

2021 full-year earnings

- **+19% growth like-for-like and at constant exchange rates⁽¹⁾**
- **Positive impact of divestments on earnings and the cash position**
- **Growth trajectory to continue in 2022**

2021 business

Now focused exclusively on the design, development and marketing of professional drone solutions, in 2021 the Parrot Group completed the repositioning and reorganization launched at the end of 2018. Factoring in its capacity for innovation and the maturity of its technologies and markets, Parrot has assessed the potential of its assets and chosen to focus its resources on quadricopter microdrones and image metrics and analytics software.

Within this framework, two divestment operations were carried out in 2021, aimed specifically at further strengthening the Group's financing capacity and reducing its operating expenditure. They generated a €32.0m capital gain on disposals in the 2021 consolidated accounts. The subsidiary Micasense (sensors) was sold in January and did not contribute to 2021 revenues, while the subsidiaries SenseFly SA and SenseFly Inc (fixed-wing drones) were divested in October and contributed to revenues until October 19, 2021.

The changes in scope resulting from these divestments account for the contraction in consolidated revenues to €54.3m in 2021, compared with €57.3m at end-2020. The subsidiaries divested generated €7.7m of revenues (excluding intragroup billing) in 2021, compared with €16.1m in 2020.

Based on the new reference scope from 2022, i.e. excluding sales from the companies divested and end-of-life consumer products, the Group's revenues for 2021 came to around €40.4m, with year-on-year growth of +17% (+19% at constant exchange rates).

In 2021, the Group benefited from growth in its offering, realigned around professional drone technologies. On the one hand, the expansion of the range of solutions, launched in 2020 in the inspection, civil security and precision farming fields, initially focused on mapping and geomatics, paved the way for Pix4D to record revenues of €26.2m, up 12% (+15% at constant exchange rates). On the other hand, the ramping up of sales of professional microdrones, and particularly the ANAFI USA, enabled Parrot Drones* to achieve revenues of €20.9m, up 12% (+13% at constant exchange rates). This performance was offset by the finalization of the sales of legacy consumer products (-€0.4m) in the third quarter of 2021, and the non-recurrence of funded R&D projects (-€2.4m).

In the fourth quarter, still based on the new reference scope, Group revenues came to approximately €15.7m, up +48% (+44% at constant exchange rates), thanks in particular to the start of ANAFI USA deliveries for the French armed forces and the robust commercial trend for Pix4D software solutions at the end of the year. The consolidated and restated information is presented below, while an identical table for the fourth quarter is appended.

Revenues (€m)	2020		2021		Change
A Parrot Drones	18.7	33%	20.9	38%	+12%
B Of which, consumer products ⁽²⁾	6.6	12%	6.2	11%	-6%
C Pix4D	23.3	41%	26.2	48%	+12%
D Parrot SA	0.3	0%	0.3	1%	0%
E Intragroup eliminations	-1.1	-2%	-0.8	-2%	-25%
F SenseFly (activity divested in October 2021)	10.8	19%	7.7	14%	-28%
G MicaSense (activity divested in January 2021)	5.3	9%	0.0	0%	-100%
CONSOLIDATED PARROT GROUP TOTAL	57.3	100%	54.3	100%	-5%
NEW SCOPE TOTAL⁽¹⁾ (=A-B+C+D+E)	34.6	60%	40.4	74%	+17%

(1) "New scope total" is a performance indicator reflecting the impacts of the strategy rolled out since the end of 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 amount of sales from the subsidiaries divested.

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

* Which corresponds to Parrot Drones and its subsidiaries Parrot Inc. and Parrot Asia Pacific.

