

2022 first-half earnings

- **72% revenue growth for the new scope⁽¹⁾**
- **Acceleration of microdrone sales benefiting from the complete transition from consumer to professional UAVs**
- **Increased sales to defense organizations, continuing to improve the Group's outlook for the second half of the year**

2022 first-half business

Focused exclusively on the design, development and marketing of professional drone solutions, combining microdrones and image analysis solutions, Parrot is benefiting from the strategic repositioning completed in 2021. First-half revenues climbed to €30.5m, up 72% for the new scope⁽¹⁾ and 26% for the consolidated Group. Driven by technological and regulatory advances, and thanks to the visibility provided by the current geopolitical context, demand for high-performance and secure drone equipment and solutions is accelerating.

During the first half of 2022, the Group generated:

- 87% growth in revenues for microdrones (+81% at constant exchange rates) to €15.4m, reflecting the deliveries of ANAFI USA microdrones to agencies & defense forces, as well as the start of ANAFI Ai sales to professionals. In a specific geopolitical context, the alignment between supply and demand for microdrones is facilitating the growing integration of its technologies on the core target markets (inspection, surveillance, mapping).
- 29% growth in revenues from data analysis software (+21% at constant exchange rates) to €15.1m, reflecting the success of Pix4D's international deployment in a market that is expanding. The robust commercial development is continuing to be supported by Pix4Dmapper, the most widely-used drone-based photogrammetry solution, combined with the gradual ramping up of the new business solutions launched since 2020.

Revenues (€m)	H1 2022		H1 2021		Change	FY 2021	
A Parrot Drones	15.4	50%	8.2	34%	+87%	20.9	38%
B Of which, consumer products ⁽²⁾	0.4	1%	2.1	9%	-	6.2	11%
C Pix4D	15.1	50%	11.7	48%	+29%	26.2	48%
D Parrot SA	0.3	1%	0.1	0%	-	0.3	1%
E Intragroup eliminations	-0.3	-1%	-0.5	-2%	-	-0.8	-2%
F SenseFly (activity divested in October 2021)	-	-	4.7	19%	-	7.7	14%
G MicaSense (activity divested in January 2021)	-	-	-	9%	-	0.0	0%
CONSOLIDATED PARROT GROUP TOTAL	30.5	100%	24.3	100%	+26%	54.3	100%
NEW SCOPE TOTAL⁽¹⁾ (=A-B+C+D+E)	30.1	99%	17.5	72%	+72%	40.4	74%

(1) "New scope total" is a performance indicator reflecting the impact of the strategy rolled out since end-2018. It corresponds to the Parrot Group's consolidated revenues less revenues from consumer products (cf. 2) and revenues from the subsidiaries divested.

(2) Consumer products: consumer drones (all ranges), legacy automotive products (car kit, plug & play) and connected devices.

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Condensed consolidated accounts - IFRS (€m) ⁽³⁾	First half of 2022	First half of 2021	Change	FY 2021
Consolidated revenues	30.5	24.3	+26%	54.3
Gross margin	24.3	17.8	+36%	39.1
<i>% of revenues</i>	<i>80%</i>	<i>73%</i>		<i>72%</i>
Research and development costs	20.8	20.8	0%	-40.2
Sales and marketing costs	5.6	7.7	-27%	-14.0
Administrative costs and overheads	7.7	6.1	+26%	-13.6
Production and industrialization costs	2.4	2.5	-3%	-5.4
Income from ordinary operations	-12.1	-19.2	+37%	-34.2
<i>% of revenues</i>	<i>-40%</i>	<i>-79%</i>		<i>-63%</i>
Other operating income and expenses	-4.2	16.2	-	30.4
EBIT	-16.3	-2.9	-	-3.7
<i>% of revenues</i>	<i>-53%</i>	<i>-12%</i>		<i>-7%</i>
Net income (Group share)	-14.1	-2.8	-	-1.9
<i>% of revenues</i>	<i>-36%</i>	<i>-12%</i>		<i>-4%</i>

(3) Sensefly has no longer been consolidated since October 20, 2021.

