



**DeltaDrone**

DRONIFY FOR A SAFER WORLD

# CONSOLIDATED ACCOUNTS DECEMBER 31<sup>ST</sup>, 2020

Ce document est une traduction de la version en Français des comptes, qui seule fait foi.

This document is a translation of the French version of the accounts, which alone is authentic

## WARNING

The consolidated financial statements attached have the following characteristics:

Total Balance Sheet: 22,491 K€

Turnover: 13,417 K€

Net income: (10,697) K€

Dardilly, March 30, 2021



## 1 - BALANCE SHEET

### Assets

Net values in K euros	Notes	December 31, 2020 (12 months)	December 31, 2019 (12 months)
<b>FIXED ASSETS</b>			
Acquisition goodwill		9 861	9 902
Depreciation		(7 208)	(5 450)
<b>Net</b>		<b>2 653</b>	<b>4 452</b>
<b>Unpaid called capital</b>		<b>0</b>	<b>2</b>
Intangible assets	(1)	9 405	8 762
Depreciation & provisions	(1)	(6 047)	(6 354)
<b>Net</b>		<b>3 359</b>	<b>2 408</b>
Tangible assets	(2)	3 516	6 037
Depreciation & provisions	(2)	(2 381)	(4 453)
<b>Net</b>		<b>1 135</b>	<b>1 584</b>
Financial assets	(3)	2 295	3 242
Provisions	(3)	(53)	(89)
<b>Net</b>		<b>2 242</b>	<b>3 153</b>
<b>Equivalent securities</b>		<b>(423)</b>	<b>84</b>
<b>TOTAL NET FIXED ASSETS</b>		<b>8 966</b>	<b>11 683</b>
<b>CURRENT ASSETS</b>			
Inventories and work in progress net of provisions	(4)	2 685	625
Advances and prepayments		205	
Trade receivables and advances paid, net of provisions	(5)	2 320	3 897
Other receivables	(6) (7)	2 488	2 834
Deferred taxes - Assets	(6) (7)	43	66
Adjustment account	(6) (7)	785	452
Investment securities, net of provisions	(8)	13	902
Availability & Cash Instruments	(8)	4 986	1 141
<b>TOTAL NET CURRENT ASSETS</b>		<b>13 526</b>	<b>9 916</b>
Divested activities - Assets		0	0
<b>TOTAL ASSETS</b>		<b>22 491</b>	<b>21 599</b>



## Liability

Net values in K euros	Notes	December 31, 2020 (12 months)	December 31, 2019 (12 months)
<b>SHAREHOLDERS EQUITY</b>			
Capital	(9)	845	2 031
Bonuses		45 212	34 764
Legal reserve and other reserves		(26 810)	(19 395)
Elimination of securities held in self-control		(233)	(233)
Net income		(10 697)	(9 539)
Regulated provisions			
Investment grants			
<b>TOTAL EQUITY - GROUP SHARE</b>		<b>8 317</b>	<b>7 628</b>
Minority shareholdings		2 039	(1 616)
<b>TOTAL SHAREHOLDERS EQUITY</b>		<b>10 356</b>	<b>6 012</b>
Other Equity	(10)	2 215	3 722
Provisions for risks and charges	(11)	551	637
<i>Including provisions on negative goodwill</i>		42	61
<i>Including provisions for risks of companies integrated in Equity Method</i>			
<i>Including provisions for deferred taxes</i>			
<i>Including post-employment benefits</i>			
<b>TOTAL OTHER EQUITY &amp; PROVISIONS</b>		<b>2 766</b>	<b>4 359</b>
<b>DEBTS</b>			
Bond loans			
Other loans and financial debts	(12)	1 710	1 754
Credit bank overdrafts - Financial instruments - Liabilities	(12)	268	226
Trade payables and advances received	(13)	2 572	2 845
Other debts	(13)	4 608	6 339
Adjustment accounts	(13)	213	64
Divested activities - Liabilities			
<b>TOTAL DEBTS</b>		<b>9 370</b>	<b>11 228</b>
<b>TOTAL LIABILITIES</b>		<b>22 491</b>	<b>21 599</b>



## 2 - PROFIT & LOSS STATEMENT

In Keuros	Notes	December 31, 2020 (12 months)	December 31, 2019 (12 months)
<b>REVENUES</b>			
Turnover	(15)	13 417	15 987
Other revenues	(16)	3 865	1 561
<b>OPERATING EXPENSES</b>			
Purchases and changes in inventories	(17)	8 304	8 051
Taxes other and payments	(17)	423	397
Staff costs	(17)	12 726	13 985
Depreciation and provisions	(18)	1 479	1 995
Other operating expenses	(19)	126	29
<b>OPERATING RESULTS</b>		<b>(5 777)</b>	<b>(6 909)</b>
Income from joint operations			
Charges on joint operations			
Financial products	(20)	64	540
Financial expenses	(20)	647	27
<b>FINANCIAL RESULTS</b>		<b>(583)</b>	<b>513</b>
<b>CURRENT RESULT BEFORE TAX</b>		<b>(6 361)</b>	<b>(6 396)</b>
<b>EXTRAORDINARY RESULT</b>		<b>(2 093)</b>	<b>(1 356)</b>
Profit tax		68	200
Deferred taxes		53	(6)
<b>NET RESULT OF INTEGRATED COMPANIES</b>		<b>(8 575)</b>	<b>(7 946)</b>
Share in ME company results		(507)	(464)
Depreciation charges and acquisition goodwill	(18)	1 780	1 670
<b>CONSOLIDATED NET RESULT</b>		<b>(10 862)</b>	<b>(10 080)</b>
Minority shareholdings		(165)	(541)
<b>NET RESULT</b>		<b>(10 697)</b>	<b>(9 539)</b>



### 3 - CASH FLOW STATEMENT

In Keuros	December 31, 2020 (12 months)	December 31, 2019 (12 months)
Net result - GROUP share	(10 697)	(9 539)
Net result - MINORITY share	(165)	(541)
Depreciation & provisions (net of reversals)	3 234	2 801
Deferred taxes	122	194
Income and expenses with no impact on cash flow	1 255	1 080
Elimination of shares of equity affiliates	507	464
<b>CASH FLOW</b>	<b>(5 745)</b>	<b>(5 541)</b>
Financial expenses variations		
Net operating variation	1 494	1 773
Net non-operating variation		
<b>OPERATING WORKING CAPITAL REQUIREMENT VARIATION</b>	<b>1 494</b>	<b>1 773</b>
<b>Net cash flow from the activity</b>	<b>(4 250)</b>	<b>(3 768)</b>
<b>INVESTMENT OPERATIONS</b>		
Acquisitions of intangible assets	(2 072)	(588)
Acquisitions of tangible assets	(537)	(554)
Acquisitions of financial assets	(280)	(1 795)
Disposal of fixed assets	803	676
Net cash on acquisitions and disposals of subsidiaries	2 988	(4 639)
<b>Net cash flow from investment operations</b>	<b>902</b>	<b>(6 900)</b>
<b>FINANCING OPERATIONS</b>		
Capital increase or contributions	11 161	9 629
Change in other equity	(3 686)	517
Financial debt	379	387
Financial debt deleveraging	(1 591)	(1 306)
Acquisition/Sale of securities in self-control		751
<b>Net cash flow from financing operations</b>	<b>6 263</b>	<b>9 978</b>
<b>CASH FLOW VARIATION</b>	<b>2 915</b>	<b>(690)</b>
<b>Opening cash position</b>	<b>1 817</b>	<b>2 507</b>
<b>Closing cash position</b>	<b>4 732</b>	<b>1 817</b>



#### 4 - CHANGE IN EQUITY STATEMENT

Net values in K euros	Capital	Bonuses	Consolidated reserves	Results for the period	Total "Group Share"	Minority interests	Total equity
<b>Situation as of December 31, 2019</b>	<b>2 031</b>	<b>34 764</b>	<b>(19 628)</b>	<b>(9 539)</b>	<b>7 628</b>	<b>(1 616)</b>	<b>6 012</b>
Allocation of income			(9 539)	9 539	0		0
Increase in capital	2 823	5 964			8 787	2 506	11 293
Capital reduction	(4 009)	4 009			0		0
Change in scope		475	1 628		2 103	1 044	3 147
Exchange difference			425		425	311	736
Result for the period				(10 697)	(10 697)	(165)	(10 862)
Consolidation restatements			71		71		71
Securities held in self-control					0		0
Activation of previous deficits					0		0
Distribution of dividends					0	(41)	(41)
<b>Situation as of December 31, 2020</b>	<b>845</b>	<b>45 212</b>	<b>(27 043)</b>	<b>(10 697)</b>	<b>8 317</b>	<b>2 038</b>	<b>10 356</b>



## 5 - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 5-1 - PERIOD HIGHLIGHTS:

#### *5-1-1 - Evolution of the Group's consolidation scope*

##### 1) MAJOR STRATEGIC DEVELOPMENT IN AUSTRALIA AND ISRAEL

DELTA DRONE and The Australian company PARAZERO Limited, a company listed on the Sydney Stock Exchange, announced in early March 2020 the signing of a letter of intent (LOI) aimed at reaching a major strategic agreement with several components: capital, commercial and industrial.

As part of this, on December 7, 2020, DELTA DRONE INTERNATIONAL Limited (formerly PARAZERO Limited) announced that the capital increase opened to the public, as described in the AsX Prospectus of November 10, 2020, was successfully closed.

Thanks to strong demand from domestic (Australian) and international investors, demand was more than 15% higher than the maximum target amount. As a result, the transaction resulted in a capital increase of AUS 5,000,000 (before fees). The funds raised are intended to implement the development of the Group's activities thus created.

As a result, in accordance with the established timetable, DELTA DRONE INTERNATIONAL has completed the initially defined process of acquiring 100% of DELTA DRONE SOUTH AFRICA's capital from DELTA DRONE and then resuming its listing on the Sydney ASX stock exchange. DELTA DRONE INTERNATIONAL now has two major subsidiaries, since in addition to its takeover of DELTA DRONE SOUTH AFRICA and its subsidiaries, it also owns 100% of the Israeli company, PARAZERO.

In terms of capital ownership, as of December 22, 2020, DELTA DRONE owns 50.41% of DELTA DRONE INTERNATIONAL's shares, and has, thus far, become the majority shareholder.

It is recalled that:

- a) Delta DRONE SOUTH AFRICA's main business is to offer, under the ROCKETMINE brand, professional solutions and related services for the mining sector in Africa (South Africa, Ghana, Namibia, Ivory Coast, etc.). The clientele consists of large multinational groups (GLENCORE, ANGLO-AMERICAN, EXXARO, SOUTH 32, NEWMONT, etc.) with a large presence in Africa and Australia, many of which are Australo/South Africans.

The quality of the services provided has recently enabled the ROCKETMINE brand to receive the Excellence in Technology Award at Mining Indaba 2020.

The operation establishes a first base for implementation to initiate, initially, the expansion of mining solutions and services in Australia, a major mining country worldwide, especially since a subsidiary of DELTA DRONE SOUTH AFRICA was established in Australia, in Adelaide, with the name, ROCKETMINE AUSTRALIA.





Subsequently, the transaction is to commercialize the Group's other solutions, including the ISS SPOTTER security solution.

- b) For its part, PARAZERO IL is a company specializing in the design and commercialization of a full range of safety systems for drones, which are the first systems to be approved in the United States by the FAA. The National Civil Aviation Agency of Brazil has approved the first drone delivery operation carried out by SPEEDBIRD AERO, thanks to the use of the PARAZERO safety system. Beyond that, PARAZERO IL is above all an Israeli high-tech company, at the heart of global aeronautical and electronic innovation.

The entry of PARAZERO IL into the DELTA DRONE Group will strengthen the research and development teams, which will now be divided between PIXIEL in Nantes and PARAZERO IL in Tel Aviv. All drones integrated into the solutions developed by the Group will also be able to gradually integrate PARAZERO safety systems.

## 2) DISPOSAL OF HYDROGEOSPHERE

At the beginning of July 2020, all the securities held by DELTA DRONE within HYDROGEOSPHERE SAS were sold to 3D COMPANY SCANNING INGENIERIE SARL.

This operation was initiated with the aim of allowing a refocusing of the activities of the DELTA DRONE Group around its core business, while preserving the professional future of its former HYDROGEOSPHERE employees, who join a Group whose activity is strictly to that carried out in their entity.

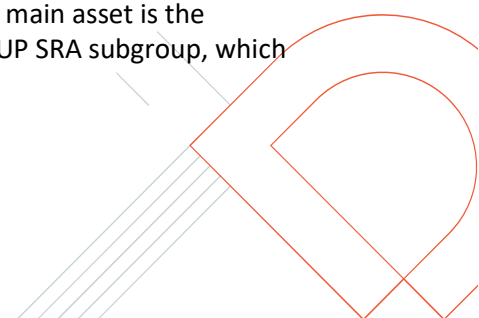
As of July 1<sup>st</sup>, 2020, HYDROGEOSPHERE has exited the Group's consolidation scope.

## 3) REORGANIZATION OF THE AER'NESS CLUSTER

In September 2020, the DELTA DRONE and MARE NOSTRUM groups reached an agreement to reorganize their respective participation, in order to strengthen the development of the various activities of this cluster, which includes several operational subsidiaries, mainly AER NESS INTERIM, ATM GROUP SRA, AER NESS EVENT and AER NESS TRAINING.

