

## **Delta Drone specifies its organization and carries out a bond issue**

*Dardilly, 18 July, 2022 at 8 a.m.*

### **The Delta Drone Group consists of four branches**

#### **1 - Delta Drone SA and its satellite companies in France**

In addition to its role as the group's parent company, Delta Drone SA, with the support of several French subsidiaries that work only for the group (Technidrone, Delta Drone Experts, Delta Drone Engineering), specializes in the design and marketing of professional solutions dedicated to two business sectors: security and logistics.

Professional solutions are complex robotic systems, which integrate several high-tech subsets, including drones. What they have in common is that they are autonomous, that means they do not require human intervention to operate, without the presence of operators for their installation and supervision, in particular for safety reasons.

These systems are all protected by patents. They are sold to customers or operated as part of services. In the case of a sale, a set of associated services is offered: analysis of the regulatory and technical environment, prevention plans, site mapping, user training, maintenance in operational condition, after-sales service, etc. The unit price of these systems is always higher than 100 K€ (excluding associated services).

For the security industry, professional solutions are a range of systems marketed under the ISS Spotter brand. The month of June was rich in events: a mission was successfully carried out as part of the Roland-Garros tennis tournament. A few days later, during the Eurosatory show, many demonstrations were organized, allowing several official foreign delegations visiting the Delta Drone stand to operate themselves an ISS Spotter system physically located in Nantes, more than 400 km away. Thanks to a ground station entirely designed and developed by Delta Drone, they could access in real time all the functions to direct the camera, manage the zoom, or focus on points of interest using the "click and go" function. It should be noted that the robustness and operational quality of the system also made it possible to carry out this same type of remote management of the system from Perth in Australia (distance of 15,000 km) and from a site located in the Gulf of Guinea in Africa (distance of 5,000 km).

For the logistics sector, the professional solution is more specifically dedicated to warehouse inventory, marketed under the Countbot brand. After several successful assignments in recent months, a first major transaction has been concluded with L'Oréal, as presented in the press release dated June 27, 2022.

#### **2 - Delta Drone Human Tech and its operational subsidiaries ATM**

Delta Drone Human Tech - DDHT (a company 100% owned by Delta Drone SA) represents the group's "private security" division. Present in Auvergne-Rhône Alpes, PACA and Champagne and acting under the ATM brand, the DDHT sub-group specializes in two types of services: the permanent security of large public or private industrial and institutional sites, and security during major cultural and sporting events.

Regarding permanent security, most contracts are multi-year, thus ensuring a very strong recurrence of turnover. Among many references, DDHT enjoys the trust of customers such as: the Technical and Scientific Police, Soitec, Avery Dennison, the CEA, etc.

In terms of event security, the references are also numerous: Roland Garros Tournament, Meeting of la Ferté-Alais, Cannes Film Festival, NRJ Music Awards, Critéo seminar (Croatia), municipality of Reims, Beaucroissant fair, etc.

DDHT is a key element of the Delta Drone Group's strategy: at a time when the shortage of human resources is becoming structural in the private security sector, and while 3 successive years of major events in France are looming (Rugby World Cup 2023, Olympic Games 2024 and World Expo 2025), there is no doubt that the use of technological means, in addition to security guards becomes an absolute necessity.

In preparation for these tremendous opportunities, DDHT adapts its offers: from now on, systematically, for all calls for tenders concerning the security of both industrial sites and events, DDHT integrates ISS Spotter systems and teams trained in their use into its system.

In order to better mark the combinatorial and non-disruptive effect of this offer, the systems are considered as "cyber agents" complementary to traditional agents and are offered painlessly for the customer within the traditional framework of an hourly cost / agent. Similarly, for any event, mixed teams, composed of security guards and ISS Spotter systems (most often wired) are now systematically marketed.

Last important point to emphasize, the synergies between DDHT and Delta Drone are not limited to the security sector alone. Indeed, it is essentially DDHT staff, previously trained, who are delegated and commissioned to be operators during Countbot inventory missions in warehouses.

### **3 - Delta Drone International and its operational subsidiaries Rocketmine**

Delta Drone International is a company listed in Australia on the Sydney ASX Stock Exchange, a 60% subsidiary of Delta Drone SA (the balance of the capital is held by the public). It is the holding company of several operating companies located in South Africa, Ghana and Australia. Delta Drone International's activity concerns exclusively the provision of drone services, dedicated to the mining and agriculture sectors.

