

Strengthening of ISS & Security division Two acquisitions underway:

- **Affiliation with Drone Protect System (DPS)**
- **Takeover of the ATM Group**

Group's target 2019 revenue set to exceed €20M

Dardilly, 25 March 2019

The Delta Drone Group's strategy is based on integrating drones into targeted activity sectors. Instead of trying to impose the use of drones and related technologies in a disruptive way, the Group focuses on a progressive approach that is respectful of the time necessary for the adoption of new uses and presents drones as a new tool to improve task efficiency as well as work safety and security.

This approach starts with the training of personnel, partnering traditional professional skills with learning how to use a drone. The recent founding of Ergasia Campus in collaboration with the Mare Nostrum Group is in line with this thinking, focusing on the employability of the people trained upon completion of the courses offered. It also puts to rest the conflation of recreational and professional drones thanks to the emphasis on raising awareness of compliance with regulations as well as the safety and security of people and property.

Second, it requires, for certain sectors, in particular ISS & Security, a complete line of products and services that combines traditional means with new technologies. Indeed, this is a prerequisite to a better understanding of the business in question and legitimacy in the eyes of potential clients. This is also an opportunity to develop a portfolio quickly of existing and "dronable" clients.

The various assignments carried out in by Delta Drone's ISS & Security division in 2018 thanks to the use of the Orion system, which was created and developed by Elistair, such as the Ferté-Alais Air Show, the Bol d'Or race and the Ryder Cup, as well as the success of the Paris Peace Forum assignment, combining traditional means (security officers provided by Aer'Ness Security) and new technologies (Orion's tethered-drone system), validated the decision to, on the one hand, have a full line of drone solutions and, on the other hand, strengthen our presence on the traditional private-security market by targeting a player in the sector whose client portfolio offers a high potential for drone use.

After several weeks of negotiations and discussion, this week Delta Drone signed two letters of intent simultaneously concerning the integration of the companies Drone Protect System – DPS and ATM into the Group.

Affiliation with Drone Protect System - DPS

The agreement entered into provides for an equity investment by DDrone Invest, a subsidiary that is wholly owned by Delta Drone, of 40% via a reserved capital increase and the acquisition of shares previously held by several private investors. This arrangement allows for the three “operational” shareholders to continue being involved in developing the company’s activity, in particular Philippe Gabet, Chairman and founder of DPS, and Patrice Bar, Director of Operations (and former no. 2 of the French National Police’s Air Division). DPS’s full integration within Delta Drone is scheduled for 2022.

On a technical level, the 3S UAV solution designed and patented by DPS will enjoy the support of Pixiel’s research and engineering department (Pixiel is a Delta Drone subsidiary). In fact, Pixiel has been working for several years on perfecting a similar solution, which allows us to look forward to strong industrial synergy.

On a commercial level, the two solutions developed in parallel by DPS and Pixiel will be distributed in France and abroad via several channels:

- a newly created common business corporation called Neosafe SAS, wholly owned by the Delta Drone Group, also in charge of coordinating with the Group’s foreign subsidiaries;
- several private-security companies with which DPS signed distribution agreements. These companies currently use operational DPS systems for demonstrations under real conditions;
- Delta Drone’s ISS & Security division (including the Aer’Ness sub-group).

Based in La Teste de Buch (33), DPS is a pioneer in the field of surveillance and doubt-removal UAVs. Since 2017, it has held a patent (an international PCT patent application has been filed) protecting the 3S solution (i.e., the concept of a surveillance UAV) and was the first to obtain from the DGAC (French civil-aviation authorities) specific authorization for a UAV flight on an industrial site in southwest France (there is no general authorization in France to date for this type of solution so each instance must be the subject of a specific authorization request).

In 2018, DPS generated revenue of €250K and a breakeven result.

Takeover of the ATM Group

The agreement entered into provides for an equity investment by Aer’Ness, a subsidiary held at 42.5% by Delta Drone, of 65% in ATM Group SRA, the holding company at the head of the ATM Group, via the acquisition of shares from the two original shareholders and an exchange of ATM Group SRA / Aer’Ness Security (subsidiary of Aer’Ness) shares. Upon completion of the transaction, Aer’Ness will own 65% of the ATM Group and 65% of Aer’Ness Security – with the other 35% of the two entities held by ATM’s original shareholders. This equity breakdown aims to eliminate any risk of a conflict of interest between the companies making up the division thus created. Operational management of both structures will be carried out collectively and in coordination by the current management, who have a proven record of over 20 years in the private-security sector.

Based in Montbonnot (38) and operating essentially in the Auvergne-Rhône Alpes and PACA regions, the ATM Group is made up of four companies, i.e., one holding company and three wholly owned operational companies:

- ATM Group SRA, a holding company
- ATM Group Sécurité, private-security company
- ATM Group Accueil
- AMF, a training center certified for security professions (*SSP, SSIAP*)

The Group's activity and development is largely focused on multi-year contracts with clients working in Administration and Service Sectors (53%), Industry (32%) and Commerce (15%).

In 2018, the ATM Group generated consolidated revenue of approximately €11M and posted a positive bottom line.

Two transactions with great potential and multiple synergies

The two transactions announced today represent a major step in the building of the Delta Drone Group. They are perfectly in line with the strategy of integrating drones into targeted sectors, particularly into very high-demand sectors, in France and abroad. In this situation, beyond press announcements, no credible players currently exist in the field of drone security, representing a major opportunity for Delta Drone to take a leading position.

Moreover, they also bring very significant synergies, whether technical, commercial or operational (DPS / Pixiel, ATM Group Sécurité / Aer'Ness Security / Saint Georges Management, ATM Group Accueil / Aer'Ness Event, AMF / Ergasia Campus / TechniDrone / EMD), representing the culmination of building the Group logically and consistently.

Finally, when added to organic growth, which remains steady, they allow the Group to contemplate revenue exceeding €20M for 2019.

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

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