquire the means of financing for a dynamic international growth strategy.

The Group's evolution in France

This health crisis situation has led to two major impacts for the Group on the annual turnover level:

- 1) *Delayed revenue billing due to delivery lags of ISS Spotter solutions, especially abroad, and mission scheduled (Countbot solution of warehouse inventories). It should be noted, however, that this turnover is only staggered over time, it will appear in part at the level of revenues (production stored) in the accounts for the year 2020, given the firm order intake already recorded.*

- 2) Cancellation of services, the impact is strongly felt in the training activity and, to a lesser extent, in the private security activity (event sector).

In order to meet the objectives for the 2020-2021 plan, to become profitable, several reorganization operations have been carried out, leading to significant changes in the scope of consolidation and making it more difficult to compare turnover between 2019 and 2020.

These transactions consisted in divesting or stopping activities that had become non-strategic (that represented a turnover of 3.8 million euros in 2019 and 0.8 million euros in the 2020 accounts) and that were heavily in deficit, as well as to strengthen the Group's position in key sectors for future development and for the most part already beneficiaries.

As a result, the Hydrogeosphere, Aer'Ness Interim and Aer'Ness Event entities were sold. All three companies had a turnover of 2.1 million euros in 2019. They amounted to a cumulative loss of several hundred thousand euros.

At the same time, the "career," "antenna inspection" and "snow height measurement" activities were discontinued. After several years of investment, these activities were deemed structurally in deficit, with no reasonable hope of improving their operating conditions, due to the reality of the price level practiced in conjunction with competition. These three activities represented a turnover of 1.7 million euros in 2019 (0.3 million euros in 2020) and also corresponded to a cumulative loss of several hundred thousand euros.

Incidentally, these operations resulted in the disappearance of several secondary sites, Moirans (38), Chavanod (74), Axat (11) and Tarbes (65). Excluding the "private security" activity, the Group is now established in France on two sites: one in Dardilly (69), the other in Nantes (44). For the record, there were 11 French sites two years ago.

In addition, the Group has strengthened very significantly in the capital of ATM Group (private security activity). It now owns 85%, compared to 42.5% previously. The remaining 15% is held by the two founders and executives.

ATM Group, because of its clientele focused on large groups and administrations, is an essential brick of the strategy to gradually "dronify" a very high potential industry: security.

This strategy is aimed at focusing on two business areas:

- **"professional solutions" (Security, Warehouse Inventory, Mines, Entertainment, Onboard Security Systems)**
- **"associated services" (Council, Regulatory Management, Training, SAV, Private Security).**

It is bearing fruit and giving the Group a high profile: the share of the multi-year contracts signed and running now accounts for 70% of turnover and the order book amounts to 20 million euros.

The Group's international evolution

Outside France, the major event of the year was the merger of Delta Drone South Africa's African operations with the Australian-Israeli company ParaZero, culminating in the formation of Delta Drone International Ltd, a structure listed on the Sydney ASX stock exchange (DLT:ASX) and 50.4% owned by Delta Drone SA.

Delta Drone International Ltd's growth strategy is based on three major areas:

- Duplicate the success of Delta Drone South Africa (Rocketmine in South Africa, Ghana, Namibia) in the Australian mining market. To this end, a new subsidiary, Rocketmine Australia, has been established in Adelaide (South Australia), the installation is under way, despite the disruptions caused by the health crisis.
- To ensure the distribution of the Group's professional solutions, including ISS Spotter in the field of security, throughout the Oceania area.
- Integrating ParaZero on-board security systems into all of the Group's systems, while also continuing to market globally, particularly in the United States.

2021 is expected to be a year of deployment, despite the general uncertainty

Today, Delta Drone is clearly organized into two business areas, professional solutions on the one hand, and associated services on the other. From 2021, consolidated sales are expected to be divided at parity between the two poles.

Geographically, the Group is now firmly present on three continents, Europe, Africa, Oceania, with very important development prospects in these three areas.

Detailed accounts for fiscal year 2020 will be decided by the Board of Directors on March 31. They will be the subject of a press release on the same day, after the close of the stock exchange.

***About Delta Drone:** Delta Drone Group is a recognized international player in the civil drone industry 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: FR0011522168

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