

DRONE VOLT

2020 Results: a financial structure strengthened during the crisis to anticipate a promising year

Villepinte, March 17, 2021

- Two major agreements signed in the United States with AQUILINE DRONES and in Canada with Hydro-Québec;
- Assets strengthened in the USA by the participation of about 10% in the capital of AQUILINE DRONES;
- Cash and equity at historical highs at the end of 2020 ;
- Rebound in revenues and gross margin at the end of fiscal year 2020 ;
- Reduction of the current operating expenses allowing to control the fall of the EBITDA;
- Operating income and net income penalized by nearly 3.4 million euros (4.06 M USD) by non-cash charges;
- Reduction of the Financial Debt of more than 1 million euros (1.19 M USD).

DRONE VOLT, expert in embedded artificial intelligence and manufacturer of professional civil drones, presents its results for the year 2020, as approved by the Board of Directors on Monday 15 March 2021.

<i>Audited data in Keuros – IFRS standards</i>	2019	2020	Variation
Turnover	7 108	5 836	(1 272)
Gross Margin	2 441	1 711	(730)
Operating expenses <i>(excluding depreciation and provisions and other operating income and expenses)</i>	(4 066)	(3 738)	(328)
Gross operating surplus	(1 625)	(2 027)	(402)
Depreciation, amortization, provisions and other operating income and expenses	(1 706)	(2 308)	+602
Current operating income	(3 331)	(4 334)	(1 003)
Other operating income and expenses	(136)	(3 871)	(3 735)
Operating income	(3 467)	(8 205)	(4 738)
Cost of net financial debt	(158)	(511)	+353
Other financial income and expenses	(264)	(162)	(103)
Tax	1 069	2 011	+942
Net income	(2 822)	(6 867)	(4 045)
Net income, group share	(2 571)	(6 806)	(4 235)

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"Despite the impact of the health crisis on our results for the year 2020, we were able to get through this difficult period by strengthening DRONE VOLT's position as a reference player in its sector thanks to the intense efforts of all our teams and the confidence of our shareholders, whom I would like to personally thank today." Declares Marc Courcelle, CEO of Drone Volt. "We are now stronger and have achieved worldwide recognition thanks to the licensing partnership with AQUILINE DRONES and the agreement with Hydro-Quebec, which we expect to ramp up in 2021. It is therefore with serenity and optimism that we approach this new fiscal year which should put us back on a growth trajectory from the beginning of the year. »

Gross operating income held up well despite the crisis

Despite the impact of the health crisis, which was particularly strong in the ^{first} half of the year, DRONE VOLT was able to deliver 55 drones and 7 smart cameras, while gradually resuming its service and training activities, thanks in particular to the digitization of processes.

Consolidated revenues thus came to €5.8 million (6.93 M USD), compared with €7.1 million in 2019 (8.48 M USD), with a marked rebound in Q4 2020 (+28% compared with Q4 2019 and +82% compared with Q3 2020).

The same trend can be seen in the gross margin, which was particularly affected by the cyclical shutdown of DRONE VOLT FACTORY, SERVICES & ACADEMY activities for several weeks at the height of the crisis. Here again, the fourth quarter of 2020 was very encouraging, with a consolidated gross margin of 35% of revenues returning to normal levels.

The 0.7 million euro (0.84 M USD) decline in gross margin was half offset by the reduction in operating expenses (excluding depreciation and provisions) made possible by a strict cost-cutting plan and the temporary use of partial work schedules. Gross operating profit thus amounted to -2 million euro in 2020 (-2.39 M USD), a limited decline of 402 thousand euro (479 K USD) in a year of unprecedented crisis.

Operating income and net income affected by exceptional accounting items

The sharp decline in income from operations before non-recurring items, income from operations and net income is mainly attributable to accounting items, with a negligible impact on cash flow, and is entirely exceptional in nature:

- The acceleration of the rate of amortization of capitalized development costs, generating an increase in net charges of 0.7 million euro (0.84 M USD);
- Exceptional depreciation of 0.9 million euro (1.07 M USD);
- The accounting valuation of the free shares granted to the beneficiaries of the former CEO of the Group who died on October 17, 2020, for an amount of 3 million euro (3.58 M USD);, of which only 0.5 million euro of cash expenses (0.6 M USD);.

