



**VOLATUS
AEROSPACE**



DRONE TECHNOLOGY & SERVICES

MERGER OF EQUALS

May 2024

DISCLAIMER



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Strategic Merger of Equals

- **50/50 merger of equals, creating a global diversified drone technology and services leader which is expected to accelerate commercialization efforts.**
- **Expected to create a financially stable enterprise with enhanced near-term revenue opportunities along with immediate cost synergies to transition combined company from break-even to long-term profitability.**
- **Collaboration is anticipated to enhance shareholder value and establish a clear path towards success for all key stakeholders to achieve market leadership and sustainable growth.**

**Expected Outcome:
2025E Revenue: \$70+ million
2025E Adj. EBITDA: \$10+ million**

TRANSACTION OVERVIEW

Transaction Structure

- **Transaction Type:** All-stock, merger of equals transaction via Plan of Arrangement.
- **Exchange Ratio:** Volatus shareholders receive 1.785 shares of DDC for each Volatus share.
- **Pro Forma Equity Ownership:** Maintaining 50% / 50% basic ownership share structure.
- **Capital Markets:** Combined company will be called “Volatus Aerospace Corp.” and will trade under TSXV: FLT and OTCQB: TAKOF.

Leadership & Governance

- Combined company will be headquartered initially in Ontario, and will also continue to maintain DDC’s operating footprint in Ontario.
- Glen Lynch to serve as Chief Executive Officer.
- Steve Magirias to serve as Chief Operating Officer.
- Board of Directors: Volatus to hold 3 seats (including Chair), DDC to hold 2 seats, with 2 additional independent directors to be appointed.

Approvals & Timing

- Approved by Volatus and DDC Boards of Directors.
- Directors and executive officers have signed support agreements representing 62% and less than 1% of Volatus and DDC shares, respectively.
- Transaction subject to the approval of Volatus and DDC shareholders.
- Subject to applicable regulatory approvals and the satisfaction of certain other customary closing conditions.
- Expected closing in third quarter of 2024.

MERGER RATIONALE

- **Enhanced Capabilities:** Leverage DDC's remote operation technologies to enhance Volatus' data service offerings, which is expected to improve gross margins and market positioning.
- **Profitability & Cost Reduction:** \$2M+ of day-one synergies from overlapping activities. The combined organization is anticipated to be cash flow neutral by Q4 2024, and the transaction is expected to accelerate achievement of profitability goals in 2025.
- **Revenue Synergies:** Expected to deliver accelerated revenue growth by leveraging DDC's innovative technology to expand Volatus' existing contracts and bolster its sales pipeline.
- **Market Expansion:** Capture new markets by combining Volatus' commercial base and geographical reach with DDC's delivery technology, focusing on the burgeoning cargo drone sector.
- **Capital Markets:** A combined investor pool of ~147,000 shareholders with an anticipated increase in market presence. Enhance investor relations to improve market understanding and liquidity.

ANTICIPATED SHAREHOLDER BENEFITS



- Pro forma ownership of 50% provides exposure to DDC's advanced operational and proprietary cargo drone technology and remote operating capabilities to enhance existing service offerings.
- Market expansion opportunity through enhanced geographic diversification, and entrance into new end markets including the emerging cargo sector.
- Presents opportunity to leverage the Volatus management team's strong commercial expertise to ensure optimal commercialization of DDC's technology and product portfolio.
- Enhanced capital markets profile, supported by DDC's strong shareholder base.
- Pro forma ownership of 50% provides immediate exposure to Volatus' material revenue profile and near-term cash flow generation with attractive long-term growth potential from DDC's current portfolio of proprietary technology.
- Enhanced ability to realize value from existing proprietary drone technology portfolio via stronger financial position of the combined company expected to achieve profitability in the near-term.
- Accretive to DDC on key financial and operating metrics.
- Enhances DDC's access to new geographies and sectors.

Significant value upside potential for both sets of shareholders as the combined company advances its business plan and achieves near-term profitability.

POSITIONED FOR GROWTH



- 2023 Sales: \$35M
- Diversified Customer Base
- Civil & Defense Sectors
- Service Offerings & Value-Added Resale
- Licensed Commercial Aircraft Operator
- \$80M+ in Signed Drones-as-a-Services Agreements
- \$289M Sales Pipeline, Rolling 12 Month Forecast
- Presence: Canada, USA, & UK



- 2024 Order Book of \$3M
- Advanced Drone-Agnostic Ecosystem
- Multiple Patents
- Remote Operations Control Center: 7,000+ Flights, 18,500+ km
- First Transport Canada-Certified Operator
- \$40M Invested in Development & Tech
- Leader in the Canadian Drone Delivery Market

Aerial Solutions (Drones & Piloted Aircraft)

- Core services business poised for growth in short and long term.
- Drivers: increased adoption and technological advancements.
- Expected Revenue % of Combined Company in 2025E: 38%; Gross Margin: 43%.