During the first half of 2022, the Parrot Group recorded **consolidated revenues** of €30.5m, up 26%. Professional drones and solutions generated 99% of these revenues, which no longer include sales for the business units (MicaSense Inc, Sensefly SA, Sensefly Inc) that were divested in 2021 and contributed €4.7m in the first half of 2021. Excluding revenues from the business units divested and from consumer products, **like-for-like revenues** represent €30.1m, compared with €17.5m for the first half of 2021, up 72%. The Group estimates that around 9% of its microdrone sales are directly related to the conflict in Ukraine.

The **gross margin** rate came to 80% for the period, compared with 73% for the first half of 2021. This increase primarily reflects a favorable mix effect for professional drone equipment and the reversal of provisions, with some linked to the clearance of old product ranges which have now been fully written down, while others were no longer applicable.

For the first half of 2022, the Parrot Group's **consolidated operating expenditure** totaled €36.4m, compared with €37.0m for the same period in 2021. €0.4m was recorded in 2021 for economic support measures during the health crisis, but this was not recorded in 2022. The disposals are reflected in a €5.4m reduction in operating expenditure, with the majority reallocated to the Group's R&D, notably following on from the CHF 10m capital increase carried out in February 2022 to support Pix4D. As a result, R&D spending is stable at €20.8m for the first half of this year compared with the same period in 2021. For its next innovation phase, the Group is harnessing artificial intelligence and extended connectivity to automate missions and processes for all types of sites or infrastructures.

The reduction (-27%) in sales and marketing spending, which came to €5.6m, compared with €7.7m for the first half of 2021, mainly reflects the impact of the disposals combined with the effective management of BtoB marketing budgets.

Production and quality spending is virtually stable (-3%), highlighting the good management of procurement and supplies. Against the backdrop of significant health constraints in China and disruption affecting the components market, Parrot is maintaining its agile approach and increasing the resources allocated to production management.

The increase in administrative costs and overheads (+26%) for the first half of 2022 primarily reflects non-recurring impacts that reduced the figure for 2021 (reversal of provisions for disputes) and led to an increase in 2022 (recruitments, employee-related provisions recorded).

At end-June 2022, **income from ordinary operations** shows an improvement of €7.0m, with a first-half current operating loss of -€12.1m, versus -€19.2m at end-June 2021. The Group's **workforce** (permanent and fixed-term contracts) represented 514 people (448 at December 31, 2021 and 547 at June 30, 2021), in addition to 63 external contractors (49 at December 31, 2021 and 50 at June 30, 2021). 56 people joined the Group during the first half of 2022, with 34 focused on R&D.

The **non-recurring operating expenses** of -€4.2m concern the impacts of the divestments. On the one hand, a capital loss on the sale of the AgEagle Systems Inc shares received as payment for the equivalent of \$3m corresponding to part of Sensefly's sale. These shares were sold in March for a total of €1.8m on the NYSE American market, generating a capital loss of €1.2 m. On the other hand, negotiations launched with the buyer in June were completed on July 22 and recognized in the accounts at June 30. They concern the early payment and the securing of the remaining sums payable in 2022 and 2023, representing approximately \$7.5m. A payment of \$3.7 million is now expected in the next few days, the difference of \$3.7 million provisioned at June 30, 2022. As a reminder, in June 2021, €16.2m of non-recurring operating income linked to the sale of Micasense at the start of 2021 was recorded in the accounts. End of June 2022 EBIT therefore came to -€16.3m.

After €3.1m of financial income and expenses and a -€0.9m share of income from associates, **consolidated net income (Group share)** came to -€14.1m for the first half of 2022.

Changes in the cash position and balance sheet at June 30, 2022

The Group had €70.0m of net cash at June 30, 2022, compared with €82.0m at end-December 2021, excluding the impact of IFRS 16. Cash and cash equivalents totaled €70.0m, with €12.8m consumption during the first six months of 2022.

Cash flow from operations came to -€9.3m (versus -€18.4m at end-June 2021). The loss for the period includes the reversal of provisions, the capital loss on the sale of the AgEagle Aerial Systems shares, and the IFRS 2 costs for the Group's various stock option and bonus share plans. Factoring in the -€4.8m change in working capital requirements, cash from operating activities totaled -€14.1m, compared with -€22.9m at end-June 2021.

