



ASX Announcement

## **Delta Drone builds a market-leading drone service business over FY21**

*Executing on strategy and extensively expanding markets, services and enterprise contracts*

### **FY21 HIGHLIGHTS<sup>1</sup>**

- Revenue up 64% to \$5.5million (FY20 \$3.4 million)
- Twelve new contracts with multinational enterprise companies including South32 Coal Holdings (Pty) Ltd (now Seriti Power), Pioneer Seed RSA, Syngenta and GoviEx Uranium
- Added three new service capabilities: light detection and ranging (LiDAR), security monitoring, and advanced drone pilot training
- Acquired Arvista Pty Ltd in Australia to create a local headquarters and further strengthen drone-based data service and technology solutions for enterprise clients
- Entered four new markets: Australia, Namibia, Zambia and Niger
- Strengthened balance sheet with an unsecured loan agreement with parent entity Delta Drone SA, and
- Post-reporting period divested drone safety business Parazero for \$6 million cash.

**28 February 2022** – Global drones-as-a-service provider, Delta Drone International Limited (ASX: DLT) is pleased to provide its results for the 12 months ended 31 December 2021 (FY21).

Commenting on the Company's progress over FY21, Delta Drone International CEO Christopher Clark said:

"The past year Delta Drone International created a lot of positive momentum as the Company successfully executed its growth strategy. At the beginning of 2021, two international business were merged to form Delta Drone International, and with the majority acquisition of Arvista in Australia, we have formalised the foundations of our future market focus.

"Overall revenue grew significantly, up 64% to \$5.5million for the year. Delta Drone International consolidated itself as a leading drones-as-a-service provider and was recognised as a top four global drone services provider in the Drone Industry Insights (Droneii) Top Drone Service Providers for 2021 Report.

"Our already extensive range of services was bolstered by the latest capability in light detection and ranging [LiDAR], security monitoring and advanced Beyond Visual Line-of-Site (BVLOS) operations, allowing us to meet the increasingly specialist needs of our customers.

"Delta Drone International now provides services in 9 countries, as enterprise customers have a universal need for the types of services that we expertly provide. Our market expansion continued with the creation of new headquarters in Australia servicing the mining, agricultural and infrastructure sectors following the acquisition of Arvista, while new contracts and market entries occurred in Namibia, Zambia and Niger.

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<sup>1</sup> Unaudited FY21 results

“While we expanded our market penetration, we also deepened our relationships with key customers, adding another 12 major contracts with multinational enterprise companies. Many of these were either contract extensions due to the excellent relationships we have with our customers, or expansions of remit due to our expertise in the field and ability to show value to clients.”

## FINANCIAL OVERVIEW

FY21 revenue was up 64% to \$5.5 million (FY20: \$3.4 million), including drone safety sales.

Reflecting the Company's growth strategy and scale-up commencing, an operating loss of \$3.6 million was incurred in FY21. Of this operating loss, \$1.9m related to the divested Parazero business, with a continuing operations operating loss of \$1.7m.

At 31 December 2021, Delta Drone had \$954k cash at bank, providing sufficient flexibility for the Company to continue executing its current growth strategy.

After year-end, the Company sold its drone safety business, Parazero, for \$6 million in cash to a consortium of investors led by NASDAQ-listed Medigus Ltd and facilitated by Israeli venture capital firm L.I.A Pure Capital Ltd.

## COMMERCIAL UPDATE

Delta Drone International expanded its range of significant contracts with some of the world's most well-known mining and agricultural companies, as well as others now using drones in commercial settings, harnessing the Company's leadership in drones-as-a-service. These new contracts built on the Company's three new services to its core capabilities: light detection and ranging (LiDAR), security monitoring and advanced drone pilot training.

Key contracts and new capability additions that show the broad cross section of Delta Drone International's services in FY21 included:

- Providing global media company **Thomson Reuters** in South Africa with assistance with Remote Operator Certificate (ROC) certification and providing pilot training to capture news and events by drones in real time
- **GoviEx Uranium** extended its relationship with DLT via virtual 3D model baseline surveying in Niger to create a shareable view of mining site to share with stakeholders who can't attend the site due to travel restrictions
- **Northern Star**, the global scale Australian gold producer, commenced aerial survey using several LIDAR capabilities in its West Australian operations at Kalgoorlie, Yandal and Pogo through DLT's Australian operation, Arvista
- Multinational OEM (original equipment manufacturer) and industrial equipment world-leader **Doosan Mobility Innovation** signed an integration deal with DLT Safety business, Parazero, where its patented SafeAir parachute technology will be incorporated into Doosan's award-winning DS30 endurance drones
- Global mining and metals company **South32 Coal Holdings** (Pty) Ltd (now Seriti Power) extended its DLT contract in South Africa for five more years allowing DLT to provide its drones-as-a-service capabilities across mine surveying and real-time data collection services

