

FY 2020: in accordance with the strategic plan, EBITDA is close to break-even in the second half of the year

March 31, 2021 to 6 PM.

KEY POINTS

- Excluding non-recurring expenses, EBITDA was close to break-even in the second half of the year (negative of 0.65 million euros).
- The volume of activity for the year (revenues) was stable at almost 17 million euros, despite a turnover impacted by billing deferrals related to the health crisis and taking into account 3.8 million euros of sales sold during the year.
- The backlog (signed contracts) is close to 25 million euros.
- At the end of 2020, the group's financial structure is solid, with 12.6 million euros of equity, net cash of 4.7 million euros and limited financial indebtedness of 1.7 million euros.

In K€	FY 2019	2020		FY 2020 <i>a + b</i>
		S1 2020 <i>a</i>	S2 2020 <i>b</i>	
Turnover	15 987	6 885	6 532	13 417
Inventoried products	-1	0	1 573	1 573
Capitalised production	569	1 019	853	1 872
GROSS PROFIT	16 555	7 904	8 958	16 862
Purchases of goods and raw materials consumed	3 208	1 312	2 469	3 781
Other external purchases and expenses	4 844	2 145	2 378	4 523
ADDED VALUE	8 503	4 447	4 111	8 558
Other income and expenses (net)	567	-172	43	-129
Staff costs	13 985	6 373	6 353	12 726
Gross operating income (1)	-4 915	-2 098	-2 199	-4 297
Non-recurring expenses (strategic impact plan)*	1 500	1 167	1 548	2 715
EBITDA - OPERATING RESULT BEFORE DAP**	-3 415	-930	-652	-1 582
Depreciation and amortization and provisions (2)	1 995	853	626	1 479
OPERATING RESULTS (1) - (2)	-6 909	-2 950	-2 826	-5 777
Financial result	513	-202	-381	-583
Exceptional result	-1 356	-51	-2 042	-2 093
Amortization of goodwill	1 670	920	860	1 780
CONSOLIDATED NET INCOME	-10 081	-4 403	-6 459	-10 862
SHAREHOLDERS EQUITY	9 734	8 758		12 571
NET CASH	1 817	2 158		4 731

* Non-recurring operating expenses are those identified in the year corresponding to the activities sold and discontinued, as well as the staff costs of employees who have left and not replaced.

** DAP: Depreciation and amortization allowances and provisions

Improved operational performance:

Revenues:

The inventoried products, essentially 20 automatic ISS Spotter systems, have been marketed or are in the process of being marketed. The shipment and installation of several of these systems had to be delayed due to the health crisis.

The Countbot inventory solution represents the majority of the capitalised production and will allow the development and deployment of the solution in the context of service missions, as soon as the general context is more favourable.

Purchases of goods and raw materials consumed:

For the past two years, it was the launch of industrial production in the first pre-series of professional solutions.

Other external purchases and expenses:

The drop of 300K euros between 2019 and 2020 is a direct result of the management efforts carried out under the 2020-2021 plan.

Staff costs:

The cost reduction of 1.2 million euros also proves the efforts made to follow the plan. It resolutely contributes to the objective of achieving a fixed level of expenses in line with a profitable operation, without jeopardizing the Group's development. Indeed, the staff out of the workforce corresponds to a rationalization of the organization more in line with the Activities of the Group.

Non-recurring expenses:

The sale and discontinuation of several activities and entities that have become non-strategic and structurally loss-making explain the importance of the level reached in 2020. The complete disappearance of these expenses as early as the 2021 financial year will contribute decisively to the objective of reaching the break-even point for the Group.

Financial result:

The financial result increased from a positive balance of 513K euros in 2019 to a deficit of 583K euros in 2020, a deterioration of 1.1 million euros. These movements and their balance are always mostly registered with no impact on cash flow and in connection with the in-depth reorganization of the Group's organization chart.

Exceptional result:

The exceptional result was strongly negative at 2.1 million euros. In particular, it corresponds to costs related to the operations of discontinuation of activities and disposal of entities, in connection with the effects also observed in terms of the financial result.

Equity and related assets:

Thanks to the financing program set up with the investment fund Yorkville Advisors, the Group can continue to pursue its development program with serenity, while securing its financial structure. This strategic choice is reinforced over the months, as the outcome of the health crisis remains uncertain, especially in terms of its inevitable economic consequences, while limiting indebtedness to institutional financial partners whose excessive and uncontrolled recourse would necessarily lead to a dangerous development in the coming years.

Net cash:

As of March 19, 2021, net cash amounted to 3.1 million euros.

Nb. The Group's detailed accounts are available in French and English on the Group's website (www.deltadrone.com).

Continuation of the 2020-2021 strategic plan:

It should be recalled in the preamble that the Group's management is part of the 2020-2021 plan, the three main areas of which are a consolidated turnover of 30 million euros, a positive operating profitability equal to 10% of turnover and 30% of the activity carried out outside France.

The implementation of this plan is based on an organisation in two areas of activity, professional solutions and associated services, on the other hand on dynamic international development, mainly in Africa and Oceania. It requires sufficient financial resources to be carried out because it requires significant investments, both in terms of research and development, and industrialization, as well as in the resources needed for commercial development.

In terms of systems designed and manufactured, it is important to be particularly vigilant at a time when a "new world order" is emerging in the sector of civilian drones for professional use, gradually excluding any components of Chinese origin. Historically, Delta Drone has always chosen proprietary designs by using "on-shelf" components from Asia in a very marginal way. On the other hand, this evolution is likely to turn the tables on many players in the sector, often simple assemblers from purchased technologies.

Finally, it should be stressed that the strategy developed by the Group also relies on taking a stake in companies in the international drone ecosystem, so as to enable Delta Drone to have privileged relationships with innovative companies whose activities are in synergy with its own technical and commercial developments.

In the final analysis, the weight of the health crisis and the related uncertainties, especially over its duration, make it very difficult to project on the future.

The three major axes described in the 2020-2021 plan remain achievable, obviously more random. In this context, the Group continues to focus on achieving a profitability situation. The figures for fiscal year 2020, and even more so in the second half of the year, are encouraging in this regard and put us on the right track.

***About Delta Drone:** Delta Drone Group is a recognized international player in the civil drone industry 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

Also listed on Euronext Growth of BSA Y - Code ISIN: FR 0013400991

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