The change in working capital requirements reflects the following developments: (i) a +€1.9m impact linked to a reclassification of €3.2m of tax receivables allocated against various liabilities for a similar amount (VAT) and offsetting an increase in trade receivables for €1.7m, (ii) a -€3.9m change in trade and other payables, resulting from the decrease in advances and deposits received on orders, tax and employee-related liabilities, and prepaid income, and (iii) a -€2.7m change in inventories, linked to the ramping up of professional microdrone sales (finished products and components). With net inventories raised to €8.1m at June 30, 2022, versus €4.9m at December 31, 2021, Parrot is ramping up the production of its microdrones with its subcontractors in the United States and Asia.

Cash flow from investment activities came to €3.5m, linked primarily to the payment instalments received on the sales of SenseFly and Micasense during the first half of 2022. These amounts, which totaled €4.8m, offset the operating investments for -€1.2m.

Cash flow from financing activities came to -€3.5m, with -€1.5m of IFRS 16 costs, as well as -€1.6m of costs linked to the unwinding of a stock option plan concerning Pix4D.

In terms of the balance sheet, the application of IFRS 5 (Assets Held for Sale for €1.8m) concerns a proposed operation to sell the interest in Planck Aerosystems Inc, which is consolidated on an equity basis and was 47.2% owned by Parrot at end-June 2022. The valuation of this interest has led to a -€1.0m impairment in goodwill, recognized in "Share of profit of companies accounted for by the equity method" on the income statement. This item has no cash impact.

Outlook for 2022

Realigned, streamlined and driven by professional solutions at the forefront of innovation, Parrot is looking ahead to 2022 with confidence in its strategy and vigilance concerning the changes in the international environment. During the second half of this year, the deliveries for orders received from NATO countries defense forces will generate a further acceleration in growth.

The Group is continuing to allocate its resources to an ambitious R&D roadmap. Supported by its advances in the field of artificial intelligence and the growing integration between hardware and software, Parrot aims to continue facilitating the adoption of drone technologies and offer new use cases that are aligned with the needs of professionals, businesses and institutions, focused on (i) 3D Mapping, Geomatics and Inspection, (ii) Defense and Security, and (iii) Precision Farming.

To secure its production capacity over the medium and long term, and respond to the growing interest in its microdrones at the start of this year, Parrot is further strengthening its synergies between R&D, procurement and production tracking. The increase in the resources allocated to these operations will be combined with an agile sourcing management approach. These transformational initiatives are limiting the reduction of costs in 2022, and their efficiency and effectiveness are still strongly correlated with changes in the health context in China, where the situation has deteriorated at the start of this year.

Looking beyond the disruption linked to the economic and geopolitical environment, which is difficult to predict, the Group plans to move forward with its roadmap for revenue growth on its "new scope" and capitalize on the opportunities opened up by the growing adoption of drone technologies in businesses and the public sector. The Group will continue to closely monitor the allocation of its cash, and will be ready to respond and adapt to potential changes in the conditions.

Next financial dates

- 2022 third-quarter business: Thursday November 17, 2022

ABOUT PARROT

Founded in 1994 by Henri Seydoux, Parrot is today the leading European drone manufacturer in this rapidly expanding market. Visionary, at the forefront of innovation Parrot has a complementary range of equipment and software adapted to the needs of companies, large groups and government organizations. Its offer is mainly centred on three vertical markets: (i) Inspection, 3D mapping and Geomatics, (ii) Defence and security, and Precision agriculture.