Drone Equipment Sales

- Supports the sale of turn-key services.
- Drivers: increasing demand across various sectors, technological advancements, and declining prices of drones.
- Expected Revenue % of Combined Company in 2025E: 41%; Gross Margin: 26%.

Drone Cargo Services

- Poised to commercialize as technology and regulations evolve.
- Drivers: growing e-commerce sector, technology advancements, and supportive regulations for drone operations.
- Expected Revenue % of Combined Company in 2025E: 21%; Gross Margin: 26%.

ROBUST SYNERGY OPPORTUNITIES

	Operational Efficiency	Expanded Solutions	Market Expansion
Business Synergies	<ul style="list-style-type: none"> Leveraging DDC's remote operation capabilities, technologies, and experience to further enhance combined organization service margins and competitive edge. 	<ul style="list-style-type: none"> Merging Volatus' robust commercial presence with DDC's drone delivery capabilities and innovations to position as a market-leading, tech-enabled solutions provider. 	<ul style="list-style-type: none"> Broadened geographic reach, expanding into the cargo sector, which is expected to become economically significant in the near future.
Corporate Synergies	<ul style="list-style-type: none"> Reduce corporate and overhead services costs, resulting in an estimated annualized operating expense reduction of approximately 35%. 		
Total Synergies <i>(Annual Run-Rate Synergies Expected to be Achieved by F2026E)</i>	\$3M+	\$1M+	~\$5M

Combining Volatus and DDC provides a unique opportunity to unlock significant operational and strategic synergies.

PROVEN & TRUSTED LEADERSHIP

- Management of the combined company will include executives from both Volatus and DDC; bringing together a team with **strong commercial backgrounds, alignment to deliver on corporate strategies, and focused on enhancing the company culture.**
- The new team reflects the **depth, experience, and leadership** of both companies.
- The Board of Directors will consist of **3 Directors** appointed by Volatus (including the Chair), **2 Directors** appointed by DDC, and **2 independent Directors.**

Glen Lynch
CEO & Director



- Glen has a proven executive management track record and experience driving growth in the aerospace industry.
- Glen has over 30 years of experience in operational aviation, with seven years of aerospace manufacturing.
- Glen has exceptional skills in assessing an organization or facility's challenges and partnering with leadership to create profitable solutions quickly and cost-effectively.

Steve Magirias
COO



- Steve brings over 20 years of experience with both well-established organizations and entrepreneurial companies in a variety of industries including aerospace and defense, capital equipment and medical devices.
- Steve has a Bachelor of Mechanical Engineering degree from Ryerson University, an MBA from the Schulich School of Business, York University and is a licensed professional engineer.

Ian McDougall
Chairman



- Ian has over 40 years of experience in the aviation industry, particularly as the chief executive of several commercial operating companies including Partner Jet, Learjet Canada and Flight Solutions and Services (FSS) Inc.
- Ian is a member of the Law Society of Upper Canada and studied at Harvard Law School, Osgoode Hall Law School, and Simon Fraser University.

PRO FORMA CAPITALIZATION

Combination leads to a 50/50 merger of equals.

Volatus Basic Shares
Outstanding

126M

Pro Forma Cash
(Q3 2024)

~\$3M

Exchange Ratio

1.785x

Pro Forma Debt
(Q3 2024)

~\$19M

Shares Issued to Volatus

224M

DDC Basic Shares
Outstanding

224M

Pro Forma Basic Shares
Outstanding

449M

ROADMAP

Q3 2024: Transaction closes.

2025: Expected launch of expanded service lines with enhanced drone capabilities in at least two new international markets.

Q4 2024: Expected completion of the integration of Volatus' and DDC's technologies and operations.

2026 and Beyond: Establish leadership in the tech-enabled data and cargo drone services sector globally.

WHY OWN THE COMBINED ENTITY?

- **Enhanced Capabilities:** Leverage DDC's remote operation technologies to enhance Volatus' data service offerings, which is expected to improve gross margins and market positioning.
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THIS IS THE BEGINNING.



**VOLATUS
AEROSPACE**



BE PART OF THE FUTURE.