These service activities are mainly based on mapping to assess in real time the operating conditions of the sites and thus improve their management. Increasingly, Delta Drone International is using Lidar technology to improve the performance of services rendered.

In most cases, after a first phase of experimentation, contracts are signed for several years and for significant amounts, up to or even exceeding AU\$ 1 million.

Delta Drone International's activities have been firmly established for several years in Southern Africa and Ghana (Delta Drone International is the leading operator of drone services in Africa), in the commercial development phase in Australia where Delta Drone International has been established since the end of 2020.

#### **4 – UDT – United Drone Technology**

UDT is the investment company (100% subsidiary) of the Delta Drone Group. Far from being an exclusively financial company, UDT aims to build a relevant ecosystem in the drone sector, by taking minority stakes in start-ups with high potential and with which Delta Drone SA is able to develop industrial synergies.

UDT's portfolio is now composed of 5 holdings: three French companies (Elistair, Donecle and Diodon Drone Technologies), a Swiss company (Aero41) and an Israeli company (Sightec).

In terms of synergies, two examples illustrate Delta Drone's approach: the wired ISS Spotter system uses Elistair technology, and it is Donecle's imaging know-how that has enabled the final development of the Countbot solution.

#### **Synthesis: three of the four branches are positive or close to equilibrium**

The two divisions Delta Drone Human Tech and Delta Drone International together represent an annual consolidated revenue base of approximately €16 million, more than 80% of which is made up of multi-year contracts. These branches experience a minimum annual growth of more than 10% in their respective turnover, they generate a positive operating result or very close to balance, they are now autonomous in terms of financing.

The UDT division holds a portfolio of assets whose cumulative value in 2021 was around €8 million, a value doubled compared to the amounts initially invested. As a company whose only activity is to hold minority stakes in the drone sector, UDT does not generate revenue or operating expenses, as the company has no employees and relies on the infrastructure of Delta Drone SA.

The group's financial losses are therefore concentrated on the 4<sup>th</sup> branch (Delta Drone SA). They result from a high operating cost compared to an incipient turnover, which is still insufficient to cover the expenses.

Under these conditions, and despite very promising start-up prospects regarding the commercialization of the ISS Spotter and Countbot solutions, vigorous actions are underway to drastically reduce operating costs.

In any event, the objective is to achieve a situation of financial autonomy by the end of the year at the latest without the need for additional recourse to dilutive financing of any kind.

In support of this objective, a bond issue of a principal amount of €2.4 million has been set up, according to the characteristics described below.

#### **Bond issue**

Delta Drone (the "**Company**") announces the completion today of the issuance of simple bonds ("**OS**") in the amount of € 2,150,000, by the issuance of 43,000 OS with a nominal value of € 56 at a price of € 50 each, representing a bond issue of a principal amount of € 2,408,000.

## Background and reasons for the transaction

The issuance of the OS will allow the Company to pursue its strategy of returning to balance

It is part of the establishment of a mechanism called "*equitization*" of the OS, by (i) the constitution of a management trust for the benefit of the holders of OS who have decided to transfer their OS to the trust and (ii) the issuance of warrants for the benefit of the said trust, the terms and conditions of exercise of which will allow, from an economic point of view, to transform the OS thus transferred into shares.

OS holders will be reimbursed either in cash by Delta Drone or by the net proceeds of disposals of said shares.

## Modalities and legal framework for the issuance of OS

The issuance of the tranches of OS was carried out as part of an issue reserved for the benefit of certain investors.

**Characteristics of the OS:** The terms and conditions of the OS ( the main characteristics of which are presented in Annexe 1) are available in full on the Company's website.

**Nominal value:** The nominal value of the OS is 56 € per OS.

**Subscription price:** The subscription price of the OS is 50 € per OS.

**Minimum subscription amount:** The minimum subscription amount of the OS is € 100,000 per subscriber.

**No listing:** OS will not be the subject of any application for admission to trading on a regulated or unregulated market, in France or abroad.

**Early repayment by hand of the Company:** The Company has the right to repay at any time the OS at 105% de their nominal value e (plus accrued interest).

## Modalities and legal framework for the *equitization* of OS

**Incorporation of a Trust:** The Company will establish no later than September 15, 2022 a management trust (the "**Trust**") managed by Equitis Gestion acting as trustee (the "**Trustee**") under a trust agreement to be entered into between the Trustee and the Company. OS holders have committed to transfer their OS in order to become settlors and beneficiaries of the Trust.

