



PRESS RELEASE
Paris, November 19, 2015

Parrot announces the terms of its rights offering for an amount of approximately €300 million

- **Parity:** 7 new shares, each with one (1) tranche 1 stock warrant and one (1) tranche 2 stock warrant (the “Offered Securities”) attached thereto for 5 existing shares;
- **Subscription price:** €17 per Offered Security;
- **Subscription period:** from November 23 to December 4, 2015 inclusive;
- **Support of Henri Seydoux and HG Vora Capital, Parrot’s main shareholders;**
- **Subscription commitments from Bpifrance and IDG Capital Partners**

Following its press release dated November 16, 2015, Parrot (the “**Company**” or “**Parrot**”) announces today the terms of its share capital increase with shareholders’ preferential subscription right (the “**Rights**”) for a gross amount of €298,779,726, issue premium included (the “**Offering**”).

This transaction is supported by Mr Henri Seydoux, Parrot’s main shareholder through Horizon SAS (“**Horizon**”), the company that he controls, which has committed to subscribe for an amount of approximately €89 million.

Purpose of the Rights Offering

In a market that is experiencing strong and rapid growth, the Offering will principally enable Parrot to accelerate its development and consolidate its leadership position in the Consumer and Commercial Drone markets. With its strong brand, its renowned capacity for innovation and know-how, and its unique positioning throughout the value chain for civil drones (drones, sensors, software and related services), Parrot intends to obtain the financial means to:

- continue moving forward with its ambitious research and development strategy in order to sustain its rapid pace of innovation, while maintaining the specific features of Parrot’s products: lightweight, reliable and easy-to-use;
- continue with its rapid development on the Commercial Drone market, capitalizing on opportunities for external growth in this market, accelerating the development of a commercial drone ecosystem (around the successful integration of companies such as senseFly, Pix4D, Airinov and Micasense), and launching centralized platforms with additional high value-added services for mapping, farming and inspection / surveillance, aiming to ensure that the Parrot Group’s solutions can deliver productivity improvements for numerous professions (surveyors, photographers, architects, project managers, etc.); and
- maintain its position as a recognized leader on the consumer drone market, continuing with its strategy for rapid sales growth supported by a strengthening of its operational structure, particularly in terms of marketing, sales and distribution.

The issuance of warrants attached to the Offered Securities will also offer to shareholders an instrument that allows them to share in the future development of the Company. The structure of the offering also enables the Company’s managers to participate in its future growth, namely through Horizon’s commitment to sell to Managers (as defined below) up to 20% of the total warrants that it holds upon completion of the Offering. The non-transferability of the warrants is an important factor in building loyalty among the Company’s shareholders that decide to keep their warrants upon completion of the Offering, as well as among the Managers who will hold warrants in the future.

The funds raised by the Company in the Offering will be allocated as follows:

- a) 15-20% of the proceeds to maintain and advance the Group's level of innovation and technological development;
- b) 30% of the proceeds to reinforce the Group's capacities for marketing and sales;
- c) 10-15% of the proceeds to create an ecosystem for Commercial Drones;
- d) 30-35% of the proceeds to incubate and develop young innovative companies through targeted acquisitions; and
- e) 5% of the proceeds to reinforce support functions, such as human resources, finance, accounting and internal control, in line with the Company's growth.

Furthermore, the proceeds from the exercise of the warrants (*i.e.*, a total amount of €127,562,962 in the event all of the Class 1 Warrants and Class 2 Warrants are exercised) will permit the Company to reinforce its financial structure and finance the development projects that will be ongoing at the time of exercise of the warrants (which will not be exercisable until December 16, 2020 subject to certain exceptions).

"Since the launch of our first Consumer Drone in 2010, our development in the Civil Drones market has helped to establish a new industry. Thanks to a broad range of Consumer Drones and a range of high-tech business solutions in Professional Drones, we have built a strong foundation. Now it is the time to prepare Parrot to become a world leader: that is the aim of this rights issue. My personal commitment, as well as the commitment of existing shareholders and new investors, reflect this ambition. Our unique approach to this market, which covers the full value chain for the drone industry, our organization, our technological expertise and now this fund raising, are key to our success", comments Parrot CEO, Henri Seydoux.

