

2021 first-half earnings

- **19% growth for the commercial drone business at constant exchange rates**
- **Solid gross margin and effective management of operating costs**
- **Positive impact of Micasense's sale on earnings and the cash position**
- **ANAFI Ai unveiled: the first smart professional drone, free from transmission limitations thanks to 4G, with a range of software applications already integrated**

2021 first-half business

During the first half of 2021, the Parrot Group recorded consolidated revenues of €24.3m, compared with restated revenues of €23.7m at June 30, 2020. The American subsidiary Micasense, sold on January 27, 2021, has no longer been consolidated since January 1, 2021: 2020 revenues are eliminated from full-year revenues for 2020 in order to obtain a comparable basis. Following on from the first quarter's good performance levels, the realignment around commercial drones is continuing to deliver a range of benefits: at constant exchange rates, the Group's half-year revenues (comparable basis) are up +9.2% (2.6% at current exchange rates) compared with the first half of 2020.

During the first half of this year, commercial developments were marked by:

- Micro-drone revenues of €8.2m, up +6.0% (+1.4% at current exchange rates), driven by strong sales growth for commercial micro-drones from the ANAFI range and the ANAFI USA in particular. The ANAFI commercial drone range generated 78% of first-half revenues for micro-drones, compared with 43% for the first half of 2020. Its robust commercial development largely offset the voluntary scaling back of consumer product sales and the non-recurrence of the R&D funded (€1.0m) linked to the completion of the SRR program at the end of 2020. This performance does not take into account a first order received under the framework agreement signed with the French Defense Procurement Agency (DGA) for 150 systems that are scheduled to be delivered this summer.
- €11.7m of revenues generated by the data analysis software solutions, up +15.9% (+7.9% at current exchange rates), confirming the acceleration seen in March-April. The Pix4Dmapper solution achieved solid performance levels in terms of both sales and use, while the new business solutions launched at the end of 2019 have continued to progress.
- €4.7m of revenues for the fixed-wing drones, with a contraction reduced to -4.5% (-10.4% at current exchange rates), reflecting the second quarter's strong level of commercial activity (+13.1% vs. the first quarter of 2021). This follows the new fixed-wing commercial drones launched in February 2021: the three new eBee models targeting different needs and markets are accelerating the renewal of the client base and attracting new users.

PARROT GROUP REVENUES

€m and % of like-for-like revenues	H1 2020 (6 months)		H1 2021 (6 months)		Change at current exchange rates	Change at constant exchange rates
Micro-drones (Parrot Drones)	8.1	34%	8.2	34%	+1.4%	+6.0%
<i>Of which, consumer products⁽¹⁾</i>	3.7	16%	2.1	9%	-43.8%	NA
Data analysis software (Pix4D)	10.8	46%	11.7	48%	+7.9%	+15.9%
Fixed-wing drones (senseFly)	5.3	22%	4.7	19%	-10.4%	-4.5%
Parrot SA	0.1	1%	0.1	0%	-12.0%	-12.0%
Intragroup eliminations	-0.7	-3%	-0.5	-2%	-32.5%	-32.5%
PARROT GROUP TOTAL - REPORTED BASIS	26.5	112%	24.3	100%	-8.1%	-2.3%
<i>Of which, MicaSense⁽²⁾</i>	2.8	12%	0.0	0%	-100.0%	-100.0%
PARROT GROUP TOTAL - COMPARABLE BASIS⁽³⁾	23.7	100%	24.3	100%	+2.6%	+9.2%
COMMERCIAL DRONES BUSINESS TOTAL⁽⁴⁾	20.0	84%	22.2	91%	+11.3%	+19.0%

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

(2) Following the sale of Micasense on January 27, 2021, revenues are no longer consolidated since January 1, 2021.

(3) The comparable Parrot Group total excludes MicaSense revenues for 2020.

(4) Commercial Drones Business Total is an alternative performance indicator to measure the impact of strategic decisions; for the periods presented, it is determined by deducting the following items from revenues: the consumer activities (all ranges and products, see (1)) and the 2020 revenues for MicaSense, the company sold in 2021.

