



Draganfly Announces First Quarter Results of 2024

Vancouver, BC, May 14, 2024 – Draganfly Inc. (NASDAQ: DPRO) (CSE: DPRO) (FSE: 3U8) (“Draganfly” or the “Company”), an award-winning, industry-leading drone solutions and systems developer, is pleased to announce its first quarter financial results.

Key Financial and Operational Highlights for Q1 2024:

- Revenue for the first quarter of 2024 was \$1,329,581 which represents a 45% quarter over quarter increase and was down 17% year over year. Product sales of \$1,237,948 made up the bulk of the revenue with the remainder coming from drone services. This is compared to total Q1 Revenue in 2023 of \$1,601,486.
- Gross profit for Q1 2024 was \$280,011 down \$163,423 over the same period in 2023. Gross margin percentage for Q1 2024 was 21.1% compared to 27.7% in Q1 2023. Gross profit would have been \$428,771 and gross margin would have been 32.2%, not including a one-time write down of inventory of \$148,760. The increase is due to the sales mix of the products sold.
- The Company recorded a comprehensive loss of \$1,884,416 in the first quarter of 2024 compared to a comprehensive loss of \$7,096,995 in the first quarter of 2023. The comprehensive loss for the period includes non-cash changes comprised of a positive change in fair value derivative of \$1,817,569, a write down of inventory of \$148,760, and an impairment gain on notes receivable of \$6,751 and would otherwise be a comprehensive loss of \$3,559,976. Contributors to the year-over-year decrease are lower office and miscellaneous, professional fees, research and development, and wages.
- Cash balance on March 31, 2024 of \$4,339,736 compared to \$3,093,612 on December 31, 2023.
- Draganfly secured an agreement with Mass General Brigham to provide drone delivery and solutions for their Home Hospital patients, improving access to healthcare services. Draganfly’s innovative drone technology will facilitate the efficient delivery of essential medical supplies and lab work, enhancing care and reducing transportation delays within the greater Boston area. This partnership underscores the paradigm shift in healthcare delivery envisioned by Mass General Brigham, aiming to bring quality care directly into patients’ homes.
- Draganfly was chosen as the primary solutions provider by Arabian Aero Investment LLC, a Dubai-based entity backed by a member of the Dubai Royal Family. The collaboration aims to integrate Draganfly’s Unmanned Aerial Vehicles (UAVs) into the UAE’s pioneering solar-powered charging platform, which combines renewable energy with efficient last-mile delivery. This innovative initiative is a cornerstone in the UAE’s ambitious goal to decarbonize its transportation system over the next three years. Following COP28, this project reflects the urgent need for renewable energy adoption and improved energy efficiency, with Draganfly’s drone technology playing a critical role.
- Draganfly Inc. enrolled its Commander 3XL platform in the Green UAS program, managed by the Association for Uncrewed Vehicle Systems International (AUVSI), to bolster cybersecurity compliance and supply chain standards. The program aligns with the National Defense Authorization Act (NDAA), paving the way for the Commander 3XL to be among the first commercial drones to obtain Green UAS certification. Achieving this certification will expedite its adoption by U.S. federal and state agencies, as it provides a pathway to the Blue UAS cleared list, qualifying it for Department of Defense procurement.
- Draganfly Inc. was chosen by MMS Products, Inc. to develop a drone-based tactical multi-drop payload system that leverages the adaptable Mjolnir delivery device for versatile and effective tactical operations. The system will feature universal mount capabilities for easy attachment across various drone models, optimized for use with the Draganfly Commander 3XL. This collaboration aims to produce a turnkey tactical solution that enhances safety, efficiency, and performance for military and industrial applications.

