

Parrot

PRESS RELEASE

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2024 FIRST-HALF EARNINGS

Close to stable revenues and strict cost control enabling
a significant reduction in operating losses

Net cash at end-June of €19.6m, aligned with the Group's ambitions for development
Commercial rollout moving forward for the new Defense & Security microdrone

The Parrot group, a European leader for professional microdrones, recorded €30.6m of consolidated revenues for the first half of 2024, down 3%. A number of key steps were successfully taken, including the launch of the new microdrone for the Defense and Security market and the first sales recorded at the end of the first half of the year. Alongside this, operating expenditure was reduced by 18% and cash consumption was limited to €8.5m for the first half of 2024.

While the interest in secure and autonomous microdrones is highlighted by the preponderance of new technologies in the current conflicts, Parrot continues to be mobilized to ensure the success of its new microdrone, a key driver for 2024.

Revenues for professional microdrones came to €15.1m in the first half of 2024, compared with €15.5m for the same period in 2023. The new microdrone, finalized during the second quarter, contributed €0.8m, with the first orders delivered at the end of June. Sales of the latest generations of microdrones (excluding accessories) show growth of 8%, masked by the contraction (-€1.1m) in sales of the older generations of drones.

Photogrammetry revenues totaled €15.5m for the first half of 2024, compared with €16.1m (-4%) for the same period in 2023. The 7% growth in the most recent solutions, which now represent more than 50% of sales, did not fully offset the contraction seen for the older generations of solutions over the period. Innovative solutions, combining software and complementary photogrammetry equipment in particular, were launched during the second quarter of 2024.

| REVENUES | H1 2024 | | H1 2023 | | Change |
|----------------------------|-------------|-------------|-------------|-------------|------------|
| €m and % of revenues | 6 months | | 6 months | | |
| A Professional microdrones | 15.1 | 49% | 15.5 | 49% | -3% |
| Legacy products (1) | 0.3 | 1% | 1.4 | 1% | -81% |
| C Photogrammetry | 15.5 | 51% | 16.1 | 51% | -4% |
| D Parrot SA | 0.4 | 1% | 0.3 | 1% | - |
| E Intragroup eliminations | -0.4 | -1% | -0.3 | -1% | - |
| PARROT GROUP TOTAL | 30.6 | 100% | 31.6 | 100% | -3% |

(1) Former drone ranges and consumer products

2024 first-half earnings

The consolidated financial statements for the first half ended June 30, 2024 have been subject to a limited review by the statutory auditors and were approved by the Board of Directors on July 31, 2024. The half-year financial report is being published on <https://www.parrot.com/uk/corporate/reports>.

| CONSOLIDATED INCOME STATEMENT (IFRS, €m) | June 30, 2024 (6 months) | June 30, 2023 (6 months) | Change | Dec 31, 2023 (12 months) |
|---|---|---|---------------|---|
| Revenues | 30.6 | 31.6 | -3% | 65.0 |
| Microdrones | 15.1 | 15.5 | -2% | 33.2 |
| Photogrammetry | 15.5 | 16.1 | -4% | 31.8 |
| Cost of sales | -5.3 | -7.4 | -29% | -18.0 |
| Gross margin | 25.3 | 24.1 | +5% | 47.0 |
| <i>% of revenues</i> | 82.7% | 76.5% | | 72.3% |
| Research and development costs | -21.4 | -26.1 | -18% | -45.5 |
| <i>% of revenues</i> | -70.0% | -82.8% | | -70.0% |
| Sales and marketing costs | -5.3 | -7.0 | -25% | -12.3 |
| <i>% of revenues</i> | -17.2% | -22.1% | | -18.9% |
| Administrative costs and overheads | -5.9 | -7.1 | -16% | -11.7 |
| <i>% of revenues</i> | -19.4% | -22.5% | | -18.1% |
| Production and quality costs | -2.4 | -2.5 | -5% | -4.7 |
| <i>% of revenues</i> | -7.8% | -8.0% | | -7.3% |
| Income from ordinary operations | -9.7 | -18.5 | -48% | -27.3 |
| <i>% of revenues</i> | -31.7% | -58.8% | | -42.0% |
| Other operating income and expenses | -0.2 | -3.2 | -94% | -2.8 |
| EBIT | -9.9 | -21.8 | -55% | -30.0 |
| <i>% of revenues</i> | -32.3% | -68.9% | | -46.2% |
| Income from cash and cash equivalents | 0.0 | 0.0 | - | 0.0 |
| Gross finance costs | -0.4 | -0.1 | - | -0.3 |
| Net finance costs | -0.4 | -0.1 | - | -0.3 |
| Other financial income and expenses | 0.4 | -0.8 | - | -2.0 |
| Financial income and expenses | 0.0 | -0.9 | - | -2.3 |
| Share in income from associates | -0.1 | -0.3 | -68% | -0.5 |
| Tax | -0.2 | 0.0 | - | -0.1 |
| Net income | -10.1 | -22.9 | -56% | -33.0 |
| Net income (Group share) | -10.1 | -22.5 | -55% | -32.4 |
| <i>% of revenues</i> | -32.9% | -71.4% | | -50.0% |
| Non-controlling interests | -0.1 | -0.4 | -81% | -0.5 |

