

DRONE VOLT

Overall half-year result largely profitable and further strengthening of the financial structure

Villepinte, 15th of September 2021,

- Growth in revenues (+84%) and a strong rebound in gross margin (+154%) illustrating the very good commercial momentum recorded in the first half,
- Significant improvement in EBITDA, operating income and net income in the first half of 2021,
- Overall profit of €5.8 million (6.85 M USD), thanks to the capital gain on the sale of 50% of AERIALTRONICS,
- Further strengthening of the financial structure with more than €30 million (35.4 M USD) in equity (at an all-time high), net cash from financial debt of more than €2 million and net assets per share of nearly €0.13,
- Rejuvenation and feminization of governance,
- Favorable outlook despite the impact of the health crisis on component supplies and travel.

DRONE VOLT, an expert in embedded artificial intelligence and manufacturer of professional civilian drones, presents its unaudited results for the first half of 2021.

Non-audited data in kEuros – IFRS Standards	H1 2020	H1 2021	Variation
Turnover	1 962	3 610	+84%
Gross Margin	566	1 434	+154%
Operating expenses (excluding depreciation and provisions)	1 561	1 957	+396
Excédent Brut d'Exploitation	(996)	(523)	+473
Depreciation and provisions and other operating income and expenses	(630)	(1 539)	+909
Current operating income	(1 626)	(2 062)	(436)
Other operating income and expenses	14	1 002	+988
Operating Income	(1 612)	(1 060)	+552
Cost of financial debt	(162)	(143)	+19
Other financial income and expenses	(69)	44	+113
Tax expenses	460	472	+12
Net income	(1 384)	(688)	+696
Capital gain on sale, net of tax	-	6 496	+6 496
Overall result¹	(1 361)	5 765	+7 126

¹ In accordance with the application of IFRS 10.23, the consolidated capital gain realized by DRONE VOLT following its sale of 50% of the capital of its subsidiary AERIALTRONICS to AQUILINE DRONES was directly recognized in DRONE VOLT's equity at June 30, 2021, without being recognized in the Group's net income. The "Global Result" account therefore allows this capital gain to be taken into account.

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"We are very pleased to announce the significant improvement in DRONE VOLT's results over this first half of 2021. This dynamic confirms the effectiveness of our technological solutions, which are enjoying real commercial success on the European and American markets. It also illustrates our ability to create value thanks to the partnerships we have forged and the investments we have made, as evidenced by the capital gain from the partial sale of our subsidiary AERIALTRONICS in June 2021," said Marc Courcelle, CEO of DRONE VOLT. *"With the improvement in our results, we are looking at the future with optimism, while remaining cautious with regard to the current health crisis, which prevents us from traveling to the United States. Thus, we intend to continue to anticipate the needs of the professional civil drone market by developing high-performance drones that help preserve the environment."*

Great commercial performances in the first half of 2021

In the first half of 2021, DRONE VOLT recorded a solid increase in revenues of €3.6 million (4.25 M USD), up 84% year-on-year. This excellent commercial performance was driven by the high value-added activities (DRONE VOLT FACTORY, SERVICES & ACADEMY), whose revenues increased by +142% with the inclusion of the first deliveries of UAVs made under the distribution contracts signed during the first half of the year with AQUILINE DRONES and one of its Central European customers.

In addition, this momentum has enabled DRONE VOLT to significantly improve its gross margin, which stood at 1.4 million euros (1.65 M USD) in the first half of 2021, representing a margin rate of 39%, up 10 points over the year and still very close to its record level. For comparison, DRONE VOLT's gross margin was 1.2 million euros (1.42 M USD) in H1 2019.

Thus, the Gross Operating Income amounted to -523 keuros (-617 k USD) in the 1st half of 2021, a clear improvement of 473 keuros (558 k USD) compared to the same period of the previous year.

Significant improvement in half-year results despite exceptional accounting items

The decrease in income from operations before non-recurring items is mainly due to the accounting impact of the new, more cautious policy of amortizing R&D costs announced on March 17, 2021. This new policy has led to a one-time increase in amortization expenses, which amounted to 1.1 million euros (1.3 M USD) in the first half of 2021, compared with 594 thousand euros (701.3 k USD) a year earlier.