- Draganfly announced that its Commander 3XL drone won Best Enterprise Drone, Best Search and Rescue Drone, and Best Delivery Drone at The Droning Company’s Annual Droning Awards. The Commander 3XL, nicknamed the “Swiss Army Knife of Drones,” is recognized for its versatile design, ease of assembly, and rapid deployment. It can transport up to 24 pounds using its drop and winch-down systems and is equipped to withstand challenging weather conditions. This marks the second consecutive year the Commander 3XL has won the Best Enterprise Drone award, highlighting its reliability across various industries.
- Draganfly Inc. was appointed the exclusive partner of the Ulkatcho Group of Companies (UGoC), the corporate arm of the Ulkatcho First Nation, to expand UAV solutions and capabilities within the Ulkatcho First Nation’s Traditional Territory. This partnership will involve commercial UAV services for mapping, surveying, resource and wildlife management, emergency response, and wildfire monitoring. The collaboration aims to support economic growth and resilience through advanced UAV technology and comprehensive training programs.
- On February 26th Draganfly closed its previously announced underwritten public offering of 13,400,000 units, raising approximately \$3.6 million in gross proceeds. Each unit comprises one common share (or one pre-funded warrant) and one warrant to purchase a common share, priced at \$0.27 per unit. The associated warrants have an exercise price of \$0.36 per share, were immediately exercisable, and will expire five years after issuance. Maxim Group LLC acted as the sole book-running manager for the offering. Draganfly intends to use the net proceeds to meet the demand for new products, fund growth initiatives, and support working capital requirements such as product development, acquisitions, and research. The offering was conducted under an effective shelf registration statement filed with the U.S. Securities and Exchange Commission (SEC) and a Canadian base shelf prospectus.
- Draganfly Inc. was selected by Knightscope, Inc. (NASDAQ: KSCP) to integrate its drone technology with Knightscope’s Autonomous Security Robots (ASRs) and emergency communication products. This partnership aims to develop a comprehensive, AI-driven security solution that combines Draganfly’s advanced drones with Knightscope’s ASRs, communication platforms, and Security Operations Center (KSOC) monitoring system. The result will be a rapidly deployable, scalable security solution offering surveillance, intervention, and post-event evidentiary support. By adding aerial surveillance to Knightscope’s ground-based technologies, Draganfly drones will enhance situational awareness and provide real-time responses to alarms and incidents. This collaboration aims to redefine modern public safety, bringing significant benefits to critical infrastructure protection, public safety, and private security operations.

Draganfly will hold a shareholder update and earnings call on May 14, 2024 at 2:30 p.m. PDT / 5:30 p.m. EDT.

Registration for the call can be done [Here](#)

Selected financial information is outlined below and should be read with Draganfly’s consolidated financial statements for the quarter ended March 31, 2024, and associated management discussion and analysis, which will be available under the Company’s profile on SEDAR at www.sedar.com and filed on EDGAR at www.sec.gov.

	Three months ended March 31,	
	2024	2023
Total revenues	\$ 1,329,581	\$ 1,601,486
Gross Margin (as a % of revenues) ⁽¹⁾	21.1%	27.7%
Net income (loss)	(1,863,808)	(7,067,626)
Net income (loss) per share (\$)		
- Basic	(0.03)	(0.20)
- Diluted	(0.03)	(0.20)
Comprehensive income (loss)	(1,884,416)	(7,096,995)
Comprehensive income (loss) per share (\$)		
- Basic	(0.03)	(0.20)
- Diluted	(0.03)	(0.20)
Change in cash and cash equivalents	\$ 1,246,124	\$ 5,474,1555

- (1) Gross Profit (as a % of revenues) would have been 32.2% and 32.5% not including a one-time non-cash write down of inventory for \$148,760 and \$77,047 respectively for the three month period ending March 31 2024 and 2023, respectively.

As at	March 31, 2024	December 31, 2023
Total assets	\$ 8,990,548	\$ 8,330,292
Working capital	534,226	(717,017)
Total non-current liabilities	482,374	523,584
Shareholders' equity	\$ 1,678,527	\$ 407,716
Number of shares outstanding	63,393,221	49,229,563

Shareholders' equity and working capital as at March 31, 2024, includes a fair value of derivative liability of \$4,033,574 (2023 - \$4,196,125) and would otherwise be \$5,712,100 (2023 - \$4,603,841) and \$4,567,800 (2023 - \$3,479,108), respectively.

	2024 Q1	2023 Q4	2023 Q1
Revenue	\$ 1,329,581	\$ 916,299	\$ 1,601,486
Cost of sales ⁽²⁾	\$ (1,049,570)	\$ (657,420)	\$ (1,158,052)
Gross profit ⁽³⁾	\$ 280,011	\$ 258,879	\$ 443,434
Gross margin – percentage	21.1%	28.3%	27.7%
Operating expenses	\$ (3,530,933)	\$ (3,482,141)	\$ (7,608,133)
Operating income (loss)	\$ (3,250,922)	\$ (3,223,262)	\$ (7,164,699)
Operating loss per share - basic	\$ (0.05)	\$ (0.08)	\$ (0.21)
Operating loss per share - diluted	\$ (0.05)	\$ (0.08)	\$ (0.21)
Other income (expense)	\$ 1,387,114	\$ (965,075)	\$ 97,073
Change in fair value of derivative liability ⁽¹⁾	\$ 1,817,569	\$ 153,798	\$ 57,314
Other comprehensive income (loss)	\$ (20,608)	\$ (3,461)	\$ (29,369)
Comprehensive income (loss)	\$ (1,884,416)	\$ (4,191,796)	\$ (7,096,995)
Comprehensive income (loss) per share - basic	\$ (0.03)	\$ (0.13)	\$ (0.20)
Comprehensive income (loss) per share - diluted	\$ (0.03)	\$ (0.13)	\$ (0.20)

- (1) Included in other income (expense).
(2) Cost of goods sold would have been \$900,810 in Q1 2024 not including a one-time non-cash write down of inventory for \$148,760. For the comparative quarters cost of goods sold not including inventory writedowns of \$77,047 in Q1 2023 and \$123,424 in Q4 2023 would have been \$1,081,005 in Q1 2023 and \$533,996 in Q4 2023 before these write downs.
(3) Gross profit would have been \$428,771 not including a one-time non-cash write down of inventory for \$148,760 (2023 - \$77,047). Gross profit would have been \$520,481 in Q1 2023 and \$382,303 in Q4 2023 without the write downs.