The agreement was reached in four concurrent phases:

- First phase: the MARE NOSTRUM Group has acquired from AER NESS, 100% of the subsidiary AER NESS INTERIM and 65% of the company AER NESS EVENT (the remaining 35% being held by management). This operation allows DELTA DRONE to disengage from any capital involvement in the temporary work sector, a direct consequence of less use of remote pilots to carry out service missions and its strategic orientation based on professional solutions incorporating fully automatic drones. For its part, MARE NOSTRUM, a recognized specialist in the human resources sector, is strengthening its commercial positions and will thus be able to freely integrate the two companies within its scope.
- Second phase: the MARE NOSTRUM Group has sold its 42.5% stake in AER NESS to DELTA DRONE, which becomes the majority shareholder at 85%. AER NESS's main asset is the majority holding (65%), alongside the management, of the ATM GROUP SRA subgroup, which



specialises in the private security sector through its subsidiary ATM GROUP SECURITE (itself having absorbed the company AER NESS SECURITY in December 2019). This operation should enable DELTA DRONE to accelerate the ongoing development of the "dronification" of the private security sector. At the same time, it allows MARE NOSTRUM to divest from a non-strategic asset, at a time when the context of the health crisis is prompting its efforts to focus on its areas of expertise.

- Phase three: DELTA DRONE sold all of the shares held during the IPO of MARE NOSTRUM to MARE NOSTRUM, which acquired them as part of its share repurchase program.
- Last phase: DELTA DRONE has sold to MARE NOSTRUM the 50% stake held in ERGASIA CAMPUS.

From the beginning of the second half of 2020, the consequences of this agreement on the consolidation scope are the exit of the companies AER NESS, AER NESS EVENT and ERGASIA of the latter and the strengthening of the percentage of control of AER NESS in ATM GROUP SRA and its subsidiaries (55.3% against 27.6% currently).

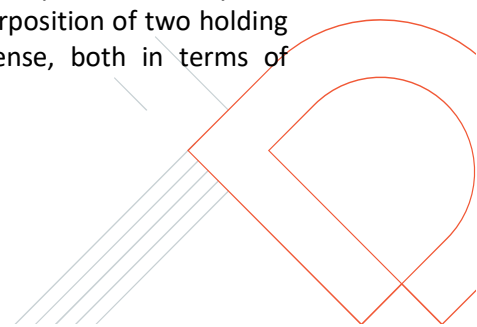
These joint transactions are carried out in a friendly and concerted manner and are essentially based on share exchanges and debt offsets. As a result, they do not result in significant cash flows for any of the parties.

Finally, in October 2020, the reorganization of the AER NESS division was completed by the purchase of the 15% of the umbrella company, AER NESS, still held by a minority physical shareholder, thus bringing the capital ownership of DELTA DRONE to 100%.

#### 4) MERGER OPERATIONS

Also, with the aim of streamlining the organization chart of the DELTA DRONE Group and thus reaching the organization targeted in the strategic plan 2020-2021, merger operations under the scope of the realization of Universal Heritage Transmission, were carried out during the month of December 2020:

- a) PIXIEL DRONE SERVICES (SARL), a 100% subsidiary of PIXIEL, was merged with its parent company, due to the company's lack of activity and the pointlessness of keeping it as it is.
- b) ASF (SARL), a wholly owned subsidiary of AER NESS, has been merged with its parent company. This entity was initially retained with the aim of centralizing the activities of the AER NESS cluster in the south of France. The establishment of the ATM Group in the relevant traffic area has rendered the conservation of ASF unnecessary.
- c) It is recalled that DELTA DRONE has held 100% of AER NESS since September 2020 and that the latter owns 65% of the ATM Group's umbrella company, ATM GROUP SRA, the holding company controlling the Group's operational entities in the areas of private security and related activities such as hospitality and training. Therefore, the interposition of two holding structures, AER NESS and ATM GROUP SRA, no longer made sense, both in terms of



organisation and in economic terms (induced operating cost). With this in mind, AER NESS was merged with its parent company, DELTA DRONE.

- d) Finally, D-DRONE INVEST FRANCE, a company operating in minority stakes in high-potential entities, was also merged with DELTA DRONE, its parent company.

This transaction is the first step in a major reorganization of the Group's minority ownership strategy in entities with strong synergies and allowing it to build future partnerships in order to benefit from the technological bricks needed to develop its solutions.

It is in this process that the company UNITED DRONE TECHNOLOGIES (SAS) was formed at the beginning of 2021 to respond to this strategy.

### 5-1-2 - Important Events of the Period

#### 5) IMPACTS OF THE HEALTH CRISIS RELATED TO COVID19

Both at the national and international level, the 2020 financial year was particularly marked by the consequences of the health crisis linked to COVID.19

With regard to the DELTA DRONE Group, measures have been taken following the implementation of strict internal procedures for several months. For example, a PCA (Activity Continuation Plan), a Group IT Charter and a Crisis Watch Cell, organized by the Group's Security Manager, made it possible to make early arrangements adapted to the context and its evolution.

At the same time, the Group's Governance has ensured that most of its financial commitments (suppliers, providers, agencies and administrations) are not systematically and massively deferring, so as not to create, at the time of exit from the crisis, a throttling effect linked to the accumulation of charges still to be disbursed. In order not to obstruct the Future of the Group and to guarantee its financial capacity, measures have also been implemented in order to have the financial resources necessary to ensure its continuity of operations.

Thus, the financial consequences of Governance decision-making are:

#### a) *Social security contributions lag:*

In view of the difficulty of apprehending at the beginning of the health crisis the impact it could have on the Group's cash level, it was decided to shift the payment of THE URSSAF and pension contributions, to be paid in February and March 2020.

As of April, the payment of these contributions has been resumed on normal terms.

To date, the staggered pension contributions have been paid almost in full and the remaining balance will be paid at the end of September 2020. With regard to the URSSAF contributions, the Administration has indicated amicable settlement plans that will be implemented in the 2021 financial year.



The amount of URSSAF contributions to be paid under the February and March 2020 lags amounts to 199K euros.

*b) Obtaining the State Guaranteed Loan (PGE) (Loan Guaranteed by the State):*

Also in the interest of optimal management of the Group's cash flow in the particular health context, a request for PGE was made to the reference financial institution of DELTA DRONE and ATM GROUP SECURITE. Thus, after the investigation of the file, the PGE granted amount to 133K and 250K euros respectively.

The Group's applications have been calibrated so that it can be used in case of need, without obstructing the Group's financing capacity when it is recovered from these ESPs.

*c) The introduction of telework and the use of partial unemployment:*

The main measures taken by Governance have been the systematic use of telework coupled with paid leave. Marginally, the use of partial unemployment is carried out when no activity can be carried out because of the nature of the tasks to be carried out (this concerns about thirty people within the Group's overall workforce). Some sick stops have also been recorded, mainly under the "childcare" mechanism.

6) IMPLEMENTATION OF THE 2020-2021 PLAN

The 2020-2021 plan, announced in June 2019, is based on three major areas, which are, at the end of the plan, a turnover of 30 million euros, a positive operating profitability of 10%, and a 30% share of activity carried out outside France.

Continuing the efforts of the previous plan (the 2018-2019 plan), and given the opening of the new Dardilly site (delayed by a few weeks due to the health crisis), as of December 31, 2020, the Group only had two main sites in France, Dardilly and Nantes, excluding the autonomous sites dedicated to traditional private security activity, located in Grenoble, Valbonne and Cannes (for the record, the Group managed, excluding private security activity, 11 sites in France at the beginning of 2018).

This rationalization approach has resulted in fiscal year 2020:

a) Moirans site closed (38 isère):

Given the Group's installation in the new premises in Dardilly, which provided approximately 1,000 square metres of office space and 1,000 square metres of warehouses/workshops, the conservation of the Moirans site had no justification or purpose. Although reclassification solutions on Dardilly were offered to site staff, none of them were successful. In parallel with the social procedures put in place in this framework, a recruitment campaign for technicians was undertaken at the main French site of DELTA DRONE and resulted in several hires, staggered from March to July.

b) Disposal of HYDROGEOSPHERE:

As noted above, the sale of HYDROGEOSPHERE was finalized, effective July 1, 2020.

c) Implementation of a fundamental reflection on MTSI:



Indeed, the occurrence of several events during the first half of 2020, led the Group's Governance to organize a reorganization of this company:

- i) In agreement with the LEICA GEOSYSTEMS Group, the contract for the distribution of snow measurement solutions ended on 31 March 2020. This early decision was not induced by the consequences of the health crisis in Covid19. However, significant impacts have weighed on the activity of winter sports resorts in 2020 and will undoubtedly also have significant impacts in terms of investments in this area of activity in future years.
- ii) Some of the company's staff have resigned in order to carry out career reorientations abroad.

Since then, the Chavanod site (74) was closed on the 2nd semester of 2020 and the company's head office has been repatriated to the Dardilly site, thus being part of the process of centralising the various activities, which has been under way since 2018.

- d) Rationalization of the Group's organization chart:  
The various merger operations initiated at the end of fiscal year 2020 have enabled the finalization of the Group's organisational objective with regard to its French subsidiaries and holdings.

All of these reorganization efforts will mechanically result in a significant saving in expenses (rents, management fees, telecom and Internet links, travel expenses, etc.). Following the departure of some employees, they also lead to a simplification of the organisation and a reduction in the wage bill, while being much more in line with the Group's development axes and with the objectives set by the Governance.

Thus, as of December 31, 2020, the combined effects of all of these elements give rise to the following analysis:



In Keuros	December 31, 2020 (12 months)	June 30, 2020 (6 months)	December 31, 2019 (12 months)
Turnover	13 417	6 885	15 987
Inventoried products	1 573	0	(1)
Capitalised production	1 872	1 019	569
<b>GROSS PROFIT</b>	<b>16 862</b>	<b>7 904</b>	<b>16 555</b>
Purchases of goods and raw materials consumed	3 781	1 312	3 208
Other external purchases and expenses	4 523	2 145	4 844
<b>ADDED VALUE</b>	<b>8 558</b>	<b>4 447</b>	<b>8 503</b>
Operating subsidies	147	61	490
Taxes, duties and related payments	423	231	397
Staff expenses	12 726	6 373	13 985
<b>GROSS OPERATING INCOME</b>	<b>(4 444)</b>	<b>(2 095)</b>	<b>(5 389)</b>
Transfers of expenses	213	118	206
Other operating incomes	60	26	297
Other operating expenses	126	146	29
<b>OPERATING RESULTS BEFORE ENDOWMENTS</b>	<b>(4 297)</b>	<b>(2 097)</b>	<b>(4 915)</b>
<b>RESTATEMENT (1)</b>	<b>2 715</b>	<b>1 167</b>	<b>1 500</b>
<b>OPERATING RESULTS BEFORE RESTATED ENDOWMENTS</b>	<b>(1 582)</b>	<b>(930)</b>	<b>(3 415)</b>
Depreciation and provisions	1 479	853	1 995
<b>ACCOUNTING OPERATING RESULTS</b>	<b>(5 777)</b>	<b>(2 950)</b>	<b>(6 909)</b>

(1) - A reprocessing of operating income before endowments as of December 31, 2020 can be carried out as follows:

- Movements recorded on the 2020 workforce: the Group's wage bill may be reprocessed in the order of 1,708 K euros (expenses incurred in 2020 but which, in the absence of replacement planned as a result of the internal reorganization carried out, will not be renewed in the coming years);
- Non-recurring operating expense savings incurred in 2020 for 372 K euros.
- Impact of the refocusing of activities at the Dardilly site, leading to a reduction in rent and associated expenses in the order of 176 K euros.
- Impact of the 2020 perimeter changes (including the sale of HYDROGEOSPHERE, the sale of AER NESS INTERIM and AER NESS EVENT and the impact on DELTA DRONE AFRICA of the discontinuation of the Group's traditional activities), leading to a reduction in the operating deficit before endowments of around 459 K euros.

As a result, operating income before depreciation and amortization at December 31, 2020 would be (1,582) K eur. This approach is consistent with the objectives set out in the 2020-2021 plan.



## 7) EVOLUTION OF THE GROUP'S FINANCING RESOURCES

### **END OF THE "BSA<sub>i</sub>" exercise period RELATED TO THE OCTOBER 2016 OCABSA CONTRACT**

In order to enable the Group's development and the financing of its activities, OCABSA's third contract, from October 2016, resulted in the issuance of 2,500 OCABSA of 10,000 euros of nominal value.

As of February 4, 2019, the DELTA DRONE Group announced in a press release the latest issue of 300 OCABSA of 10,000 euros of face value, marking the final stage of the OCABSA contract in October 2016, and at the end of which the company expressed its wish to no longer use this type of dilutive financing for shareholders.

Concomitantly, following the delegation voted by the Extraordinary General Meeting of December 13, 2018, the Board of Directors decided on February 1, 2019, to grant free share warrants (BSAs) for all shareholders.

Thus, each DELTA DRONE shareholder has been allocated a free BSA called "BSA<sub>j</sub>" for one share held in DELTA DRONE as of February 15, 2019. Three BSA<sub>j</sub> allow the subscription of one DELTA DRONE share at the exercise price of € 0.093. Thus, theoretically, the exercise of all the BSA<sub>j</sub> must lead to a capital increase of € 3,194,743.44, i.e. the creation of 34,352,080 new shares.

The duration of exercise BSA<sub>j</sub> being equal to 12 months from their assignment, their date of absence was therefore fixed on February 18, 2020. They were listed on EURONEXT GROWTH.

Furthermore, the Board of Directors wishing to favour the most committed shareholders alongside the Group to participate in its development, during a period of two months from the first day of listing of BSA<sub>j</sub> on EURONEXT GROWTH, any shareholder proceeding with the exercise of BSA<sub>j</sub> under the above conditions will hold a new share, to which is attached a free BSA allowing the subscription of a new share of DELTA DRONE. This new BSA, called "BSA<sub>v</sub>" is fungible with the 22,058,823 BSA created on February 1, 2019 as part of the last drawdown of the OCABSA program.

A BSA initially allowed you to buy a DELTA DRONE share at an exercise price of 0.136 euros. Thus, theoretically, the exercise of all BSAs must contribute to a capital increase of 4,671,882.88 euros, or the creation of 34,352,080 new shares.

The BSA<sub>v</sub> have exactly the same characteristics as the 22,058,823 BSA created on February 1, 2019, namely, an exercise period of 4 years, i.e. a fixed lapse as of January 31, 2023. They have been admitted to trading on EURONEXT GROWTH.



