

### 1<sup>st</sup> half of 2016:

- acceleration of the building of the Group
- goal of €7M in consolidated sales revenue for 2017

(in thousands of €)	HY1 2014	HY1 2015	FY 2015	HY1 2016
Sales revenue	517	400	1 216	498
Revenue	1 102	587	1 337	1 069
Operating expenses	2 017	1 346	3 102	2 031
Personnel expenses	1 992	1 153	2 405	1 842
Allocation to depreciation and provisions	838	731	1 478	1 133
Operating income	-3 745	-2 643	-5 648	-3 937
Consolidated net income	-7 876	-2 948	-5 601	-4 800
Equity & quasi-equity	1 618	6 155	9 587	11 494
Cash	393	5 685	4 399	7 186

*Dardilly, 12 October 2016*

*An action plan followed, first goals reached*

The change in governance that took place on 28 May 2014 started a period, from 2014 to 2016, during which the plan, in view of a rather dismal global outlook, was to start with a phase of restructuring and restoring financial balance and to follow that up with a rebuilding phase in order to create a healthy and solid base from which to look toward future expansion.

This roadmap was followed and everything is now in place for the start of a **strong growth period, firmly geared toward international development, and based on monetizing a complete value chain, unrivaled on the emerging market of civilian drones for professional use.**

The six months that just ended thus represent the last time the consolidated sales revenue will be under €1M for a six-month period, which means we have reached the turning point.

Thanks to this new base, **Delta Drone is now in a position to set a goal of €7M in consolidated sales revenue for 2017, broken down as follows: agriculture & forestry (37%), industrial inspection (23%), Mining Topographic Survey & Imaging (17%), hydrology (8%), hardware sales (12%) and virtual tours (3%). Over 30% of this revenue should be generated by international activities (mainly the United States and South Africa).**

Setting this quantified goal that is specific in terms of activities is a result of both an increasing organic growth and the impact of external-growth operations, completed or scheduled in the short term. If it is reached, it will position Delta Drone among the leading companies worldwide on the market of civilian drones for professional use, when no player is currently generating a significant amount of sales revenue other than from selling or distributing drones.

In all of the targeted sectors, Delta Drone is focusing on a clientele of large accounts, which allows for the expectation that “bird’s-eye-view” solutions will increasingly penetrate their work methods and represents premium sales references.

### *Reinforcement of the financial structure to accompany the creation of value*

In a sector that is burgeoning and - by its very essence - highly capital intensive, building an international group in the field of civilian drones for professional use requires sufficient financial means.

In this respect, since 22 December 2014, Delta Drone has entered into two successive *OCABSA* (convertible notes with attached warrants) agreements with Yorkville Advisors, a US investment firm, representing a potential €30M in additional resources.

To date, €18M has been entered on the Group's balance sheet, €8M of which during the first half of 2016. These significant financial resources make possible:

- the financing of the change in operating expenses and WCR, along with:
  - o the first external-growth operations (acquisition of the Fly-n-Sense company at the end of 2015), which allowed – in record time – the finalizing of a new multi-purpose drone, the Delta X, equipped with many innovative functions;
  - o the setting-up of sales subsidiaries abroad (opening of the Boulder, Colorado, office in the United States in February 2016);
  - o the opening of a post-processing and IT development center in Casablanca under the umbrella of the Delta Drone Morocco subsidiary (7 new employees).
- the strategic investment in companies with expert skills that will be progressively exploited in the chain of value and business solutions (acquisition of a share in Elistair in 2014 and in Zoomez in the first half of 2016).
- an ongoing policy of targeting external growth (announcement of the acquisition of Rocktemine PTY Ltd in South Africa).
- the maintaining a good cash level on an ongoing basis: it was at €7.2M on 30 June 2016.
- the preservation of an extremely healthy and solid balance-sheet structure: on 30 June 2016, cash represented 46.8% of the total balance-sheet assets and the equity and quasi-equity represented 74.9% of the total liabilities.

On the other hand, the *OCABSA* mechanism causes a large increase in the number of shares outstanding, and therefore significant dilution. This obviously affects the investment made by all of the company's shareholders, but the real endgame here remains that dilution will be outweighed by the creation of value in the long term. This challenge has been fully embraced by all of the Group's managers and is now one of their main goals.

