



Volatus Aerospace Reports First Quarter 2026 Financial Results, Records Highest Q1 Gross Margins in Company's History

- Record Q1 gross margin of 35%, highest Q1 in the Company's history
- Revenue of \$5.6M, reflecting typical seasonal patterns and broadly consistent with Q1 2025
- Working capital of \$36.4M, reflecting a strong and stable balance sheet position
- Graduation to the Toronto Stock Exchange (TSX: FLT) completed March 20, 2026
- Launch of SKYDRA™, Company's first proprietary C-UAS SaaS platform
- Full acquisition of Synergy Aviation minority interest completed; preferred shares fully redeemed
- Defence pipeline expanded: NATO RPAS operator training contract; \$9M ISR training system initial tranche delivery transitioned to Q2 2026
- Subsequent to quarter-end: multi-year specialist training contract with NATO-allied government ministry awarded

MONTREAL, May 14, 2026 -- Volatus Aerospace Inc. (TSX: FLT) (OTCQX: TAKOF) (FSE: ABB.F) ("Volatus" or the "Company"), a Canadian-controlled global aerospace and defence company, today released its unaudited condensed interim consolidated financial results for the three months ended March 31, 2026.

The first quarter of fiscal 2026 was a period of significant strategic and structural advancement for Volatus Aerospace, marked by the Company's graduation to the Toronto Stock Exchange, the launch of its first proprietary Software-as-a-Service platform, the consolidation of full ownership of Synergy Aviation, and continued positioning of the Company against the backdrop of Canada's first-ever Defence Industrial Strategy. The quarter saw Volatus record its highest Q1 gross margins in the company's history, continue building on the operational foundation established through fiscal 2025, converting policy tailwinds, NATO-aligned contract momentum, and proprietary technology development into measurable progress toward sustained defence and commercial growth.

FINANCIAL OVERVIEW

Revenue. Revenue for Q1 2026 was \$5,630,559, broadly consistent with Q1 2025 revenue of \$5,713,158. The year-over-year stability reflects solid underlying demand across the Company's commercial and training verticals, partially offset by the timing of defence equipment deliveries. The initial \$4.5 million tranche of the December 2025 NATO ISR training system contract, which had originally been anticipated for Q1 2026, has now transitioned into Q2 2026 delivery schedules following the resolution of supply chain constraints. The Q1 2026 revenue mix was 46% equipment and 54% services and training, consistent with the Company's stated long-term normalized target range.

Gross Margin. Gross profit for Q1 2026 was \$1,969,675, representing a gross margin of 35%, compared to \$1,829,973 and 32% in Q1 2025. The 300-basis-point improvement is the most significant operational highlight of the quarter, achieved on broadly equivalent revenue, and represents the highest Q1 gross margin the Company has recorded as a consolidated entity. The improvement was driven by a favourable services-weighted revenue mix and direct cost discipline, with direct costs decreasing \$222,301 year-over-year. Management's stated objective remains to drive consolidated gross margins toward the 35–40% range in long-term as defence revenue scales and the services mix deepens.

Adjusted EBITDA. Adjusted EBITDA loss was \$(3,153,627) compared to \$(1,908,262) in Q1 2025. The variance of approximately \$1.2 million is primarily attributable to the Company's accelerated investment in its defence vertical and growth infrastructure during Q1 2026, including increased marketing and brand-building expenditures associated with the TSX graduation and defence sector positioning, elevated travel costs reflecting direct engagement with NATO-allied procurement officials and government stakeholders, higher personnel costs supporting the defence-oriented and technical workforce, and R&D investment of \$289,714 (Q1 2025: \$11,756) in the V-Cortex™ AI autonomy platform and Condor XL program. Management expects Adjusted EBITDA to improve progressively through 2026 as defence pipeline opportunities convert to revenue.

