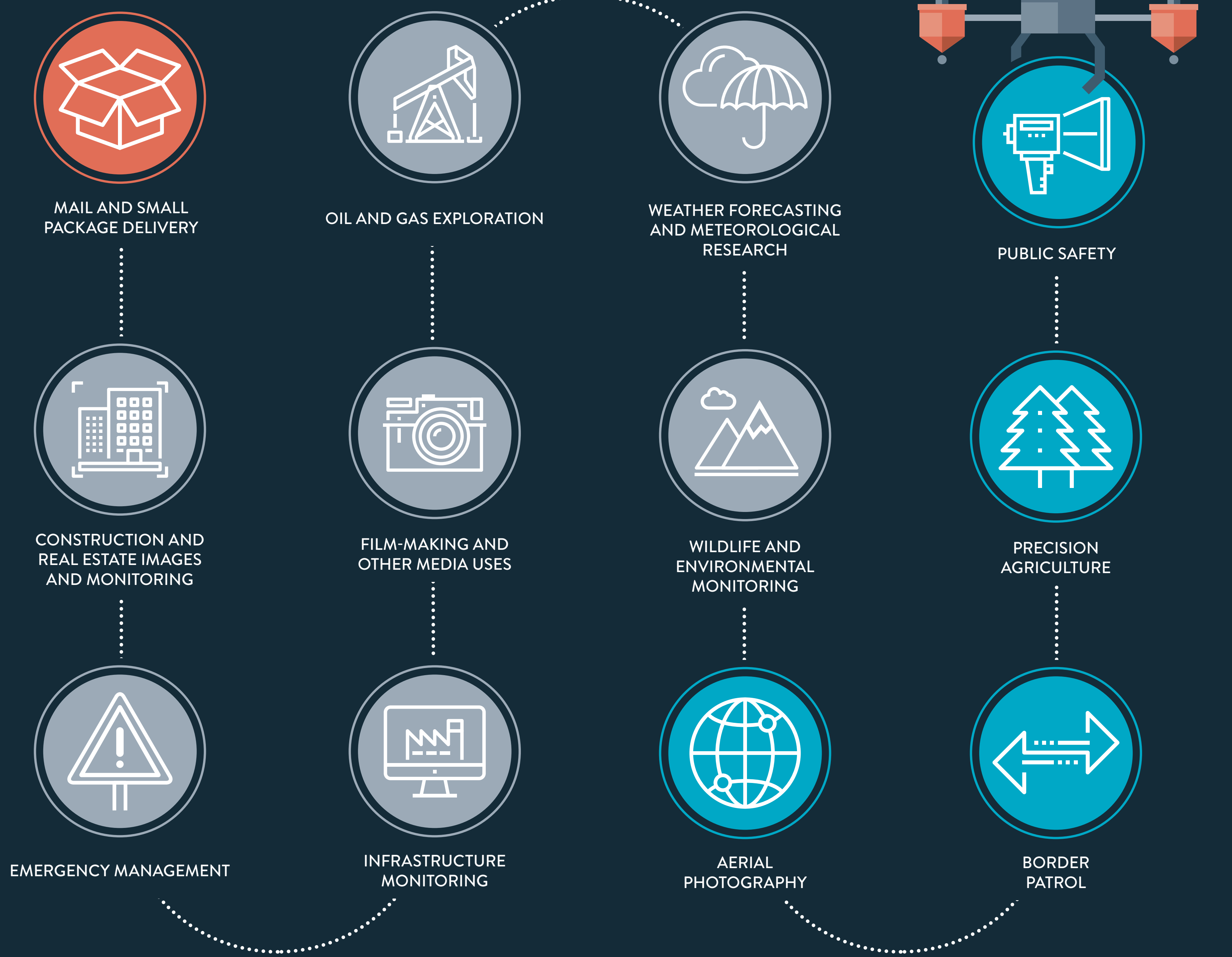


DRONE MARKET OUTLOOK

MATURITY LEVEL OF COMMERCIAL DRONES USED IN DIFFERENT SECTORS

STAGE: ● Early ● Middle ● Late



Source: Oppenheimer & Co 2016

LEISURE AND COMMERCIAL USAGE FOR SMALL REMOTELY PILOTED AIRCRAFT (RPA) IN THE UK

● Commercial ● Leisure

01 RISKS

Collisions with other airborne or stationary objects and risk of injury to people on the ground

Collisions with other airborne or stationary objects and risk of injury to people on the ground