### *2016 half-year results that bear the seeds of future growth*

The activity carried out in the first half of 2016 only partially reflects the Group's pace of development:

- Sales revenue was of €498K, both showing the seasonality of invoicing and obscuring the overall improvement in all of the sectors in question. Indeed, the sales revenue for the third quarter is of €393K.
- The operating income was a loss of €3 937K, compared with a loss of €2 643K as at 30 June 2015, representing an increase in expenses of €1 294K, broken down as follows:
  - o a €653K increase in external expenses, mostly representing the costs of setting up Delta Drone America in the United States and Delta Drone Morocco in Casablanca;
  - o a €689K increase in personnel expenses, resulting from the addition of Fly-n-Sense to the consolidated group and the hiring of employees in the United States, South Africa and Morocco;
  - o a €402K increase in allocations to depreciation.
- The net income was a loss of €4 763K, compared with a loss of €2 924K as at 30 June 2015, representing a difference of €1 839K. This was the effect, on the one hand, of the change in

operating income and, on the other hand, of posting the goodwill amortization resulting from the Fly-n-Sense acquisition.

*A secure and clear development trajectory*

Based on the order book and the external growth operations that have been completed or are being finalized, the 2016 financial year as a whole should present a completely different picture:

- the consolidated sales revenue (pro-forma) could exceed €3M, with a significant share being generated outside France;
- the operating income should remain mechanically negative, but without decreasing uncontrollably;
- the order book should also continue its dynamic growth.

**Events after 30 June 2016:**

- 1 July 2016: the company MTSI-Hydrogéosphère sold its hydrogeology, hydrology, environmental topography and environmental measures activity to Dronéo, which has since been renamed Hydrogéosphère.
- 8 August: announcement of an agreement for the acquisition of the assets of NM LLC, a US company. This transaction is subject to two conditions precedent: the result of the due diligence currently underway and approval of the assets by an independent appraiser, on the one hand, and, on the other hand, approval by an extraordinary general shareholders' meeting as the transaction is to be financed by creating new shares. This acquisition is of interest for several reasons:
  - o acquisition of technologies that can be used to improve the security and tracking of drone missions;
  - o acquisition of a client portfolio of large US accounts, potential future users of the warehouse inventory solution developed with Geodis.
- 19 September: signature of the final agreement for the acquisition Rocketmine PTY Ltd, a South African company that is the leader on its market, specifically in the mining industry. This acquisition provides Delta Drone with a solid base to reinforce its development on the growth markets in South Africa.
- 11 October: became a minority shareholder in Donecle via DDrone Invest, a US subsidiary of Delta Drone. The company develops autonomous drone systems that are capable of inspecting large structures 20 times faster than when using current methods. The company's primary focus is the aeronautics market. Donecle offers a 100% automatic inspection solution using a swarm of drones to scan the surface of a plane and catalogue, in real time, the defect or damage found on the fuselage. The inspection is completed in 20 minutes, allowing airlines to save the time it would take to fly from Paris to Toulouse four times with each inspection.

Thanks to these new transactions, Delta Drone confirms its place among the indisputable players in the civilian-drone sector. The relevance of its economic model and its financial soundness are all the more representative of the sector in that they combine audacity and long-term vision. The Group is following its roadmap, building long-term business relationships with large accounts, entering into international agreements and has the financial means necessary to bridge the gap between today and when the market reaches maturity.

Desirous of improving the quality of its relationship with investors, the company is looking at an Alternext public-offer segment transfer before the end of the financial year, and setting up a dedicated communications system.

***About Delta Drone:*** *The Delta Drone Group is a renowned 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. These pilots are trained and certified by EFD, a subsidiary of the Group, and local partners.*

*Delta Drone is listed on the Alternext market of Euronext Paris.*

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[www.deltadrone.com](http://www.deltadrone.com)

Contacts:



Jérôme Gacoin  
+(33) 1 75 77 54 65  
[jgacoin@aelium.fr](mailto:jgacoin@aelium.fr)