2021 earnings⁽¹⁾

Condensed consolidated accounts - IFRS (€m)	2020	2021	Change
Consolidated revenues	57.3	54.3	-5%
Gross margin	40.2	39.1	-3%
<i>% of revenues</i>	<i>70.2%</i>	<i>72.0%</i>	
Research and development costs	-40.2	-40.2	-0%
Sales and marketing costs	-16.3	-14.0	-14%
Administrative costs and overheads	-13.6	-13.6	-
Production and industrialization costs	-6.1	-5.4	-12%
Income from ordinary operations	-36.0	-34.2	+5%
<i>% of revenues</i>	<i>-62.9%</i>	<i>-62.9%</i>	
Other operating income and expenses	0.5	30.4	-
EBIT	-35.6	-3.7	-
<i>% of revenues</i>	<i>-62.1%</i>	<i>-6.9%</i>	
Net income (Group share)	-38.4	-1.9	-
<i>% of revenues</i>	<i>-67.0%</i>	<i>-3.6%</i>	

(1) Micasense is no longer consolidated since January 1, 2021, while SenseFly is consolidated until October 19, 2021.

In 2021, the Parrot Group continued to strengthen its product mix, focusing on professional drones and solutions, with a **gross margin of 72.0%**, up 1.8pts from 2020, despite the completion of the stock clearance process for consumer drones in the third quarter of 2021.

In 2021, the Parrot Group's **consolidated operating expenditure** totaled €73.2m, compared with €76.2m in 2020. The subsidiaries divested represent around €9.1m of operating costs in 2021 and €13.6m in 2020. The additional capacity freed up in this way will make it possible to increase the resources allocated to professional drones and solutions, supporting their capacity for developing new uses and attracting new clients. The expenditure figures for 2021 also take into account the non-recurrence of the support measures linked to the health crisis (€0.4m in 2021, versus €2.4m in 2020).

More specifically, the resources allocated to R&D (€40.2m) paved the way for the successful launch of the new professional drone ANAFI Ai, while helping drive the development of software solutions for new activities. Sales and marketing spending came to €14.0m (-14%), benefiting from the optimization measures made possible by the realignment around professional drones. The range's realignment is also reflected in the reduction in production spending to €5.4m (-12%). Overheads are stable at €13.6m. At end-2021, the Group's **workforce** (permanent and fixed-term contracts) represented 448 people (521 at December 31, 2020), in addition to 49 external contractors (42 at December 31, 2020), with a reduction linked to the transfer of 111 people.

Thanks primarily to the sale of Micasense during the first quarter and SenseFly in the fourth quarter, the Group recorded €30.4m of **non-current operating income**, taking EBIT for 2021 to -€3.7m. After €1.5m of financial income and expenses and a €0.4m share of income from associates, **consolidated net income (Group share)** totaled -€1.9m, compared with -€38.4m for 2020.

Changes in the cash position and balance sheet in 2021

The Group had €82.0m of net cash at end-December 2021 excluding the impact of IFRS 16, and €72.6m including IFRS 16. Cash and cash equivalents came to €82.8m, with €5.1m consumption versus 2020.

Cash flow from operations totaled -€31.2m, corresponding to the loss for income from ordinary operations, primarily adjusted for the IFRS 16 restatement of lease charges (+€2.7m). Factoring in the change in working capital requirements, cash from operating activities totaled -€25.3m.

The change in working capital requirements reflects the following developments: (i) a -€3.2m impact for the change in trade and other receivables; (ii) a +€5.1m change in trade and other payables; (iii) a +€4.4m change in inventories, notably linked to the clearance of stock of older generations of consumer drones.

Cash flow from investment activities came to +€23.0m, linked primarily to the €24.0m payment from the disposal of SenseFly and Micasense, less investments of €1.6m in equipment, particularly for ANAFI Ai production.

Cash flow from financing activities came to -€4.1m, including €3.4m for the repayment of lease liabilities with the application of IFRS 16.

