

Drone developments ramping up

Consumer Drones: Expanded retail placement in the U.S. Market

Professional Drones: new acquisitions of ownership interests

Extraordinary shareholders' meeting of November 6, 2015: finalization of project to subsidiarize activities and increase of financing possibilities

Distribution agreements with Target and AT&T in the United States

Building on the success of its Consumer Drones, with the widest range of products on the market, Parrot has signed distribution agreements with major retailers as preparations get underway for the end-of-year holiday season.

Target, a leading general merchandise retailer in the US (1,790 stores, \$72 billion in sales for 2014), is a very popular, iconic brand. The [latest generation/new] of Parrot MiniDrones (four products), the Parrot Jumping Sumo, the Parrot Rolling Spider and the Parrot Bebop Drone will be released in the coming weeks at all Target stores and on its e-commerce site. The sales generated through Target will help drive growth in the Group's revenues as from the third quarter (period from July 1 to September 30, 2015).

AT&T is a leading telecommunications group (fixed, mobile, internet, TV) in the US, serving over 120 million customers, with an extensive network of retail stores. Within the next few weeks, 1,200 AT&T stores will start distributing Parrot's MiniDrones.

These developments will be accompanied by new marketing tools for showcasing Parrot Drones in-store, as well as training programs for sales associates on the ground. The Group has also ramped up its US customer service resources and called on the expertise of an external partner, with nearly 50 operators trained up to meet end customers' needs.

Already present in the US through top-tier retailers - physical and online – such as Amazon, Apple, Best Buy, Brookstone, Fred Meyer and Horizon Hobby, as well as through its own e-commerce site, Parrot has laid the foundations for a major end-of-year holiday season.

MicaSense and Iconem join the Parrot Group

In addition to ramping up its consumer drone business, Parrot launched an external growth policy in 2012 to acquire ownership interests in leading-edge companies on the commercial drone market.

Parrot is moving forward with its strategy to identify outstanding small firms and achieve verticalization in the commercial drone sector, assembling together and contributing to the development of leading firms in their fields, focused on meeting the needs of its three priority markets: precision farming, 3D mapping and inspection.



Advanced scientific imaging for agriculture

Founded in 2014 in Seattle (Washington, USA) by three drone industry experts, MicaSense designs advanced data gathering and processing systems for precision farming: its RedEdge™ sensor, well-known for its speed and performance, is used by several major drone brands.

To provide fast and accurate crop health information, MicaSense also offers ATLAS, a powerful cloud service for the storage, processing, analysis and presentation of multispectral data. These cutting-edge proprietary

analytics tools make it possible, in particular, to provide time-based trends and change maps for crops (water, soil, fertilizer and pests), thereby optimizing their management.

After acquiring an initial 35% ownership interest in September 2014 and thanks to the relevance of this alliance, the Parrot Group is ramping up its position, up to 51% of MicaSense's capital representing an additional investment of \$7.4 million. The agreement provides for reciprocal put and call options that may be exercised in 2019 based on MicaSense's revenues and results for 2018. The closing is expected to be completed this autumn.

The acquisition of MicaSense is further strengthening the expert capabilities in place within the Group, and particularly Airinov (June 2015), with an outstanding range of precision farming drones deployed, combining various sensors adapted for different crop types, as well as advanced software solutions and complementary development models.



Digital memory of archaeological sites

Founded in 2013 by an architect who was specialized in researching archaeological sites and a helicopter pilot who was a keen drone enthusiast, Iconem is specialized in the digital conservation of archaeological sites. The images and data captured using commercial drones (GPS coordinates, area, volume, height, etc.) are processed using algorithms developed in partnership with the digital sciences research institute (Inria Rochencourt) and make it possible to generate very accurate 3D models (1 pixel/cm).

These advanced technological capabilities make it possible to take measurements for normally inaccessible areas, in addition to creating exact digital replicas of sites and monitoring their changes over time. Iconem, which benefits from support from Inria, Microsoft France and the common research institute Inria-Microsoft Research, is rolling out its solutions with UNESCO, the World Bank and National Geographic.

Parrot is subscribing for a €1.35 million capital increase, giving it a 45% ownership interest in Iconem. These resources will make it possible to develop the organization, create a collaborative platform and fund the digitalization of key archaeological sites. An industrial and commercial partnership will also aim to develop collaboration with the Parrot Group and particularly its specialized 3D mapping and commercial drone companies.

Subsidiarization of Parrot Drone and increase of financing possibilities

Parrot has continued moving forward with the project to subsidiarize its Drone business (consumer and professional), as announced at the end of July 2015, to create a pure player for drones. This subsidiarization is being proposed to the shareholders at the extraordinary general meeting convened for November 6, 2015¹ and will be completed pursuant to the spin-offs legal regime. The Connected Devices division, which consists mainly of the long-term research lab of the Group, will also be included in Parrot Drone.

On this occasion, the Group will also invite its shareholders to renew, for 26 months, the financial authorizations granted at the annual general meeting on June 11, 2014 allowing the Board of Directors to issue securities, and in particular to increase the maximum limit for the authorization to issue (with preferential subscription rights maintained) securities giving access to the share capital of Parrot up to 25 million shares.

In a sector that is growing very quickly, with the Group now established as a global market leader for both consumer and professional drones, these financial authorizations will give Parrot the necessary financial flexibility, which it could use at the right time, to further accelerate its development and take advantage of market opportunities in the context of a responsive competitive environment. Parrot would like its shareholders to support its ambition to lead the global development of civil drones.

Henri Seydoux, Parrot's main shareholder through his holding company Horizon, has informed Parrot's Board of Directors that Horizon/he] has put in place financial resources to participate to the strengthening of Parrot's equity structure. Alongside this, Parrot will seek to involve the management team with a view to attracting new talents within the Group as well.

¹ cf. Notice of general meeting including the proposed resolutions published in the French official gazette (BALO) on this day and available at: <http://www.parrotcorp.com/fr/documentation/assembleegeneraledu30juin2015/assembleegeneraledu6novembre2015/avisdereunionprealable>

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 market.
- 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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