- Perenti subsidiary, **AMS African Mining Services** extended its contract for stockpile volume measurement where DLT deployed its mining specific drone fleet weekly to accurately track on-site stock volumes so AMS could better optimise their supply chain.
- Global accounting firm **BDO** recommissioned DLT to provide its tailored drone solution to provide large-scale livestock audits for client verification reporting.
- **Interwaste** commissioned DLT to provide advanced thermal imaging data to assist the organisation create more detailed air quality reports to monitor the environmental conditions of waste and landfill sites.
- **Rustenberg Platinum Mines** Limited, a wholly owned subsidiary of Anglo American Platinum Limited, the world's largest producer of platinum, signed DLT to provide survey mapping, blast monitoring and inspection services in South Africa.
- **Pioneer Seed RSA**, a subsidiary of major producer of agriculture seeds, Corteva Agriscience RSA, contracted DLT specialist agriculture drone pilots to deploy state-of-the-art agriculture-specific drones to capture a range of vital data including plant analytics to ensure maximum yield for crops such as maize, soybeans and sunflowers.
- Multinational agricultural services company **Syngenta** expanded its DLT remit into Zambia and used its advanced data capabilities to virtually deliver crop visualisation and analysis in real time while also allowing remote data capture and sharing of Syngenta's field trials in the region.
- **Inspections at concentrated solar power (CSP) facilities** were added to the Company's capabilities through surveys for a customer in South Africa's Northern Cape Province. The survey holds great significance in the industry as historically, this type of survey has been extremely challenging to conduct due to the reflective nature of the plant's mirrors preventing the capture of images required. A 100% tailored solution created internally that included a rewriting of the AI detection algorithm resulted in the successful monitoring for broken mirrors and defective heat elements as well as providing the client an analysis on future performance optimisation.

## OPERATIONAL UPDATE

Delta Drone International expanded operations into Australia, Namibia, Zambia and Niger bringing the number of markets in which it now provides its range of drones-as-a-service capability to nine jurisdictions.

### Australia

DLT acquired 60% of the shares in Perth-based provider of aerial and terrestrial surveying services, Arvista Pty Ltd. A key milestone in DLT's growth strategy in Australia, it immediately provided DLT with a blue-chip Australian client base and access to a team of highly skilled professionals with the expertise to expand their skillset beyond surveying to include the full range of drone-as-a-service operations that Delta Drone International provides.

### Namibia

DLT's training subsidiary Drone Safety & Legal (Pty) Ltd), expanded its accredited training operations into Namibia to deliver advanced drone operations training for enterprise companies. The courses provide enterprise drone operators with an intermediate understanding of aerial data capture, to gain deeper insights into the magnitude of ways advanced drone use and its associated services can add value to their operations.

## **Zambia**

DLT expanded its operations into Zambia after being appointed by multinational agriculture services company, Syngenta. DLT used its advanced data capabilities to virtually visualize and analyse crops, while also allowing remote data capture and sharing of Syngenta's field trials in the region – an essential part of the company's research and development process.

## **Niger**

DLT entered Niger with uranium explorer and developer, GoviEx Uranium Inc, to perform its new virtual 3D model baseline survey mentioned earlier.

## **Appointment of Chief Financial Officer**

On 2 December 2021 Paul Williamson joined Delta Drone International as Chief Financial Officer (CFO), replacing Mr Moshe Hukaylo. Paul is an astute finance professional with 29 years' accounting experience as a qualified Chartered Accountant and Company Secretary and previously worked for big four professional services firm, KPMG, and surveying and spatial data management services provider, Land Surveys Group.

## **POSITIVE OUTLOOK**

Commenting on the Company's positive outlook, Mr Clark said:

"In 2022 we will utilise our strengthened balance sheet to further scale our services and look for other attractive growth opportunities. Commercial applications for drone services are steadily rising and will probably overtake government and defence in terms of market share in the next few years.

"Delta Drone International is therefore focused on growing revenue with a significant investment in sales and marketing to harness the reputation of its technology and operations leadership as it executes its growth strategy and consolidates its drones-as-a-service business model.

"Additionally, the Company is working to further reduce overhead costs while enhancing operational efficiencies following its successful integration and increasing cross selling between its business units."

*This announcement has been authorised for release by the Board of Delta Drone International Limited.*

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## About Delta Drone International

Delta Drone International is a multi-national drone-based data service and technology solutions provider for the mining, agricultural and engineering industries. It provides aerial surveying and mapping, security and surveillance, and blast monitoring and fragment analysis through a fully-outsourced service with AI and fast data turnaround that allows enterprise customers to focus on operations on the ground while Delta Drone International takes care of everything in the air.

It has in-house enabling proprietary technology, an R&D and integration centre and specialist expertise in designing, developing and providing best-in-class autonomous safety systems for commercial drone deliveries, drone flights for crowd monitoring and in urban areas, as well as 'beyond visual line of sight' (BVLOS) missions.

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