**Issuance of BSA:** In accordance with the terms of the trust agreement, the Company will issue on September 30, 2022 for the benefit of the Trustee, as part of a reserved issue decided on the basis of the 7th resolution of the Combined Shareholders' Meeting of December 27, 2021, subscription credits for shares called "*equitization*" ("**BSA<sub>E</sub>**"), the main characteristics of which are presented for information purposes in Appendix 2, it being specified that their full terms and conditions were subsequently published on the Company's website.

BSA<sub>E</sub> will be awarded free of charge and will be fully subscribed by the Trustee on behalf of the Trust.

A press release will be issued by the Company at the time of issuance of the E BSAs to inform the market of the number of E BSAs issued and the resulting potential dilution.

**Exercise of BSA<sub>E</sub> by the Trustee:** From the date of issue of the BSA<sub>E</sub>, the Trustee, acting on behalf of the Trust, will be responsible for exercising the BSA<sub>E</sub> by offsetting against the claim (in principal and interest) held against the Company in respect of the SO , and then to dispose as and when on the market, under strict terms defined in the trust agreement, the company's nouvelles actions resulting from the exercise of the BSA<sub>E</sub> (the "**New Shares**").

The exercise of the BSA<sub>E</sub> will not give rise to any fundraising for the Company to the extent that the BSA<sub>E</sub> will be exercised only by offsetting against certain, liquid and due claims that the holder of BSA<sub>E</sub> will hold against the Company in respect of the OS.

The length of time it will take to fully repay the OSes brought to the Trust through the *equitization* mechanism will essentially depend on the liquidity of the Delta Drone share in the market.

### **New Shares issued**

The New Shares issued on exercise of the BSA<sub>E</sub> will be ordinary shares bearing current enjoyment which will confer on their holder, upon delivery, all the rights attached to the existing ordinary shares detailed in the Articles of Association of the Company.

The New Shares will be the subject of applications for admission to trading on the Euronext Growth Paris market. They will be immediately assimilated to the existing shares of the Company and negotiable on the same line as the existing shares ( ISIN code: FR0011522168).

***About Delta Drone:*** Delta Drone Group is a recognized international player in the field of civilian drones 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

BSA Y – ISIN code: FR 0013400991

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**Annex 1**

**Key OS Features**

<b>Number of OSes - Main</b>	43,000 OS with a nominal value of € 56 each, representing a total principal amount of € 2,408,000.
<b>Face value</b>	The OS have a face value of € 56 each.
<b>Subscription price</b>	Each OS is subscribed for a unit price of € 50.
<b>Date of issue</b>	July 15 , 2022.
<b>Currency of issue</b>	The issue is made in euros.
<b>Shape</b>	The OS are registered in account in the nominative form.
<b>Transfer</b>	The OS are freely transferable. They are transferred by transfer from account to account, the transfer of the property of the OS resulting from their entry in the securities account of the holder of OS.
<b>Quotation</b>	OS will not be the subject of any application for admission to trading on a regulated or unregulated market, in France or abroad.
<b>Maturity</b>	The OS have a maturity of three (3) years and two (2) months from the date of issue (the " <b>Expiry Date</b> ") and will therefore lapse on September 15, 2025.
<b>Interest</b>	OSs bear a monthly interest of 1%.
<b>Repayment</b>	OS that has not been reimbursed no later than the Due Date at 5 p.m. (Paris time) will be reimbursed by the Company at their nominal value, it being specified that certain cases of early repayment give rise to a refund at a price higher than the nominal value.

## Annex 2

### **Key Features of BSA<sub>E</sub>**

BSA<sub>E</sub> will be subscribed by the Trustee as part of the trust-management agreement.

The holder of BSA<sub>E</sub> will be entitled to choose, at any time during a period of three (3) years from their issue, to exercise all or part of the BSA<sub>E</sub> in New Shares.

Each BSA<sub>E</sub> will give the right to subscribe to one (1) New Share (the "**BSA E Exercise Parity**").

The E-BSAs will be exercised at a price representing 90% of the lowest volume-weighted average daily price of the Company's share, observed on trading days during which the Trust has not sold any shares of the Company among the last fifteen (15) trading days preceding the applicable E-BSA exercise date, without being less than the par value of the Company's share (the "**Exercise Price of BSA<sub>E</sub>**").

The BSA<sub>E</sub> will be exercised only by offsetting against certain, liquid and due claims that the holder of BSA<sub>E</sub> will hold on the Company.

The detailed characteristics of the BSA<sub>E</sub> will be published on the Company's website.