

## **Delta Drone is in exclusive negotiations for the acquisition of substantially all of the assets of NM, LLC based in the US**

**The acquisition of substantially all of the assets of NM, LLC will allow Delta Drone Group to include the QR code technology in its value chain for the tracking and the security of the drones and for the data encryption.**

Dardilly, August 8, 2016 – Delta Drone and the shareholders of the US company NM, LLC, Yorkville Advisors LLC being one of them, have signed a letter of intent (LOI) for the acquisition by Delta Drone of substantially all of the assets of NM, LLC. This LOI provides that the closing of the transaction is subject in particular to (i) the approval by Delta Drone shareholders which will be convened soon for a special meeting in order to vote on the capital increase for the payment in kind for the acquisition of the assets of NM by Delta Drone and (ii) the completion of an auditor's report and an independent appraisal determining the value of the assets acquired and the fairness of the transaction.

The assets related to the transaction are patents and commercial contracts: NM has indeed a large patent portfolio in the field of software related to the QR code technology (Mobile Resolution and Mobile Search). The value of these patents lies currently in the license revenues received from a large number of multinational company clients, in particular from the US, which use these licenses for marketing operations in B to C operations.

For Delta Drone, this transaction appears like a major opportunity to enter the QR code technology field which has 3 primary applications in the civil drone field for professional use:

- Drone identification: through the QR code, the drones will have a data identification linked to management system of the fleet and the telepilots (Deltadrone Cloud Information System), by giving immediate access to all the documentary, monographic and statistic data,
- Securing the drone by encryption between the aerial vector and the ground station: hence, each QR code will be associated to an encryption code of the control signals, between the ground station and the drone which will ensure the confidentiality of all of the flight parameters (takeoff and drone commands, flight plan, etc.)
- Confidentiality of the acquired data during the mission: the QR code will provide an encryption data system by associating information related to the drone deployed and the operation site.

In addition to the contribution of the patents to the business of Delta Drone, this transaction should allow Delta Drone to develop commercial relations with the companies having a license contract.

During the first quarter 2016, the license contracts generated revenues for an amount of \$628k and a net profit of \$226k. This level of past revenues is not a guide for future revenues nor for future profits.

It should be stressed that part of the future license revenues is and will be obtained from a number of outstanding or potential litigations related to the non-payment of royalties by users of these patents. However, the management of these litigations is and will be effected by NM together with a law firm specialized in IP. Within the framework of the LOI, Delta Drone and the shareholders of NM have agreed that 20% of the net amount resulting from all or part of the said litigation will be paid to Delta Drone, the latter not being liable for the prosecution of the litigation.

As of today, it is difficult to evaluate the potential amount of license revenues coming from a positive outcome of these litigations, given the uncertainty and the usual time needed to solve litigations.

None of the employees of the company NM is involved in this transaction.

The LOI provides that the acquisition price will be equal to \$3.5m, paid in full in Delta Drone new shares issued within the framework of the capital increase mentioned above and at a price equal to the lower of: (i) €1.40 and (ii) the volume weighted average price of Delta Drone stock over the 10 consecutive trading days immediately preceding the date of publication by Delta Drone in the "Bulletin des Annonces Légales Obligatoires" of the convening notice of the applicable general meeting.

For the record, Delta Drone announced on June 6th, the prospect of ROCKETMINE's acquisition in South Africa. This transaction is still being finalized, but the calendar is a bit deferred for the purpose of legal adjustments related to local regulatory environment.

Because of summer time in France, the transaction should be officially signed in September 2016 during Electramining trade show in Johannesburg.

***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 such as The Drone Consortium in South Africa.*

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

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