Balance Sheet and Liquidity. Total assets as of March 31, 2026 were \$89,397,368, compared to \$92,655,765 as at December 31, 2025. Cash at quarter-end was \$31,668,646. Working capital remained essentially unchanged at \$36,391,477 (December 31, 2025: \$36,482,718), demonstrating the stability of the Company's near-term financial position. A significant balance sheet milestone was achieved during the quarter with the reclassification of the EDC term loan of \$6,750,000 from current to long-term borrowings following receipt of a formal covenant waiver from Export Development Canada. As of March 31, 2026, the Company was in compliance with all applicable covenants under the EDC facility. All preferred shares were redeemed, simplifying the capital structure.

Q1 2026 HIGHLIGHTS AT A GLANCE

Financial

- Revenue of \$5,630,559, broadly consistent with Q1 2025 (\$5,713,158), in line with seasonal norms for the Company's Canadian and northern U.S. operations
- Gross profit of \$1,969,675 at a gross margin of 35%, compared to 32% in Q1 2025 - the Company's highest Q1 gross margin as a consolidated entity
- Adjusted EBITDA loss of \$(3,153,627), compared to \$(1,908,262) in Q1 2025; variance attributable to concentrated growth-stage investment in defence business development, R&D, marketing, and talent
- Net loss of \$(6,593,160), compared to \$(4,285,320) in Q1 2025
- Cash of \$31,668,646 as of March 31, 2026 (December 31, 2025: \$41,114,832)
- Working capital of \$36,391,477, essentially unchanged from \$36,482,718 as of December 31, 2025
- Total assets of \$89,397,368; shareholders' equity of \$62,089,974

Strategic and Corporate Milestones

- Graduated to the Toronto Stock Exchange (TSX: FLT) on March 20, 2026, reflecting the maturation of the Company's operating platform and providing access to institutional and international capital
- Recognized as one of the 2026 TSX Venture 50 top performing companies (prior to TSX graduation), ranking 16th overall and top 3 in the technology category
- Redeemed all remaining preferred shares; capital structure simplified with no preferred shares outstanding as of March 31, 2026
- Completed full acquisition of the remaining 41.53% minority interest in Volatus Aerospace (Alberta) Ltd (formerly known as Synergy Aviation Ltd.) on March 13, 2026

Defence and Government

- Awarded a NATO RPAS operator training contract in February 2026 for advanced drone operator training across mission profiles including emergency response, patrol, surveillance, search-and-rescue, and reconnaissance
- ISR Training System (December 2025, up to \$9M contract): initial \$4.5M tranche delivery transitioned to Q2 2026 following temporary supply chain disruptions; delivery activities have now commenced; no change to overall contract value, scope, or customer relationship
- Entered MOU with Sentinel R&D Inc. to collaborate on development of a Canadian-developed interceptor UAV platform, aligned with Canada's Defence Industrial Strategy priority capability areas
- Strengthened multinational defence advisory leadership with appointment of Major-General (Ret'd) Gary Deakin CBE (British Army/NATO), complementing previously announced appointments of Major-General (Ret'd) Andrew Leslie and Lieutenant-General (Ret'd) Christopher J. Coates
- Subsequent to quarter-end: awarded a multi-year specialist training contract with a NATO-allied government ministry (April 2026), with an aggregate value of up to approximately CAD \$2.1 million over a 2+2 year term

Technology and Innovation

- Launched SKYDRA™, the Company's first proprietary C-UAS SaaS platform, on March 2, 2026; backed by patent-pending IP and targeting armed forces, public safety agencies, and operators of sensitive infrastructure
- Secured NRC-IRAP non-dilutive funding of up to \$320,000 for Condor XL heavy-lift RPAS avionics and autonomy development through early 2027
- Continued development of V-Cortex™ AI autonomy platform underpinning the Company's proprietary platform portfolio
- Confirmed installation of Dufour Aerospace hybrid eVTOL simulator at the Company's Toronto Operations Control Centre, supporting Arctic, remote, and military logistics training capabilities