02 PERMISSION

Permission from the Civil Aviation Authority (CAA) is required for commercial flights. Permission can be withdrawn in cases of misuse

Permission from the Civil Aviation Authority not required for short flights away from people/property/congested areas

03 FLYING RESTRICTIONS*

RPA system pilots can now apply to the CAA for permission to fly over congested areas and people. Flights are prohibited near restricted areas

No flights above 400 feet, closer than 50 metres to people/building or near restricted areas such as airports

*under Air Navigation Order 2009

04 PILOT QUALIFICATION

Pilot's ability is assessed as part of the CAA granting a permission to fly

None

05 DATA PROTECTION

UK Data Protection Act 1998 applies to commercial RPA use

UK Data Protection Act 1998 does not apply to data purely for personal or household use

06 LIABILITY INSURANCE

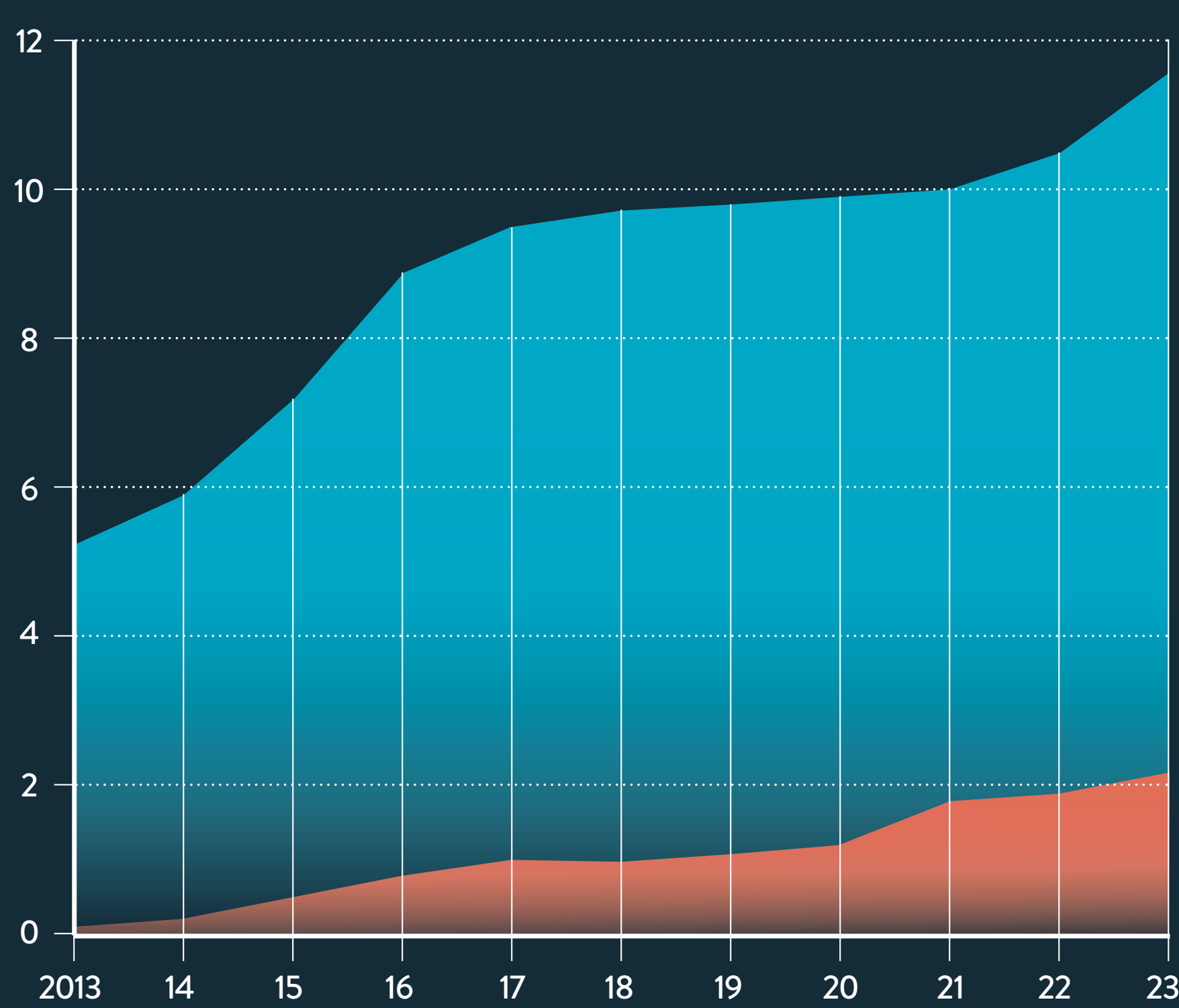
EU regulations require all commercial RPA pilots to purchase third-party liability insurance