However, this decrease in current operating income was offset by an increase in other operating income and expenses, which amounted to 1 million euros (1.18 M USD) in the first half of 2021 (compared with 14 thousand euros [16 k USD] a year earlier), considering the repayment by the insurer of a bank debt of 900 thousand euros (1.1 M USD) contracted with Bpifrance. As a result, the operating result amounts to -1.1 million euro (-1.3 M USD) in the first half of 2021, a clear improvement compared to the first half of the previous year (-1.6 million euro [1.89 M USD]). The Group's net result follows the same trend, amounting to -688 thousand euros (812 k USD) compared to -1.4 million euros (1.65 M USD) a year earlier.

After considering the net capital gain of 6.5 million euros (7.7 M USD) realized by DRONE VOLT in the context of its sale of 50% of the capital of its subsidiary AERIALTRONICS to AQUILINE DRONES, DRONE VOLT shows a positive overall result reaching 5.8 million euros (6.85 M USD) in the 1st half of 2021.

Strengthening of the Group's financial structure with shareholders' equity at its highest level ever and net cash from financial debt over 2 million Euros [2.36 M USD]

On June 30, 2021, DRONE VOLT had a solid financial structure with shareholders' equity reaching 30.8 million euros (36.36 M USD), its highest level ever, and including the net capital gain realized by DRONE VOLT from the partial sale of its subsidiary AERIALTRONICS.

In addition, DRONE VOLT was able to significantly reduce its gross debt by €7 million (8.26 M USD) as well as successfully lowering its average debt ratio from over 10% to less than 2% during the first

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half of 2021. Thus, as of June 30, 2021, the Group's balance sheet shows a financial debt of 1.5 million euros (1.77 M USD), including two State-Guaranteed Loans of 500,000 euros (590 K USD), which will be repaid starting in April 2022, and a cash position of 4.1 million euros (4.84 M USD).

Evolution of the governance of DRONE VOLT

At its meeting on September 13, 2021, the Board of Directors of DRONE VOLT co-opted Céline Marsac as a director to replace Jean-Claude Bourdon who is resigning from his position. This change will ensure a rejuvenation and a feminization of the Board of Directors.

Céline Marsac, 30 years old, holds a master's degree in Business Administration and a master's degree in Corporate Taxation. She is currently Legal Director in an independent accounting firm.

On this occasion, Stefano Valentini, Chairman of the Board of Directors of DRONE VOLT, said: "On behalf of all the teams at DRONE VOLT, I would like to warmly thank Jean-Claude Bourdon for his experience, his rigor, and for his great knowledge of listed companies. The Group wishes him all the best in the pursuit of the many challenges he will take up with dynamism and determination. By ensuring a greater diversity of profiles within the Board of Directors, we are responding to a legitimate request from shareholders expressed at our last General Meeting."

Favorable outlook despite the impact of a persistent health crisis

As announced at the time of the publication of the revenue for the 1st half of 2021, DRONE VOLT anticipates the continuation of this good trend with a growth in revenue that should continue in the 3rd quarter of the 2021 fiscal year.

For example, under the 600 HERCULES 2 order signed with AQUILINE DRONES in April 2021, between 100 and 150 drones should be delivered and invoiced in the 3rd quarter of fiscal 2021, with the remainder to be delivered in the 4th quarter of the year.

In addition, the agreement signed in October 2020 with Hydro-Quebec, Canada's largest electricity producer and one of the world's largest hydroelectric producers, is expected to result in the manufacture of the first LineDrone, a drone designed for the inspection of high-voltage transmission lines, at the end of October 2021 with first demonstrations scheduled one month later.

In addition, the impact of the health crisis has led to a delay in deliveries of components for the manufacture of the HERCULES 20 Spray as part of the contract signed in February 2021 with a major customer located in Central Europe. Consequently, DRONE VOLT anticipates a delay in deliveries of UAVs linked to this contract, but no cancellation of orders has been reported to date.

Next press release: Q3 2021 revenues, Wednesday October 13, 2021

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About DRONE VOLT

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Created in 2011, DRONE VOLT is an aeronautical manufacturer specialized in professional civil drones 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 solutions including various services and drone flight training.

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

DRONE VOLT supplies administrations and industrialists such as the French Army, the Ministry of the Armed Forces, Engie, Total, Bouygues ES, ADP, the Gendarmerie des Transports Aériens (GTA), and international government agencies.

DRONE VOLT is qualified "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

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

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