

## Sharp increase in operating result

### The relevance of the strategic model asserts itself

- Revenue for the 1st half of 2020: **+16.8%** to € 6.9 M
- EBITDA (1) (corrected for non-recurring items): **€ -0.9 M** (€ -2 M at June 30, 2019)
- Sales/termination of loss-generating and non-strategic activities
- First commercial successes thanks to the organization of two divisions: “professional solutions” and “associated services”
- Accounts in line with the 2020-2021 strategic plan

(1) EBITDA: Operating income before depreciation and amortization and provisions

*Dardilly, September 30, 2020 at 6PM*

(In K€)	FY 2019	S1 2019	S1 2020
Turnover	15 987	5 893	6 885
Other incomes	1 561	695	1 224
Operating expenses (Purchases + ACE)	8 477	3 638	3 833
<b>ADDED VALUE</b>	<b>9 071</b>	<b>2 950</b>	<b>4 276</b>
Personnel expenses	13 985	5 512	6 373
EBITDA (1)	(4 914)	(2 562)	(2 097)
Non-recurring expenses (strategic plan impact)		480	1 167
<b>OPERATING PROFIT before DAP*</b>	<b>(4 833)</b>	<b>(2 082)</b>	<b>(930)</b>
Depreciation & provisions (2)	1 995	996	853
OPERATING PROFIT (1) – (2)	(6 909)	(3 558)	(2 950)
Financial result	513	553	(202)
Exceptional result	(1 356)	(591)	(51)
Depreciation, amortization - Goodwill	1 670	703	920
<b>CONSOLIDATED NET RESULT</b>	<b>(10 081)</b>	<b>(4 544)</b>	<b>(4 403)</b>
EQUITY and similar	9 734	10 230	8 755
NET CASH	1 817	3 494	2 158

\*DAP: Depreciation and provisions

#### 1 – The strategic model is now established

The Group's activity now revolves exclusively around two divisions: the "professional solutions" and the "associated services" division.

The “professional solutions” division corresponds to a range of 5 systems: ISS Spotter (security & safety), Countbot (warehouse inventory), Atmos (events), Rocketmine (mines) and SafeSprayBot (decontamination).

The "associated services" division integrates all the support elements of the value chain necessary for the operability of the systems: operator training, regulatory management, installation, after-sales service, maintenance in operational conditions. It also includes a traditional private security activity that accelerates the dronification of the sector.

As a result of this new organization, several operations have been carried out since the start of 2020 and sometimes later than June 30, the date the half-yearly accounts closed, in part because of the constraints arising from the health crisis:

- Sale of the Hydrogeosphere subsidiary,
- MTSI subsidiary on hold,

- Closure of the Delta Drone site in Moirans (38),
- Shut down of low value-added service activities in France (daily missions with structural losses)
- Complete reorganization of the Delta Drone Africa subsidiary (formerly Delta Drone Maroc)
- Reorganization of the Aer'Ness division, leading to the Interim and Event activities withdrawing from the scope. Coincidentally, Delta Drone now owns 85% of the Aer'Ness division focused on private security,
- Relocation of the head office and opening of a center dedicated to the production and assembly of systems in Dardilly, in an independent building of 2,000 m<sup>2</sup>,
- Creation of a new Rocktemine Australia subsidiary, dedicated to the mining sector,
- Signing of an agreement to bring Delta Drone South Africa closer to the Australian company Parazero Ltd.

For the whole range of professional solutions, business prospects are promising. Specifically, the first commercial successes of the ISS Spotter solution should be particularly commended. Indeed, 10 ISS Spotter automatic version systems, soon to be assembled in the new production site in Dardilly, are scheduled to be delivered and installed at customer sites before the end of the year. They represent a cumulative volume of activity of over € 1.5 M for the contracts total lifetime.



9 ISS Spotter systems being assembled in Dardilly (September 2020)

## 2 – Significant improvement in operating profitability

As expected, the Group keeps on improving its operating structure with the increase in added value, which stood at € 4.2 M compared with € 2.9 M for the first half of 2019 and € 1.0 M for the first half of 2018.

In the first half of 2019, Delta Drone reported an EBITDA (Operating result before depreciation and provisions) of € -2.5 M which had to be restated for non-recurring items (structural measures to lower operating costs through two successive plans) and resulted in a “restated” EBITDA of € -2 M (*cf. Press release of 09/24/19*).

It must be noted that, in facts, the EBITDA for the first half of 2020 did amount to € -2 M, which reflects the consistency and rigor of the analysis.

Given the various events listed above, the EBITDA for the first half of 2020, which amounts to € -2 M, must be restated similarly for non-recurring items resulting in a **“restated” EBITDA of € -0.9 M**.

Therefore, the operating breakeven is now in sight, especially fostered by the development of sales of professional solutions and associated services.

Regarding the consolidated accounting net income, it should be noted that the loss of € -4,403K results in the amount of € 1,773K from calculated charges (allocations) without impact on flows.

### 3 – Soundness of the balance sheet structure and confidence of institutional shareholders

Insofar as the sustainability of a company in the start-up phase in an emerging market is essentially conditioned by the level of cash flow and subject to the vagaries of access to bank financing, Delta Drone has always favored, since 2014, a measured recourse to debt mechanisms.

Thus, as of June 30, 2020, the amount of financial debt is very limited, representing only 24.8% of shareholders' equity and similar. For information, almost the entirety of this debt arises from debts contributed by acquired companies.

In line with this policy of prudence, Delta Drone has only very moderately used the measures set up by the public authorities related to the health crisis, whether it be State guaranteed loan, deferral of charges, partial unemployment, etc.

After the entry on March 27, 2020 of the company OTT Ventures as a new reference shareholder, a second meaningful sign of confidence in the future of the Group materialized. During the summer, between July and September, the company Nextstage, a loyal shareholder of Delta Drone since 2013, exercised over 10 million BSAy, despite a unit exercise price of € 0.075, much higher than the current stock market price.

### 4 – Evolution of the boards of directors

During its meeting, the Board of Directors acted the resignation of Mrs. Anne Trotoux-Coppermann. On the Chairman's proposal, the Board co-opted Ms. Nicole Anschutz as a new director. Ms. Anschutz is Director of Communication and Brand of the Devoteam group, one of the leading players in the digital transformation sector.

### 5 – Confirmation of the 2020-2021 plan objectives

The sharp reduction in operating loss observed in the first half of the year, combined with the successful commercial launch of the solutions, allows to consider reaching operating breakeven. This is perfectly aligned with the objectives of the 2020 - 2021 plan which is based on 3 key axes: a consolidated turnover of € 30 M, a positive operating profitability of 10% as well as 30% of the activity carried out outside France.

The detailed half-year accounts are available on the website [www.deltadrone.com](http://www.deltadrone.com)

**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*

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