None required

Source: European Union Committee/House of Lords 2015

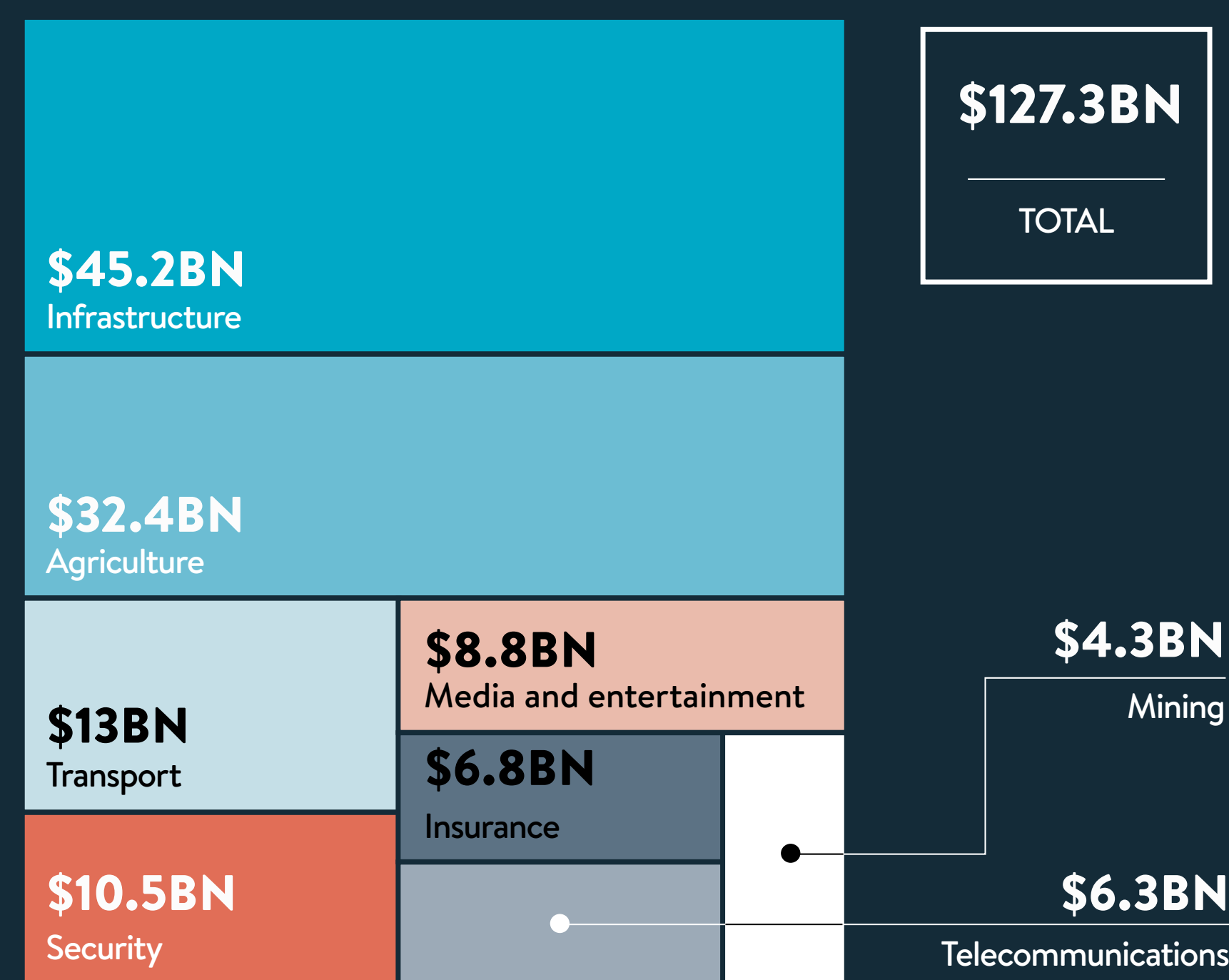
GLOBAL AERIAL DRONE MARKET AND FORECASTS (\$BN)

