
ASX Announcement**29 October 2019**

PARAZERO POSTS RECORD QUARTERLY REVENUE IN Q3

HIGHLIGHTS

- Cash receipts for the quarter reached a record of US\$414,000
- 38 companies secured waivers for the ParaZero SafeAir System.
- ParaZero advancing projects to secure approvals in Europe and other countries

Drone safety systems company **ParaZero Limited (ASX: PRZ)** has announced record revenue for the quarter ending 30 September 2019 (Q3 2019).

Following the completion of the quarter, (24 October 2019) the company secured an additional US\$440,000 via a private placement.

FINANCIAL OVERVIEW

ParaZero recorded cash receipts in Q3 2019, of US\$414,000.

"ParaZero spent the first half of the calendar year accumulating inventory so that we were prepared to quickly deliver on our Q3 orders. Our forward planning put us in a strong position to meet customer orders," said ParaZero Managing Director Eden Attias.

Total operating outflows during the quarter totaled US\$877,000 (inclusive of VAT returns and grants).

"We reduced our operating outflows last quarter, mostly due to lower manufacturing and operating costs. We have been working hard to improve our manufacturing and operating efficiencies," said Mr Attias.

Cash outflows in the December quarter are expected to be in line with Q3 (not inclusive of expected VAT returns and grants), as the company consolidates its financial position.

REGULATORY UPDATE

ParaZero is building on its competitive advantage as the only off-the-shelf parachute solution currently being used for "flight over people".

Thirty-eight companies have already secured waivers with the ParaZero SafeAir System.

These customers include CNN, Fox News, Verizon Media, Hensel Phelps, DroneDeploy and North Dakota Department of Transportation

"In addition to the companies that have already secured waivers, there are dozens of waiver applications still in process. We are using this regulatory decision to build a sustainable competitive advantage for the future," said Mr Attias.

In Canada, ParaZero provides the only flight over people compliant parachute systems for the DJI Phantom and Mavic drones - the most popular drones on the market.

ParaZero is moving forward with projects to secure approvals in Europe and other countries.

STRATEGIC REVIEW

ParaZero is poised to build on its strengthening market position following our record sales quarter.

"ParaZero is intending to leverage its progress following favourable regulatory developments. We have also revised our business plan to focus on sales of certified systems, which have higher profit margins," said Mr Attias.

The Company is conducting a full review of all the aspects of the business to determine the best pathway moving forward.

"In addition to pursuing organic growth, we will be meeting with potential strategic partners to evaluate options to build value for our shareholders," said Mr Attias.

-ENDS-

For more information, please contact:

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About ParaZero

ParaZero (www.parazero.com) was founded in 2014 with the vision to enable the global drone industry to realise its greatest potential. ParaZero offers smart and intuitive solutions for commercial and consumer drone markets to enable drone industry growth by designing, developing and providing best-in-class autonomous safety systems.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ParaZero Limited

ABN

17 618 678 701

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter	Year to date (9 months)
	\$US'000	\$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	414	965
1.2 Payments for		
(a) research and development	(29)	(157)
(b) product manufacturing and operating costs	(244)	(1,028)
(c) advertising and marketing	(59)	(206)
(d) leased assets	-	-
(e) staff costs	(394)	(1,383)
(f) administration and corporate costs	(199)	(694)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(12)	(34)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	60	419
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(463)	(2,118)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	1,638
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(52)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(16)	(48)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	(16)	1,538

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	484	585
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(463)	(2,118)

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(16)	1,538
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter *	5	5

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	5	484
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5	484

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

**Current quarter
\$US'000**

52

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- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Item 1.2 includes directors' fees and salaries.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

**Current quarter
\$US'000**

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- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	9	9
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facility 1 – secured long term bank loan of US \$0.9k bearing interest rate of 5.7%.

Loan facility 2 – secured long term bank loan of US \$1.2k bearing interest rate 5.7%.

Loan facility 3 – secured long term bank loan of US \$4.2k bearing interest rate 3.25%.

Loan facility 4 – secured long term bank loan of US \$2.7k bearing interest rate of 3.25%.

9. Estimated cash outflows for next quarter*	\$US'000
9.1 Research and development	40
9.2 Product manufacturing and operating costs	177
9.3 Advertising and marketing	38
9.4 Leased assets	-
9.5 Staff costs	372
9.6 Administration and corporate costs	243
9.7 Other (provide details if material)	11
9.8 Total estimated cash outflows	881

* The Forecast does not include revenues expected in Q4 of the calendar year.

Note:

As per the announcement lodged by the Company on 24 October, the Company raised US\$440k by way of a placement to institutional and sophisticated investors.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


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Company Secretary

Date: 29 October 2019

Print name: Mr Stephen Buckley

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.