The Parrot group generated €30.6m of consolidated revenues during the first half of 2024, down 3% (idem at constant exchange rates), and a gross margin of €25.3m, giving a margin rate of 82.7%. Specifically, it benefited from a favorable product mix, linked to the growing focus on the next-generation microdrones and solutions, as well as a reversal of provisions for €0.6m.

Following the strategic plan rolled out mid-2023 to get the Group on track for profitability, it reduced its operating expenditure by -€7.5m (-18%) between the first half of 2024 and the first half of 2023. At end-June 2024, the Group's workforce - permanent and fixed-term contracts - represented 416 people, compared with 404 at December 31, 2023 and 572 at June 30, 2023. 44% of the workforce is dedicated to microdrones, with 48% covering photogrammetry and 7% head office support teams. The Group has continued to limit the involvement of external contractors (17 versus 16 at December 31, 2023).

For the first half of 2024, R&D came to €21.4m (-18%) and continued working to respond to the challenges involved with the new generations of products, launched during the second quarter of 2024. 61% of the Group's workforce, based exclusively in Europe, are focused on innovation.

Sales and marketing costs for the first half of 2024 totaled €5.3m (-25%), benefiting from the streamlining of the product portfolio and the ongoing field marketing initiatives, such as the Tech Days.

Administrative costs and overheads came to €5.9m (-16%) for the first half of 2024, thanks to the combined efforts of all of the Group's business units, largely offsetting the increase in head office rent.

Production and quality costs totaled €2.4m (-5%) for the first half of 2024, factoring in the efficiency and effectiveness of the new industrial organization rolled out in South Korea and the ramp-up of production for the new microdrone.

Income from ordinary operations came to -€9.7m for the first half of 2024, compared with -€18.5m for the first half of 2023. -€6.9m (vs. -€11.3m in H1 2023) are attributable to the microdrone business, with -€1.2m (vs. -€5.6m in H1 2023) for the photogrammetry business. The other expenses (-€1.6m) are attributable to Parrot SA.

First-half other operating income and expenses are not significant at €0.2m. They do not include the €150K fine relating to the end of the 2018 AMF investigation, as announced on July 23, 2024.

As there is no financial debt, the financial expenses recorded are not significant. The share in income from associates for -€0.1m and the tax for -€0.2m take net income (Group share) for the first half of 2024 to -€10.1m, compared with -€22.5m at June 30, 2023.

Change in the cash position

The Group had €19.6m of net cash at June 30, 2024, compared with €28.1m at end-December 2023. First-half cash consumption came to €8.5m, compared with €23.7m for the first half of 2023. It reflects the reduction in losses and the positive change in working capital requirements for €2.4m, primarily resulting from the lower level of inventory (-€2.7m). In this context, cash flow from operating activities totaled €5.9m at June 30, 2024 (versus €25.6m at June 30, 2023). Investing activities came to -€1.1m, linked to the industrialization of the new microdrone in South Korea. Financing activities, for -€1.4m, correspond primarily to the repayment of lease liabilities with the application of IFRS 16.

Outlook

While the interest in secure and autonomous microdrones is highlighted by the preponderance of new technologies in the current conflicts, Parrot is working to meet the technological and operational challenges faced to ensure the success of its new microdrone, which is driving trends in 2024.