ANAFI Ai launched

On June 30, 2021, Parrot unveiled its new commercial drone, the ANAFI Ai, which combines robotics and artificial intelligence and is the first 4G-connected UAV on the civil market. Both secure and widely available, 4G offers long-range transmission and ensures a robust data link between the drone and its pilot in all circumstances.

Thanks to artificial intelligence and a swivel head with an omni-directional camera, ANAFI Ai ensures precise obstacle avoidance in every flight direction. When obstacles are detected, ANAFI Ai automatically determines the best trajectory to pursue its mission.

ANAFI Ai's features enable photogrammetry-specific flight plans to be performed automatically and its images are compatible with all photogrammetry software suites. With PIX4D, Parrot has pushed its integration one step further, thanks to images transferred directly through 4G to the PIX4Dcloud servers to ensure quicker processing. To save time and boost productivity, professionals can generate optimized missions by simply selecting a building on the 3D survey-grade map.

ANAFI Ai benefits from cybersecurity by design. Users have full control over their data. ANAFI Ai is compliant with the European Union General Data Protection Regulation (GDPR) and in some cases goes even further. The embedded Secure Element is NIST FIPS140-2 Level 3 compliant and Common Criteria EAL5+ certified. A bug bounty program is currently running.

Building on these strong features, Parrot is continuing to expand its software partner ecosystem, thanks in particular to its software development kit (SDK), which has been expanded to include FreeFlight, open-sourcing the 7th version of this application. Parrot's partners range from enterprise drone platforms (Skyward, a Verizon Company, Measure, an AgEagle Company), flight logs services (DroneLogbook, Airdata), public safety programs (DroneSense) and advanced mission planning (QGroundControl, UgCS) to media and data cloud platforms (Survae), real-time geospatial situational awareness (Rapid Imaging, Textron Systems), surveying and mapping (Pix4D).

With its high-tech design, ANAFI Ai looks great and is intriguing, foldable, operational in 1 minute and resistant to rain. It will be released for professional and institutional clients during the second half of this year, at a retail price that has not yet been revealed.

2021 first-half earnings

€m and % of revenues	H1 2021	H1 2020	Change
Consolidated revenues ⁽¹⁾	24.3	26.5	-8.1%
Gross margin <i>% of revenues</i>	17.8 73.4%	19.3 72.8%	-7.4%
Income from ordinary operations <i>% of revenues</i>	-19.2 -78.8%	-20.9 -78.9%	+8.2%
Other operating income and expenses ⁽²⁾	16.2	0.0	NA
EBIT <i>% of revenues</i>	-2.9 -12.1%	-20.9 -79.1%	+86.0%
Net income (Group share) <i>% of revenues</i>	-2.8 -11.5%	-22.1 -83.6%	+87.4%

(1) 2020 consolidated revenues include Micasense, the subsidiary sold in January 2021, which therefore did not make a contribution in 2021: see table on page 1 for further details.

The good level of the **gross margin** for the first half of 2021, representing 73.4% of revenues, stable versus the first half of 2020, continues to reflect the ramping up of the Group's dedicated professional solutions and its voluntary withdrawal from the consumer drone market.

Maintaining strict control over spending, the Group limited its operating costs to €37.0m, down €3.1m from the first half of 2020, despite the strong mobilization of resources focused on innovation and the non-recurrence of various support measures relating to the health crisis (€1.3m for the first half of 2020, vs. €0.4m for the first half of this year). The resources allocated to R&D (€20.8m for the first half of this year, vs. €21.3m at June 30, 2020) have paved the way for new commercial drone launches and are contributing to the development of software solutions. Sales and marketing spending came to €7.7m, compared with €8.7m for the first half of 2020, benefiting from the measures to optimize the organization and the realignment around commercial drones. The range's realignment continued to be reflected in the reduction in production spending, down to €2.5m for the first half of 2021, compared with €3.1m at June 30, 2020. Overheads were kept strictly under control and came to €6.1m, compared with €7.0m for the same period in 2020. At June 30, 2020, the Group's **workforce** (permanent and fixed-term contracts) represented 521 people (539 at June 30, 2020), in addition to 50 external contractors (79 at June 30, 2020), with a reduction recorded at the end of the half-year period following the completion of the new products.

