

DRONE VOLT

H1 2019 results: Improved profitability / objectives confirmed

- Doubling in DRONE VOLT FACTORY deliveries
- Sharp rise in the Group's gross profit
- Improvement in earnings underway
- Solid outlook confirmed with record commercial activity over the summer and a pipeline that remains as solid as ever
- Confirmation of the objective for over 25% growth in FY 2019 consolidated sales with operating breakeven targeted

Villepinte, September 18, 2019

DRONE VOLT, an embedded artificial intelligence expert and manufacturer of professional civil drones, has announced its H1 2019 results and outlook for the end of the year.

Unaudited figures in €K – IFRS standard	H1 2018	H1 2019
Sales	3,621	3,525
o/w DRONE VOLT FACTORY, SERVICES & ACADEMY	1,007	1,410
o/w Distribution	2,614	2,114
Gross profit	964	1,230
o/w DRONE VOLT FACTORY, SERVICES & ACADEMY	459	713
o/w Distribution	504	517
<i>Gross profit margin</i>	27%	34%
EBITDA	(1,483)	(1,112)
Ordinary operating profit (loss)	(1,717)	(1 801)
Other operating income and charges	(26)	195
Operating profit (loss)	(1,742)	(1,606)
Net interest charges	(89)	(84)
Other financial income and charges	(34)	(283)
Taxes	272	534
Net profit (loss)	(1,594)	(1,439)
Adjusted net profit (loss)¹	(1,594)	(1 139)

¹ €300k included in financial charges corresponding to an exceptional charge linked to the acquisition of Aerialtronics

Doubling in DRONE VOLT FACTORY deliveries and sharp increase in the Group's gross profit margin

In H1 2019, DRONE VOLT FACTORY manufactured, delivered and billed 56 HERCULES and ALTURA ZENITH drones and 15 PENSAR intelligent cameras compared to 26 drones and six cameras in H1 2018. Sales generated by the Group's DRONE VOLT FACTORY, SERVICES & ACADEMY businesses equaled 1.4 million euros, up +40% yoy.

The Distribution business generated 2.1 million euros in sales in H1 2019 versus 2.6 million euros in H1 2018 in a context of a continued reduction in marketing spending and a transfer of demand to Group solutions. This segment contributes to covering a portion of the corporate overhead costs and offers strategic access to professional clients in order to promote a transfer to the products and services developed by DRONE VOLT.

H1 2019 consolidated sales therefore reached 3.5 million euros versus 3.6 million euros in H1 2018, with a highly favorable shift in the product mix that boosted the gross profit. High valued-added activities effectively recorded +40%, growth at the same time the Distribution activities fell -20%.

The improvement in the product mix led to a +28% increase in gross profit, with the Group's gross profit margin rising from 27% in H1 2018 to 34% in H1 2019.

Improvement in earnings underway

The increase in ordinary operating charges was directly linked to the favorable shift in the product mix with an increase in capitalized production (drones sold but not yet delivered) and the amortization of research and development investments to maintain the Group's technological progress in key factors of success, notably Artificial Intelligence.

Ordinary expenses were maintained perfectly under control, notably external charges, which fell over 10%. As such, the Group's EBITDA loss fell from -1.5 million euros to -1.1 million euros, an over 25% improvement. The plan for the optimization of charges announced at the beginning of the year has been implemented and is showing its initial effects, notably in terms of representation expenses in France and elsewhere. This plan's positive impact on charges should be much more visible in H2.

The ordinary operating loss equaled -1.8 million euros. The net loss (after taking into account a tax credit of 0.5 million euros) equaled -1.4 million euros, corresponding to a 10% yoy improvement. After adjustment for a €300k exceptional financial charge linked to the acquisition of Aerialtronics, the net loss equaled -1.1 million euros.

Balance sheet update

Thanks to the reaffirmed confidence of investors, DRONE VOLT raised 3.4 million euros in H1 2019 in order to support the development of its business and its technological investments.

As of June 30, 2019, DRONE VOLT's equity funds totaled 9.1 million euros versus 7.9 million euros on December 31, 2018. Available cash equaled 0.5 million euros. The Group's financial debt is made up of two million euros in convertible bonds, 0.8 million euros in medium-term loans from Bpifrance, 0.6 million euros under the IFRS 16 standard and 0.4 million euros in other debts.

Record commercial activity over the summer and confirmation of objectives

H2 2019 is looking highly promising following a record level of orders in the summer of 2019. For the first time in its history, DRONE VOLT recorded over 1 million euros in firm orders for high valued-added products and services over the months of July and August 2019 alone.

Looking further out, the Group's commercial pipeline remains very substantial (currently estimated at over 15 million euros). A significant portion of these prospective orders could be concretized by the end of the year, notably with existing customers that are expanding their fleets.

In this favorable context, DRONE VOLT is confirming its goal for over 25% growth in its consolidated sales in FY 2019. This growth should be driven by solutions produced by DRONE VOLT based on its embedded artificial intelligence offers. The gross margin should also continue to rise in 2019, thereby enabling the group to approach operating breakeven.

"We have recorded major orders over recent months, with certain exceeding 500k euros," indicated Olivier Gualdoni, chairman / CEO of DRONE VOLT. *"These orders reinforce our confidence in our strategy. We should record individual orders exceeding one million euros over the near future."*

Next press release: Q3 2019 sales, October 16, 2019

All the DRONE VOLT press releases are available on www.dronevolt.com/Investors

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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. DRONE VOLT also owns 51% of AERIALTRONICS (www.aerialtronics.com), a specialist in Artificial Intelligence serving government agencies."

The DRONE VOLT Group, a member of GICAT (French land and air-land defense and security industry group), recorded sales of 7.42 million euros in 2018 (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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