Volatus Releases Q1 2024 Financial Results and Provides General Corporate Update

Services Revenue increases by 39% and Gross Margin increases to 34%.

TORONTO, ON / ACCESSWIRE / May 28, 2024 / Volatus Aerospace Corp. (TSXV:VOL) (OTCQB:VLTTF) ("Volatus" or "the Company"), a leader in the aerial intelligence industry, is pleased to announce its financial results for the three months ended March 31, 2024.

The Company generated revenues of $6,623,741 for the three months ended Mar 31, 2024, with a 34% gross margin, and adjusted EBITDA improvement of $378,215 between Q1 2023 and Q1 2024.

Q1 2024 Performance Highlights:

- Service Revenue increased by 39% from $2.78M in Q1 2023 to $3.9M.
- Gross profit was $2,225,757. In Q1 2024, the Company successfully increased its gross margin percentage from 32% in Q1 2023 to 34%. This growth in the gross margin is a direct result of our strategic shift towards higher efficiency operations and an optimized product mix. Notably, the significant increase in our aerial intelligence service activities has been a key driver of this improvement.
- Available cash on hand on December 31, 2023, was $1,040,925, and as part of a subsequent event, the Company raised additional $950,000 on May 21, 2024. The temporary limitation in growth working capital led to a decline in equipment revenue by 40% in the current quarter.
- The Comprehensive loss of ($2,991,319) in Q1 2024 compared to ($3,003,365) Q1 2023. The increase in loss is due to higher depreciation expenses and interest charges.
- Adjusted EBITDA improved by 22% to ($1,380,119) from ($1,785,335) in Q1 2023. Efficiency measures implemented in late Q3 2023 will continue to be realised over the next few quarters. Management feels that adjusted EBITDA is an efficient measure of the performance of the Company.

Notable Operational Accomplishments During the Quarter:

- Continued expansion in the UK with the strategic acquisition of UAV Hub and Drone Mentor.
- Continued expansion in oil and gas sector in the U.S. by leveraging advanced technological applications such as optical gas inspections and magnetometry
- Secured work for the inspection of 11,000 structures in the US utility sector.
- Expanded LiDAR services in Eastern Canada and secured work in the growing façade and building envelope inspections sector in the U.S.

Webinar

In conjunction with this release, Volatus investor relations will host a webinar on Thursday, May 30th at 8:30 AM EST at which time Glen Lynch, Chief Executive Officer, and Abhinav Singhvi, Chief Financial Officer, will review financial results and major milestones with Danielle Gagne, Head of Corporate Communications as moderator. Investors are invited to register for the webinar **here**.

https://us06web.zoom.us/webinar/register/WN_toHGFuw3S7etj0PEFajy9Q

Audio Replay Options

An audio replay of the event will be archived on the Investor Relations page of the company's website **here**.

SUMMARY OF RESULTS

	Three months ended March 31			
		2024		**2023**
Revenue	$	6,623,741	$	7,412,480
Direct costs	$	4,397,985		5,045,802
Gross Profit		**2,225,757**		**2,366,678**
OPERATING EXPENSES				
Advertising & marketing	$	293,339		406,118
IT & tech	$	256,802		185,095
Personnel	$	2,196,722		2,156,297
R&D	$	11,840		100,420
Office cost	$	583,199		892,539
Travel	$	57,621		94,285
External partner cost	$	200,072		274,013
Depreciation and amortization	$	1,098,088		745,136
Share based Payments	$	126,822		176,401
		4,824,504		**5,030,304**
(Loss) from Operations		**(2,598,748)**		**(2,663,626)**
OTHER ITEMS - INCOME/(EXPENSE)				
Finance cost	$	(379,106)		(312,982)
Other income (expense)	$	(10,168)		(1,558)
Gain (Loss) on disposal of property and equipment	$	(7,184)		(10,511)
Foreign exchange translation	$	3,887		(14,688)
Net Loss	**$**	**(2,991,319)**	**$**	**(3,003,365)**
Total comprehensive Income (loss) for the period attributable to:				
Owners of Volatus Aerospace Corp.		(2,915,143)		(2,611,890)
Non-controlling interest		(76,176)		(391,475)
		(2,991,319)		**(3,003,365)**