Thus, net group share income for the year 2020, after taking into account a tax credit of 2 million euros (2.39 M USD), was -6.8 million euros (8.12 M USD) compared to -2.6 million euros (3.10 M USD) in 2019. On a like-for-like basis, net income, Group share for 2020 would be -3.4 million euro¹ (4.06 M USD).

Closing cash position at its highest since the company's creation

As of December 31, 2020, DRONE VOLT had 18 million euros in equity (21.49 M USD) compared to 8.7 million euros a year earlier (10.39 M USD). This strengthening of the company's capital is partly explained by the confidence reaffirmed by investors during the capital increase carried out in November 2020, which raised 4.1 million euros (4.9 M USD). It is also explained by the impact of the Free Share Allocation plan mentioned above.

¹ Net income, group share, adjusted for accelerated amortization of development costs (€0.7 million) [0.84 M USD], non-recurring amortization (€0.9 million) [1.07 M USD], the free share allocation with related employer contributions (€3 million) [3.58 M USD] and taxes (€1.2 million) [1.43 M USD].

Thanks to the financial transactions carried out in 2020, the company's cash position will be €6.7 million at the end of the year (8 M USD), a level six times higher than at the end of 2019.

DRONE VOLT has thus posted its strongest balance sheet for a fiscal year-end since its creation.

The company has also strengthened and diversified its financing structure by giving preference to non-dilutive financial instruments. Thus, as of December 31, 2020, the company's balance sheet consisted of 4.8 million euros (5.73 M USD) of financial debt (compared to 6 million euros at the end of 2019 [7.16 M USD]), including 2.4 million euros of bond financing (2.87 M USD) and 1 million euros of State-Guaranteed Loans amortized over 5 years (1.19 M USD).

DRONE VOLT has also enriched its financial assets through its acquisition of a 10% stake in AQUILINE DRONES as part of their partnership agreement finalized at the end of 2020. AQUILINE DRONES has also committed to take the necessary steps to be listed on the stock exchange by the end of 2021.

Outlook 2021

As announced at the time of the publication of its annual sales figures, the company is confident about the future if the health situation does not lead to further deterioration in operations. The 2021 fiscal year looks promising, particularly in North America with the ramp-up of the license agreements with AQUILINE DRONES and the agreement with Hydro-Québec.

The partnership with AQUILINE DRONES will allow DRONE VOLT to receive monthly royalties of a minimum of 100,000 USD, the first payments of which started in October 2020, in return for the use of the DRONE VOLT technology licensed to its American partner. Over the whole of 2021, the licenses should bring in an amount of more than 1.5 million dollars.

Similarly, the agreement signed last October with Hydro-Quebec, Canada's largest electricity producer and one of the world's largest hydroelectric producers, is expected to result in the first sales of the LineDrone, a drone designed to inspect high-voltage transmission lines, beginning in the second half of 2021.

In this context, and thanks to a still robust commercial pipe, DRONE VOLT is looking forward to 2021 with confidence, subject to the risks associated with the health crisis.

Next press release: Q1 2021 Turnover, Wednesday April 14, 2021

DRONE VOLT's press releases can be found here: <https://www.dronevolt.com/en/investors/>

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About DRONE VOLT

Created in 2011, DRONE VOLT is an aircraft manufacturer specializing in professional civil UAVs and artificial intelligence. DRONE VOLT is established in France, Benelux, Canada, Denmark, the United States, Switzerland and Indonesia. As a global partner, DRONE VOLT offers its customers "turnkey" business solutions including various services and training in UAV piloting.

The DRONE VOLT Group, a member of the GICAT, achieved a turnover of 5.8 million euros in 2020.

DRONE VOLT is notably a supplier to administrations and industrial companies such as the French Army, the French Ministry of the Armed Forces, ENGIE, Total, Bouygues Energies & Services, the ADP Group, the Gendarmerie des Transports Aériennes (GTA) and international government agencies.

DRONE VOLT is qualified as an "innovative company" by Bpifrance.

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

Share: Mnemo: ALDRV.PA - ISIN Code: FR0013088606 - Eligible: PEA, PEA-PME

BSA : Mnemo : DRVBS - code ISIN : FR001286054

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

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