● Defence ● Civilian



Source: Teal Group/BI Intelligence

ESTIMATED VALUE OF GLOBAL DRONE-POWERED SOLUTIONS IN 2015



Source: PwC 2016

COST BREAKDOWN OF REMOTELY PILOTED AIRCRAFTS IN THE UK

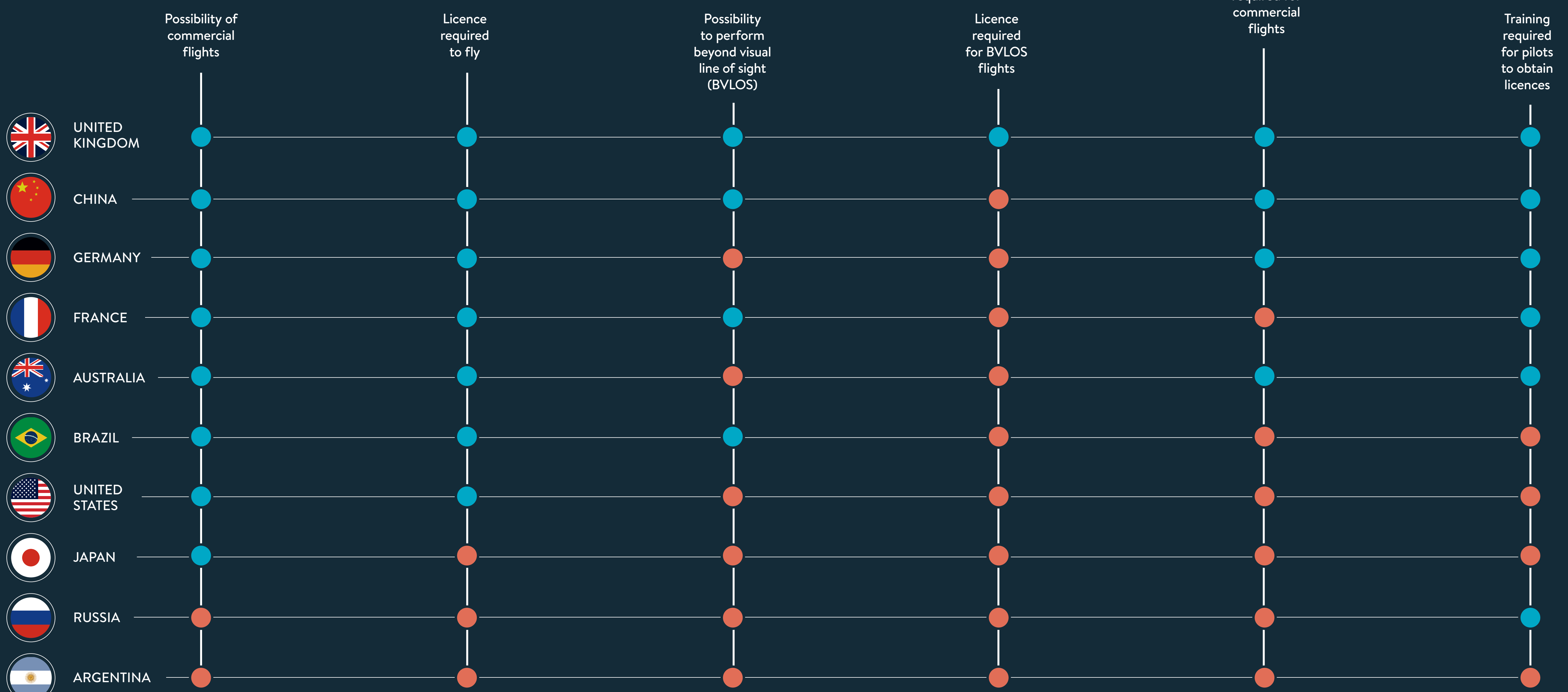
○ Category (weight) ● Price (estimated) ● Quantity (UK)

| Category (weight) | Price (estimated) | Quantity (UK) |
|---------------------|---|----------------------|
| Few hundred grammes | • £100 (leisure use) • £10,000 (specialised) | Tens of thousands |
| <2kg | £100-£900 | Thousands |
| 3-7kg | £500-£4,000 | 360 commercial units |
| 8-20kg | £4,000-£20,000 | 150 commercial units |
| 21-50kg | £40,000-£100,000 | 2 commercial units |
| 51-150kg | Up to £300,000 | 3 commercial units |
| >150kg | More than £500,000 | None |

Source: European Union Committee/House of Lords 2015

DRONE REGULATIONS BY COUNTRY

● Yes ● No



Source: PwC 2016