Sovereign Manufacturing and Infrastructure

- Secured a standalone Québec-based defence manufacturing facility in Mirabel under a ten-year lease (February 26, 2026), dedicated to defence-related manufacturing, integration, and secure operations
- Committed to invest in excess of \$10 million in the near term to expand production and integration capacity at the Mirabel campus, anchoring Canada's sovereign drone manufacturing capability

Commercial and Training

- Executed a contract with a major offshore wind power company to commercialize heavy-lift offshore drone delivery operations (cargo transfers up to 100 kg between vessels and turbine nacelles)
- Announced a strategic partnership with the University of Technology, Jamaica to deliver advanced drone training programs commencing April 2026, expanding the Company's global training footprint into the Caribbean

MANAGEMENT COMMENTARY

"While first quarter revenue was broadly consistent with the prior year, we believe the quarter should be viewed in the context of temporary delivery timing impacts affecting certain defence-related programs," said Glen Lynch, Chief Executive Officer of Volatus Aerospace Inc.

"Several contracts originally expected to contribute revenue during Q1 were impacted by short-term supply chain disruptions

“We continue to see strong momentum across our defence, training, and infrastructure operations, supported by Canada’s Defence Industrial Strategy, expanding NATO-aligned opportunities, and continued commercialization of our proprietary platforms and software technologies. As a result, management remains confident in the Company’s outlook for meaningful growth through fiscal 2026.”

“We continue to see strong momentum across our defence, training, and infrastructure operations, supported by Canada’s Defence Industrial Strategy, expanding NATO-aligned opportunities, and continued commercialization of our proprietary platforms and software technologies. As a result, management remains confident in the Company’s outlook for meaningful growth through fiscal 2026.”

SELECTED FINANCIAL INFORMATION

(In CAD)	Q1 2026	Q1 2025
Revenue	5,630,559	5,713,158
Direct costs	3,660,884	3,883,185
Gross Profit	1,969,675	1,829,973
Gross Margin	35%	32%
Total Operating Expenses	7,652,220	5,408,402
Loss from Operations	(5,682,545)	(3,578,429)
Net Loss	(6,593,160)	(4,285,320)
Net Loss and Comprehensive Loss	(6,604,998)	(4,285,320)
Adjusted EBITDA (loss)	(3,153,627)	(1,908,262)
Loss per share (basic & diluted)	(0.01)	(0.01)

Balance Sheet (In CAD)	March 31, 2026	December 31, 2025
Total Assets	89,397,368	92,655,765
Cash	31,668,646	41,114,832
Working Capital	36,391,477	36,482,718
Shareholders’ Equity	62,089,974	67,703,873

RECONCILIATION OF ADJUSTED EBITDA TO NET LOSS (in CAD)

	Q1 2026	Q1 2025
Adjusted EBITDA (loss)	(3,153,627)	(1,908,262)
Interest	1,012,658	645,685
Depreciation	1,449,275	1,496,425
Share-based Payments	380,032	165,454
(Gain) or Loss on Disposal of Property & Equipment	45,509	—
Foreign Exchange Translation	72,825	(1,225)
R&D (excluded from Adjusted EBITDA)	289,714	11,756
One-Time Costs (External Partner & Personnel)	189,520	—
Net Loss	(6,593,160)	(4,285,320)

SUMMARY OF QUARTERLY RESULTS (in CAD)

Revenue	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Revenue	5,630,559	7,298,364	10,605,438	10,587,075	5,713,158	6,783,176	6,618,504	7,121,993
Gross Profit	1,969,675	2,424,952	3,470,611	3,375,420	1,829,973	2,573,599	2,252,397	2,504,546
Gross Margin	35%	33%	33%	32%	32%	38%	34%	35%
Loss from Ops	(5,682,545)	(5,737,790)	(2,849,412)	(2,508,166)	(3,578,429)	(2,160,462)	(4,192,648)	(1,935,656)
Net Loss	(6,593,160)	(6,466,451)	(4,539,732)	(6,524,387)	(4,285,320)	(2,744,568)	(5,491,822)	(2,082,615)

Q1 2026 revenue of \$5,630,559 was broadly consistent with Q1 2025 (\$5,713,158), reflecting stable underlying demand despite the seasonally soft period. Gross margin of 35% in Q1 2026 represents a meaningful improvement over Q1 2025

(32%), continuing the multi-year trend of margin expansion and placing the Company at the lower bound of its 35–40% stated target range. The sequential revenue decline from Q3–Q4 2025 into Q1 2026 is consistent with the Company’s historical seasonal pattern.

