

DRONE VOLT

Impact of the health crisis on the 1st semester of 2020 with an active upturn in the 3rd quarter

- Stunted and ceased operations during 50% of the semester due to the health crisis;
- Several significant purchase orders booked in July, reaffirming the expected upturn in the 3rd quarter;
- Assured financial resources to support the upturn;
- Sales pipeline continuously exceeding 15 million euros.

Villepinte, 22nd of July 2020

DRONE VOLT, embedded artificial intelligence expert and professional civil drones manufacturer, presents its 1st semester 2020 activity.

Olivier Gualdoni, CEO of DRONE VOLT, declares 'As expected, the downturn and complete stop of activities during the first lockdown period has impacted our 1st semester sales. However, the Group has confirmed an upturn in commercial sales over the last few weeks, notably in Europe, the Middle East and the USA, with significant purchase orders and a promising outlook for the future. Thus, we can comfortably expect a rebound in sales starting in the 3rd quarter and confirm our sales potential in the medium term.'

Non-Audited Data in thousand euros – IFRS Norms	S1 2019	S1 2020	Variation
Turnover			
<i>from DRONE VOLT FACTORY, SERVICES & ACADEMY</i>	1 410	701	-50%
<i>from third-party brands</i>	2 114	1 270	-40%
TOTAL	3 524	1 972	-44%
Gross Profit			
<i>from DRONE VOLT FACTORY, SERVICES & ACADEMY</i>	713	356	-54%
<i>from third-party brands</i>	517	209	-50%
TOTAL	1 230	565	-60%
Gross Margin			
<i>from DRONE VOLT FACTORY, SERVICES & ACADEMY</i>	51%	51%	-
<i>from third-party brands</i>	24%	16%	-8 points
TOTAL	35%	29%	-6 points

Shutdown of DRONE VOLT FACTORY between mid-March and mid-May

As a security measure for its employees and partners, DRONE VOLT completely halted its manufacturing and sales activities during the lockdown period. The operations ceased following a major slowdown in the 1st quarter, as the pandemic created a supply shortage of components shipped from Asia.

Consequently, during the 2nd quarter, DRONE VOLT FACTORY could only produce and invoice one HERCULES and one ALTURA ZENITH, totaling 13 UAVs and one PENSAR AI-camera over the 1st semester.

Significant high added-value activities (DRONE VOLT FACTORY, SERVICES & ACADEMY) have also witnessed a 50% natural decrease in income compared to the 2019 period. Nevertheless, the gross margin remained at a whopping 51% of the turnover.

Third-party sales, also impacted by the supply and delivery shortages, have suffered slightly less thanks to the implementation of a temporary sale of face masks (c.f. 5th of May press release). This low margin activity, adjusted to assist the governmental measures to fight against the spread of COVID-19, have impacted the company's gross margin, which lay at 16% of turnover.

As a result, the consolidated turnover for the 1st semester of 2020 was 1.972 million euros compared to 3.524 million in the 1st semester of 2019. The consolidated gross margin for 2020 was 29% of turnover, whereas it lay at 35% in 2019.

Strengthening the Cash Flow

With these elements in mind, DRONE VOLT implemented several measures to secure its financial stability and anticipate the resources required to fully benefit from the upturn in activities.

The Group has therefore:

- Arranged several capital increases, with the help of its long-term, historic shareholders, for a total of 3.7 million euros;
- Prepaid over 90% of the two ORNANE's (convertible bonds) issued in 2019;
- Requested and acquired a State-guaranteed support loan (PEG) of over 500 thousand euros from its main bank partner;
- Renegotiated a funding line in own equity which allows, depending on the company's needs, to allocate 200 thousand euros every ten days.

Activity rebound as of July

Following the resumption of sale activities in June, DRONE VOLT is already seeing improvements from the upturn to overall activities. With significant purchase orders from Hungary (one HERCULES 10, two HERCULES 20 and one ALTURA ZENITH equipped with the PENSAR AI-camera), the Middle-East (three HERCULES 10 Spray) and the United States (two ALTURA ZENITHs equipped with PENSAR AI-cameras), the outlook is promising and the 3rd quarter rebound to turnover should be met.

Furthermore, DRONE VOLT suffered no cancellations to the order book during the pandemic, allowing the sales pipeline to continuously exceed 15 million euros and reaffirming the potential of its indisputable professional UAV solutions.

Finally, the Group finalized the development of its mask detection software, essential for law enforcements and public agencies for fighting the propagation and possible 2nd wave of COVID-19. As a reminder, this software is based on an artificial intelligence algorithm and distributed as a SaaS (*Software as a Service*), it respects the GDPR regulations by keeping people anonymous.

Next Press Release: 1st Semester 2020 results, 16th of September 2020

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About DRONE VOLT

Founded in 2011, DRONE VOLT, is an expert in onboard artificial intelligence and manufacturer of professional civilian drones with operations in France, Belgium, the Netherlands, 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, a member of GICAT (French land and air-land defense and security industry group), recorded sales of 7.1 million euros in 2019 (non-audited figures).

DRONE VOLT's customers notably include government administrations and industrial groups such as the French army, the French Ministry of Defense, Engie, Total, Bouygues ES, ADP, the Air Transport Gendarmerie (GTA) and international government agencies.

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

For more information go to www.dronevolt.com and www.abid.co/EPA.ALDRV

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