The impact on delta DRONE's share capital, since the date of the issuance of BSA<sub>j</sub> and BSA<sub>y</sub>:

	In unit		In capital amount (based on the nominal value of the shares) a)
	BSA exercised	Shares created	
Exercise of BSA <sub>j</sub>	64 645 761	21 548 587	1 710 561
Exercise of BSA <sub>y</sub>	13 164 826	13 164 826	22 282
Including impact of exercises during 2020		BSA <sub>j</sub>	49 137
		BSA <sub>y</sub>	13 121

a) It should be noted that the contribution amount of social capital is impacted by the decision taken by the AGE of 18 November 2019 and 24 April 2020, respectively, consisting of the reduction of the face value of DELTA DRONE's shares from 10-euro cents to 1 euro cent and from 24 April 2020, to one tenth of a euro.

In addition, a special General Meeting of BSA<sub>y</sub> holders, convened on June 15, 2020, approved the modification of the exercise price of said BSA<sub>y</sub> (€ 0.075 compared to € 0.136 previously) as well as their exercise parity (the exercise of a BSA<sub>y</sub> giving the right to one share).

#### **JUNE 2019 OCEANE CONTRACT:**

As of June 28, 2019, DELTA DRONE issued 341,946 convertible and/or exchangeable bonds in new and/or existing shares ("OCEANE") representing a bond of 2,632,984,20 euros and bought all outstanding BSA issued for YORKVILLE as part of the draw of the first eight financing instalments of the OCABSA operation set up on 27 October 2016 (which is thus sold out, with the exception of the 180 OCA still in circulation as of June 30, 2019), or 39,064,042 BSA, for payment of a sum of 394,689 euros paid by debt compensation with a portion of the subscription price of the OCEANE.

It is specified that the OCEANES were fully subscribed by the YA II PN, Ltd. fund as part of a reserved issue.

This transaction is part of the 2020-2021 plan (announced by press release dated June 10, 2019) which aims to achieve a consolidated turnover of 30 million euros by 2021, a positive operating margin of 10% and activity outside France representing 30% of the total.

To ensure the success of this plan, it is necessary to strengthen the group's financial resources, in order to be able to finance with serenity the investments and resulting WCR (Working Capital Requirements).

In addition, the opportunity to buy back the 39,064,042 BSA, which were held by YORKVILLE after the OCABSA draws between October 2016 and June 2019, is in line with the desire to control the dilutive impact of the financial instruments in circulation since on these acquired BSAs, a board of directors at the beginning of July 2019 cancelled 26,718,363. Only those in Tranche 8, or 12,345,679, remain in circulation as of December 31, 2019.





*The main characteristics of OCEANE bonds are as follows:*

- The OCEANE will have a face value of 7.70 euros each and their subscription price will be equal to 95% of the par. They will not be of interest (except, by exception, in the event of a default) and will have a maturity of 18 months from the time they are issued.

When they mature, or at the request of their holder in the event of failure to issue new shares or deliver existing shares on the conversion of OCEANES, or to the occurrence of a default, unconverted OCEANE will have to be reimbursed at the same price with interest due, if any, by the company DELTA DRONE.

- OCEANES may be converted into Delta Drone shares at the request of their holder during any trading session, according to the following conversion parity: each OCEANE will give the right to subscribe to 100 DELTA DRONE shares (the "Initial Conversion Ratio"), subject to legal or contractual adjustments following the implementation of protective measures of holders of securities giving access to capital.

At the expiry of each 3-month period following the issue date of the OCEANE (a "Reset Date"), the number of DELTA DRONE shares issued or to be returned by the Company to each OCEANE holder upon conversion of an OCEANE will be adjusted to be equal to the highest between:

1. (a) The OCEANE par divided by (b) 90% of the volume-weighted average price in the last three trading sessions preceding each Reset date (rounded below the nearest one hundredth), trading sessions during which the HOLDER of OCEANE agrees not to sell DELTA DRONE shares on the market (the "Resets" Conversion Ratio, and together with the Initial Conversion Ratio being the "Conversion Ratio").
2. The Conversion Ratio immediately applicable before the Reset Date considered.

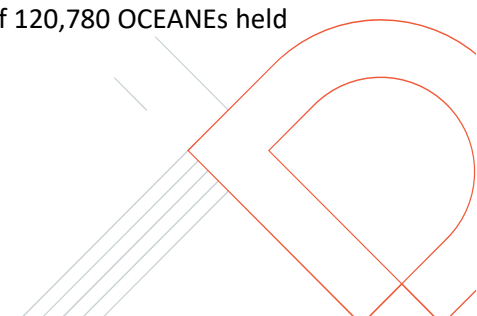
It is specified that the Conversion Ratio will be determined at three decimal places after the comma and rounded to the nearest thousandth (0.0005 being rounded to the top thousandth).

If the issuance of new shares or the surrender of existing shares involves the issuance or remission of a fraction of the share, the Company will round this fraction of the stock to the nearest lower entire.

The OCEANES, which will be freely transferable, will not be the subject of an application for admission to the EURONEXT GROWTH PARIS market negotiations and will therefore not be listed.

The new shares which may be issued upon conversion of the OCEANE will bear current dividend rights. They will have the same rights as those attached to the existing common shares of DELTA DRONE and will be the subject of an admission on the market of EURONEXT GROWTH PARIS on the same listing line.

The Board of Directors, in its meeting on 29 November 2019, authorised the acquisition by D-DRONE INVEST France, a wholly owned subsidiary of the Company, of 120,780 OCEANES held



by the YA II PN, LTD fund. and issued as part of the funding programme set up on 27 June 2019 for 930K euros.

On March 27, 2020, the Group signed an agreement with the European investment company OTT VENTURES, under which OTT VENTURES acquired from DDRONE INVEST, a subsidiary of DELTA DRONE, all of the 120,780 OCEANEs it held. All of these OCEANEs have been converted by OTT VENTURES.

As of December 31, 2020, all OCEANEs related to this contract have been converted into shares.

**DECEMBER 2019 ORNAN CONTRACT:**

In accordance with the delegation of jurisdiction conferred on the Board of Directors and approved by the Extraordinary General Meeting of DELTA DRONE Shareholders on November 18, 2019, under its 6th resolution, the Board of Directors on November 29, 2019:

- approved the principle of issuing 300 emission vouchers that give rise to, 300 bonds repayable in cash and/or new shares (the "ORNAN") with share warrants (the "BSAs") representing a nominal bond amount of up to 3 million euros for the YA II PN investment fund, LTD., a fund managed by the U.S. management company YORKVILLE ADVISORS, and
- delegated to the President and CEO the power to decide the launch of this operation, to decide the final terms and to issue the warrants.

Using the sub-delegate granted to him by the Board of Directors of 29 November 2019, the Chairman and CEO today decided to launch this transaction, to decide the final terms and to issue the so-called Emission Vouchers.

THE ORNAN are to be issued in two instalments. The total nominal amount of the first instalment is equal to 2 million euros. The total nominal amount of the second instalment will be equal to 1 million euros.

*The main features of ORNAN are:*

- THE ORNAN have a face value of 10,000 euros each and are subscribed at 99% of their face value.
- ORNAN have a maturity of 12 months from the time they are issued. When due at maturity or in the event of a default, unconverted ORNAN will have to be reimbursed by the Company at nominal value (increased accrued interest, if applicable). ORNAN do not carry interest (except in case of default).
- If the Company chooses to allocate new shares to be issued, the number of shares to be returned to the Investor on the date of Conversion will be equal to:



$$N = V_n / P$$

"N": Number of new shares to be issued

"V<sub>n</sub>": The Converted Amount corresponding to the bond debt that ORNAN represents (nominal value of an ORNAN, increased accrued interest, if applicable)

"P": conversion price equal to 93% of the Reference Course (as defined below). The Conversion Price will be determined (i) at two decimal places after the comma and rounded to the nearest hundredth if the Conversion price is greater than or equal to 0.10 euro, and (ii) three decimals after the comma and rounded to the nearest thousandth if the Conversion price is less than 0.10 euro.

If the Company chooses to allocate a cash amount, it will be equal to:

$$M = (V_n / P) * C$$

"M": cash amount payable to the holder of ORNAN.

"V<sub>n</sub>": bond debt that ORNAN represents (face value of an ORNAN, increased interest accrued, if applicable).

"P": 93% of the Reference Price.

"C": the average daily price weighted by the Company's share volumes on the date of Conversion.

The Reference Price will be the lowest average daily price weighted by the Company's share volumes during the ten consecutive trading days, immediately preceding the applicable date (the "Pricing Period"). It is specified that, in the event of a determination of the Conversion Price or the Exercise Price at reset Date, the Pricing Period is excluded on the days on which the Investor has sold shares of the Company on the market.

ORNAN will be freely transferable to any funds managed by YORKVILLE ADVISORS but cannot be transferred to a third party without the Company's prior approval. They will not be the subject of an application for admission to negotiations in a financial market and will therefore not be listed.



*The main characteristics of BSAs attached to ORNAN are:*

- Each of the two instalments of ORNAN will be issued with a number of BSAs equal to half the face value of the ORNAN of the relevant instalment, divided by the exercise price of the BSA (the "Exercise Price"). The BSAs will be immediately detached from the ORNAN, and each BSA will entitle its holder to subscribe to one (1) new share of the Company, subject to any adjustments.
- The Exercise Price of the BSA attached to the ORNAN of each instalment will be equal to 110% of the Reference Course on the date of the Request concerned. The Exercise Price of the BSA concerned will be determined (i) at two decimal places after the comma and rounded to the nearest hundredth if the Exercise Price is greater than or equal to 0.10 euro, and (ii) three decimals after the comma and rounded to the nearest thousandth if the Exercise Price is less than 0.10 euro.
- On the 12th anniversary date following the respective issue date of the BSA ("Reset Date"), the outstanding BSA Exercise Price will be adjusted and will be equal to the lowest between (i) 110% of the Reference Course on the trading day immediately preceding the Reset Date and (ii) the effective Exercise Price prior to the Reset Date.
- BSAs will be available in new shares for a period of 4 years from their respective issue dates.
- BSAs will be freely transferable to any funds managed by YORKVILLE ADVISORS but cannot be transferred to a third party without the Company's prior approval. They will not be the subject of an application for admission to negotiations in a financial market and will therefore not be listed.

The first tranche of ORNAN was issued on December 3, 2019, resulting in the issuance of 16,949,152 BSA and the second tranche was issued on January 21, 2020, resulting in the issuance of 10,638,287 BSA.

Any new shares issued on ORNAN Conversion and/or BSA were admitted to Euronext Growth trading as soon as they were issued, were current and were fully assimilated and fungible with existing shares.

As of December 1, 2020, all ORNAN and BSAs related to this contract have been converted into shares.

**APRIL 2020 ORNAN CONTRACT:**

By decision dated April 7, 2020, the Board of Directors of DELTA DRONE decided on the principle of issuing the warrants that would give rise to, on the exercise, on the issuance of bonds repayable in cash and/or in new shares with share warrants reserved for the investment company YA II PN, LTD subject to the favourable vote of the General Assembly called to rule on the establishment, for the benefit of the Board of Directors, of a delegation of competence to carry out the said issue.



In accordance with the delegation of jurisdiction conferred on the Board of Directors by the Extraordinary General Meeting of DELTA DRONE Shareholders on 24 April 2020 under its 6th resolution, the Board of Directors of 28 April 2020 has:

- approved the principle of issuing 1,000 emission vouchers, which will result in the issuance of 1,000 bonds repayable in cash and/or new shares with share warrants (the "BSAs") on a year-over-year period, to the YA II PN, LTD (the "Investor"), a fund managed by the U.S. management company YORKVILLE ADVISORS, representing a total nominal financing of up to 10 million euros, and a nominal amount of up to 10 million euros, and
- delegated to the President and CEO the power to decide the launch of this operation, to decide the final terms, to issue the warrants and to proceed with the issuance of the ORNAN with attached BSA.

Using the sub-delegate granted to him by the Board of Directors of 28 April 2020, the Chairman and CHIEF Executive Officer today decided to launch this transaction, to stop the final terms, to issue the so-called Emission Bonds and to proceed with the draw of the first instalment of ORNAN with BSA attached.

The main features of ORNAN are:

- ORNAN will be issued in 10 Tranches of 100 ORNAN each. The total nominal amount of each Tranche will thus be equal to 1 million euros, being specified that the amount of each Tranche may be increased or decreased by mutual agreement between YORKVILLE ADVISORS and the Company.
- THE ORNAN have a face value of 10,000 euros each and are subscribed at 98% of their nominal value.
- ORNAN have a maturity of 12 months from the time they are issued. When they have matured or in the event of a default, unconverted ORNAN will have to be reimbursed by the Company at nominal value (increased interest accrued, if applicable). ORNAN do not carry interest (except in case of default).

If the Company chooses to allocate new shares to be issued, the number of shares to be returned to the Investor on the date of Conversion will be equal to:

$$N = V_n / P$$

"N": Number of new shares to be issued.

"V<sub>n</sub>": The Converted Amount corresponding to the bond debt that ORNAN represents (face value of an ORNAN, increased by accrued interest, if applicable)

"P": conversion price equal to 93% of the Reference Course (as defined below). The Conversion Price will be determined (i) at two decimal places after the comma and



rounded to the nearest hundredth if the Conversion Price is greater than or equal to 0.10 euro, (ii) three decimals after the comma and rounded to the nearest thousandth if the Conversion price is between 0.01 euro and 0.10 euro and (iii) to four decimals after the comma and rounded to the nearest ten-thousandth if the Conversion price is less than 0.01 Euro.

If the Company chooses to allocate a cash amount, it will be equal to:

$$M = (V_n / P) * C$$

"M": cash amount payable to the holder of ORNAN;

"V<sub>n</sub>": bond debt that ORNAN represents (face value of an ORNAN, increased interest accrued, if applicable);

"P": 93% of the Reference Price;

"C": the average daily price weighted by the Company's share volumes on the date of Conversion;

The Reference Price will be the lowest average daily price weighted by the Company's share volumes during the ten consecutive trading days, immediately preceding the applicable date (the "Pricing Period"). It is specified that, in the event of a determination of the Conversion Price or the Exercise Price at reset Date, the Pricing Period is excluded on the days on which the Investor has sold shares of the Company on the market.