DEFENCE AND NATO ENGAGEMENT

Defence continued to scale as the Company’s fastest-growing vertical during Q1 2026, supported by NATO-aligned contract awards, advisory leadership additions, and proprietary platform development. Key developments during and subsequent to the quarter include:

- **NATO RPAS Operator Training Contract (February 2026):** Award of a contract with a NATO defence organization to deliver advanced RPAS operator training for missions in remote and extreme environments, covering emergency response, patrol, surveillance, search-and-rescue, and reconnaissance. The contract is to be fulfilled during fiscal 2026.
- **ISR Training System — December 2025 Contract (up to \$9M):** The initial \$4.5 million tranche, originally anticipated for Q1 2026 delivery, was impacted by temporary supply chain disruptions arising from heightened geopolitical tensions in the Middle East and evolving U.S. export-control conditions. Delivery activities have now commenced with supply chain conditions normalizing. The Company does not anticipate any change to the overall contract value, scope, customer relationship, or long-term economics of the program. The second tranche remains exercisable through end of 2027.
- **Multi-Year Specialist Training Contract — Subsequent to Quarter-End (April 2026):** Awarded a multi-year contract with a NATO-allied government ministry for specialist training and advisory services. The contract has an initial term of two years with renewal options that could extend the total engagement to approximately CAD \$2.1 million in aggregate value.
- **Defence Advisory Leadership:** Appointment of Major-General (Ret’d) Gary Deakin, CBE (former British Army and NATO senior leader) to the Advisory Board, complementing Major-General (Ret’d) Andrew Leslie and Lieutenant-General (Ret’d) Christopher J. Coates. Subsequent to quarter-end, Major General (Ret’d) Peter M. Fesler (United States Air Force, former NORAD Deputy Director of Operations) was appointed, with Lieutenant-General (Ret’d) Andrew Leslie confirmed as Chair.
- **Sovereign Interceptor UAV:** MOU with Sentinel R&D Inc. to collaborate on a Canadian-developed interceptor UAV platform aligned with Canada’s Defence Industrial Strategy priority capability areas.

Canada’s Defence Industrial Strategy. On February 17, 2026, the Government of Canada launched its first-ever Defence Industrial Strategy (“DIS”), committing \$6.6 billion under a broader \$81.8 billion reinvestment in the Canadian Armed Forces. The DIS establishes a Build–Partner–Buy procurement framework targeting 70% of defence acquisitions to Canadian firms and explicitly identifies uncrewed and autonomous systems, aerospace platforms, sensors, training and simulation, and digital systems as priority sovereign capability domains. Volatus is well-positioned across each tier of the framework through its sovereign manufacturing infrastructure at Mirabel, its multinational partnership and advisory platform, and its active National Master Standing Offer with the Government of Canada across all five federal service streams.

COMMERCIAL OPERATIONS

- **Offshore Wind:** Executed a contract with a major offshore wind power company to develop and commercialize remotely managed, heavy-lift offshore drone delivery operations, supporting cargo transfers of up to 100 kg between offshore vessels and wind turbine nacelles. The program opens a new market for Volatus in offshore energy logistics and complements the Condor XL commercialization roadmap.
- **Synergy Aviation:** Full acquisition of the remaining 41.53% minority interest in Synergy Aviation Ltd. closed March 13, 2026, enabling full consolidation of commercial aircraft operations under the Volatus Aerospace brand, including the expanding aviation base in Tulsa, Oklahoma supporting the U.S. oil and gas sector.
- **Global Training:** Strategic partnership with the University of Technology, Jamaica (UTech, Jamaica) to deliver advanced drone training and applied technology programs commencing April 2026, expanding the Company’s global training footprint into the Caribbean.
- **Core Verticals:** The Company’s multi-year agreement with one of North America’s largest electricity transmission and distribution utilities remains active, covering RPAS inspection and data services across approximately 100,000 miles of transmission and distribution lines through August 2028. Pipeline integrity operations continue to build on 75,000+ cumulative flight hours.