With Micasense's sale during the first quarter of 2021, the Group recorded €16.2m of non-current operating income, taking the EBIT figure for the first half of 2021 to -€2.9m. After €0.5m of financial income and expenses and a -€0.5m share of income from associates, **consolidated net income (Group share)** totaled -€2.8m, compared with -€22.1m for the first half of 2020.

Changes in the cash position and balance sheet at June 30, 2021

At June 30, 2021, net cash represented €78.2m excluding the impact of IFRS 16. Taking into account EBITDA of -€19.1m and the sale of MicaSense, net cash consumption for the first half of the year came to -€7.3m, with a +€3.1m change in working capital requirements. It factors in the reduction in inventories, trade payables and trade receivables.

Outlook for 2021

The strategy applied by the Group since 2018, based on a technological value creation roadmap for commercial markets, is delivering a range of benefits. As expected, the scope effects linked to the change in the product portfolio are expected to continue to become less marked in 2021. The Group, which has secured the vast majority of its purchases in 2021, is maintaining its vigilance concerning tensions on the components market and developments with the health context. Parrot is continuing to capitalize on its capacity for innovation, its product quality and its constant focus on managing its operations and allocating its resources effectively. In line with the 2021 business development plan, including the product launches, production plans and order book, growth could be accelerated over the second half of 2021, driven by the deliveries in the Defense and Security sector in particular.

Recap on MicaSense's sale

On January 27, 2021, Parrot sold its entire capital interest in MicaSense Inc., representing 99%, to AgEagle Aerial Systems Inc, based on an enterprise value of \$22.75m for 100 % of the capital. The cash payment is based on several instalments: \$14.3m have been paid since January, then \$2.35m will be paid at end-March 2022 and \$2.35m at end-March 2023, subject to the standard guarantees granted to the buyer. This operation also includes a component paid in AgEagle Aerial Systems shares, listed on NYSE American, for an equivalent of \$3m on the date when the shares were awarded. Within this framework, 535,124 new AgEagle Aerial Systems shares were awarded to Parrot on April 27, 2021; the Company sold these shares on the NYSE American market for a gross total of €2.5m, paid in July 2021. The capital gain on the sale, including transaction costs and the discounting of receivables, amounted to €15.75m.

Next financial dates

- 2021 third-quarter revenues: November 18, 2021, before start of trading.

ABOUT PARROT

Founded in 1994 by Henri Seydoux, Parrot is today the leading European group in the fast-growing industry of drones. Visionary, at the forefront of innovation, Parrot is positioned across the entire value chain, from equipment to services and software. Its micro-drones, well known for their high performance and ease of use, address the needs of professionals as well as consumers. The Group also has a portfolio of outstanding companies and interests in commercial drones, covering equipment, software and services. Its expert capabilities are focused primarily on three vertical markets: (i) 3D Mapping, Surveying and Inspection, (ii) Defense and Security and (iii) Agriculture.

The Parrot Group designs and engineers its products in Europe, mainly in France and Switzerland. It currently employs over 500 people worldwide and makes the majority of its sales outside of France. Parrot, headquartered in Paris, has been listed since 2006 on Euronext Paris (FR0004038263 - PARRO). Financial information is available on <http://corporate.parrot.com>. For more information visit: www.parrot.com, www.pix4d.com, www.sensefly.com

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APPENDICES

The accounts for the first half of 2021 were approved by the Board of Directors on July 28, 2021. The statutory auditors have completed the limited review procedures on the condensed consolidated accounts at June 30, 2021. The limited review report will be issued once the procedures required for it to be issued have been finalized. The 2021 First-Half Financial Report will be online within the next few days at: <https://www.parrot.com/fr/corporate/rappports-financiers-annuels-et-semestriels>