Main terms of the Offering

The Offering will be conducted by way of issuance of Rights and will result in the creation of 17,575,278 new shares (the "**New Shares**"), each with one (1) tranche 1 stock warrant (the "**Class 1 Warrants**") and one tranche 2 stock warrant (the "**Class 2 Warrants**", and together with the Class 1 Warrants, the "**Warrants**") attached thereto, at a price of €17 per Offered Security comprising a nominal value of €0.1524 and an issue premium of €16.8476, *i.e.* a gross proceeds (issue premium included) of €298,779,726.

Each shareholder of the Company will be entitled to one Right per share registered in its such shareholder's account at the close of business of November 20, 2015. Five Rights allow holders to subscribe for 7 Offered Securities by irrevocable entitlement.

Based on Parrot's closing share price on the regulated market of Euronext in Paris ("**Euronext Paris**") on November 18, 2015, *i.e.* €34.26, the theoretical value of one Right amounts to €10.07 and the theoretical value of the share ex-right amounts to €24.19.

The subscription price per Offered Security represents a discount of 29.73% to the theoretical value of the share ex-right based on the Parrot's closing share price on November 18, 2015.

The subscription price per Offered Security represents a discount of 50.38% to Parrot's closing share price on November 18, 2015 (€34.26).

For reference purposes, excluding the value of the Class 1 Warrants and Class 2 Warrants attached to the New Shares (€0.48 + €0.48), the face amount discount would be 53.18% and the discount on the share price ex-right would be 32.12%.

Subscriptions subject to reduction will be accepted. Any New Shares not subscribed through irrevocable entitlement will be distributed and allocated to the holders of Rights having submitted additional subscription orders subject to reduction.

The Rights will be listed and traded on Euronext Paris (segment B) under code FR0013054061 as from November 23, 2015 to December 4, 2015 inclusive.

The offer will be open to the public in France only.

Natixis and BNP Paribas are acting as Joint Global Coordinators and Joint Bookrunners and HSBC and J.P. Morgan are acting as Joint Bookrunners for the Offering.

Main terms of the Warrants

One Class 1 Warrant and one Class 2 Warrant will be attached to each New Share. Therefore 17,575,278 Class 1 Warrants and 17,575,278 Class 2 Warrants will be issued in the current transaction. Each Class 1 Warrant and each Class 2 Warrant will be detached from the New Shares upon issue. 24 Class 1 Warrants carry the right to subscribe for 2 New Shares, at a price of €32.66, and 28 Class 2 Warrants carry the right to subscribe for 3 New Shares at a price of €42.34.

The Warrants will be non-transferrable and therefore non-tradable for a five-year period from the day after their issue date, *i.e.* from December 16, 2015 to December 15, 2020 inclusive (subject to certain exceptions such as the liquidity period described below)

As from December 16, 2020, the Class 1 Warrants and the Class 2 Warrants will be listed separately from the Company's ordinary shares. The Class 1 Warrants will be listed under the ISIN code FR0013054269, and the Class 2 Warrants will be listed on a separate listing line under the ISIN code FR0013054335.

Therefore, holders of the Warrants will be entitled to receive new Parrot shares upon the exercise of their Warrants at any time from December 16, 2020 up to and including December 15, 2022. Warrants not exercised during this period will become void and lose all value.

The Company's shares resulting from the exercise of the Warrants will be ordinary shares of the same class as the existing shares of the Company. They will carry the same rights, including, with effect from their issue, to all distributions decided by the Company as from that date.

The Company's shares resulting from the exercise of the Warrants will be subject to periodical requests for admission to trading on Euronext Paris on the same listing line as the existing shares of the Company and under the same ISIN code FR0004038263.