In the photogrammetry sector, the expansion of the addressable market, capitalizing in particular on complementary equipment, is a key area for growth, as in 2023.

With the effective implementation of its strategic plan in 2023, combined with its rigorous management of operations and investments, the Group has financial resources in place enabling it to continue moving forward with its ambitions for development.

Next financial dates

2024 third-quarter revenues: Friday November 15, 2024

ABOUT THE PARROT GROUP

Parrot is Europe's leading commercial microUAV group. With a strong international presence, the Group designs, develops and markets a complementary range of micro-UAV equipment and image analysis software (photogrammetry) dedicated to companies, large groups and government organizations. Its offer is mainly centered on three vertical markets: (i) Defense and Security, (ii) Inspection, 3D mapping and Geomatics, (iii) and Precision agriculture.

Its ANAFI range of microUAVs, recognized for their performance, robustness and ease of use, features an open source architecture and meets the highest cybersecurity standards. Its Pix4D photogrammetry software suite for mobile and drone mapping is based on advanced technical expertise and offers solutions tailored to the specificities of the verticals it addresses.

The Parrot Group, founded in 1994 by Henri Seydoux its Chairman, CEO and main shareholders, designs and develops its products in Europe, and is headquartered in Paris. Today, it has close to 500 employees worldwide and carries out the vast majority of its sales internationally. Parrot has been listed on Euronext Paris since 2006 (FR0004038263 - PARRO). For more information: www.parrot.com, www.pix4d.com

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APPENDICES

Quarterly revenues

| REVENUES €m and % of revenues | Q1 2024 3 months | | Q2 2024 3 months | | Q1 2023 3 months | | Q2 2023 3 months | |
|--------------------------------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|
| A Professional microdrones | 9.3 | 59% | 5.7 | 39% | 9.4 | 57% | 6.0 | 40% |
| <i>Legacy products⁽¹⁾</i> | <i>0.1</i> | <i>0%</i> | <i>0.2</i> | <i>0%</i> | <i>0.5</i> | <i>3%</i> | <i>0.9</i> | <i>6%</i> |
| C Photogrammetry | 6.4 | 41% | 9.1 | 61% | 7.2 | 43% | 8.9 | 60% |
| D Parrot SA | 0.2 | 1% | 0.2 | 1% | 0.2 | 1% | 0.1 | 1% |
| E Intragroup eliminations | -0.2 | -1% | -0.2 | -1% | -0.2 | -1% | -0.1 | -1% |
| PARROT GROUP TOTAL | 15.8 | 100% | 14.8 | 100% | 16.7 | 100% | 14.9 | 100% |

(1) Former drone ranges and consumer products.

Segment reporting for the first half of 2024

| IFRS (€'000 and % of revenues) | Microdrones | Photogrammetry | Other ⁽¹⁾ | Total |
|---------------------------------|-------------|----------------|----------------------|--------|
| Revenues | 15,058 | 15,535 | 0 | 30,593 |
| Income from ordinary operations | -6,902 | -1,232 | -1,568 | -9,702 |

⁽¹⁾ Parrot S.A. and ancillary or non-strategic activities.

IFRS consolidated balance sheet

| ASSETS (IFRS, €m) | Jun 30, 2024 | Dec 31, 2023 | Jun 30, 2023 |
|-------------------------------|-----------------|-----------------|-----------------|
| Non-current assets | 21.0 | 20.6 | 17.8 |
| Other intangible assets | 0.1 | 0.1 | 0.1 |
| Property, plant and equipment | 2.2 | 1.7 | 1.9 |
| Right of use | 8.6 | 8.2 | 8.6 |
| Investments in associates | 3.1 | 3.5 | 3.8 |
| Financial assets | 6.6 | 6.6 | 3.1 |
| Deferred tax assets | 0.5 | 0.5 | 0.4 |
| Other non-current assets | 0.0 | 0.0 | 0.0 |
| Current assets | 56.5 | 66.6 | 85.5 |
| Inventories | 16.8 | 19.4 | 22.3 |
| Trade receivables | 8.1 | 5.7 | 5.6 |
| Tax receivables | 5.9 | 7.4 | 6.4 |
| Other receivables | 6.1 | 6.1 | 6.4 |
| Cash and cash equivalents | 19.6 | 28.1 | 44.8 |
| Total assets | 77.5 | 87.2 | 103.4 |