BREAKDOWN OF REVENUES BY BUSINESS

€m and % of like-for-like revenues	H1 2020 (6 months)		Q1 2021 (3 months)		Q2 2021 (3 months)		H1 2021 (6 months)	
Micro-drones (Parrot Drones)	8.1	34%	4.8	39%	3.4	29%	8.2	34%
<i>Of which, consumer products⁽¹⁾</i>	3.7	16%	1.1	9%	0.9	8%	2.1	9%
Data analysis software (Pix4D)	10.8	46%	5.6	45%	6.1	52%	11.7	48%
Fixed-wing drones (senseFly)	5.3	22%	2.2	18%	2.5	21%	4.7	19%
Parrot SA	0.1	1%	0.1	1%	0.0	0%	0.1	0%
Intragroup eliminations	-0.7	-3%	-0.2	-2%	-0.2	-2%	-0.5	-2%
PARROT GROUP TOTAL - REPORTED BASIS	26.5	112%	12.4	100%	11.9	100%	24.3	100%
<i>Of which, MicaSense⁽²⁾</i>	2.8	12%	0.0	0%	0.0	0%	0.0	0%
PARROT GROUP TOTAL - COMPARABLE BASIS⁽³⁾	23.7	100%	12.4	100%	11.9	100%	24.3	100%
COMMERCIAL DRONES BUSINESS TOTAL⁽⁴⁾	20.0	84%	11.3	91%	10.9	92%	22.2	91%

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

(2) Following the sale of Micasense on January 27, 2021, revenues are no longer consolidated since January 1, 2021.

(3) The comparable Parrot Group total excludes MicaSense revenues for 2020.

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CONSOLIDATED INCOME STATEMENT

IFRS in €m and % of revenues	H1 2021 (6 months)	FY 2020 (12 months)	H1 2020 (6 months)
Revenues	24.3	57.3	26.5
Cost of sales	(6.5)	(17.0)	(7.2)
Gross margin	17.8	40.2	19.3
% of revenues	73.4%	70.2%	72.8%
R&D costs	(20.8)	(40.2)	(21.3)
% of revenues	(85.4%)	-70.2%	(80.7%)
Sales and marketing costs	(7.7)	(16.3)	(8.7)
% of revenues	(31.5%)	-28.4%	(33.0%)
Administrative costs and overheads	(6.1)	(13.6)	(6.9)
% of revenues	(25.1%)	-23.8%	(26.3%)
Production and quality costs	(2.5)	(6.1)	(3.1)
% of revenues	(10.2%)	-10.7%	(11.7%)
Income from ordinary operations	(19.2)	(36.0)	(20.9)
% of revenues	(78.8%)	-62.9%	(78.9%)
Other operating income and expenses	16.2	0.5	(0.05)
EBIT	(2.9)	(35.6)	(20.9)
% of revenues	(12.1%)	-62.1%	(79.1%)
Financial income and expenses	0.5	(2.2)	(0.6)
Share in income from associates	(0.5)	(0.4)	(0.4)
Corporate income tax	0.1	(0.3)	(0.2)
Net income	(2.8)	(38.4)	(22.2)
Minority interests	(0.03)	(0.1)	(0.06)
Net income (Group share)	(2.8)	(38.4)	(22.1)
% of revenues	(11.5%)	-67.0%	(83.6%)

