

DRONE VOLT

28% growth in turnover in the fourth quarter of 2020

- 28% growth in the turnover when compared to Q4 2019 and 82% compared to Q3 2020,
- Consolidated gross margin reaches its all-time record of 35%,
- 15% of commercial activity has been made with AQUILINE DRONES in the USA,
- Further partnerships are planned with AQUILINE DRONES to strengthen R&D,
- Governance changes after a successful transition phase.

Villepinte, 20th of January

DRONE VOLT (ISIN: FR0013088606; Mnémo: ALDRV), embedded artificial intelligence expert and professional civil drone manufacturer, announces its unaudited turnover for 2020 and its outlook for 2021.

Marc Courcelle, Managing Director of DRONE VOLT, declared: *'Thanks to the efforts of all our teams, DRONE VOLT has been able to show its resilience during the health crisis with a solid financial structure and a dynamic commercial activity over the end of the year. As part of our partnership with AQUILINE DRONES, production of UAVs in the U.S. has started slower than expected, as we announced, but remains promising and is expected to intensify in 2021.*

After a difficult year in 2020, marked by the sudden death of our former CEO Olivier Gualdoni last October, we remain confident about our outlook for the financial year 2021, if the health measures are not tightened and do not hinder the recovery initiated at the end of 2020.'

| Unaudited data in euros - IFRS standards | Q4 2019 | Q4 2020 | Growth | 2019 | 2020 | Growth |
|---|--------------|--------------|-------------|--------------|--------------|------------------|
| Turnover | | | | | | |
| from DRONE VOLT FACTORY, SERVICES & ACADEMY | 686 | 907 | +32% | 2 796 | 2 187 | -22% |
| from third-party brands | 1 196 | 1 506 | +26% | 4 307 | 3 525 | -18% |
| TOTAL | 1 882 | 2 413 | +28% | 7 103 | 5 712 | -20% |
| Gross Margin | | | | | | |
| from DRONE VOLT FACTORY, SERVICES & ACADEMY | 448 | 497 | +11% | 1 534 | 1 065 | -31% |
| from third-party brands | 218 | 339 | +56% | 992 | 694 | -30% |
| TOTAL | 666 | 836 | +26% | 2 532 | 1 758 | -30% |
| Gross Margin (%) | | | | | | |
| from DRONE VOLT FACTORY, SERVICES & ACADEMY | 65% | 55% | -10 points | 55% | 49% | -6 points |
| from third-party brands | 18% | 23% | +5 points | 23% | 20% | -3 points |
| TOTAL | 35% | 35% | - | 36% | 31% | -5 points |

Rebound in activity in Q4

While DRONE VOLT's industrial and commercial activities were strongly impacted by the health crisis in the first nine months of 2020 (-37%, at 3,299 thousand euros), the fourth quarter of the year showed a rebound of +82% compared to the third quarter of 2020 and +28% compared to the fourth quarter of 2019, at 2,413 thousand euros.

This rebound brought the turnover generated by the high value-added activities (DRONE VOLT FACTORY, SERVICES & ACADEMY) to 907 thousand euros over the last quarter, up +57% compared to the third quarter of 2020 and +32% over the same period the previous year. DRONE VOLT notably delivered 20 UAVs and 1 smart camera during the last quarter. For the full year, revenues from these activities amounted to €2.2 million, compared to €2.8 million in 2019, taking into account the delay at the height of the health crisis.

The Third-Party Brands activity generated 1.5 million euros in revenues over the last quarter of the year, up +101% compared to the 3rd quarter of 2020 and +26% over the same period the previous year. Penalized by supply and delivery difficulties, annual revenues for this activity amounted to €3.5 million compared with €4.3 million in 2019.

The company thus ends the year with annual sales in 2020 at 5.7 million euros compared to 7.1 million euros in 2019 penalized by the health crisis.

Resilient gross margin close to record levels

In Q4 2020, the gross margin of high value-added activities amounted to 497 thousand euros, representing a profitability of 55%, up +18 points compared to the previous quarter. For the full year, gross margin for these activities amounted to 1.07 million euros with a profitability of 49%, down 6 points due to the lower activity in services and training due to social distancing measures.

Gross margin for Third Party Brands amounted to 339 thousand euros for the 4th quarter, or 23% of revenues, up +4 points compared to the previous quarter and +5 points compared to Q4 2019.

Thus, the total gross margin rate recorded in Q4 2020 was at the same level as in the same period the previous year (35%).

Outlook for 2021

The company anticipates a promising 2021 fiscal year. The Group's business will be driven in particular by the United States, where its partner AQUILINE DRONES is deploying its disruptive solutions for business services.