Transfer and liquidity period of the Warrants

During the subscription period of the Offered Securities, subscribers of the Offered Securities will be able to elect in their subscription form to sell (or not to sell) all of the Warrants attached to the New Shares they have subscribed for, to Horizon, which intends to acquire them and transfer part of them to managers of the Company. The Class 1 Warrants and the Class 2 Warrants will be sold at their theoretical value, *i.e.* €0.48 per Warrant.

The sale of the Warrants will be completed on the issue date of the Offered Securities, *i.e.* on December 15, 2015.

The Warrants will be non-transferrable and therefore non-tradable for a five-year period from the day after their issue date, *i.e.* from December 16, 2015 to December 15, 2020 inclusive. However, during a period of 20 calendar days as from the day after the date of issuance of the Offered Securities, *i.e.* from December 16, 2015 to January 4, 2016 (inclusive) (the "**Warrants Liquidity Period**"), any holder of Warrants will be entitled to transfer to Horizon, in off-market transactions, any unit of Warrants composed of an equal number of Class 1 Warrants and Class 2 Warrants at a price of €0.48 per Warrant.

In addition, each holder of Offered Securities may also sell part or all of its Class 1 Warrants and/or Class 2 Warrants to employees, officers or directors of the Company and/or of its current or future subsidiaries (the "**Managers**") following the publication by the Company of a reference value of the Class 1 Warrants and Class 2 Warrants during the 10 calendar days that follow the publication by the Company of its press release relating to its annual or semi-annual financial results, as the case may be; such sales must occur, under certain conditions, within 60 calendar days following this publication, and in any event no later than December 15, 2020 (the Warrants become transferable and exercisable as from December 16, 2020).

Indicative timetable

The subscription period for the Offered Securities will begin on November 23, 2015, and will end on December 4, 2015 inclusive. Rights that are not exercised prior to the close of trading on the last day of the subscription period will expire.

The settlement and delivery date of the New Shares, as well as the admission to listing and trading of the New Shares, are expected to take place on December 15, 2015. The New Shares will be immediately fungible with existing shares of the Company and will be traded on the same listing line as the existing shares under ISIN code FR0004038263.

Commitments and intentions of certain main shareholders of the Company

On November 17, 2015, OJEJ, which holds 561,906 shares of the Company, representing 4.48% of the share capital and voting rights of the Company, entered into a contribution agreement (the “**Contribution Agreement**”), providing for the contribution by OJEJ to Horizon by November 30, 2015, at the latest, of all of the ordinary shares it holds, as well as all of its Rights (the “**Contribution**”). OJEJ and Horizon have declared they are not acting in concert with respect to the Company. Upon completion of the Contribution (but prior to the completion of the issuance of the Offered Securities), Horizon will hold 5,108,110 shares of the Company representing 40.69% of the share capital and voting rights of the Company, compared to 36.21% prior to the Contribution. This increase in shareholding was subject to a temporary derogation, granted by the board of the AMF (the French financial markets authority) on November 12, 2015, with respect to the crossing of a statutory threshold.

Horizon, which holds 4,546,204 shares representing 36.21% of the share capital and voting rights of the Company, and which will hold 40.69% of the share capital and voting rights of the Company after the Contribution, has committed to:

- subscribe to the Offering, by exercising, on an irreducible basis, 3,724,630 Rights (representing 72.9% of its Rights, including those which will be contributed by OJEJ), *i.e.* an irreducible subscription for 5,214,482 Offered Securities for a total amount of €88,646,194, issue premium included;
- sell 1,076,035 Rights, which it will not exercise, to Bpifrance, at a price per Right equal to 75% of the theoretical value of the Rights, *i.e.* €7.55 per Right sold; Horizon has also committed to repurchase half of the Class 1 Warrants and half of the Class 2 Warrants attached to the Offered Securities subscribed for by Bpifrance pursuant to its irreducible subscription commitment, *i.e.* 753,224 Class 1 Warrants and 753,224 Class 2 Warrants at a price of €0.48 per Warrant;
- sell 307,445 Rights, which it will not exercise, to funds managed by IDG Capital Partners (“**IDG Capital Partners**”), at a price per Right equal to 100% of the theoretical value of the Rights, *i.e.* €10.07 per Right sold; Horizon has also committed to repurchase, on the first day of the Warrants Liquidity Period, all of the Class 1 Warrants and the Class 2 Warrants attached to the Offered Securities subscribed for by IDG Capital Partners pursuant to its irreducible subscription commitment, *i.e.* 430,423 Class 1 Warrants and 430,423 Class 2 Warrants at a price of €0.48 per Warrant;
- repurchase all of the Warrants that the subscribers of Offered Securities have decided to sell to Horizon during the subscription period and/or the Warrants Liquidity Period. The Class 1 Warrants and the Class 2 Warrants will be repurchased at the price of €0.48 per Warrant; and
- sell to managers of the Company up to 20% of the total number of Class 1 Warrants and Class 2 Warrants it holds following the settlement of the Offered Securities and the end of the Warrants Liquidity Period.

In addition, HG Vora Capital, which holds 1,340,000 shares of the Company representing 10.67% of the share capital and voting rights of the Company, has notified the Company of its decision to subscribe to the Offered Securities, by exercising at least all of its Rights on an irreducible basis.

Horizon is subject to a lock-up commitment of 180 days, subject to certain usual exceptions.

Commitments of certain non-shareholders investors

Bpifrance has committed to:

- acquire from Horizon, and exercise on an irreducible basis, 1,076,035 Rights at a price of €7.55 per Right; and
- sell to Horizon during the Warrants Liquidity Period half of the Class 1 Warrants and half of the Class 2 Warrants attached to the New Shares thus subscribed, at a price of €0.48 per Warrant.

Bpifrance’s subscription commitment represents an irreducible subscription of 1,506,449 New Shares, *i.e.* 5% of the Company’s share capital *ex post* and a subscription for an amount of approximately €25.6 million, issue premium included.

Bpifrance may terminate at any time its subscription commitment under the same customary conditions as those allowing the underwriters to terminate the underwriting agreement.

Bpifrance is subject to a lock-up commitment of 180 days, subject to certain usual exceptions.

Furthermore, as long as Bpifrance holds 50% of the New Shares subscribed in accordance with its irreducible subscription commitment, Bpifrance may nominate a director to sit on the Company's board of directors. Such nomination will occur through either a co-optation by the board of directors or a resolution submitted to the approval of the next shareholders general meeting of the Company.

IDG Capital Partners has committed to:

- acquire from Horizon, and exercise on an irreducible basis, 307,445 Rights at a price of €10.07 per Right; and
- sell to Horizon all of the Warrants attached to the New Shares thus subscribed, at a price of €0.48 per Warrant.

IDG Capital Partners' subscription commitment represents an irreducible subscription of 430,423 New Shares, *i.e.* 1.4% of the Company's share capital and voting rights *ex post* and a subscription of a total amount of approximately €7.3 million, issue premium included.

IDG Capital Partners is subject to a lock-up commitment of 180 days, subject to certain usual exceptions.

IDG Capital Partners also reserves the right to acquire and to exercise additional Rights over and above those sold to it by Horizon.

It is specified that Bpifrance, IDG Capital Partners and Horizon are not acting in concert with respect to the Company.

In aggregate, the commitments of Horizon, Bpifrance and IDG Capital Partners to subscribe for Offered Securities represent 7,151,354 New Shares, *i.e.* 40.7% of the Offering.

The Company is not aware of the intentions of any other shareholder or investor as regards their participation in the Offering.

Underwriting of the Offering

The New Shares that may be issued in connection with the exercise of the Rights attached to all of the Company's outstanding shares (excluding the New Shares to be subscribed pursuant to the abovementioned subscription commitments), *i.e.* 10,423,924 New Shares, are being underwritten pursuant to an underwriting agreement executed on November 19, 2015 between the Company and Natixis, BNP Paribas, HSBC and J.P. Morgan. The Warrants attached to the New Shares are not covered by the underwriting.