Since the 2021 year-end

In February 2022, the Group carried out a CHF 10m capital increase for its subsidiary Pix4D, with CHF 8m invested by Parrot and CHF 2m invested by Pix4D's founder-manager and minority shareholder. This investment aims to increase the resources available for technological developments, looking in particular to expand the analytical capabilities of the software developed by Pix4D to benefit other equipment, dovetailing effectively with the drones.

The Group has launched sales of the ANAFI Ai, a 4G-connected microdrone designed to overcome the limitations of wifi, with autopilot features developed on a fully open source platform, making it easier to customize its missions, presented at the end of June 2021. ANAFI Ai is currently available at a price starting from €4,000 (ex VAT) and includes a range of advanced photogrammetry features based on the integration of Pix4D solutions.

Outlook for 2022

Realigned, streamlined and driven by its 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.

The Group is continuing to allocate its resources to an ambitious R&D roadmap. Supported by its progress 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 the synergies between R&D, procurement and production management. The increase in the resources allocated to these operations will be combined with an agile sourcing management. These strategic initiatives could limit the reduction in costs in 2022, and their effectiveness are still strongly correlated to the health context in China, where the situation is deteriorating 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 revenue growth trajectory 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 first-quarter business: Thursday May 12, 2022
- Parrot’s general shareholders’ meeting: Wednesday June 15, 2022
- 2022 first-half earnings: Thursday July 28, 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 full-year accounts for 2021 were approved by the Board of Directors on March 16, 2021. 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 Universal Registration Document will then be published on: <https://www.parrot.com/uk/corporate/reports>

BREAKDOWN OF REVENUES BY BUSINESS

Revenues (€m)	Q4 2020		Q4 2021		Change
A Parrot Drones	6.3	38%	6.6	44%	5%
B Of which, consumer products ⁽²⁾	2.2	13%	(0.2)	-1%	-110%
C Pix4D	6.7	40%	8.4	56%	26%
D Parrot SA	0.1	0%	0.1	0%	-0%
E Intragroup eliminations	-0.3	-2%	-0.1	-1%	-68%
F SenseFly (activity divested in October 2021)	2.4	15%	0.1	1%	-97%
G MicaSense (activity divested in January 2021)	1.3	8%	0.0	0%	-100%
CONSOLIDATED PARROT GROUP TOTAL	16.5	100%	15.1	100%	-6%
NEW SCOPE TOTAL (=A-B+C+D+E)	10,6	64%	15,7	101%	+48%

(1) "New scope total" is a performance indicator reflecting the impacts of the strategy rolled out since the end of 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 amount of 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

	Dec 31, 2020	Dec 31, 2021
Revenues	57.3	54.3
Cost of sales	-17.0	-15.2
Gross margin	40.2	39.1
% of revenues	70.2%	72.0%
Research and development costs	-40.2	-40.2
% of revenues	-70.2%	-74.1%
Sales and marketing costs	-16.3	-14.0
% of revenues	-28.4%	-25.8%
Overheads	-13.6	-13.6
% of revenues	-23.8%	-25.1%
Production and quality	-6.1	-5.4
% of revenues	-10.7%	-10.0%
Income from ordinary operations	-36.0	-34.2
% of revenues	-62.9%	-62.9%
Other operating income and expenses	0.5	30.4
EBIT	-35.6	-3.7
% of revenues	-62.1%	-6.9%
Income from cash and cash equivalents	0.0	0.0
Gross finance costs	-0.3	-0.2
Net finance costs	-0.2	-0.2
Other financial income and expenses	-2.0	1.8
Financial income and expenses	-2.2	1.5
Share in income from associates	-0.4	0.4
Tax	-0.3	-0.1
Net income	-38.4	-1.9
Group share	-38.4	-1.9
% of revenues	-67.0%	-3.6%
Non-controlling interests	-0.1	0.0