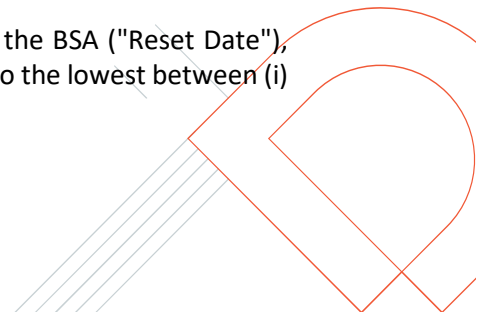
ORNAN will be freely transferable to any funds managed by YORKVILLE ADVISORS but cannot be transferred to a third party without the Company's prior approval. They will not be the subject of an application for admission to negotiations in a financial market and will therefore not be listed.

#### *Key features of BSAs*

Each of the ten tranches of ORNAN will be issued with a number of BSAs equal to 75% of the face value of the ORNAN of the affected tranche, divided by the exercise price of the BSA. The BSAs will be immediately detached from the ORNAN, and each BSA will entitle its holder to subscribe to one (1) new share of the Company, subject to any adjustments.

The Exercise Price of the BSA attached to the ORNAN of each Tranche will be equal to 110% of the Reference Course on the date of the Request concerned. The Exercise Price of the BSA concerned will be determined (i) at two decimal places after the comma and rounded to the nearest hundredth if the Exercise Price is greater than or equal to 0.10 euro, (ii) three decimals after the comma and rounded to the nearest thousandth if the Exercise Price is between 0.01 euro and 0.10 euro and (iii) to four decimals after the comma and rounded to the nearest ten-thousandth if the Exercise Price is less than 0.01 euro.

On the 12th anniversary date following the respective issue date of the BSA ("Reset Date"), the outstanding BSA Exercise Price will be adjusted and will be equal to the lowest between (i)



110% of the Reference Course on the trading day immediately preceding the Reset Date and (ii) the effective Exercise Price prior to the Reset Date.

BSAs will be available in new shares for a period of 4 years from their respective issue dates.

BSAs will be freely transferable to any funds managed by YORKVILLE ADVISORS but cannot be transferred to a third party without the Company's prior approval. They will not be the subject of an application for admission to negotiations in a financial market and will therefore not be listed.

#### *New shares resulting from the ORNAN Conversion or the BSA exercise*

Any new shares issued on ORNAN Conversion and/or on the exercise of BSA will be admitted to euronext Growth market negotiations as soon as they are issued, will carry current dividend rights and will be fully assimilated and fungible with existing shares.

As of December 31, 2020, the "Other Equity" line includes 1,990K euros, relating to the ORNAN related to this contract, which has not yet been converted. On the other hand, as of the date of writing, all of these have been converted into shares.

#### **MAY 2020 CONVERTIBLE BOND CONTRACT:**

By decision dated 28 April 2020, the Board of Directors of the Company, using the delegation granted by the General Assembly of 24 April in its 5th resolution, decided on the principle of issuing convertible bonds for a total nominal amount of 1 million euros reserved for a class of investors.

A mandate was given to the Chairman and CEO to sign a corresponding contract. On May 11, 2020, the Chairman and CEO signed a contract with OTT VENTURES, relating to a Convertible Bonds contract for a nominal amount of € 1 million.

#### *Key features of convertible bonds*

Convertible Bonds (the "CB") will be issued in 10 Tranches of 10 CB each. The total nominal amount of each Tranche will thus be equal to 100,000 euros.

The CB have a face value of 10,000 euros each and are subscribed at 90% of their face value.

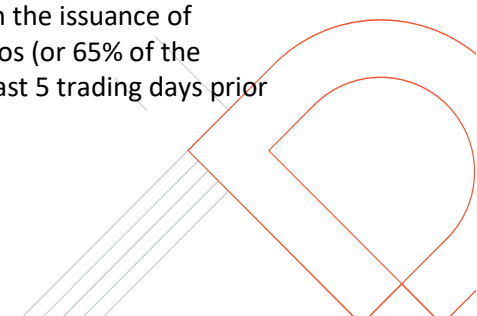
CB have a maturity of 36 months from the time they are issued. Upon maturity, unconverted CB will have to be reimbursed by the Company at face value (increased interest accrued, if applicable).

CB carry interest of 6% annually.

At his discretion, the Investor will be able to convert all or part of the CB into new shares.

In a Conversion, the Company will give the Investor the corresponding number of new shares.

The conversion of a nominal CB tranche of 100,000 euros will result in the issuance of 4,504,504 new shares, or a subscription price per share of 0.0222 euros (or 65% of the average daily price weighted by the volumes of the stock during the last 5 trading days prior



to the signing date of the contract).

Any new shares issued on CB Conversion will be admitted to Euronext Growth trading as soon as they are issued, will bear current dividend rights, and will be fully assimilated and fungible with existing shares.

As of December 3, 2020, all convertible bonds related to this contract have been converted into shares.

## 5-2 - POST-PERIOD EVENTS:

### *5-2-1 - Takeover in DIODON correlated with the creation of UNITED DRONE TECHNOLOGIES*

As of March 1, 2021, DIODON DRONE TECHNOLOGY and DELTA DRONE have announced the signing of a capital agreement in which a 10% stake will be held in this Toulouse-based company.

It is recalled that strong links exist now between DIODON TECHNOLOGY with well-known French naval defence players, such as NEXEYA and NAVAL GROUP who support them in the development of their drones, but also with innovative regional companies, such as DONECLE and ELISTAIR, of which the DELTA DRONE Group is a shareholder.

These technological and commercial partnerships make it possible to establish DIODON DRONE TECHNOLOGY as a key player on aerial drone subjects in maritime environments, both in the defense sector, and for civilian applications.

This operation is part of the strategy put in place by the Group, whose first step was the creation of a dedicated structure, as stated above, UNITED DRONE TECHNOLOGIES. This investment represents a major strategic opportunity since "marine" technology could be declined in the service of the professional solution ISS SPOTTER, particularly with port infrastructure surveillance and security services, in France and abroad.

### *5-2-2 - Exercise of the last two third tranche of ORNAN (April 2020 contract) for a sum of 2 million euros*

In accordance with the delegation of jurisdiction conferred on the Board of Directors by the Extraordinary General Meeting of DELTA DRONE Shareholders on 24 April 2020 under its 6<sup>th</sup> resolution, and the delegation of the Board of Directors to the Chairman and CEO of the power to proceed with the issuance of ORNAN with attached BSA, was decided on 28 January 2021 to draw the ninth and tenth tranches of ORNAN with attached BSA.

This decision leads to:

- a) The end of the April 2020 ORNAN contract, under which all tranches were drawn.
- b) The endowment of the Financial Resources Group to ensure its development and the development of its commercial and operational activities.

### *5-2-3 - Business developments and successes at the start of fiscal 2021:*





For years, the Group has been developing technology based on professional solutions based on the use of civil-purpose drones and associated services. The 2020 financial year, despite a health context that had led to a degraded economic situation, was used to finalise the developments undertaken and thus allowed the Group to switch to a commercial activity adapted to the target markets.

In this context, the start of fiscal year 2021 is particularly marked by:

- a) Experience feedback from the first installations of the ISS SPOTTER security solution: despite the sanitary situation, disrupting the teams' ability to move as well as the commercial development process, the first installations of the ISS SPOTTER security system were carried out, on leading industrial sites (the nature of the sites concerned obliges DELTA DRONE to a strict duty of confidentiality).

However, an initial assessment of these operations can be drawn up while incorporating the substitution, from January 1, 2021, of the old national rules by European regulations.

From a technical point of view, the ISS SPOTTER solution, operating with satisfaction, is the result of several years of research and development. As such, it incorporates the best of patented technologies from the work of the Group's subsidiaries - DRONE PROTEC SYSTEM and PIXIEL -.

Moreover, thanks to the software gateways designed exclusively by the Group and in close partnership with the company iPARTNER, the ISS SPOTTER system dialogues with all types of supervisory systems existing and in place among our customers, allowing the control of data flows and the management of the system in conjunction with the various security PCs.

From an operational point of view, the solution benefits greatly from the business expertise and practical experience provided by ATM, the Group's private security division. Knowledge of the practices of the profession has led to the development of the use of the ISS SPOTTER solution as a "cyber agent", complementary to existing traditional human and technological means, ensuring greater permanence and precision in surveillance and improving the safety of the security guards themselves.

- b) First commercial missions of warehouse inventories thanks to the COUNTBOT solution: After having been the subject of numerous tests designed to validate the robustness and reliability of the system, the COUNTBOT solution, developed in close collaboration by GEODIS and the Group, between the beginning of 2021 in an operational and commercial phase.

The COUNTBOT solution, combining robotics, drone technology and the use of artificial intelligence, simplifies the counting of complete pallet stocks in warehouses by significantly reducing operating time and the means used while increasing inventory reliability.

Thanks to artificial intelligence solutions and an interface dedicated to logistics trades, the use of the system does not require a specific installation on the site, including no ground markings or other markers whose accuracy and efficiency could change over time.

With the operational validation of the developments carried out, the first missions began in GEODIS warehouses, opening up the commercial opportunities attached to the use of this innovative solution in the rapidly expanding logistics sector.



## 5-3 - ACCOUNTING PRINCIPLES, RULES AND METHODS

### *5-3-1 - Accounting Principles and Valuation Methods*

Consolidation is based on the annual accounts of the group's entities as of December 31, 2020. The consolidated accounts established on 31 December 2020 were developed and presented in accordance with the generally applicable rules and principles in this area and in accordance with the precautionary principle. The basic method used for inputting and evaluating items in general accounting is the historical cost method.

#### **CHANGE OF PRESENTATION**

There was no change in presentation as of December 31, 2020, compared to the closing of the consolidated accounts for the fiscal year ending December 31, 2019.

#### **CONSOLIDATION METHODS**

The consolidated accounts of the Delta Drone Group are established according to the French standards, in accordance with the rules and methods relating to consolidated accounts approved by order of 22 June 1999 approving Regulation 99-02 of the Accounting Regulatory Committee.

The companies in the group are consolidated using the following methods:

- global integration, which amounts to 100% job-by-post integration, with recognition of minority shareholder rights and after elimination of intra-group transactions. The overall method is applied to the financial statements of companies in which the company exercises directly or indirectly exclusive control.
- Equivalence, where the Group's control is not exclusive, directly or indirectly.

The companies are consolidated on the basis of their annual accounts agreed on 31 December 2020, in line, if necessary, with the accounting principles adopted by the Group. The social accounts of the consolidated entities are for a period of 12 months, with the exception of entities entered during the period within the Group's consolidation scope.

The details of the consolidation perimeter are presented in note 5-3-2 of this document.

#### **REPROCESSING AND DISPOSALS**

In order to present the accounts of consolidated companies on an economic and homogeneous basis, social accounts are subject to various reprocessings, in accordance with the principles outlined below.

After accumulating balance sheets and income accounts, possibly restated, the reciprocal balances as well as the more or less capital gains resulting from transactions between the Group's companies are eliminated.



## CONVERSION OF FOREIGN ACCOUNTS AND SUBSIDIARIES AND STABLE ESTABLISHMENTS ABROAD

The balance sheet positions of consolidated foreign subsidiaries and stable institutions are converted on the basis of exchange rates at the end of the period and the income statement during the average period.

It should be noted that while DELTA DRONE's foreign subsidiaries as of 31 December 2020 have limited financial autonomy from the Groupe on that date, the choice of the application of the "closing rate" method rather than the "historic rate" method is explained by the development prospects for their own geographical area under construction.

It should be noted that the accounts of DELTA DRONE MOROCCO whose currency is the Moroccan Dirham, DELTA DRONE AFRICA, DELTA DRONE SOUTH AFRICA, ROCKETMINE SOUTH AFRICA whose currency is the rand, ROCKETMINE GHANA whose currency is the Cedi, DELTA DRONE IVORY COAST whose currency is the CFA franc, AERO41 whose currency is the Swiss franc, DELTA DRONE AUSTRALIA and ROCKETMINE AUSTRALIA whose currency is the Australian dollar and PARAZERO whose currency is the US dollar, are converted when consolidated into euros, the currency in which the Group's consolidation is held.



## ACCOUNTING PRINCIPLES

### *Recognition of turnover*

The Group mainly provides services whose recognition in both turnover and margin is based on the billing of those services.

The services to be billed are valued at the selling prices and represent the share of the turnover not yet invoiced, depending on the degree of progress of the service. At the same time, when the benefit to the client exceeds the income recognized at the advancement of the benefit, this excess is restated as accrued income.

When advances and instalments are made by clients in return for the progress of the work, they are included in the liabilities of the balance sheet and are not compensated with the invoices to be established that they are financing.

### *Intangible assets*

#### Research and development costs

The research and development costs correspond to the effort made by the company on its own behalf. They are recognized on the assets when they simultaneously meet the following conditions:

- The technical feasibility required to complete the projects for commissioning.
- The intention to complete the relevant projects for future use.
- The ability to use developed projects.
- The projects involved are clearly individualized.
- Projects have a serious chance of technical success and commercial profitability, generating likely future economic benefits.
- The company has the ability to reliably assess expenses attributable to projects under development.

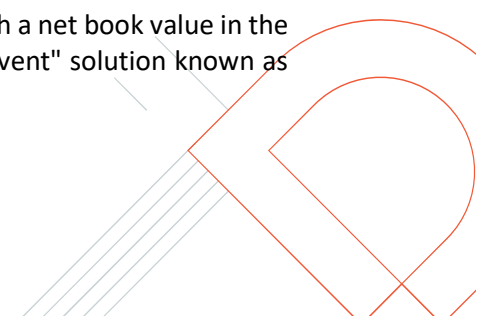
All expenses incurred are exclusively development costs as opposed to basic research costs.