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

The Parrot Group designs and develops its products in Europe, mainly in Paris where its headquarters are located and in Switzerland. Today, it has approximately 450 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

The consolidated accounts for the first half of 2022 were approved by the Board of Directors on July 27. The audit procedures have been carried out by the statutory auditors and the reports will be issued once the necessary procedures have been completed. The half-year financial report will then be published on <https://www.parrot.com/fr/corporate/rapports-financiers-annuels-et-semestriels>

BREAKDOWN OF REVENUES BY QUARTER

Revenues (€m and % of revenues)	Q2 2022		Q2 2021		Change	Q1 2022		Q1 2021		Change
A Parrot Drones	7.7	54%	3.4	29%	+125%	7.7	54%	4.8	39%	+60%
B Of which, consumer products ⁽²⁾	0.4	3%	0.9	8%	-51%	0	0%	1.2	9%	-
C Pix4D	6.7	46%	8.5	52%	+38%	6.7	46%	5.6	45%	+20%
D Parrot SA	0.1	1%	0.0	0%	ns	0.1	1%	0.1	1%	-
E Intragroup eliminations	-0.1	-1%	-0.2	-2%	ns	-0.1	-1%	-0.2	-2%	-
F SenseFly (activity divested in Oct. 2021)	-	-	2.5	21%	ns	-	-	2.2	18%	-
CONSOLIDATED PARROT GROUP TOTAL	16.1	100%	11.9	100%	+36%	14.4	100%	12.4	100%	+16%
NEW SCOPE TOTAL⁽¹⁾ (=A-B+C+D+E)	15.7	97%	8.5	71%	+86%	14.4	100%	9.0	73%	+60%

(1) "New scope total" is a performance indicator reflecting the impact of the strategy rolled out since end-2018. It corresponds to the Parrot Group's consolidated revenues less revenues from consumer products (cf. 2) and revenues from the subsidiaries divested. Note that intragroup eliminations are not reallocated and therefore include a relatively insignificant percentage for sales from the subsidiaries divested.

(2) Consumer products: consumer drones (all ranges), legacy automotive products (car kit, plug & play) and connected devices.

CONSOLIDATED INCOME STATEMENT

IFRS, €m	Jun 30, 2022 (6 months)	Dec 31, 2021 (12 months)	Jun 30, 2021 (6 months)
Revenues	30.5	54.3	24.3
Cost of sales	-6.2	-15.2	-6.5
Gross margin	24.3	39.1	17.8
% of revenues	79.6%	72.0%	73.4%
Research and development costs	-20.8	-40.2	-20.8
% of revenues	-68.1%	-74.1%	-85.4%
Sales and marketing costs	-5.6	-14.0	-7.7
% of revenues	-18.2%	-25.8%	-31.5%
Overheads	-7.7	-13.6	-6.1
% of revenues	-25.1%	-25.1%	-25.1%
Production and quality	-2.4	-5.4	-2.5
% of revenues	-7.8%	-10.0%	-10.2%
Income from ordinary operations	-12.1	-34.2	-19.2
% of revenues	-39.7%	-62.9%	-78.8%
Other operating income and expenses	-4.2	30.4	16.2
EBIT	-16.3	-3.7	-2.9
% of revenues	-53.3%	-6.9%	-12.1%
Income from cash and cash equivalents	0.0	0.0	0.0
Gross finance costs	-0.1	-0.2	-0.1
Net finance costs	-0.1	-0.2	-0.1
Other financial income and expenses	3.2	1.8	0.6
Financial income and expenses	3.1	1.5	0.5
Share in income from associates	-0.9	0.4	-0.5
Tax	-0.2	-0.1	0.1
Net income	-14.1	-1.9	-2.8
Group share	-14.1	-1.9	-2.8
% of revenues	-46.1%	-3.6%	-11.5%
Non-controlling interests	-0.1	0.0	0.0

CONSOLIDATED BALANCE SHEET (IFRS, €m)

ASSETS	Jun 30, 2022 (6 months)	Dec 31, 2021 (12 months)	Jun 30, 2021 (6 months)
Non-current assets	21.1	27.3	25.0
Other intangible assets	0.3	0.3	0.4
Property, plant and equipment	2.2	1.8	2.3
Right of use	8.4	8.7	10.4
Investments in associates	3.1	5.6	4.6
Financial assets	6.6	6.5	6.6
Non-current lease receivables	0.0	0.1	0.3
Deferred tax assets	0.2	0.4	0.3
Other non-current assets	0.2	4.0	
Current assets	105.3	117.3	120.3
Inventories	8.1	4.9	8.9
Trade receivables	6.9	5.2	5.6
Tax receivables	7.8	6.9	8.8
Other receivables	12.3	16.9	15.9
Current lease receivables	0.3	0.5	0.8
Cash and cash equivalents	70.0	82.8	80.4
Assets held for sale	1.8	0.0	0.0
Total assets	128.2	144.6	145.3