BUSINESS OUTLOOK

Management believes Q1 2026 should be viewed in the context of temporary delivery timing impacts rather than as a reflection of underlying demand conditions. The initial \$4.5 million tranche of the December 2025 NATO ISR training system contract, which had originally been anticipated for Q1, has now transitioned into Q2 2026 delivery schedules following the resolution of supply chain constraints. With these deliveries now underway, combined with continued momentum across defence training, proprietary software commercialization, infrastructure inspection services, and sovereign manufacturing initiatives, management continues to expect fiscal 2026 revenue to demonstrate meaningful growth relative to fiscal 2025.

The Company’s growing defence pipeline includes the up to \$9 million NATO ISR training system contract (initial tranche delivery underway in Q2 2026), the NATO RPAS operator training contract awarded in February 2026, and the multi-year specialist training contract with a NATO-allied government ministry awarded subsequent to quarter-end. The launch of the SKYDRA™ C-UAS SaaS platform establishes the Company’s first recurring software revenue stream, and proprietary platform development across the Condor XL, V-series UAS family, and Canary RPAS is advancing toward commercial deployment.

The Company entered Q2 2026 with \$31.7 million in cash and working capital of \$36.4 million, providing the balance sheet strength and runway to execute on its defence, technology, and commercial growth priorities without reliance on operating cash flow. The Company's path to Adjusted EBITDA breakeven is predicated on revenue growth rather than further cost reduction, and management remains focused on executing against the pipeline that makes that trajectory achievable.

CORPORATE UPDATE

Volatus Aerospace has engaged Apaton Finance GmbH ("Apaton"), a Germany-based investor relations firm, to support the Company's capital markets presence and investor outreach in European markets.

ABOUT VOLATUS AEROSPACE INC.

Volatus Aerospace Inc. is a Canadian integrated aerospace company providing unmanned aerial systems, aerial intelligence services, autonomy software, and advanced training solutions supporting civil infrastructure, public safety, and defence markets. Through its combination of manufacturing, operations, and technology development, Volatus Aerospace is advancing the adoption of autonomous systems while supporting sovereign aerospace capability development in Canada and allied markets.

The Company operates a global platform supporting drone operations, pilot training, equipment sales, and data services while continuing to expand its capabilities in autonomy, remote operations, and next-generation aerial technologies.

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, Adjusted EBITDA or Normalized EBITDA, and operating leverage 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," "Adjusted EBITDA", and "operating leverage", which are non-IFRS measures. Management believes that gross profit, defined as revenue less direct costs, 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 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. In addition, the Company refers to "operating leverage." Operating leverage measures how sensitively operating income responds to changes in revenue, based on the proportion of fixed versus variable costs in the Company's cost structure. A business with high operating leverage typically experiences a more-than-proportionate increase in operating income when revenue grows, while declines in revenue can have an amplified negative effect. Management monitors operating leverage to evaluate margin scalability, understand cost-structure dynamics, and assess the potential impact of volume changes on profitability. 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.

No securities regulatory authority has either approved or disapproved of the contents of this news release. The Toronto Stock Exchange accepts no responsibility for the adequacy or accuracy of this news release.

SOURCE: Volatus Aerospace Inc.

For additional information, please contact:

Volatus Aerospace Inc.

Abhinav Singhvi, Chief Financial Officer

+1-833-865-2887

investorrelations@volatusaerospace.com

COMPANY WEBSITE: <https://volatusaerospace.com>