The registration of asset costs is based on the direct costs of each project, plus a share of overheads assessed as the ratio of overhead to the sum of the company's costs. This quota is calculated at the end of the year for application for the following year.

Research and development costs are depreciated according to linear mode over a period of 5 years. In this context, a harmonization of amortizations at the level of the PIXIEL company was carried out in the consolidated accounts: initially depreciated over a period of 12 months for certain activated developments and over 3 years for the others, a recalculation of depreciation on a 5-year basis was carried out.

The financial impact on the consolidated accounts on 31 December 2020 is a correction of the result in the amount of € 187,000.

It is specified that the research and development costs incurred by PIXIEL, with a net book value in the consolidated accounts of 2,215 K euros, relate to the development of the "event" solution known as



ATMOS, used in particular in the context of the performances carried out in the Puy du Fou shows, and the autonomous drone security solution known as ISS SPOTTER.

In the accounts of DELTA DRONE ENGINEERING, the research and development costs recorded on the assets of the balance sheet and related to the development of the DELTA X air vector were recorded in losses for their value nondepreciated at the end of the year. This accounting treatment is the result of the scrapping in 2020 of the fleet of drones resulting from these research and development costs, in view of the cessation of historically carried out missions in the inspection of telecommunications antennas and quarries.

Finally, in the years that DELTA DRONE's accounts, concerning the costs incurred in connection with the development of the platform for the operation of drones developed by the Group, with the cessation of historical missions and the scrapping of the fleet, were found to be at a loss in 2020 for their value not yet depreciated. Other research and development costs remaining in the assets of the company present have a net book value equal to 0, taking into account their 100% amortization.

### **Other intangible assets**

Software is recorded on the balance sheet at its acquisition cost.

### **Acquisition spreads - ASSETS AND LIABILITIES**

Acquisition spreads found in the event of an equity or takeover (the difference between the cost of acquisition at fair value of the securities and the fair share of the fair values of the assets and liabilities at the date of acquisition) are recorded:

- Under "acquisition spreads" to the balance sheet assets when they are positive. They are then depreciated over a period of 5 years from the date of accounting.
- Under the heading "provisions for risks and expenses" on the liabilities of the balance sheet when they are negative and are representative of a significant value.



The consolidated accounts as of December 31, 2020 include goodwill - ASSETS, related to subsidiaries:

In Keuros	Gross value of goodwill (ASSETS) recognized as of December 31, 2020	Depreciation of goodwill (ASSETS) applied in fiscal year 2020	Accumulated depreciation applied as of December 31, 2020	Net value of goodwill (ASSETS) recognized as of December 31, 2020
DELTA DRONE ENGINEERING (ex-FLY-N-SENSE)	4 003	734	4 003	0
MTSI	610	0	610	0
TECHNIDRONE	975	195	656	319
ROCKETMINE	739	148	567	172
PIXIEL	1 379	276	690	690
ATM GROUP SRA	2 154	431	682	1 472
<b>TOTAL</b>	<b>9 861</b>	<b>1 783</b>	<b>7 208</b>	<b>2 653</b>

The consolidated accounts as of December 31, 2020 include goodwill - LIABILITIES, related to subsidiaries:

In Keuros	Gross value of goodwill (LIABILITIES) recognized as of December 31, 2020	Reversals of goodwill provisions (LIABILITIES) made in fiscal year 2020	Cumulative depreciations as of December 31, 2020	Net value of goodwill (LIABILITIES) recognized as of December 31, 2020
PIXIEL	(74)	(19)	(33)	(42)
<b>TOTAL</b>	<b>(74)</b>	<b>(19)</b>	<b>(33)</b>	<b>(42)</b>

The April 2019 acquisition of PIXIEL's securities resulted in the finding of a "badwill" of € 74,000, which, as required by accounting rules, was found on the "Provisions for Risks and Charges" line of the liabilities on the consolidated balance sheet. This provision will be the subject of a recovery calculated on the rate of amortization of goodwill - assets, found in 2018 when PIXIEL entered the Group's consolidation scope.

### Property and equipment

Property and equipment are accounted for at their acquisition cost.

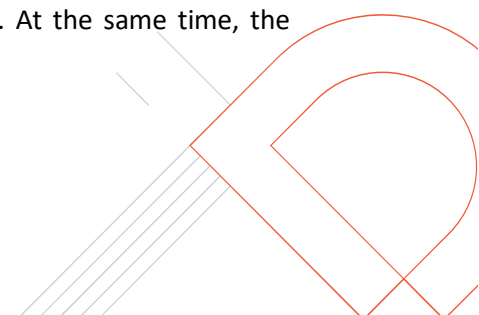
The group's asset amortization and impairment rules are in line with CRC 2002-10, including the decomposition of constructions in a forward-looking manner. Amortization is calculated according to the linear or degressive method on their duration of use.

Property and equipment are depreciated based on the following useful lives:

- Arrangements, installations 5 to 10 years
- Industrial equipment and tools 5 to 10 years
- Transportation equipment 4 to 5 years
- Office equipment and furniture 5 to 10 years
- Computer hardware 3 years

### Leasing reprocessing

Assets acquired through leases are registered as fixed at their gross value. At the same time, the resulting financial debt is listed on the liabilities.



Leasing contracts are accounted for as follows:

- The assets are fixed at the purchase price of the property at the beginning of the contract. They are then depreciated according to the linear mode over the duration of the rental.
- Rental fees paid are broken down between the financial expense and the debt balance depreciation.
- The financial expense is spread over the different periods covered by the lease in order to obtain a constant periodic interest rate on the remaining balance due for each year.
- The amounts corresponding to the call option are included in the financial debt relating to the lease.

### **Financial assets**

Financial assets are valued on the balance sheet at historical value. These are depreciated in the event of lasting losses of value.

They include:

- The partner companies of the DELTA DRONE NETWORK, to which the group supports but in which the DELTA DRONE group has no significant influence, either in terms of power or control.
- Equity investments that are part of a financial investment process, without the Group exerting any influence in the governance of said investments. These are the DONECLE, ELISTAIR and GMS SYSTEM companies.

### **Stocks**

Inventory acquisition costs include purchase price, customs duties and other taxes, excluding taxes later recoverable by the entity from tax authorities, as well as transportation, handling and other costs directly attributable to the cost of raw materials, goods, production stock and finished products.

Commercial rebates, discounts, cash discounts and similar items are deducted to determine acquisition costs.

Stocks are assessed using the last purchase price method.

A possible provision for inventory depreciation, equal to the difference between the gross value determined under the terms indicated above and the price of the day or the realized value net of the proportional sales costs, is made when that gross value is greater than the other term stated. More specifically, an analysis was carried out on the rotation of the various items stored, in order to understand the level of depreciation to be retained in the accounts of the period under review.

### **Operating receivables**

Operating receivables are valued at their nominal value. A provision for depreciation is made when the probable realizable value is lower than the book value.



If the comparison between the amount recognized on entry into the portfolio and the inventory value shows capital gains or losses, the losses are subject to a provision for depreciation.

### **Investment Securities**

Investment securities are on the balance sheet for their acquisition value or inventory value if it is lower. When the inventory value of the securities based on the last pre-closing price is less than the acquisition price, a provision for depreciation is made.

### **Provisions**

The risks and charges clearly specified as to their object, which events that have occurred or are in progress make probable, result in the constitution of provisions. Provisions for risks and charges are liabilities for which the due date or the amount is not precisely fixed. They are valued for the amount corresponding to the best estimate of the outflow of resources required to settle the obligation.

In this context, in view of the risks and disputes identified on 31 December 2020, provisions for risks and expenses are recorded on the liabilities of the balance sheet for 551K euros, of which 42K euros are related to goodwill - LIABILITIES, mentioned in the "Goodwill" section above.

### **Deferred taxes**

Deferred taxes are recorded for temporary tax differences, consolidation reprocessing or the recognition of deferred deficits. The registration of deferred taxes is recorded in relation to the tax situation of the company, in accordance with the principle of prudence.

Thus, active deferred taxes on deferred deficits are only accounted for when their imputation on future profits is very probable.

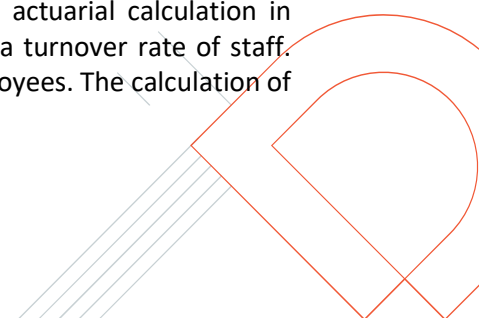
### **Retirement benefits**

Retirement commitments appear in provisions for risks and charges on the liabilities side of the balance sheet; Given the movements of personnel observed during the period 2020 and in view of perimeter outflows, these provisions mainly concern the companies DELTA DRONE, DELTA DRONE ENGINEERING (Ex-FNS), TECHNI DRONE and PIXIEL.

The subsidiaries of ATM GROUP SRA did not give rise to the calculation of a provision as of December 31, 2020 for their pension liabilities, in view of the non-significance of the latter and the business model of these companies. It is recalled that the operational staff of these companies are overwhelmingly attached to contracts for which, in the event of non-renewal, a transfer of personnel is made to the taker.

With regard to foreign subsidiaries, there is no provision for retirement commitments in the consolidated accounts as of 31 December 2020, in view of the absence of such a commitment at the end of the period in view of the applicable legislation applicable to these subsidiaries.

The Group's commitments for retirement benefits are estimated from an actuarial calculation in accordance with the 2003-R.01 CNC recommendation, taking into account a turnover rate of staff. They correspond to the likely value of the company's debt to each of its employees. The calculation of





pension rights acquired by employees is determined from the conventions and agreements. The Group has no other significant social commitments.

### **Exceptional result**

Exceptional expenses and revenues are made up of items which, because of their nature, character and non-recurrence, cannot be considered inherent in the Group's operating activity.

### **Conversion of debts and receivables denominated in foreign currencies**

Receivables and debts in foreign currencies are converted at the closing price.

The foreign exchange spreads found in the conversion of "intragroup" receivables and debts were found on the " Exchange differences " line recorded in consolidated equity. It is reported that most of the amount recorded on 31 December 2020 comes from the conversion into euros of the accounts of the various foreign subsidiaries, particularly those in South Africa and Ghana, for which the change in the conversion rate of the rand and the Ghanaian cedi was significantly impactful in 2020.



## 5-3-2 - Consolidation Perimeter Information

### Companies included in the consolidation scope:

The companies included in the consolidation scope are:

Companies	Consolidation method (*)		Equity percentage		Entry date
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019	
DELTA DRONE	Parent company		100,0%	100,0%	Prior to 2020
MTSI	I.G.	I.G.	100,0%	100,0%	Prior to 2020
HYDROGEOSPHERE (Ex-DRONEO)	N/A	I.G.	N/A	100,0%	Exit from the scope on 06/30/2020 following the sale of 100% of the securities outside the group. Only the first half of 2020 is taken into account at 12/31/2020 (method: 100% I.G.)
DELTA DRONE ENGINEERING (Ex-FNS)	I.G.	I.G.	100,0%	100,0%	Prior to 2020
TECHNI DRONE	I.G.	I.G.	100,0%	100,0%	Prior to 2020
PIXIEL	I.G.	I.G.	100,0%	100,0%	Prior to 2020
AER'NESS	N/A	I.G.	N/A	42,5%	Merger (TUP completed in December 2020) with its parent company DELTA DRONE
AFS (in the process of changing the corporate name: AER NESS SECURITY SUD)	N/A	I.G.	N/A	42,5%	Merger (TUP completed in December 2020) with its parent company AER'NESS
ATM GROUP SRA	I.G.	I.G.	65,0%	27,6%	Prior to 2020
ATM GROUP SECURITE	I.G.	I.G.	65,0%	27,6%	Prior to 2020
ATM GROUP ACCUEIL	I.G.	I.G.	65,0%	27,6%	Prior to 2020
AFM	I.G.	I.G.	65,0%	27,6%	Prior to 2020
AER'NESS INTERIM	N/A	I.G.	N/A	42,5%	Exit from the scope on 06/30/2020 following the sale of 100% of the securities held outside the group. Only the first half of 2020 is taken into account at 12/31/2020 (method: I.G. at 42.5%)
AER'NESS EVENT	N/A	I.G.	N/A	27,6%	Exit from the scope on 06/30/2020 following the sale of 100% of the securities held outside the group. Only the first half of 2020 is taken into account at 12/31/2020 (method: I.G. at 42.5%)
AER NESS TRAINING (Ex-ECOLE FRANÇAISE DU DRONE)	I.G.	I.G.	100,0%	42,5%	Sale of 100% of the shares held with TECHNIDRONE
DDRONE INVEST FRANCE	N/A	I.G.	N/A	100,0%	Merger (TUP completed in December 2020) with its parent company DELTA DRONE
DRONE PROTECT SYSTEM	M.E.	M.E.	41,9%	41,9%	Prior to 2020
DELTA DRONE EXPERTS (Ex-AGROFLY FRANCE)	I.G.	I.G.	100,0%	100,0%	Prior to 2020
DELTA DRONE MOROCCO	I.G.	I.G.	51,0%	51,0%	Prior to 2020
DELTA DRONE INTERNATIONAL	I.G.	N/A	50,4%	N/A	Entry into the perimeter in December 2020
PARAZERO	I.G.	N/A	50,4%	N/A	Entry into the perimeter in December 2020
DELTA DRONE SOUTH AFRICA	I.G.	I.G.	100,0%	100,0%	Prior to 2020
DSL SOUTH AFRICA (Ex-DELTA DRONE AFRICA)	I.G.	I.G.	100,0%	100,0%	Prior to 2020
ROCKETMINE SOUTH AFRICA	I.G.	I.G.	74,0%	74,0%	Prior to 2020
ROCKETMINE AUSTRALIA	I.G.	N/A	100,0%	N/A	Creation of the entity in 2020
ROCKETMINE GHANA	I.G.	I.G.	66,6%	66,6%	Prior to 2020
DELTA DRONE IVORY COAST	I.G.	I.G.	90,0%	90,0%	Prior to 2020
AERO41	M.E.	M.E.	40,3%	40,3%	Prior to 2020
ERGASIA CAMPUS	N/A	I.P.	N/A	50,0%	Exit from the scope on 06/30/2020 following the sale of 100% of the securities held outside the group. Only the first half of 2020 is taken into account at 12/31/2020 (method: 50% I.P.)