Shareholders' equity and liabilities	Jun 30, 2022 (6 months)	Dec 31, 2021 (12 months)	Jun 30, 2021 (6 months)
Shareholders' equity	90.5	100.1	97.3
Share capital	4.6	4.6	4.6
Additional paid-in capital	331.7	331.7	331.7
Reserves excluding earnings for the period	-241.2	-242.2	-241.8
Earnings for the period - Group share	-14.1	-1.9	-2.8
Exchange gains or losses	8.4	7.5	5.2
Equity attributable to Parrot SA shareholders	89.4	99.6	96.9
Non-controlling interests	1.1	0.5	0.4
Non-current liabilities	9.9	10.5	15.0
Non-current financial liabilities	0.0	0.0	1.7
Non-current lease liabilities	6.4	6.7	8.2
Provisions for pensions and other employee benefits	1.3	1.1	1.3
Deferred tax liabilities	0.0	0.2	0.0
Other non-current provisions	0.4	0.4	0.3
Other non-current liabilities	1.8	1.9	3.5
Current liabilities	27.8	34.0	32.9
Current financial liabilities	0.0	0.8	0.5
Current lease liabilities	2.5	2.7	3.6
Current provisions	1.6	1.2	1.8
Trade payables	10.7	9.9	10.5
Current tax liabilities	0.0	0.1	0.1
Other current liabilities	12.9	19.4	16.4
Liabilities held for sale	0.0	0.0	0.0
Total shareholders' equity and liabilities	128.2	144.6	145.3

CONSOLIDATED CASH FLOW STATEMENT (IFRS, €m)

	Jun 30, 2022 (6 months)	Dec 31, 2021 (12 months)	Jun 30, 2021 (6 months)
Operating cash flow			
Earnings for the period from continuing operations	-14.1	-1.9	-2.8
Net income attributable to owners of the parent	-14.1	-1.9	
Non-controlling interests	-0.1	0.0	
Share in income from associates	0.9	-0.4	0.5
Depreciation and amortization	2.5	2.3	0.3
Capital gains and losses on disposals	0.9	-32.9	-16.7
Tax expense	0.2	0.1	-0.1
Cost of share-based payments	0.9	1.3	0.4
Other non-cash items	-0.5	-	-
Net finance costs	0.1	0.2	0.1
Cash flow from operations before net finance costs and tax	-9.3	-31.2	-18.4
Change in working capital requirements	-2.1	6.2	-4.4
Tax paid	-0.1	-0.3	-0.1
Cash flow from operating activities (A)	-11.5	-25.3	-22.9
Investing cash flow			
Acquisition of property, plant and equipment and intangible assets	-1.2	-1.6	-0.9
Acquisition of financial assets	-2.7	-2.7	-2.6
Disposal of property, plant and equipment and intangible assets	-	-	-
Disposal of subsidiaries, net of cash divested	2.6	24.0	17.7
Disposal of financial assets	2.2	3.2	2.9
Cash flow from investment activities (B)	3.5	23.0	17.1
Financing cash flow			
Equity contributions	-1.7	-	-
Net finance costs	-0.1	-0.2	-0.1
Repayment of short-term financial debt (net)	-1.8	-3.9	-2.0
Cash flow from financing activities (C)	-3.5	-4.1	-2.1
Net change in cash position (D = A+B+C)	-14.1	-6.4	-7.9
Impact of change in exchange rates	1.3	1.3	0.2
Impact of changes in accounting principles (IFRS 5 reclass.)	-	-	-
Cash and cash equivalents at start of period	82.8	88.0	88.0
Cash and cash equivalents at end of period	70.0	82.8	80.4
