

## 2018 financial year: first goals of the 2018-2019 plan have been met

- 82% growth in revenue, exceeding €10M
- Marked increase in added value, which is now positive at €3.2M
- €2.7M decrease in year-on-year expenses
- End of OCABSA agreements

## Goal is for the Group's revenue to exceed €20M in 2019

Dardilly, 27 March 2019

*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
Sales revenue	1 310	5 748	10 449
Added value	-1 946	-141	3 224
Operating income	-8 147	-9 244	-7 846
Net income	-9 113	-10 427	-10 387
Equity and quasi equity	8 438	9 576	12 177
Cash	3 325	2 088	2 512

The Board of Directors met on 27 March 2019 to review and approve the accounts for the 2018 financial year.

### Evolution of the Delta Drone Group

For the first time, consolidated revenue exceeded the symbolic threshold of €10M, thanks to growth of 81.8% compared with the prior financial year. In two years, sales revenue was therefore multiplied by seven.

This rate of increase is the result of sustained organic growth (particularly in Africa with the Rocketmine subsidiary), transactions aimed at external growth (Pixiel) and the creation of the Aer'Ness division.

Revenue was broken down by activity as follows: Industry (25.1%), Safety & Security (24.1%), Mines (16.1%), Events (11%), Lidar (10.1%), Quarries (5.5%), Training (4.9%), Hydrology (2.4%) and Agriculture (0.7%).

Revenue generated outside France represented 16.2%, broken down as follows: 12.3% in South Africa, 3.2% in Ghana and 0.7% in Mexico. Most of the activity outside France was carried out by Rocketmine and its subsidiaries.

## Comments on the consolidated income statement

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

Four key elements stand out on this income statement:

- 1) As mentioned above, the sharp growth in revenue. The increased level of activity helps better “offset” operating expenses.
- 2) The change in added value is without a doubt the vital element of the 2018 income statement. For the first time since its creation in 2011, the Group generated positive added value of €3.2M, which also represents a significant increase. This change is particularly noteworthy in that it incorporates a modification as to how operating expenses are generated: while purchases increased in proportion to the level of activity, the amount of other external expenses dropped by €1.5M, which is a direct consequence of the measures implemented under the 2018-2019 plan.
- 3) Excluding non-recurring charges (in particular personnel expenses concerning employees who left the company), the 2018 restated operating income was around -€6.6M, representing a structural improvement of €2.7M halfway through the implementation of the 2018-2019 plan.
- 4) Extraordinary income was very much in the negative at -€680K. This mainly corresponds to costs in connection with the employees leaving, as well as the fine imposed by the French financial markets authority (AMF) on Delta Drone for issues dating back to 2014 (prior to the new management).

### Comments on the consolidated balance sheet

In €K	2017	2018		2017	2018
Goodwill	3 594	3 978	<b>Share capital</b>	<b>11 246</b>	<b>8 817</b>
Intangible assets	1 168	2 439	Consolidated reserves	5 288	10 037
Tangible assets	2 844	2 426	Net income	-10 427	-10 387
Investments	2 127	2 669	Other capital	3 469	3 710
<b>Fixed assets</b>	<b>9 733</b>	<b>11 511</b>	<b>Shareholders' equity</b>	<b>9 576</b>	<b>12 177</b>
Inventory and receivables	4 515	7 187	Provisions	937	1 096
Cash	2 088	2 512	Current liabilities	5 822	7 520
<b>Total Assets</b>	<b>16 336</b>	<b>20 794</b>	<b>Total Liabilities</b>	<b>16 336</b>	<b>20 794</b>

The balance-sheet structure remains very solid:

- Shareholders' equity represents 58.6% of the balance-sheet total, which is the same ratio as in 2017;
- Financial liabilities (€1 940K in 2018) represented 15.9% of the shareholders' equity (13.7% in 2017);
- Trade receivables amounted to €3 952K at the end of 2018 (compared with €1 964K at the end of 2017);
- The net cash position as at 31 December 2018 was of €2 507K, compared with €2 084K at the end of 2017.

The increase in investments was essentially the result of the end-of-year investment in the Mare Nostrum Group in the form of convertible bonds. This strategic investment is part of the strengthening of the partnership between the two groups, particularly with respect to the Aer'Ness division and Ergasia Campus.

### Comments on the cash-flow statement

In €K	2017	2018
<b>Cash flow from operations</b>	<b>-7 627</b>	<b>-6 518</b>
Cash flow from operating activities	-8 471	-7 530
Cash flow from investing activities	-3 962	-3 909
Cash flow from financing activities	11 192	11 863
<b>Change in cash position</b>	<b>-1 241</b>	<b>423</b>
Cash at the beginning of the financial year	3 325	2 084
Cash at the closing of the financial year	2 084	2 507

In accordance with the 2018-2019 plan, the 2018 financial year showed an improvement in cash flow from operations (more noticeable when looking at the decrease in year-on-year operating expenses) and maintained an acceptable level of cash.

At the end of March 2019, the Group's net available cash amounted to approximately €3.4M.

The last 300 OCA (bonds convertible into shares) resulting from the third OCABSA (bonds convertible into shares with attached warrants) contract were issued in January 2019, and this marked the end of this type of financing as the Group no longer wishes to turn to this sort of financing that is dilutive for the shareholders.

This transaction was accompanied by the allocation of free stock warrants (BSA) to all shareholders, i.e., the BSA J, listed on Euronext's Alternext market (ISIN code: FR0013400983). For 12 months (until

16 February 2020), three 3 BSA J make it possible to obtain one new share at €0.093. In addition, if the BSA J are exercised before 14 April 2019, one free BSA Y is allocated for every new share and, for four years (until 1 February 2023), the BSA Y make it possible to obtain one new share at €0.136. The BSA Y are also listed on Euronext's Alternext market (ISIN code: FR0013400991).

In view of the Group's growth and its positive changes, this provides great incentive for shareholders to support the Group under attractive conditions.

### Prospects for 2019

Crossing the symbolic threshold of €10M in revenue provides the Group with a strong base among the players in the field of civilian drones for professional and adds a new level allowing it to handle its business relationships from a more mature position.

Organic growth will be fueled by continued development in Africa, particularly in southern Africa at Rocketmine's initiative. It should also benefit from the early effects of the drone-inventory project carried out in partnership with Geodis.

The two recently announced external-growth acquisitions (DPS and ATM) should be finalized before the end of the first half of the year. They represent a huge opportunity to emerge as a major player in the integration of drones into the safety & security sector by combining traditional methods and new technologies.

They should also significantly contribute to reaching the Group's new goal, which is to exceed €20M in revenue for 2019.

As for the results, the full effect of the 2018-2019 plan, as well as the increase in revenue, strongly favor an improvement in operating income, which should approach breakeven.

***About Delta Drone:*** The Delta Drone Group is a renowned international player in the field of civilian drones for professional use. It offers a complete service, from data acquisition to data processing through a specifically developed information system, including a supply of professional pilots.

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

4 166 666 BSA are also listed on Euronext Growth Paris - ISIN code: FR001329977

BSA J are listed on Euronext Growth Paris - ISIN code: FR0013400983

BSA Y are listed on Euronext Growth Paris - ISIN code: FR0013400991

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