

Delta Drone continues its reorganization, issues a second tranche of OS and performs a new phase of ORNAN

Dardilly, September 15, 2022, at 6 p.m.

Additional financial resources to support industrial and commercial strategy

On the occasion of the press release dated July 18, 2022, the group had presented its organization in 4 branches, specifying that

"Three of the four branches are positive or close to balance

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 4th branch (Delta Drone SA). They result from a high operating cost compared to an incipient turnover, which is still insufficient to cover the expenses. »

In order to comply with its business plan, which aims to achieve a balance in operating income for the 2023 financial year, Delta Drone has strongly stepped up its actions to reduce the level of operating expenses of the 4th branch (Delta Drone SA and its support subsidiaries in France):

-In recent weeks, Delta Drone and its French subsidiaries Delta Drone Experts and Technidrone have recorded the cumulative departure of 11 employees, including 9 by way of economic dismissal and 2 resulting from resignations. The consequence of these operations will make it possible to start the year 2023 with an annual payroll amount of approximately €1.3 million for these three combined entities (For the record, they represented an annual payroll of nearly €3 million at the end of 2021).

- A programme to reduce general operating expenses has been put in place, which aims to reduce them from €2.5 million to €1.5 million by the end of 2022 at the latest, taking into account the implementation deadlines.
- At the request of its parent company Delta Drone SA, the subsidiary Delta Drone Engineering (design office activity) was placed in safeguard on August 31, 2022 by the Commercial Court of Nantes. This subsidiary employs 14 people and corresponds to approximately €1 million in annual operating expenses. The objective of this approach is to be part of a calendar of a few months at most, devoted to the reorganization of the operation of the entity: it makes it possible to initiate discussions with new customers and / or partners, outside the group, likely to buy "engineering time" in the context of R&D projects and thus to cover all or part of the costs.

In this new configuration, the rationalization of operating costs is closely linked to the achievement of business objectives (sales and services) related to the isS Spotter (security) and Countbot (logistics) professional solutions, to achieve the operating profit balance in 2023.

All solutions combined, the development plan is based on about thirty systems sold and sixty missions carried out in 2023. To date, the progress of many commercial discussions makes it possible to validate the coherence of these objectives

N new bond issue

Delta Drone (the "**Company**") issued on July 15, 2022 43,000 simple bonds (the "**OS**") with a nominal value of €56 at a price of €50 each, for gross proceeds of €2,150,000, as part of an issue reserved for the benefit of certain investors. The 43,000 OS represent a bond issue of a principal amount of € 2,408,000 and constitute the first tranche of a bond issue of a total principal amount of 3. 360.000 €.

The Company announces the issuance today of the second tranche of OS for a gross product of € 8,50,000 as part of an issue reserved for certain investors, by the issuance of 17,000 OS with a nominal value of € 56 at a price of € 50 each, representing a bond issue of a principal amount of € 952,000. The OSes issued today will automatically be assimilated to the 43,000 OS issued by the Company on July 15, 2022.

The issuance of the two tranches of OS has thus enabled the Company to raise a total amount of € 3,000,000.

Background and reasons for the transaction

The issuance of the second tranche of OS, along with the first tranche, will enable the Company to pursue its strategy of returning to balance.

It is part of the establishment of a mechanism called "*equitization*" of SOs, by (i) the constitution of a management trust for the benefit of OS holders who have decided to transfer their OS to the trust and (ii) the issuance of share purchase warrants for the benefit of 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.¹

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 SO

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

OS Characteristics: The OS terms and conditions (the main features of which are presented in the [Appendix](#).) 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 os is €50 per OS.

Minimum subscription amount: The minimum subscription amount of the OS is € 100,000 per subscriber, it being specified that this amount is assessed globally with regard to any subscription already made under the first tranche of the bond issued by the Company on July 15, 2022.

¹ See the Company's press release dated July 15, 2022.

Lack of listing: SOs 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 the OS at any time at 105% of their nominal value (plus accrued interest).

Drawing of a tranche of ORNAN of €1 million in nominal value

In accordance with the delegation of competence conferred on the Board of Directors by the Extraordinary General Meeting of shareholders of the Company on April 24, 2020 under the terms of its 6th resolution, the Board of Directors has, on October 14, 2020:

- approved the principle of an issue of 2. 500 issue vouchers (the "**Emission Vouchers**"), which will give rise, on exercise, to the issue of 2. 500 bonds redeemable in cash and/or new shares (the "**ORNAN**") with share purchase warrants (the "**YA BSAs**"), for the benefit of the ya ii investment fund PN, LTD (the "**Investor**"), a fund managed by the American asset management company Yorkville Advisors, representing a bond financing of a maximum total nominal amount of €25 million; and
- delegated to the Chairman and Chief Executive Officer the power to decide on the launch of this operation, to decide on the final terms, to issue the Emission Vouchers, and to proceed with the issuance of the ORNAN with BSA_{YA} attached.

The main features of the Warrants, ORNAN and_{YA} BSAs (the detailed terms and conditions of which are available on the Company's website (www.deltadrone.com) in the "Investors" tab) were the subject of a press release dated October 14, 2020.

In accordance with the provisions of the financing agreement concluded on October 14, 2020 with the Investor, and making use of the subdelegation granted to him by the Board of Directors during its meeting of April 28, 2020, the Chairman and Chief Executive Officer has decided to draw a new tranche of ORNAN with BSA_{YA} attached.

In this context, a tranche of ORNAN with BSA_{YA} attached of € 1 million in nominal value was subscribed today for a price of € 960,000, corresponding to the issue to the Benefit of the Investor of 100 ORNAN to which 2,631,578 BSA_{YA} are attached. All attached _{YA} BSAs were immediately purchased by Delta Drone for an overall price of €1, before being cancelled.

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: FR 0014009LPO

BSA Y – ISIN code : FR 0013400991

www.deltadrone.com

Investor Contacts:



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

Annex

Key OS Features

Number of OSes - Principal	17,000 OS with a nominal value of € 56 each, representing a total principal amount of € 952,000.
Face value	The OS have a face value of € 56 each.
Subscription price	Each OS is subscribed for a unit price of € 50.
Date of issue	September 15, 2022.
Currency of issue	The issue is made in euros.
Shape	The OSes are registered in account in the nominative form.
Transfer	OSes are freely transferable. They are transferred by transfer from account to account, the transfer of ownership of the OS resulting from their registration in the securities account of the OS holder.
Quotation	SOs will not be the subject of any application for admission to trading on a regulated or unregulated market, in France or abroad.
Maturity	The OSes have a maturity of three (3) years from the date of issue (the " Expiry Date ") and will therefore lapse on September 15, 2025.
Interest	OSes carry a monthly interest of 1%.
Repayment	OSes that have not been reimbursed by 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.