SUMMARY OF QUARTERLY RESULTS

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue	6,623,741	10,500,995	8,274,349	8,684,991	7,412,480	7,213,129	11,120,589	6,629,593
Direct Cost	4,397,985	7,700,881	5,265,775	5,724,516	5,045,802	5,190,979	7791145	4728672.918
Gross Profit	**2,225,757**	**2,800,114**	**3,008,574**	**2,960,475**	**2,366,678**	**2,022,150**	**3,329,444**	**1,900,920**
	33.60%	26.67%	36.36%	34.09%	31.93%	28.03%	29.94%	28.67%
OPERATING EXPENSES								
Advertising & marketing	293,339	278,781	541,635	629,686	406,118	575,539	599,285	591,365
IT & tech	256,802	28,439	243,602	211,960	185,095	164,260	140,392	110,775
Personnel	2,196,722	1,312,983	1,727,086	1,788,347	2,156,297	1,552,913	1,393,606	1,565,456
R&D	11,840	771,861	104,832	364,263	100,420	541,023	-	-
Office cost	583,199	605,396	722,276	610,650	892,539	490,740	378,474	416,589
Travel	57,621	126,710	90,804	167,364	94,285	144,372	140,622	54,456
External partner cost	200,072	436,686	243,443	326,979	274,013	602,171	403,238	168,371
Depreciation	1,098,088	1,647,364	843,744	797,487	745,136	604,849	270,081	300,511
Share based Payments	126,822	173,671	195,372	178,361	176,401	340,761	330,918	290,103
	4,824,504	**5,381,891**	**4,712,793**	**5,075,097**	**5,030,304**	**5,016,628**	**3,656,616**	**3,497,626**
(Loss) from Operations	2,598,748	(2,581,777)	(1,704,219)	(2,114,622)	(2,663,626)	(2,994,477)	(327,172)	(1,596,707)
OTHER ITEMS - INCOME/(EXPENSE)				-				
Finance cost	379,106	(667,949)	(425,671)	(368,635)	(312,982)	(249,798)	(121,672)	(81,239)
Bargain Purchase Gain		221,808				2,112,197	-	-
Changes in Fair Value of Contingent Consideration		386,731				(33,846)	-	-
Other income (expense)	(10,168)	14,955	(39,229)	41,237	(1,558)	192,498	79,640	31,576
Gain (Loss) on disposal of equipment	(7,184)	(125,476)	228,769	(0)	(10,511)	414	10,566	(1,011)
Foreign exchange translation	3,887	(24,156)	19,946	(16,191)	(14,688)	(195,277)	6,430	20,484
Net loss and comprehensive loss before tax	**(2,991,319)**	**(2,775,864)**	**(1,920,403)**	**(2,458,211)**	**(3,003,365)**	**(1,168,290)**	**(352,208)**	**(1,626,897)**
Deferred Tax Income/ (Expense)		464,216				(71,311)		
Net Loss and comprehensive loss after tax	**(2,991,319)**	**(2,311,647)**	**(1,920,403)**	**(2,458,211)**	**(3,003,365)**	**(1,239,601)**	**(352,208)**	**(1,626,897)**
Loss per share								
Basic and Diluted	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)	(0.01)	(0.01)	(0.02)

RECONCILIATION OF ADJUSTED EBIDTA TO NET LOSS

	Three months ended Mar 31, 2024	2023
Adjusted EBITDA (loss)	**(1,380,119)**	**(1,758,335)**
Interest	379,106	312,982
Depreciation	1,098,088	745,136
Share-based Payments	126,822	176,401
Loss from Sale of Drones	7,184	10,511
Net Loss	**(2,991,319)**	**(3,003,365)**

Other Corporate Update:

Further to the Company's press release dated May 21, 2024, we are pleased to announce completion of first tranche of previously announced non-brokered private placement of up to 1,000, $1,000 principal amount unsecured non-convertible debentures (the "Debentures") for gross proceeds of $585,060 through the issuance of 597 Debentures at a price of $980 per debenture (the "Offering").

The Debentures shall have a maturity date of 12 months from the date of issuance and will bear an initial interest rate of 15.0% per annum if the Debentures remain outstanding for 7 months or less. If the Debentures remain outstanding longer than 7 months, beginning with month 8, the annualized initial interest rate shall increase by 1.0% each month until maturity, at which point the maximum annualized interest rate will be 20.0%. The Debentures are redeemable, in whole or in part, at any time, at the option of Volatus. If, at any time while the Debentures remain outstanding and prior to the maturity date of the Debentures, Volatus completes a financing of equity or quasi-equity securities of Volatus with a minimum of ten distinct investors, holders of Debentures will be entitled to participate in such financing up to the amount of principal of their respective Debentures at a price per security equal to the greater of (i) a 10% discount to such financing price and (ii) the maximum discount to such financing price permitted by the policies of the TSX Venture Exchange ("**TSXV**"). It is anticipated that the net proceeds of the Offering will be used for the purchase of inventory, sales and marketing, and working capital requirements of Volatus. As disclosed in the Company's press release dated May 21, 2024, the Company may proceed with a subsequent tranche, and the Merger is not contingent on the closing of any subsequent tranches.