As a reminder, the license agreement signed between the two Groups covers the production and marketing by AQUILINE DRONES in Hartford Connecticut of the HERCULES 2, the ALTURA ZENITH and the PENSAR smart camera, the technological flagships of the range developed by DRONE VOLT and its subsidiary AERIALTRONICS. In return for the know-how and exclusivity in the United States over the next 5 years, the American company has undertaken to pay DRONE VOLT 10% of the proceeds from the sale of the machines manufactured and sold, with a minimum monthly payment of 100 kUSD raised by 10% every 12 months, for a total minimum amount of 7.7 million dollars over 5 years.

Beyond the royalties resulting from this lucrative partnership, DRONE VOLT can also rely on the agreement signed last October with Hydro-Québec, the largest electricity producer in Canada and one of the largest hydroelectric producers in the world, for the industrialization and commercialization of LineDrone, a UAV designed for the inspection of high-voltage transmission lines, of which it has committed to acquire several copies. The first sales are expected to begin in mid-2021. However, the Group announces that the very severe restrictions related to the health crisis in Canada could delay the first deliveries by 2 to 3 months.

Finally, the overall volume of business under discussion (commercial pipeline) remains very solid and includes a letter of intent with a European distributor customer for the supply of a minimum of 275 HERCULES 20 SPRAY UAVs over the next 3 years which, based on the list price of the solution, would represent an invoicing amount in excess of 5 million euros.

This good momentum should be reflected in the Group's revenues from the first quarter of 2021.

Enhancing the value of DRONE VOLT's technology

In addition, the company announces that it has begun discussions on signing a letter of intent as part of a new partnership with AQUILINE DRONES to pool their research and development expertise within AERIALTRONICS, a subsidiary of DRONE VOLT, the company behind the ALTURA ZENITH UAV and the PENSAR smart camera. This partnership is designed to strengthen synergies between the two companies in the professional civil UAV sector, where R&D remains a key success factor.

Within this framework, DRONE VOLT would sell 50% of the capital of AERIALTRONICS to AQUILINE DRONES, on the basis of an estimated valuation of 15 million euros. As a reminder, the valuation of AERIALTRONICS in DRONE VOLT's accounts is less than 3.5 million euros.

Change in the governance of DRONE VOLT

DRONE VOLT announces today the cooptation of Stefano Valentini as Director and his appointment as Chairman of the Board of Directors to replace Dimitri Batsis who also resigns from his position as Director. Following the death of Olivier Gualdoni last October, Dimitri Batsis, Founder and historical shareholder of the company, has ensured a successful transition.

Stefano Valentini has a perfect knowledge of DRONE VOLT. He was previously Director of the Group's International Strategic Alliances and in particular led the development of the company in the United States. Between 2017 and 2019, he managed the subsidiary AERIALTRONICS. With a long and rich industrial experience combined with excellent managerial skills, Stefano Valentini is today the ideal profile to preside over the company alongside Marc Courcelle, Chief Executive Officer.

Dimitri Batsis declared: *'Stefano is a formidable leader of men and a man of challenges. He took up the challenge of taking over AERIALTRONICS, at the bar of the Commercial Court, and led the successful relaunch of production and then the perfect integration within our Group. It is thanks to this tremendous work that we were able to forge this very promising strategic alliance with AQUILINE DRONES. He has the ideal profile to preside over DRONE VOLT's destiny.'*

In conclusion, Stefano Valentini said: *'First of all, I would like to welcome the recent return of Dimitri Batsis to the presidency of our group to replace Olivier Gualdoni at short notice in a particularly painful context. He has enabled us to stay the course in exceptional circumstances. I would also like to salute his strategic vision, which has enabled us to identify the potential of AERIALTRONICS and to buy this nugget. Finally, I would like to thank all the directors who have shown their confidence in me today through this appointment.'*

Next Press Release: 2020 Annual Results, 17th of March 2021

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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

Contacts:

FINANCE Media Relations**ACTUS finance & communication**

Manon Clairet – T: +33 1 53 67 36 73

dronevolt@actus.fr

**GENERAL PUBLIC AND PROFESSIONAL DRONE VOLT
media relations**

Céline Vergely – T: +33 6 08 42 75 84

celine@dronevolt.com

U.S. & International Investor Relations

Thomas Renaud

Arrowhead Business and Investment Decisions

48 Wall Street, 11th Floor | New York | NY 10005

Office: +1 212 619-6889 ext. 7010

dronevolt@arrowheadbid.com