| SHAREHOLDERS' EQUITY AND LIABILITIES (IFRS, €m) | Jun 30, 2024 | Dec 31, 2023 | Jun 30, 2023 |
|--|-------------------------|-------------------------|-------------------------|
| Shareholders' equity | 46.0 | 55.2 | 61.3 |
| Share capital | 4.7 | 4.7 | 4.6 |
| Additional paid-in capital | 331.6 | 331.6 | 331.7 |
| Reserves excluding earnings for the period | -290.0 | -258.4 | -262.0 |
| Earnings for the period - Group share | -10.1 | -32.5 | -22.5 |
| Exchange gains or losses | 9.4 | 9.3 | 8.9 |
| Equity attributable to Parrot SA shareholders | 45.6 | 54.7 | 60.7 |
| Non-controlling interests | 0.4 | 0.5 | 0.6 |
| Non-current liabilities | 11.2 | 11.6 | 11.4 |
| Non-current financial liabilities | 0.0 | 0.0 | - |
| Non-current lease liabilities | 6.4 | 6.4 | 6.6 |
| Provisions for pensions and other employee benefits | 2.6 | 2.3 | 1.8 |
| Deferred tax liabilities | 0.0 | 0.0 | 0.0 |
| Other non-current provisions | 0.0 | 0.1 | 0.0 |
| Other non-current liabilities | 2.3 | 2.6 | 3.0 |
| Current liabilities | 20.3 | 20.5 | 30.6 |
| Current financial liabilities | 0.0 | - | - |
| Current lease liabilities | 2.4 | 1.9 | 2.2 |
| Current provisions | 0.9 | 3.0 | 9.1 |
| Trade payables | 5.5 | 5.3 | 7.3 |
| Current tax liabilities | 0.2 | 0.1 | 0.1 |
| Other current liabilities | 11.4 | 10.2 | 11.9 |
| Total shareholders' equity and liabilities | 77.5 | 87.2 | 103.4 |

Consolidated cash-flow statement

| IFRS, €m | Jun 30, 2024 | Dec 31, 2023 | Jun 30, 2023 |
|--|-----------------|-----------------|-----------------|
| OPERATING CASH FLOW | | | |
| Earnings for the period | -10.1 | -33.0 | -22.9 |
| Share in income from associates | 0.1 | 0.5 | -0.3 |
| Depreciation and amortization | 0.1 | 4.4 | 8.9 |
| Capital gains and losses on disposals | 0.7 | -3.3 | -3.3 |
| Tax expense | 0.2 | 0.1 | 0.0 |
| Cost of share-based payments | 0.6 | 1.3 | 1.1 |
| Other non-cash items | - | - | - |
| Net finance costs | 0.4 | 0.3 | 0.1 |
| Cash flow from operations before net finance costs and tax | -8.1 | -29.7 | -15.9 |
| Change in working capital requirements | 2.4 | -11.0 | -9.6 |
| Tax paid | -0.2 | 0.0 | -0.1 |
| Cash flow from operating activities (A) | -5.9 | -40.7 | -25.7 |
| INVESTING CASH FLOW | | | |
| Acquisition of property, plant and equipment and intangible assets | -1.0 | -0.8 | -0.4 |
| Acquisition of financial assets | -0.1 | -0.2 | -0.1 |
| Disposal of property, plant and equipment and intangible assets | 0.0 | 0.0 | |
| Disposal of subsidiaries, net of cash divested | - | - | - |
| Disposal of financial assets | 0.1 | 5.5 | 5.6 |
| Cash flow from investment activities (B) | -1.1 | 4.5 | 5.1 |
| FINANCING CASH FLOW | | | |
| Equity contributions | - | -1.6 | -1.6 |
| Net finance costs | -0.1 | -0.3 | -0.1 |
| Repayment of short-term financial debt (net) | -1.3 | -2.5 | -1.4 |
| Cash flow from financing activities (C) | -1.4 | -4.4 | -3.1 |
| NET CHANGE IN CASH (D = A+B+C) | -8.4 | -40.6 | -23.5 |
| Impact of change in exchange rates | -0.1 | 0.2 | -0.2 |
| CASH AND CASH EQUIVALENTS AT START OF PERIOD | 28.1 | 68.5 | 68.5 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 19.6 | 28.1 | 44.8 |