In connection with the Offering, the Company paid eligible Finders a cash commission equal to $51,500.00. All securities issued pursuant to the Offering are subject to a statutory four month plus a day hold period from their date of issuance.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any applicable state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. “United States” and “U.S. persons” shall have the meanings assigned to them in Regulation S under the U.S. Securities Act.

About Volatus Aerospace:

Volatus Aerospace Corp. is a leading international provider of aerial intelligence solutions, using drones and commercial aircraft. Volatus serves civil, public safety, and defense markets with imaging and inspection, security and surveillance, equipment sales and support, training, as well as R&D, design, and manufacturing. We are focused on introducing green and innovative drone solutions to supplement and replace traditional aircraft and helicopters for long-linear inspections such as pipeline, energy, rail, and cargo services. Volatus is committed to carbon neutrality; the fostering of a safe, equitable and inclusive workplace; and responsible governance.

Note Regarding Non-GAAP Measures

In this press release we describe certain income and expense items that are unusual or non-recurring. There are terms not defined by International Financial Reporting Standards (IFRS). Our usage of these terms may vary from the usage adopted by other companies. Specifically, gross profit, gross margin, and Adjusted EBITDA are undefined terms by IFRS that may be referenced herein. We provide this detail so that readers have a better understanding of the significant events and transactions that have had an impact on our results.

Throughout this release, reference is made to “gross profit,” “gross margin,” and “Adjusted EBITDA” which are non-IFRS measures. Management believes that gross profit, defined as revenue less operating expenses, is a useful supplemental measure of operations. Gross profit helps provide an understanding on the level of costs needed to create revenue. Gross margin illustrates the gross profit as a percentage of revenue. Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"). The Company defines Adjusted EBITDA as IFRS comprehensive loss excluding interest expense, depreciation and amortization expense, share-based payments, income tax expense, integration and due diligence costs, one time profit or loss (non-recurring), and impairment of goodwill, property, plant, and equipment and right-of-use assets (ROU). The Company believes that Adjusted EBITDA is a meaningful financial metric as it measures cash generated from operations which the Company can use to fund working capital requirements, service future interest and principal debt repayments and fund future growth initiatives. Readers are cautioned that these non-IFRS measures may not be comparable to similar measures used by other companies. Readers are also cautioned not to view these non-IFRS financial measures as an alternative to financial measures calculated in accordance with International Financial Reporting Standards (“IFRS”). Adjusted EBITDA does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers and should not be construed as alternatives to comprehensive loss or income determined in accordance with IFRS. For more information with respect to financial measures which have not been defined by GAAP, including reconciliations to the closest comparable GAAP measure, see the "Non-GAAP Measures and Additional GAAP Measures" section of the Company’s most recent MD&A which is available on SEDAR.

Forward-Looking Statement

This news release contains statements that constitute "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs, and current expectations of the Company with respect to future business activities and operating performance. Often, but not always, forward-looking information and forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements formed in the future tense or indicating that certain actions, events or results "may", "could", "would", "might" or "will" (or other variations of the foregoing) be taken, occur, be achieved, or come to pass. Forward-looking information includes information regarding: (i) the business plans and expectations of the Company; and (ii) expectations for other economic, business, and/or competitive factors. Forward-looking information is based on currently available competitive, financial, and economic data and operating plans, strategies, or beliefs as of the date of this news release, but involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors may be based on information currently available to the Company, including information obtained from third-party industry analysts and other third-party sources, and are based on management's current expectations or beliefs. Any and all forward-looking information contained in this news release is expressly qualified by this cautionary statement. Investors are cautioned that forward-looking information is not based on historical facts but instead reflects expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Forward-looking information and forward-looking statements reflect the Company's current beliefs and is based on information currently available to it and on assumptions it believes to be not unreasonable in light of all of the circumstances. In some instances, material factors or assumptions are discussed in this news release in connection with statements containing forward-looking information. Such material factors and assumptions include, but are not limited to: the commercialization of drone flights beyond visual line of sight and potential benefits to the Company; and meeting the continued listing requirements of the TSXV. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. The forward-looking information contained herein is made as of the date of this news release and, other than as required by law, the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

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