Earlier today, the Company filed an amendment to its Form 20-F for the fiscal year ended December 31, 2023 (the "Amended 20-F") to restate certain information in the Company's previously issued Consolidated Statement of Cashflows (the "Restatement"). As detailed below this restatement does not impact the Company's Assets, Liabilities, Revenues, Gross Profit or Net Loss for the fiscal year ended December 31, 2023. Subsequent to the filing of the Form 20-F on March 27th, the Company determined that in the presentation of the year end Consolidated Statement of Cash Flows, some of the proceeds from the October 30, 2023 share issuance net of related costs were split between financing and operating activities. In the Restatement, the entire proceeds and all the share issue costs paid during the year have been allocated to the financing activities section.

The Restatement does not impact the Consolidated Statements of Financial Position, Consolidated Statements of Comprehensive Loss, Consolidated Statements of Changes in Shareholder's Equity, or cash position of the Company as of and for the year ended December 31, 2023. The only change was with respect to a reclassification within the Statement of Cashflows as described above.

About Draganfly

Draganfly Inc. (NASDAQ: DPRO; CSE: DPRO; FSE: 3U8) is the creator of quality, cutting-edge drone solutions, software, and AI systems that revolutionize the way organizations can do business and service their stakeholders. Recognized as being at the forefront of technology for over 24 years, Draganfly is an award-winning industry

leader serving the public safety, public health, mining, agriculture, industrial inspections, security, mapping, and surveying markets. Draganfly is a company driven by passion, ingenuity, and the need to provide efficient solutions and first-class services to its customers around the world with the goal of saving time, money, and lives.

For more information on Draganfly, please visit us at www.draganfly.com.

For additional investor information, visit <https://www.thecse.com/en/listings/technology/draganfly-inc>, <https://www.nasdaq.com/market-activity/stocks/dpro> or <https://www.boerse-frankfurt.de/equity/draganfly-inc-1>.

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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 and gross margin 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,” and “gross margin,” 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. 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”). 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 Statements

This release contains certain “forward looking statements” and certain “forward-looking information” as defined under applicable Canadian securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “continue”, “plans” or similar terminology. Forward-looking statements and information are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that, while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements and information are subject to various known and unknown risks and uncertainties, many of which are beyond the ability of the Company to control or predict, that may cause the Company’s actual results, performance or achievements to be materially different from those expressed or implied thereby, and are developed based on assumptions about such risks, uncertainties and other factors set out here in, including but not limited to: the Company’s arrangement with CODAN Communications to supply its UAV platform for integration with its industry-leading technology and communications solutions; the Company’s expansion of its facility in Burnaby, B.C.; the letter of intent between the Company and Lufthansa Industry Solutions to explore providing its drone solutions and Vital Intelligence (VI) technology into its existing infrastructure and customer solutions; the strategic relationship between the Company and RSI for the development of manufacturing, distribution, and sales of Draganfly products in India; the Company’s Field Operations Team completed site assessments in Ukraine as part of the first phase of its landmine detection technology integration; the Company completing the delivery of two Situational Assessment Drones to DSNS in other regions of Ukraine to provide situational awareness intel, infrastructure assessments, and aid in search and rescue operations throughout the country; the President and CEO of the Company, Cameron Chell, being chosen to present at Abundance360’s annual conference in Los Angeles; AgileMesh, Inc. will add the Company’s UAV Platform to its wireless surveillance product line, resulting in meaningful enhancements to

communication capabilities for emergency personnel; SkyeBrowse integrating its world-class reality capture platform with the Company's public safety drones; Vermeer will integrate its VPS (visual positioning system) Payload with the Company's Commander 3XL; and financial condition, the successful integration of technology, the inherent risks involved in the general securities markets; uncertainties relating to the availability and costs of financing needed in the future; the inherent uncertainty of cost estimates and the potential for unexpected costs and expenses, currency fluctuations; regulatory restrictions, liability, competition, loss of key employees and other related risks and uncertainties disclosed under the heading "Risk Factors" in the Company's most recent filings filed with securities regulators in Canada on the SEDAR website at www.sedar.com. The Company undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents managements' best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.