(\*) :

I.G.: Global integration

I.P.: Proportional integration

M.E.: Equity Method

N/A: Not applicable

#### Companies excluded from the consolidation scope:

Excluded from the consolidation scope as of December 31, 2020:

##### - Companies forming the DELTA DRONE NETWORK

DELTA DRONE has continued its policy of supporting companies that are part of the DELTA DRONE NETWORK, resulting in a strengthening of its capital ownership percentage in some of the companies.

These investment transactions were carried out during the annual general meetings of the entities concerned in June 2016.

The DELTA DRONE group supporting the network without having any influence on its management, the integration of the companies concerned in the consolidation scope of 31 December 2020, was not considered to be significant.

However, in the context of the implementation of the strategic decisions taken by the Governance of DELTA DRONE and in view of the gradual cessation of the activity of these companies, there are only three entities in which the Group has interests. Moreover, in view of the results of those entities, only one is not depreciated, because it is profitable.

The holding percentages as of December 31, 2020 of DELTA DRONE in the capital of the remaining entities of the DELTA DRONE NETWORK are:

DELTA DRONE NETWORK companies	Participation rate as of December 31, 2020
R-DRONE (1)	17,5%
RPL VISION (1)	24,4%
POLIDRONE	5,0%

(1) 100% provisioned securities.

##### - Financial participation in high-potential companies:

Holdings of minority stakes in ELISTAIR, DONECLE, SNOWSKUT (formerly GM SYSTEM) and SLX TECHNOLOGIES were integrated into the fixed assets of the DELTA DRONE Group as of 31 December 2020.



All the investments made have only a vocation to invest and secure access to a technology in synergy with the needs of DELTA DRONE for its development, no significant influence is exerted by the group on these entities.

Minority financial holdings	Participation rate as of December 31, 2020
DONECLE	16,7%
ELISTAIR	16,2%
SNOWSKT (ex-GM SYSTEM)	39,0%
SLX TECHNOLOGIES	5,0%

#### 5-4 - NOTES ON BALANCE SHEET, INCOME STATEMENT AND CASH FLOW STATEMENT

##### NOTE 1 - INTANGIBLE ASSETS

Consider the following variation table:

In Keuros	Concessions and patents	Establishment costs	Development costs	Commercial fund	Assets in course	Other intangible assets	Total
Gross	423	0	7 614	202	515	8	8 762
Cumulative depreciations	(339)	0	(5 493)	0	(515)	(8)	(6 354)
<b>Net value at of 31/12/2019</b>	<b>85</b>	<b>0</b>	<b>2 121</b>	<b>202</b>	<b>0</b>	<b>0</b>	<b>2 408</b>
Change in scope	(3)	0	0	0	0	0	(3)
Exchange rate variation	(0)	0	0	0	0	5	5
Fair value	0	0	0	0	0	0	0
Acquisitions	37	0	1 872	0	0	163	2 072
Transfers	(62)	0	(1 350)	0	0	0	(1 412)
Reclassifications	0	0	0	0	0	(8)	(8)
Net reversals of receivables	7	0	328	0	0	(37)	298
<b>Net end-of-period balance</b>	<b>62</b>	<b>0</b>	<b>2 972</b>	<b>202</b>	<b>0</b>	<b>123</b>	<b>3 359</b>
Gross	382	0	8 137	202	515	170	9 405
Cumulative depreciations	(320)	0	(5 165)	0	(515)	(46)	(6 047)
<b>Net value at of 31/12/2020</b>	<b>62</b>	<b>0</b>	<b>2 972</b>	<b>202</b>	<b>0</b>	<b>123</b>	<b>3 359</b>

The intangible assets, excluding goodwill, of the DELTA DRONE Group are largely composed, as of December 31, 2020, of the research and development costs incurred under the development of the Group's innovative solutions, ISS SPOTTER and COUNTBOT.



## Geographical distribution table:

Net book value (In Keuros)	France	Europe	USA	Africa	Middle East	Australia	Total
Concessions and patents	51	0	0	11	0	0	62
Establishment costs	0	0	0	0	0	0	0
Development costs	2 972	0	0	0	0	0	2 972
Commercial fund	202	0	0	0	0	0	202
Assets in course	0	0	0	0	0	0	0
Other intangible assets	0	0	0	123	0	0	123
<b>Net value at of 31/12/2020</b>	<b>3 224</b>	<b>0</b>	<b>0</b>	<b>134</b>	<b>0</b>	<b>0</b>	<b>3 359</b>

## NOTE 2 - TANGIBLE FIXED ASSETS

Consider the following variation table:

In Keuros	Land and buildings	Technical installations	Transportation equipment	Furniture and office equipment	Assets in course	Other tangible assets	Total
Gross	0	1 390	164	657	0	3 826	6 037
Cumulative depreciation	0	(900)	(128)	(501)	0	(2 924)	(4 453)
<b>Net value as of 31/12/2019</b>	<b>0</b>	<b>490</b>	<b>35</b>	<b>156</b>	<b>0</b>	<b>902</b>	<b>1 584</b>
Change in scope	0	(19)	(0)	23	0	43	47
Exchange rate variation	0	0	(1)	(10)	0	(37)	(48)
Fair value	0	0	0	0	0	0	0
Acquisitions	0	112	9	66	0	458	645
Transfers	0	(66)	(0)	(141)	0	(2 765)	(2 972)
Reclassifications	0	0	(19)	0	0	(168)	(188)
Net reversals of receivable	0	(147)	(10)	35	0	2 189	2 067
<b>Net end-of-period balance</b>	<b>0</b>	<b>371</b>	<b>14</b>	<b>130</b>	<b>0</b>	<b>621</b>	<b>1 135</b>
Gross	0	1 355	105	593	0	1 463	3 516
Cumulative depreciation	0	(985)	(92)	(463)	0	(842)	(2 381)
<b>Net value as of 31/12/2020</b>	<b>0</b>	<b>371</b>	<b>14</b>	<b>130</b>	<b>0</b>	<b>621</b>	<b>1 135</b>

Property and equipment include the reprocessing of leases with a gross value of 823K euros (including residual values) and a cumulative amortization of 567K euros.

The other assets correspond mainly to the fleet of drones in operation as well as the arrangements made as part of the company's implementation on its premises.

The fleet of drones identified in the balance sheet has been analysed to assess the needs of the group as part of its strategic redeployment. Drones kept on the balance sheet are depreciated according to linear mode and over a 3-year period. The fleet of drones produced by DELTA DRONE ENGINEERING and sold to DELTA DRONE was scrapped at the end of 2020, these aerial vectors having reached the end of their use time and given the cessation of the "historic" missions for which they were mainly used. The impact of consolidation reprocessing in previous years of neutralizing the internal margin associated with their initial sale was incorporated into the 2020 accounts.



Table of geographical distribution:

Net accounting value (In Keuros)	France	Europe	USA	Africa	Middle East	Australia	Total
Land and buildings	0	0	0	0	0	0	0
Technical installations	359	0	0	12	0	0	371
Transportation equipment	1	0	0	13	0	0	14
Furniture and office equipment	45	0	0	61	24	0	130
Other tangible assets	400	0	0	177	43	0	621
Assets in course	0	0	0	0	0	0	0
<b>Net value as of 31/12/2020</b>	<b>805</b>	<b>0</b>	<b>0</b>	<b>263</b>	<b>67</b>	<b>0</b>	<b>1 135</b>

**NOTE 3 - FINANCIAL ASSETS**

Consider the following table:

In Keuros	Equity interest	Securities	Other financial assets	Total
Gross	1 839	12	1 391	3 242
Cumulative depreciation	(89)	0	0	(89)
<b>Net value as of 31/12/2019</b>	<b>1 750</b>	<b>12</b>	<b>1 391</b>	<b>3 153</b>
Change in scope	0	(0)	(38)	(38)
Exchange rate variation	0	0	(1)	(1)
Fair value	0	0	0	0
Acquisitions	228	0	41	269
Transfers	(219)	0	(959)	(1 178)
Reclassifications	0	0	0	0
Net reversals of receivables	36	0	0	36
<b>Solde net de fin de période</b>	<b>1 796</b>	<b>12</b>	<b>434</b>	<b>2 242</b>
Gross	1 849	12	434	2 295
Cumulative depreciation	(53)	0	0	(53)
<b>Net value as of 31/12/2020</b>	<b>1 796</b>	<b>12</b>	<b>434</b>	<b>2 242</b>

Equity securities are primarily related to unconsolidated holdings held in DELTA DRONE NETWORK member companies and those held as a result of investments in high-potential companies (see paragraph 5-3-2 of this document).

Other financial assets consist of deposits and bonds paid under the leases underwritten by the Group's various entities.



In addition, two companies are being integrated into the consolidation scope using the equity method (see paragraph 5-3-2 of this document). See the following table:

In Keuros	Equity affiliates	Total
Gross	84	84
Cumulative depreciation	0	0
<b>Net value as of 31/12/2019</b>	<b>84</b>	<b>84</b>
Change in scope	0	0
Exchange rate variation	0	0
Fair value	(507)	(507)
Acquisitions	0	0
Transfers	0	0
Reclassifications	0	0
Net reversals of receivables	0	0
<b>Net end-of-period balance</b>	<b>(423)</b>	<b>(423)</b>
Gross	(423)	(423)
Cumulative depreciation	0	0
<b>Net value as of 31/12/2020</b>	<b>(423)</b>	<b>(423)</b>

#### NOTE 4 - STOCKS

Consider the following table:

In Keuros	31/12/2020	31/12/2019
Raw materials	716	553
In-production	0	0
Semi-processed and semi-finished goods	1 616	40
Goods	427	31
Alternative supply	0	0
<b>Gross value</b>	<b>2 760</b>	<b>625</b>
Provisions on raw materials and goods	(72)	0
Provisions on semi-processed and semi-finished goods	0	0
Provisions for alternative supply	0	0
<b>Depreciation</b>	<b>(72)</b>	<b>0</b>
<b>Net value</b>	<b>2 688</b>	<b>625</b>



## NOTE 5 - CLIENTS

Consider the following table:

In Keuros	31/12/2020	31/12/2019
Trade receivables	2 387	4 076
Bills to be established	110	37
Provisions	(177)	(332)
<b>Net value</b>	<b>2 320</b>	<b>3 780</b>

## NOTE 6 - OTHER DEFERRED RECEIVABLES AND TAXES - ASSETS

Consider the following table:

In Keuros	31/12/2020	31/12/2019
Advances and prepayments	205	116
<b>Advances and prepayments</b>	<b>205</b>	<b>116</b>
Tax and social receivables	1 031	1 319
Corporate tax	299	300
Other operating receivables	1 161	1 224
Provisions on other receivables	(3)	(8)
<b>Other operating receivables</b>	<b>2 488</b>	<b>2 834</b>
<b>Net value</b>	<b>2 693</b>	<b>2 950</b>
Deferred taxes - Assets	43	66

### OTHER RECEIVABLES

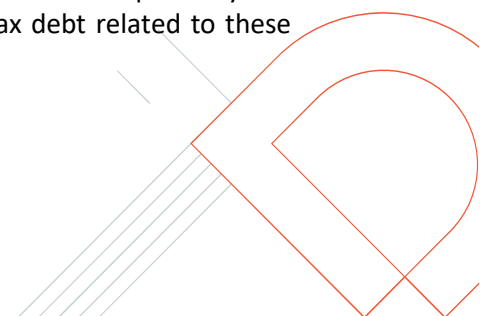
The change in tax and social claims is mainly due to VAT accounts, which are regularly subject to reimbursements. The income tax item corresponds mainly to the CICE to be reimbursed by the Administration with ATM GROUP SECURITE (this company closes its accounts on 31 March of the calendar year).

The significant variation in other operating receivables is related to current account advances made by DELTA DRONE with integrated equity in consolidation using the " equity " method, resulting in the non-neutralization of these current accounts in the consolidated accounts.

### DEFERRED TAXES - ASSETS

The company recorded a deferred tax asset corresponding to the temporary tax interval relating to consolidation restatements for the period. It also incorporates the impact of the harmonization of corporate tax rates observed between the opening and closing of the financial year.

It is recalled that the DELTA DRONE group does not have the capacity to determine precisely the timetable in which the tax losses previously generated could be used, no tax debt related to these deficits is activated in the Group's accounts as of December 30, 2020.





## NOTE 7 - ADJUSTMENT ACCOUNTS

Consider the following table:

In Keuros	31/12/2020	31/12/2019
Prepaid expenses	785	452
Other adjustment accounts	0	0
<b>Adjustment accounts</b>	<b>785</b>	<b>452</b>

## NOTE 8 - AVAILABILITY AND MARKETABLE SECURITIES

Consider the following table:

In Keuros	31/12/2020	31/12/2019
Investment securities	13	930
Depreciation of investment securities	0	(28)
<b>Net investment securities</b>	<b>13</b>	<b>902</b>
Cash and cash equivalent	4 986	1 141
<b>Cash - Assets</b>	<b>4 986</b>	<b>1 141</b>
Bank loans (see Note 12)	(268)	(226)
<b>Cash - Liabilities</b>	<b>(268)</b>	<b>(226)</b>
<b>Net cash</b>	<b>4 731</b>	<b>1 817</b>

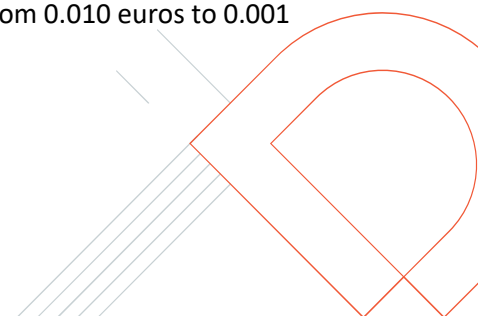
Investment securities are composed of DELTA DRONE securities acquired in the context of the regulation of prices and investments made in the form of bonds and shares.

