

The ATM Group and DPS are now a part of the Delta Drone Group

Official launch of the 2020 – 2021 plan, which is based on reaching three targets:

- **Consolidated revenue of €30M**
- **Positive operating margin of 10%**
- **30% of revenue generated outside France**

Dardilly, 10 June 2019

As announced on 25 March 2019, Delta Drone finalized the acquisition of 65% of ATM Group SRA's capital at the end of last week. This company controls three operational companies specialized in private security, hospitality and the training of security officers. Concurrently, Drone Protect System is also joining the Group via a 40% equity investment by DDrone Invest, an investment subsidiary that is wholly owned by Delta Drone SA.

These two very strategic transactions are in line with the dronification of an essential sector, i.e. that of security for people and property.

They will also make it possible for Delta Drone to provide complete services, based on business solutions using proprietary and patented technology without using means of data acquisition that are now subject to strict and increasing restrictions in the United States in connection with the protections and confidentiality that are essential when dealing with strategic business information.

The finalizing of these two transactions, as well as the already proven success of the 2018-2019 plan, allows the Delta Drone Group to enter a new phase of its development with the early launch of the 2020-2021 plan.

This plan, which is both realistic and reasonable, aims to reach consolidated revenue of €30M, a positive operating margin of 10% and 30% of total revenue generated by activities outside France by the end of 2021, i.e., exactly 10 years after the creation of the company.

Affiliation of Drone Protect System - DPS

The integration of DPS within the Group brings an automatic surveillance drone solution, i.e., the 3S solution. This system, which was the first authorized by the French Directorate-General of Civil Aviation (DGAC), is the subject of a patent that is currently being extended internationally via a PCT application. The 3S solution is very similar to the Neosafe project developed by Pixiel (a wholly owned Delta Drone subsidiary) over the last three years that has received several international awards.

The convergence of the 3S and Neosafe solutions have made it possible to work on an optimized and reliable common solution for which the first orders have already been placed. Delivery will begin in late 2019.

Nevertheless, it should be noted that there has been a delay in the initial schedule. This delay is due to the questionable tactics of a French competitor that have affected both DPS and PIXIEL; the know-how developed by DPS was the subject of likely fraudulent attempted capture and a number of PIXIEL

engineers were illegally headhunted. In addition to these exceedingly contentious acts, this malicious competitor is relying on inaccurate communications that wrongly imply it has a market position that it is far from having.

Taking over the ATM Group

The ATM Group is being integrated into the Delta Drone Group via the Aer'Ness subsidiary (Mare Nostrum is the subsidiary's second shareholder) in order to optimize synergies between the two entities. Indeed, both have operational subsidiaries with similar or complementary activities: private security, hospitality and training.

- The two private-security companies, ATM Group Sécurité and Aer'Ness Security, together form the sector leader in the Dauphiné region and also have a strong foothold in the Provence-Alpes-Côte d'Azur (PACA) region. Their client portfolio is mostly made up of industrial companies and public administrations, many of which have already expressed interest in the progressive dronification process being implemented.
- The two hospitality companies, ATM Group Accueil and Aer'Ness Event, are very complementary. The former specializes in providing permanent services whereas the latter is more focused on events.
- As for the two training companies, AMF, on the one hand, and Aer'Ness Training, on the other hand, they both expand the services provided by Ergasia Campus, which was created early this year in close collaboration with the Mare Nostrum Group. AMF, which has all the necessary approvals for the training of security officers will be the backbone of the security branch. Aer'Ness Training, for its part, will operate in more than one branch with the training of drone-system operators and pilots.

Two transactions with great potential and multiple synergies

The two transactions mark an important step in the building of the Delta Drone Group. They are perfectly in line with the strategy of dronifying targeted sectors, particularly within an activity sector with very high demand in France and abroad. In this situation, there are currently, beyond claims made in press advertisements, no credible players in the field of security by drone so this represents a major opportunity for Delta Drone to position itself at the forefront.

Finally, when added to the organic growth that remains strong, they make it possible to target total revenue of approximately €20M for 2019 (not including the effect of consolidation adjustments pursuant to changes in the consolidated scope and the dates investments were added to the group).

Launch of the 2020 – 2021 Plan

At a few months prior to its end, the 2018 – 2019 plan is already a success. The three main goals that are the plan's bedrock will be reached:

- The activity's dynamic growth is real, with revenue up sharply; the symbolic threshold of €10M was passed for the first time in 2018. With a 2019 goal of generating total revenue of approximately €20M (not including the effect of consolidation adjustments pursuant to changes in the consolidated scope and the dates investments were added to the group), we will need to see revenue multiplied by 15 between 2016 and 2019. It should be noted that this growth rate requires steady, strong growth at the organic level.
- The decisions made by Management led to a very significant drop in operating expenses. This resulted in a sharp decrease in monthly cash burn (excluding WCR and investments). The

efforts made in 2018 and continued in 2019 should contribute to confirming the improvement of the group's operating ratios.

- With respect to financing and financial structure, the Group ended the final *OCABSA* agreement, thus closing down a funding stream that was necessary but highly dilutive for the shareholders. At the same time, Delta Drone allocated free warrants to all its shareholders and the exercise conditions thereof could prove to be very attractive in view of the stated development prospects. In any event, these warrants represent potential additional resources for the company and an investment opportunity for those who wish to participate in its growth.

In this context, and in view of the recent external-growth transactions, Delta Drone is launching the 2020 – 2021 Plan now, in early June 2019, with its three main end goals:

- consolidated revenue of €30M;
- a positive operating margin of 10%;
- 30% of total revenue generated by activities outside France.

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.*

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www.deltadrone.com

Contacts:



Jérôme Gacoin
+33 1 75 77 54 65
jgacoin@aelium.fr