CONSOLIDATED BALANCE SHEET

IFRS, €m	Jun 30, 2021	Dec 31, 2020	Jun 30, 2020
Non-current assets	25.0	21.0	20.5
Goodwill	-	-	-
Other intangible assets	0.4	0.4	0.4
Property, plant and equipment	2.3	2.3	2.2
Right of use	10.4	5.9	6.7
Investments in associates	4.6	5.0	5.1
Financial assets	6.6	6.5	4.6
Non-current lease receivables	0.3	0.7	1.2
Deferred tax assets	0.3	0.2	0.2
Current assets	120.3	121.7	145.5
Inventories	8.9	10.2	14.0
Trade receivables	5.6	6.0	6.3
Tax receivables	8.8	7.6	6.7
Other receivables	15.9	9.1	10.9
Current lease receivables	0.8	0.7	0.8
Other current financial assets	0.0	0.0	-
Cash and cash equivalents	80.4	88.0	106.9
Assets held for sale	0.0	2.7	NA
TOTAL ASSETS	145.3	145.4	166.0
Shareholders' equity	97.3	99.7	117.8
Share capital	4.6	4.6	4.6
Additional paid-in capital	331.7	331.7	331.7
Reserves excluding earnings for the period	-241.8	-204.0	(203.5)
Earnings for the period - Group share	-2.8	-38.4	(22.1)
Exchange gains or losses	5.2	5.2	6.6
Equity attributable to shareholders	96.9	99.2	117.3
Non-controlling interests	0.4	0.5	0.5
Non-current liabilities	15.0	10.6	11.0
Non-current financial liabilities	1.7	1.8	1.6
Non-current lease liabilities	8.2	4.1	5.4
Provisions for pensions and other employee benefits	1.3	1.3	0.9
Deferred tax liabilities	0.0	0.0	0.0
Other non-current provisions	0.3	0.1	1.0
Other non-current liabilities	3.5	3.4	2.9
Current liabilities	32.9	33.6	36.4
Current financial liabilities	0.5	0.7	0.2
Current lease liabilities	3.6	3.5	3.4
Current provisions	1.8	3.9	4.5
Trade payables	10.5	11.9	11.7
Current tax liabilities	0.1	0.1	0.1
Other current liabilities	16.4	13.5	16.5
Liabilities held for sale	0.0	1.6	NA
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	145.3	145.4	166.0

CASH FLOW STATEMENT

IFRS, €m	Jun 30, 2021	Dec 31, 2020	Jun 30, 2020
Operating cash flow			
Earnings for the period from continuing operations	(2.8)	(38.4)	(22.2)
Share in income from associates	0.5	0.4	0.4
Depreciation and amortization	0.3	3.7	2.5
Capital gains and losses on disposals	(16.7)	0.3	(0.0)
Tax expense	(0.1)	0.3	0.2
Cost of share-based payments	0.4	1.1	0.5
Net finance costs	0.1	0.2	0.1
Cash flow from operations before net finance costs and tax	(18.4)	(32.4)	(18.5)
Change in working capital requirements	(4.4)	2.5	1.0
Tax paid	(0.1)	(0.2)	(0.2)
Cash flow from operating activities (A)	(22.9)	(30.1)	(17.7)
Investing cash flow			
Acquisition of property, plant and equipment and intangible assets	(0.9)	(2.1)	(0.8)
Acquisition of subsidiaries, net of cash acquired	0.0	-	-
Acquisition of financial assets	(2.6)	(2.3)	(0.3)
Disposal of property, plant and equipment and intangible assets	0.0	0.1	0.0
Disposal of subsidiaries, net of cash divested	17.7	(0.4)	-
Disposal of investments in associates	-	-	-
Disposal of financial assets	2.9	0.8	0.4
Cash flow from investment activities (B)	17.1	(3.8)	(0.6)
Financing cash flow	0.0		
Equity contributions	0.0	0.0	0.0
Receipts linked to new loans	(0.0)	1.7	0.7
Cash invested for over 3 months	0.0	-	-
Net finance costs	(0.1)	(0.2)	(0.1)
Repayment of short-term financial debt (net)	(2.0)	(4.2)	(2.4)
Sales / (Purchases) of treasury stock ⁽⁴⁾	0.0	-	-
Cash flow from financing activities (C)	(2.1)	(2.8)	(1.8)
Net change in cash position (D = A+B+C)	(7.9)	(36.7)	(20.1)
Impact of change in exchange rates	0.2	(1.1)	0.4
Impact of changes in accounting principles	-	(0.8)	-
Cash and cash equivalents at start of period	88.0	126.6	126.6
Cash and cash equivalents at end of period	80.4	88.0	106.9