## NOTE 9 - SOCIAL CAPITAL

Consider the following table:

	Number of ordinary shares	Shares nominal price (in €)	Share capital amount (in €)
<b>As of 31/12/2019</b>	<b>203 161 578</b>	<b>0,010</b>	<b>2 031 615,78</b>
Increases	242 271 716	0,010	2 422 717,16
Decreases	0	0,010	0,00
<b>As of 24/04/2020</b>	<b>445 433 294</b>	<b>0,010</b>	<b>4 454 332,94</b>
<i>Decrease of the share nominal value (see below)</i>		<i>(0,009)</i>	<i>(4 008 899,65)</i>
Increases	399 984 083	0,001	399 984,08
Decreases	0	0,001	0,00
<b>As of 31/12/2020</b>	<b>845 417 377</b>	<b>0,001</b>	<b>845 417,46</b>

Following the extraordinary General Assembly of 24 April 2020, the Board of Directors of the delegation entrusted to it reduced the face value of DELTA DRONE's shares from 0.010 euros to 0.001



euros. This transaction was carried out through a reduction in capital by clearing part of the previous losses.

#### CAPITAL INCREASES FOR THE PERIOD:

During fiscal year 2020, successive capital increases contributed to the creation of 642,255,799 new shares, bringing the number of shares comprising the company's share capital from 203,161,578 as of December 31, 2019 to 845,417,377 shares as of December 31, 2020.

Capital transactions have their origins in the conversion of Convertible Bonds to Shares, in the amount of 557,990,917 new shares, and the exercise of Share Subscription Bonds, 67,630,019 new shares (decomposing into 4,913,661 new shares on a "BSA<sub>j</sub>" upon exercise, 13,070,086 new shares on a year of "BSA<sub>y</sub>" and 49,646,272 new shares on BSA's exercise attached to the ORNAN contracts) and the allocation of Free Shares, up to 16,634,863 new shares.

For these capital increases, the related operating costs were charged to the "Share premium" item for an amount net of tax of (828) K.

As of December 31, 2020, the " Share Premiums" item has a balance of 37,816,466 euros.

#### CAPITAL REDUCTION FOR THE PERIOD:

Furthermore, following the extraordinary General Assembly of 24 April 2020, the Board of Directors of the delegation entrusted to it, proceeded to reduce the face value of DELTA DRONE's shares from 0.010 to 0.001 euros. This transaction was carried out through a reduction in capital by clearing part of the previous losses.

#### NOTE 10 - OTHER EQUITY

Consider the following table:

In Keuros	Net investment subsidies	Conditioned advances	Convertible bond loans	Amount of other equity
<b>As of 31/12/2019</b>	<b>0</b>	<b>294</b>	<b>3 423</b>	<b>3 717</b>
Change in scope	0			0
Increases	0		9 730	9 730
Decreases	0	(40)	(11 193)	(11 233)
<b>As of 31/12/2020</b>	<b>0</b>	<b>254</b>	<b>1 960</b>	<b>2 215</b>



Other equity includes:

- CONDITIONED ADVANCES:

This table includes the balances of the conditional advances that have been collected by the companies DELTA DRONE ENGINEERING SAS (29,289 euros), TECHNI DRONE SAS (90,000 euros) and PIXIEL SAS (135, 000 euros).

- CONVERTIBLES BONDS LOANS:

The "Other equity" includes the "equity-convertible bond" - known as ORNAN - subscribed with YORKVILLE ADVISORS, in April 2020 (1,960K euros).

Given the gradual conversion of these loans into shares, these are recognized in "Other Equity" and not in the "Financial Debt" section.

It is specified that, as of the date of writing, all the Convertible Equity Bonds recorded in the accounts as of December 31, 2020 and relating to the April 2020 ORNAN contract have been converted into capital.

**NOTE 11 - PROVISIONS FOR RISKS AND CHARGES**

Consider the following table:

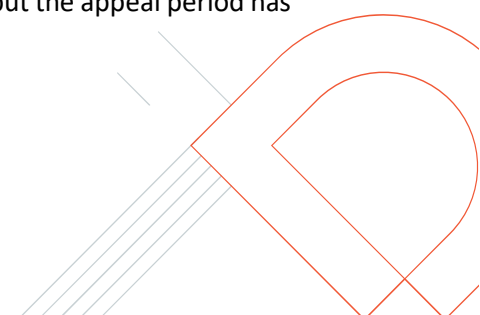
In Keuros	Goodwill / badwill (LIABILITIES)	Provision for future charges	Provision for risks	Provision for IDR	Total
<b>Net balance as of 31/12/2019</b>	<b>60</b>	<b>0</b>	<b>401</b>	<b>175</b>	<b>637</b>
Currency differences					0
Change in scope					0
Endowment			64	5	69
Reversal of used provisions	(19)		(64)		(82)
Reversal of unused provisions			(35)	(37)	(73)
Reclassifications					0
<b>Net balance as of 31/12/2020</b>	<b>42</b>	<b>0</b>	<b>366</b>	<b>143</b>	<b>551</b>

Provisions for risks and charges, as of December 31, 2020, are broken down as follows:

- PROVISIONS FOR RISKS:

The provisions for risks are related to the various actions taken by ex-employees with various Labor Councils, following disputes arising from their departure from the Group. The amount of provisions was determined on the basis of the requests of the various complainants and taking into account the risk incurred by the Group under these proceedings.

The cases provisioned are either pending the judgment of the courts or tried but the appeal period has not been served, have been kept as it is.



The provisions made on 31 December 2020 amounted to 366K euros.

- CHARGES PROVISIONS:

No provision for charges was made for the fiscal 2020 period.

- PROVISIONS FOR RETIREMENT BENEFITS:

The Group uses the services of an actuary to calculate retirement benefits. As of December 31, 2020, the calculations have been updated taking into account changes at the staff level. The provision for retirement benefits amounts to 143K euros as of 31 December 2020.

**NOTE 12 - LOANS AND FINANCIAL DEBTS**

Consider the following table:

In Keuros	Loans from credit institutions	Leasing	Non-convertible loans	Bank loans	Total
<b>Net balance as of 31/12/2019</b>	<b>1 426</b>	<b>329</b>	<b>0</b>	<b>227</b>	<b>1 982</b>
Currency differences					0
Change in scope					0
Increases	389	65		268	722
Decreases	(361)	(127)		(227)	(716)
Other movements		(10)			(10)
Actualization					0
<b>Net balance as of 31/12/2020</b>	<b>1 454</b>	<b>256</b>	<b>0</b>	<b>268</b>	<b>1 978</b>

CHARACTERISTICS OF LOANS FROM CREDIT INSTITUTIONS

**DELTA DRONE SA**

- PRET GARANTI PAR L'ETAT loan (PGE) (Loan Guaranteed by the State) taken out with BNP PARIBAS for 133K euros. This loan with an initial term of 12 months must be repaid in June 2021.

There is no guarantee from DELTA DRONE for this loan line.

**TECHNI DRONE SAS**

- BPI FRANCE loan amounting to 100,000 euros. This loan, taken out in April 2016, is a "seed" type loan. It was concluded on the basis of the application of a variable rate based on the monthly Average Rate of Return on Long-Term Government Loans.

A 3-year amortization deferral period was found, as stipulated in the loan agreement, followed by amortization over 5 years. The repayment of this loan, scheduled for April 2024, benefited from a 6-month maturity extension under Covid19.



Finally, this participatory loan has no personal guarantees, no real security, or no financial covenant to respect, but benefits from a guarantee from the Seed Loan Fund of up to 80%.

- CAISSE D'EPARGNE LOIRE DROME ARDECHE loan amounting 60,000 euros. The purpose of the loan, taken out in August 2016, was the financing of the acquisition of the company's standard equipment.

The repayment of this loan is expected to be completed in August 2021.

This loan comes with a real security consisting of a pledge of the financed equipment, but no financial covenant.

Finally, this loan benefits from a BPI FRANCE guarantee up to 50% of the loan.

- CREDIT COOPERATIF loan amounting 250,000 euros. The purpose of the loan, which was taken out in May 2017, was the financing of the acquisition of equipment and miscellaneous equipment as part of an innovation program.

The repayment of this loan, scheduled for January 2022, benefited from a 6-month maturity extension under Covid19.

This loan comes with a guarantee consisting of a pledge of business assets, but no financial covenant.

Finally, this loan benefits from a BPI FRANCE guarantee up to 50% of the loan and the guarantee of the company S.M.U.D.I.M.E.C., the securities acquired from the latter, by the company, in the amount of 7,503 euros, are also pledged as warrant.

- CIC loan amounting 30,000 euros. The purpose of the loan, taken out in November 2017, was the financing of the acquisition of drones and equipment.

The repayment of this loan, scheduled for December 2020, benefited from a 6-month maturity extension under Covid19.

This loan comes with a real security consisting of a bank account pledge, but no financial covenant. In addition, it also benefits from a guarantee granted by PIXIEL, in the form of a solidarity bond, being specified that the loan was initially taken out by the company ECOLE DES METIERS DU DRONES, a subsidiary of PIXIEL, merged with TECHNIDRONE in 2019.

#### **PIXIEL SAS**

- BPI FRANCE loan amounting 100,000 euros. The purpose of the loan, taken out in January 2015, was to strengthen the financial structure of the company.

A 2-year amortization deferral was found, as stipulated in the loan agreement, followed by amortization over 5 years. The repayment of this loan, scheduled for February 2022, benefited from a 6-month maturity extension under Covid19.



Finally, this loan does not have any personal guarantees, no real security, or any financial covenant to respect, but benefits from a 100% guarantee from the "CCI Innovation Pays de la Loire" Fund.

- CIC loan amounting 32,157 euros. The purpose of the loan, taken out in July 2015, was the financing of various equipment - DAS Formation.

The repayment of this loan, scheduled for August 2020, benefited from a 6-month maturity extension under Covid19.

This loan comes with a real security consisting of a bank account pledge, but no financial covenant.

- CIC loan amounting 12,107 euros. The purpose of the loan, taken out in July 2015, was the financing of various equipment - DAS Audiovisual Filming Benefits.

The repayment of this loan, scheduled for August 2020, benefited from a 6-month maturity extension under Covid19.

This loan comes with a real security consisting of a bank account collateral, but no financial covenant.

- CIC loan amounting 300,000 euros. The purpose of the loan, which was taken out in August 2016, was the financing of the working capital requirement.

The repayment of this loan, scheduled for August 2023, benefited from a 6-month maturity extension under Covid19.

This loan comes with real security consisting of a pledge of the business assets, but no financial covenant. In addition, it also benefits from a guarantee granted by BPI FRANCE for 60% of the borrowed funds.

- BPI FRANCE loan amounting 500,000 euros. The purpose of the loan, taken out in June 2017, was the financing of intangible expenses related to the industrial and commercial launch of an innovation.

A 2-year amortization deferral was found, as stipulated in the loan agreement, followed by amortization over 5 years. The repayment of this loan, scheduled for September 2024, benefited from a 6-month maturity extension under Covid19.

Finally, this loan benefits from a real security consisting of a "cash pledge" amounting to 25K euros, but no financial covenant to be respected. It also benefits from a guarantee granted by:

- The Fonds de Garantie PPI for 30% of the borrowed funds and,
- The European Investment Fund (EIF) for 50% of the borrowed funds.

#### **ATM GROUP SRA SAS**

- LCL loan of 800,000 euros. The purpose of the loan, taken out in December 2016, was the financing of the acquisition of a private security company (APIC SECURITE). The repayment of this loan is expected to be completed in December 2022.



This loan is subject to two real securities consisting of a pledge of financial securities and a blocking of the current account opened in the books of ATM GROUP SRA in the name of Mr. Christian BARD, in the amount of € 300,000.

This loan also benefits from a partial guarantee granted by Bpifrance Financement up to 40% of the outstanding amounts due.

In addition, this loan comes with a financial covenant clause known as the "Leverage Covenant" with the following formula:

*Sum of net debt increased from outstanding leases and factoring at the closing date of the financial years of ATM Group SRA, ATM Group Security and APIC Security*

*proportionally with*

*Sum of Gross Operating Surpluses of ATM Group Security and APIC Security.*

The "leverage covenant" must be 2% or less from the year ended 2016 until the loan is extinguished.

#### **ATM GROUP SECURITE SAS**

- LCL loan of 40,000 euros. The purpose of the loan, taken out in July 2017, was the financing of current investments related to the activity.

The repayment term of this loan is scheduled for July 2020.

This loan is not subject to any financial covenants or guarantees.

- LCL loan of 40,000 euros. The purpose of the loan, taken out in April 2018, was the financing of current investments related to the activity.

The repayment of this loan is expected to be completed in April 2021.

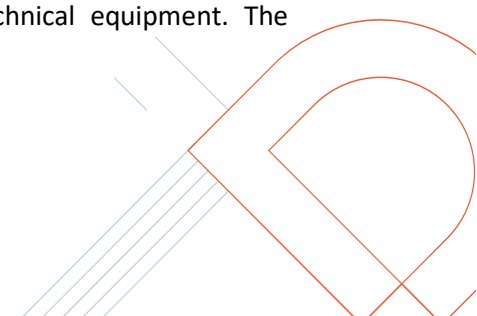
There are no financial covenants or guarantees attached to this loan.

