

2020 THIRD-QUARTER BUSINESS

Commercial drone development strategy continuing to move forward

For the third quarter of 2020, the Parrot Group is reporting consolidated revenues of €14.3m, down 20% year-on-year and up 13% compared with the second quarter of 2020, which was most affected by the measures aimed at slowing the coronavirus pandemic. Consolidated revenues for the first nine months of 2020 totaled €40.8m, with the year-on-year contraction reduced to -29% compared with -33% at the end of the first half of 2020; this trend remains linked to the decrease in sales of consumer products and the gradual transformation of the product mix to focus on commercial drones, targeting stronger margins.

Revenues for drone data analytics and metrics software (Pix4D), with negligible impacts from the health crisis, recorded 4% year-on-year growth in the third quarter of 2020, supported by the expansion of the offering with the launch of several business solutions at the start of the year (Pix4Dreact, Pix4Dsurvey, Pix4Dinspect, etc.). This subsidiary represents 40% of the Group's consolidated revenues and does not consume any cash.

The development of the micro-drone business (Parrot Drones) continues to reflect the repositioning around higher value-added commercial drones. The contraction in revenues is linked exclusively to the lower level of consumer drone sales, while commercial drones achieved sales growth, both in the third quarter and over nine months, driven by the ANAFI Thermal and ANAFI SE (*Security Edition*). Revenues also include an amount for transfer-costing R&D (€2.1m at September 30, 2020, +17% from September 30, 2019), in line with the financing of development projects for micro-drone tenders for the armed forces and law enforcement sectors launched in 2018 and 2019. Several responses are expected before the end of 2020, particularly in France with the French government defense procurement and technology agency (DGA) and in the United States for the Department of Defense's SRR program.

With sales trends affected by the drop in business investment levels in the context of the health crisis, sales of fixed-wing commercial drones (senseFly) are close to their level from the first quarter of 2020 (Q1: €3.4m - Q2: €1.8m - Q3: €3.1m). The impact on earnings is limited thanks to strict control over costs. Agricultural sensors (MicaSense) are following the same trends.

Following the latest round of lockdowns across Europe, the Group has further strengthened its arrangements for staff to work from home and its teams remain firmly focused on implementing the roadmap in terms of R&D, as well as sales and marketing operations for commercial markets, and development in the Defense and Security sector. The Group's success in these areas is expected to pave the way for a return to growth.

PARROT GROUP REVENUES

€m and % of revenues	Q3 2019		Q3 2020		Change	2019 9 months		2020 9 months		Change
PARROT GROUP⁽¹⁾	17.8	100%	14.3	100%	-20%	57.5	100%	40.8	100%	-29%
Microdrones (Parrot Drones)	7.0	39%	4.3	30%	-39%	23.7	41%	12.4	30%	-48%
<i>Of which, legacy consumer products⁽²⁾</i>	<i>2.4</i>	<i>14%</i>	<i>1.1</i>	<i>8%</i>	<i>-54%</i>	<i>9.3</i>	<i>23%</i>	<i>4.1</i>	<i>10%</i>	<i>-57%</i>
Software (Pix4D)	5.6	31%	5.8	40%	+4%	16.6	28%	16.3	41%	+2%
Fixed-wing drones (senseFly)	3.6	20%	3.1	22%	-15%	11.7	20%	8.4	21%	-29%
Sensors (MicaSense)	1.6	9%	1.2	9%	-23%	5.9	10%	4.0	10%	-32%
Parrot SA	0.5	3%	0.1	0%	-87%	1.2	2%	0.2	1%	-83%
<i>Intragroup eliminations</i>	<i>-0.5</i>	<i>-3%</i>	<i>-0.2</i>	<i>-1%</i>		<i>-1.9</i>	<i>-3%</i>	<i>-0.8</i>	<i>-2%</i>	

(1) The total figure for the nine months of 2019 for "Parrot Group" included €0.6m for the business of Airinov, which was stopped in 2019.
(2) Legacy consumer products: previous drone ranges (Bebop, Disco, Mini Drones), automotive products (car kit, plug & play) and connected devices.

N.B. The alternative performance indicator "Drone Revenues" is no longer relevant because the business units shut down in 2019 no longer have any impact at this stage on 2020 revenues.

Next financial date

- 2020 full-year earnings: Friday March 19, 2021 before start of trading

ABOUT PARROT

Founded in 1994 by Henri Seydoux, Parrot is today the leading European group in the fast-growing industry of drones. Visionary, at the forefront of innovation, Parrot is positioned across the entire value chain, from equipment to services and software. Its micro-drones, well known for their high performance and ease of use, address the needs of professionals as well as consumers. The Group also has a portfolio of outstanding companies and interests in commercial drones, covering equipment, software and services. Its expert capabilities are focused primarily on three vertical markets: (i) 3D Mapping, Surveying and Inspection, (ii) Defense and Security and (iii) Agriculture.

The Parrot Group designs and engineers its products in Europe, mainly in France and Switzerland. It currently employs over 500 people worldwide and makes the majority of its sales outside of France. Parrot, headquartered in Paris, has been listed since 2006 on Euronext Paris (FR0004038263 - PARRO). Financial information is available on <http://corporate.parrot.com>. For more information visit: www.parrot.com and its subsidiaries www.pix4d.com, www.sensefly.com, www.micasense.com.

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