

DRONE VOLT

Q1 2018 activity report: ramping-up of production

Villepinte, April 10, 2018

DRONE VOLT, a French aeronautics manufacturer specializing in professional civilian drones, has announced its sales and order intake for Q1 2018. These figures demonstrate the successful shift underway from a role as distributor to the development, production, and sales of drones and associated services. This has led to strong growth in the high value added activities of DRONE VOLT FACTORY (production), DRONE VOLT SERVICES and DRONE VOLT ACADEMY (training).

Unaudited figures in €k – IFRS standards	Q1 2017	Q1 2018	% change 2018/2017
Sales	1,857	1,670	-10%
<i>o/w Distribution</i>	1,727	1,483	-14%
<i>o/w DRONE VOLT FACTORY, SERVICES & ACADEMY</i>	130	187	+43%
Production in progress	-	304	NS
Total	1,857	1,974	+6%
<i>o/w Distribution</i>	1,727	1,483	-14%
<i>o/w DRONE VOLT FACTORY, SERVICES & ACADEMY</i>	130	491	+276%

Q1 2018 billings totaled nearly 2 million euros, up +6% compared to Q1 2017. In keeping with the Group's strategy, growth was driven by the production of the ALTURA ZENITH and HERCULES drones and the PENSAR camera, while distribution (the non-strategic historical business) fell 14% to 1.5 million euros.

Billings for DRONE VOLT products and services tripled compared to Q1 2017 to 0.5 million euros. A portion of the orders billed over the quarter were not recognized in sales, as they were not delivered as of March 31, 2018. The amount of billed orders in production reached 0.3 million euros as of end March 2018.

Billings for DRONE VOLT FACTORY (production in Villepinte and Amsterdam), DRONE VOLT SERVICES and DRONE VOLT ACADEMY (training) represented 25% of total billings in Q1 2018 versus only 7% in Q1 2017.

DRONE VOLT needed only six months to get Aerialtronics (whose assets were acquired in connection with the liquidation of the company in September 2017) back on track. Over this period of time, production was relaunched after a nearly one-year shutdown, personnel costs were divided by 2x and the PENSAR camera equipped with artificial intelligence was introduced on the market. The first orders have already been received for delivery over the coming weeks.

Aerialtronics is in the process of recovering its entire business value and perhaps even more. It is quite possible that, within one year, Aerialtronics will have delivered as many drones as in 2016 thanks to its technological lead over the competition through its PENSAR intelligent camera.

The gross margin remained stable at 25% of sales as of end March 2018 compared to end March 2017, notably taking into account the portion of production not yet recognized in the sales figure.

In parallel, DRONE VOLT is pursuing the expansion of its expertise on international markets, with 41% of Q1 2018 sales generated by the foreign subsidiaries compared to 39% in Q1 2017.

Looking beyond this, DRONE VOLT signed several significant orders that validate its drone manufacturing strategy and its ability to expand into the two sectors “**Buildings and inspection**” and “**Security and surveillance**”. These orders have not yet led to a start of production and were therefore not included in the quarterly billings.

Among the commercial successes, we would note:

- The signing in March 2018 of an exclusive 5-year distribution contract with **Prosic**, a company based in Mexico specializing in the distribution of aerial work platforms. The agreement calls for at least 2.25 million euros in purchases over five years in order to maintain the exclusivity.
- An order for a **Hercules 5 UF** drone by a US government agency following the company's demonstration of its new products in the United States last August.
- An order for a **Zenith 1.2.8** drone equipped with the Pensar intelligent camera by a government agency in Thailand.

At the same time, the partnership with **Germandrones GmbH** announced last March 2 is being put into place and is developing around the leading products of the two companies, thereby confirming the very good fit between the partners. In this regard, Germandrones has ordered one Pensar intelligent camera, one Zenith 1.2.8 drone, two Hercules 5 drones and one Hercules 10 drone. For its part, DRONE VOLT has added the Songbird drone, a VTOL (vertical take-off and landing) drone made of glass fiber and carbon composites, to its catalog. With a wing span of 3.1 meters, the drone can fly at 160 km/h and carry a payload of 2 kg.

In Q1 2018, DRONE VOLT confirmed its transformation by demonstrating the pertinence of its business model and its international dimension. The very favorable outlook is now taking concrete form in Asia, particularly in Indonesia, where following the perfectly conducted demonstration, an initial significant order should be confirmed.

This trend should also be confirmed in North America thanks to advanced contacts with several government agencies.

As announced in connection with the 2017 annual results (cf. press release dated March 12, 2018), DRONE VOLT has entered into negotiations with 65 clients, including 14 government agencies and 13 international groups. These negotiations are proceeding well and are in the process of being completed.

Next press release: H1 2018 sales, week of July 16, 2018

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About DRONE VOLT

Founded in 2011, DRONE VOLT is an aeronautics manufacturer specializing in professional civilian drones and artificial intelligence. DRONE VOLT operates in France, the Benelux region, Canada, Denmark, the United States, Switzerland, and Indonesia. A global partner, DRONE VOLT offers its clients turnkey business solutions including different services and the training of drone pilots.

The DRONE VOLT group recorded sales of 7.8 million euros in 2017. DRONE VOLT notably produces aerial views for government agencies and industrial companies. The company's clients include FRANCE TELEVISIONS, TF1, the French Air Transport Gendarmerie (GTA), and POINT.P etc.

DRONE VOLT has been designated as an Innovative Enterprise by Bpifrance.

DRONE VOLT is listed on the Euronext Growth market in Paris:

Action: Mnemonic: ALDRV.PA - ISIN code: FR0013088606 - Eligible: PEA, PEA-SME

BSA: Mnemonic: DRVBS - ISIN code: FR001286054

More information on www.dronevolt.com

Contacts:**FINANCE media contact****ACTUS finance & communication**

Jean-Michel Marmillon – Tel: +33 1 53 67 36 73

dronevolt@actus.fr

PUBLIC AND INDUSTRY media contact**DRONE VOLT**

Céline Vergely – Tel: +33 6 08 42 75 84

celine@dronevolt.com