In the event that the underwriting agreement is terminated, the issuance of the New Shares and, as a result, the issuance of the Offered Securities will not be completed and subscriptions will retroactively be cancelled. In this case, the Rights would become null and void and investors who had purchased such Rights in the market would suffer a loss equal to the price of the acquisition price of such Rights (the amount of their subscription would nevertheless be returned to them).

This underwriting agreement does not constitute a performance guarantee ("*garantie de bonne fin*") as such term is defined within the meaning of Article L.225-145 of the French Commercial Code.

Information available to public

The prospectus filed with the *Autorité des marchés financiers* (the "**AMF**") under visa number 15-590 dated November 19, 2015 (the "**Prospectus**"), consists of (i) Parrot's reference document filed with the AMF on April 30, 2015 under number D.15-0468 (the "**Registration Document**"), (ii) Parrot's update of the Registration Document filed on November 13, 2015 under number D.15-0468-A01 (the "**Update**"), (iii) a securities note and, (iv) a summary of the Prospectus (included in the securities note and set out in appendices).

Copies of the Prospectus may be obtained free of charge at the registered office of Parrot, 174-178 quai de Jemmapes – 75010 Paris, on the Company's corporate website (www.parrotcorp.com), on the AMF's website (www.amf-france.org) and from Natixis, 47 quai d'Austerlitz, 75013 Paris.

The Company draws investors' attention to the risk factors described on pages 14 to 26 of the Registration Document, on pages 9 to 18 of the Update and in section 2 of the securities note.

Before making any investment decision, investors are invited to carefully review the risk factors described in Section IV (Risk factors) of the Reference Document, Section III (Risk factors) of the Update to the Reference Document and Section II (Risk factors) of the securities note. The occurrence of any or all of these risks may have an adverse effect on the business, position or financial results of the Group or on its ability to meet its objectives, as well as on the value or market price of the Company's shares. In addition, other risks not yet identified, or not currently considered as material by the Group, could have the same adverse effect.

ABOUT PARROT

Founded in 1994 by Henri Seydoux, Parrot creates, develops and markets advanced technology wireless products for consumers and professionals. The company builds on a common technological expertise to innovate and develop in three primary markets:

- Civil drones: With leisure quadricopters and solutions for professional use.
- Automotive: With the most extensive range of hands-free communication and infotainment systems for vehicles on the markets.
- Connected objects: With a focus in audio and gardening.

Headquartered in Paris, Parrot currently employs more than 900 people worldwide and generates the majority of its sales overseas. Parrot has been listed on Euronext Paris since 2006. (FR0004038263 – PARRO). For more information, please visit www.parrot.com

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This press release and the information contained herein do not constitute either an offer to sell or purchase or the solicitation of an offer to sell or purchase the Company's ABSA or preferential subscription rights.

European Economic Area

The offer is open to the public in France exclusively.

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- to legal entities which are qualified investors, as defined by the Prospectus Directive; or*
- in any other circumstances falling within Article 3(2) of the Prospectus Directive.*

For the purposes of this paragraph, (i) the expression an "offer to the public of preferential subscription rights or ABSA" in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any preferential subscription rights or ABSA to be offered so as to enable an investor to decide to purchase, or subscribe for any preferential subscription rights or ABSA, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, (ii) the expression "Prospectus Directive" means Directive 2003/71/EC of 4 November 2003, to the extent implemented in the Member State, as amended, including by the Amending Prospectus Directive, and includes any relevant implementing measure in each Member State and (iii) the expression "Amending Prospectus Directive" means Directive 2010/73/EU of 24 November 2010.

This selling restriction applies in addition to any other selling restrictions which may be applicable in the Member States who have implemented the Prospectus Directive.

United Kingdom

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United States of America

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