CONSOLIDATED BALANCE SHEET, IFRS, €m

ASSETS	Dec 31, 2020	Dec 31, 2021
Non-current assets	21.0	27.3
Other intangible assets	0.4	0.3
Property, plant and equipment	2.3	1.8
Right of use	5.9	8.7
Investments in associates	5.0	5.6
Financial assets	6.5	6.5
Non-current lease receivables	0.7	0.1
Deferred tax assets	0.2	0.4
Other non-current assets	0.0	4.0
Current assets	121.7	117.3
Inventories	10.2	4.9
Trade receivables	6.0	5.2
Tax receivables	7.6	6.9
Other receivables	9.1	16.9
Current lease receivables	0.7	0.5
Cash and cash equivalents	88.0	82.8
Assets held for sale	2.7	0.0
Total assets	145.4	144.6

Shareholders' equity and liabilities	Dec 31, 2020	Dec 31, 2021
Shareholders' equity	99.7	100.1
Share capital	4.6	4.6
Additional paid-in capital	331.7	331.7
Reserves excluding earnings for the period	-204.0	-242.2
Earnings for the period - Group share	-38.4	-1.9
Exchange gains or losses	5.2	7.5
Equity attributable to Parrot SA shareholders	99.2	99.6
Non-controlling interests	0.5	0.5
Non-current liabilities	10.6	10.5
Non-current financial liabilities	1.8	0.0
Non-current lease liabilities	4.1	6.7
Provisions for pensions and other employee benefits	1.3	1.1
Deferred tax liabilities	0.0	0.2
Other non-current provisions	0.1	0.4
Other non-current liabilities	3.4	1.9
Current liabilities	33.6	34.0
Current financial liabilities	0.7	0.8
Current lease liabilities	3.5	2.7
Current provisions	3.9	1.2
Trade payables	11.9	9.9
Current tax liabilities	0.1	0.1
Other current liabilities	13.5	19.4
Liabilities held for sale	1.6	0.0
Total shareholders' equity and liabilities	145.4	144.6

CONSOLIDATED CASH FLOW STATEMENT, IFRS, €m

	Dec 31, 2020	Dec 31, 2021
Operating cash flow		
Earnings for the period from continuing operations	(38.4)	(1.9)
Net income attributable to owners of the parent	(38.4)	(1.9)
Non-controlling interests	(0.1)	0.0
Share in income from associates	0.4	(0.4)
Depreciation and amortization	3.7	2.3
Capital gains and losses on disposals	0.3	(32.9)
Tax expense	0.3	0.1
Cost of share-based payments	1.1	1.3
Net finance costs	0.2	0.2
Cash flow from operations before net finance costs and tax	(32.4)	(31.2)
Change in working capital requirements	2.5	6.2
Tax paid	(0.2)	(0.2)
Cash flow from operating activities (A)	(30.1)	(25.3)
Investing cash flow		
Acquisition of property, plant and equipment and intangible assets	(2.1)	(1.6)
Acquisition of subsidiaries, net of cash acquired	-	-
Acquisition of financial assets	(2.3)	(2.7)
Disposal of property, plant and equipment and intangible assets	0.1	-
Disposal of subsidiaries, net of cash divested	(0.4)	24.0
Disposal of investments in associates	-	-
Disposal of financial assets	0.8	3.2
Cash flow from investment activities (B)	(3.8)	23.0
Financing cash flow		
Equity contributions	0.0	-
Receipts linked to new loans	1.7	-
Cash invested for over 3 months	-	-
Net finance costs	(0.2)	(0.2)
Repayment of short-term financial debt (net)	(4.2)	(3.9)
Sales / (Purchases) of treasury stock ⁽⁴⁾	-	-
Cash flow from financing activities (C)	(2.8)	(4.1)
Net change in cash position (D = A+B+C)	(36.7)	(6.4)
Impact of change in exchange rates	(1.1)	1.3
Impact of changes in accounting principles (IFRS 5 reclass.)	(0.8)	-
Cash and cash equivalents at start of period	126.6	88.0
Cash and cash equivalents at end of period	88.0	82.8