- PRET GARANTI PAR L'ETAT loan (PGE) (Loan Guaranteed by the State) taken out with CREDIT LYONNAIS of 250K euros. This loan with an initial term of 48 months must be repaid in June 2024.

There is no guarantee from DELTA DRONE or its subsidiaries.

#### LEASING DEBTS

Leasing contracts are for the financing of computer equipment and technical equipment. The remaining amount due as of 31 December 2020 is 256K euros.



## BANK LOANS

Bank credit facilities amounted to 268K euros as of December 31, 2020.

## LOANS SCHEDULE

In Keuros	Less than a year	From one to two years	From two to three years	From three to four years	From four to five years	From five to six years	From six to seven years	From seven to eight years	Total
Loans from credit institutions	594	408	244	183	25	0	0	0	1 454
Leasing	106	106	44	0	0	0	0	0	256
Bonds - non-convertible	0	0	0	0	0	0	0	0	0
<b>Non-current debts</b>	<b>700</b>	<b>514</b>	<b>288</b>	<b>183</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 710</b>
Bank loans	268								268
<b>Current debts</b>	<b>268</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>268</b>
<b>Total loans and debts</b>	<b>968</b>	<b>514</b>	<b>288</b>	<b>183</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 978</b>

## **NOTE 13 - SUPPLIER DEBT, OTHER DEBTS AND SETTLEMENT ACCOUNTS**

Consider the following table:

In Keuros	31/12/2020	31/12/2019
Trade payables	2 459	2 348
Debts on capital acquisitions	44	397
Advances and down payments received	68	89
<b>Supplier debts and related accounts</b>	<b>2 572</b>	<b>2 834</b>
Tax debts	1 052	1 601
Social debt	2 483	2 388
<b>Tax and social debts</b>	<b>3 535</b>	<b>3 989</b>
Corporate tax	8	285
Other operating debts	1 064	2 076
Deferred taxes - Liabilities	2	0
<b>Total other debts</b>	<b>1 073</b>	<b>2 361</b>
<b>Total supplier debts, social and tax debts and other debts</b>	<b>7 180</b>	<b>9 184</b>
Deferred revenues	213	64
<b>Total regularization accounts</b>	<b>213</b>	<b>64</b>





#### NOTE 14 - DEADLINES OF OPERATING RECEIVABLES AND PAYABLES

Consider the following table:

In Keuros	Less than a year	From one to five years	More than five years	Total
Advances and down payments	205	0	0	205
Trade receivables and similar, net of provisions	2 320	0	0	2 320
Other receivables, net of provisions	1 428	1 103	0	2 531
<b>Operating receivables</b>	<b>3 953</b>	<b>1 103</b>	<b>0</b>	<b>5 056</b>
Non-current financial debts	0	0	0	0
Current financial debts	0	0	0	0
Supplier payables and related accounts	2 572	0	0	2 572
Other payables	4 170	439	0	4 608
<b>Operating payables</b>	<b>6 741</b>	<b>439</b>	<b>0</b>	<b>7 180</b>

#### NOTE 15 - TURNOVER AND SECTOR DATA

The turnover recorded in the consolidated accounts of the DELTA DRONE Group at 31 December 2020, corresponds to "non-group" invoices amounting to 13,417K euros.

Sector breakdown of sales:

In Keuros	31/12/2020	31/12/2019
Turnover - Services	12 642	14 850
Turnover - Billed training	309	445
Turnover - Goods sold	465	691
<b>Consolidated turnover for the period</b>	<b>13 417</b>	<b>15 987</b>

The distribution of turnover by geographical area is as follows:

In Keuros	France	Europe	USA	Africa	Middle East	Australia	Total
Turnover - Services	10 571			2 072			12 642
Turnover - Billed training	308			1			309
Turnover - Goods sold	465			0			465
<b>Consolidated turnover for the period</b>	<b>11 344</b>	<b>0</b>	<b>0</b>	<b>2 073</b>	<b>0</b>	<b>0</b>	<b>13 417</b>



## NOTE 16 - OTHER OPERATING INCOME

Consider the following table:

In Keuros	31/12/2020	31/12/2019
Inventoried products	1 573	(1)
Capitalized productions	1 872	569
Operating subsidies	147	490
Transfers of expenses	213	206
Other operating revenues	60	297
<b>Total operating revenues</b>	<b>3 865</b>	<b>1 561</b>

## NOTE 17 - PURCHASES, TAXES AND STAFF EXPENSES

Consider the following table:

In Keuros	31/12/2020	31/12/2019
Material purchase	3 950	3 418
Inventory changes	(169)	(210)
Other external purchases and expenses	4 523	4 844
<b>Purchasing and changes in inventories</b>	<b>8 305</b>	<b>8 052</b>
Taxes, duties and related payments	423	397
<b>Taxes, duties and related payments</b>	<b>423</b>	<b>397</b>
Wages and salaries	9 753	10 984
Social costs	2 972	3 001
<b>Total staff expenses</b>	<b>12 726</b>	<b>13 985</b>
<b>Total operating expenses</b>	<b>21 454</b>	<b>22 433</b>



- Breakdown of the Group's workforce by entity:

Consider the following table:

Company	Staff as of December 31, 2020
DELTA DRONE	25
MTSI	0
TECHNIDRONE	4
DELTA DRONE EXPERTS	8
PIXIEL	7
DELTA DRONE ENGINEERING	7
DELTA DRONE SOUTH AFRICA	2
ROCKETMINE SOUTH AFRICA	27
ROCKETMINE GHANA	7
DSL AFRICA	2
DELTA DRONE MOROCCO	0
DELTA DRONE IVORY COAST	0
ATM GROUP SRA	5
ATM GROUP ACCUEIL	13
ATM GROUP SECURITE	332
AMF	0
PARAZERO	10
<b>Total group workforce :</b>	<b>449</b>

**NOTE 18 - DEPRECIATION AND OPERATING PROVISIONS**

Consider the following table:

In Keuros	31/12/2020	31/12/2019
Intangible assets	(776)	(628)
Tangible assets	(842)	(1 293)
<b>Net endowments of operating reversals</b>	<b>(1 618)</b>	<b>(1 920)</b>
Current assets	51	(86)
Risks and charges	88	12
<b>Endowments net of reversals</b>	<b>139</b>	<b>(74)</b>
<b>Total depreciation and amortization</b>	<b>(1 479)</b>	<b>(1 995)</b>
Goodwill / badwill	(1 780)	(1 670)
<b>Endowments net of reversals</b>	<b>(1 780)</b>	<b>(1 670)</b>



## NOTE 19 - OTHER OPERATING EXPENSES

They amount to 126K euros.

## NOTE 20 - FINANCIAL RESULT

Consider the following table:

In Keuros	31/12/2020	31/12/2019
Income from participating interest	0	41
Income from selling financial investments	0	6
Other interest and related payments	25	47
Currency gains	15	3
Reversal of financial provisions	23	444
<b>Total financial incomes</b>	<b>64</b>	<b>540</b>
Interest expense	(254)	(130)
Expenses from selling financial investments	0	0
Currency losses	(65)	(31)
Endowments for financial provisions	41	(323)
Other financial expenses	(369)	(24)
Consolidation adjustments	0	481
<b>Total financial expenses</b>	<b>(647)</b>	<b>(27)</b>
<b>Financial result for the period</b>	<b>(583)</b>	<b>513</b>

## NOTE 21 - EXTRAORDINARY RESULT

Consider the following table:

In Keuros	31/12/2020	31/12/2019
Income from management operations	137	10
Income from capital transactions	524	664
Exceptional charges in provisions	108	780
<b>Total extraordinary incomes</b>	<b>769</b>	<b>1 454</b>
Management operation expenses	(685)	(655)
Capital transactions expenses	(2 124)	(2 036)
Exceptional changes in provisions	(53)	(119)
<b>Total extraordinary expenses</b>	<b>(2 862)</b>	<b>(2 810)</b>
<b>Extraordinary result of the period</b>	<b>(2 093)</b>	<b>(1 356)</b>

## NOTE 22 - CORPORATE INCOME TAX

The tax expense amounts to 68K euros.



## NOTE 23 - NET INCOME PER SHARE

### BASIC RESULT

Basic earnings per share are obtained by dividing the net income attributable to the shareholders of DELTA DRONE by the number of shares in circulation at the end of the financial years concerned.

In euros	31/12/2020	31/12/2019
Profit (loss) for the period	(10 697 100)	(9 539 362)
Number of shares used for basic earnings per share	845 417 377	203 161 578
<b>Earnings per share</b>	<b>(0,01)</b>	<b>(0,05)</b>

### DILUTED RESULT

Diluted earnings per share are achieved by dividing the net income attributable to DELTA DRONE shareholders by the number of shares in circulation on December 31, 2020, adjusted for the maximum impact of:

#### *Outstanding Share Subscription Warrants:*

1. BSA "OCABSA October 2016":

Remain in circulation:

- BSAs attached to Tranche 8, or 12,345,679.

- BSAs attached to Tranche 9, or 22,058,823. It should be noted that these BSAs are rated and fungible with BSA Y.

2. BSA Y:

The BSA Y, created as part of the operation set up in February 2019 and resulting from the BSA J exercise, amounts to 11,384,872.

3. BSA ORNAN #2:

The BSA attached to the TRANCHES of ORNAN issued in 2020 amounts to 244,599,661.

#### *Allotments of Free Shares being created:*

1. April 7, 2020:

23,393,479 shares have been allocated and will be created on April 7, 2021.

2. July 2, 2020:

19,455,238 shares have been allocated and will be created on 2 July 2021.

3. September 30, 2020:

16,406,767 shares have been allocated and will be created on 30 September 2021.

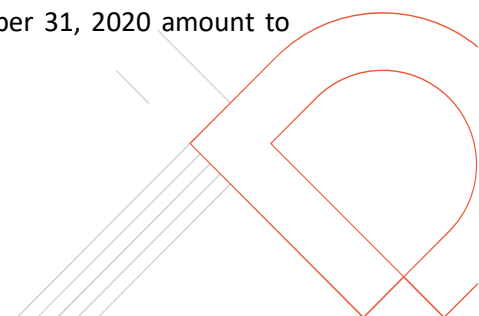
4. November 19, 2020:

14,023,351 shares have been allocated and will be created on 19 November 2021.

#### *The shares to be issued under the ORNAN contract #2:*

1. ORNAN #2 contract:

Potential shares attached to the 200 unresigned ORNAN as of December 31, 2020 amount to 84,090,908.



Thus, taking these elements into account, the potential number of shares to be issued is 434,683,482 shares, or, combined with those comprising the capital on 31 December 2020, a total of 1,280,100,859 shares.

In euros	31/12/2020	31/12/2019
Profit (loss) for the period	(10 697 100)	(9 539 362)
Number of shares used for diluted earnings per share	1 280 100 859	365 358 466
<b>Earnings per share</b>	<b>(0,01)</b>	<b>(0,03)</b>

#### NOTE 24 - OFF-BALANCE SHEET COMMITMENTS

##### COVENANT:

Only a loan taken out by ATM GROUP SRA, prior to its entry into the Group, is accompanied by a financial covenant. In this regard, please refer to note 12 of this document.

##### DISCOUNT EFFECTS NOT DUE:

No expected effects have been observed as of December 31, 2020.

##### OTHER COMMITMENTS GIVEN OR RECEIVED:

	Commitments given	Commitments received
<b>DELTA DRONE SA</b>		
PGE BNP PARIBAS LOAN - 133K EUROS	None	State guarantee granted to the bank
<b>TECHNI DRONE SAS</b>		
OSEO LOAN - 100K	None	Fund guarantee of 80% Seed Loan
CAISSE D'EPARGNE LOIRE DROME ARDECHE LOAN - 60K EUROS	pledge on financed equipment	BPI FRANCE guarantee up to 50% of the loan
CREDIT CREDIT COOPERATIF LOAN - 250K	Pledge of business assets up to 100% of the loan and pledge of SOMUDIMEC shares	BPI FRANCE guarantee up to 50% of the loan
CIC LOAN - 30 K€	Bank account guaranteeing up to 100% of the loan	Joint surety from PIXIEL SAS up to the amount borrowed



	Commitments given	Commitments received
<b>PIXIEL SAS</b>		
BPI LOAN - 100 K€	None	100% guarantee from the "CCI Innovation Pays de la Loire" fund
CIC LOAN - 32,1 K€	Bank account guaranteeing up to 100% of the loan	None
CIC LOAN - 12,1 K€	Bank account guaranteeing up to 100% of the loan	None
CIC LOAN - 300 K€	Pledge of business assets up to 100% of the loan	BPI FRANCE guarantee up to 60% of the loan
BPI LOAN - 500 K€	Retention of 25 K€ as "cash pledge"	Loan guarantee by: - The PPI Guarantee Fund for 30% and, - the European Investment Fund (EIF) for 50%
<b>ATM GROUP SRA SAS</b>		
LCL LOAN - 800 K€	Pledge of financial securities and blocking of the current account opened in the books of ATM GROUP SRA on behalf of Mr. Christian BARD, amounting 300,000 euros	Partial guarantee granted by Bpifrance Financement up to 40% of the outstanding amounts owed <b>(1)</b>
<b>ATM GROUP SECURITE SAS</b>		
LCL LOAN - 40 K€	None	None
PGE LCL LOAN - 250 K€	None	State guarantee granted to the bank

**(1)** - This loan is accompanied by a financial covenant, as such, please refer to note 12 of this document.

#### NOTE 25 - AUDIT RELATED FEES

Consider the following table:

In Euros		
Entities	Legal audit of accounts (as of December 31, 2020)	Services provided as part of the due diligences directly related to the mission of legal auditing of accounts
DELTA DRONE SA	46 000	19 000
DELTA DRONE ENGINEERING SAS	6 000	N/A
ECOLE FRANCAISE DU DRONE SAS	2 500	N/A
TECHNI DRONE SAS	4 000	N/A
PIXIEL SAS	4 500	N/A
DELTA DRONE EXPERT	2 500	N/A
DRONE PROTECT SYSTEM	3 500	N/A

