22 June 2018

COMPANY UPDATE – PARAZERO EXECUTING ON BUSINESS PLAN

Ahead of the commencement of trading on ASX on 22 June 2018 and in line with the business plan outlined in its prospectus dated 30 April 2018, ParaZero Limited (ASX:PRZ) (Company) is pleased to provide the following update on the Company’s activities:

Selected as UAS Safety Provider for Multiple UASIPP Teams

The Company will be participating in the Unmanned Aircraft Systems (UAS) Integration Pilot Program (UAS Integration Pilot Program) working on the safe integration of UAS operations into the National Airspace System (NAS) in the United States.

In May, the U.S. Department of Transportation (DOT) and the Federal Aviation Administration (FAA) announced the ten State, local, and tribal governments selected to test complex UAS operations. The announcement came as part of the DOT’s UAS Integration Pilot Program mandated by President Trump this past October and designed to accelerate the integration of UAS into the NAS through public-private partnerships. The ten teams were chosen out of 149 teams that applied.

ParaZero is a proud member of two of the selected teams and will work together to promote the safe integration of UAS in the NAS. The UAS Integration Pilot Program is an important program that will help pave the way for the emerging UAS market in the United States.

"Drones are already a growing part of our daily lives. The program will enable policy makers and industry players to learn how we can allow extended operations such as flight over people and beyond visual line of site without compromising on safety," said Eden Attias, ParaZero’s CEO.

This program is expected to foster a meaningful dialogue on the balance between local and national interests related to UAS integration and provide actionable data to inform rulemaking.

"The data, knowledge and expertise generated from the program will open the skies for the UAS industry which will lead to major economic growth," said Avi Lozowick, ParaZero’s Director of Policy and Strategy. "We look forward to working with our partners on this exciting project and thank the DOT and the FAA for their decision."

This partnership will evaluate a host of operational concepts, including, package delivery, public safety, agriculture, construction, inspection and more.

There is no direct financial benefit to the Company on being involved with the UAS Integration Pilot Program, however this involvement is consistent with the Company’s aim to be at the forefront of discussions relating to regulation and standard setting in the industry, as outlined in the Company’s Prospectus.

Allianz Insurance

ParaZero Limited (ASX:PRZ) is also pleased to announce that Allianz Global Corporate & Specialty (AGCS), part of Allianz Group, will be offering discounted insurance products to customers utilizing ParaZero drone safety systems. AGCS North America provides comprehensive hull & liability coverage for all manner of unmanned aircraft risks; it insures thousands of drone operators who use the aircraft for aerial data collection, closed set filming, delivery and public safety. AGCS are continuously developing new products to meet the coverage needs of this rapidly evolving industry.

These products will initially be targeting the US insurance market followed by other regions where AGCS insures unmanned aircraft; pricing incentives and preferential conditions will be offered for customers using ParaZero products.
Although the Company receives no direct benefit from AGCS (AGCS will provide insurance pricing incentives and preferential insurance conditions to customers using ParaZero products), the Company considers it reasonable to expect that the AGCS decision will act as a further selling point of the Company’s products.

The ParaZero SafeAir™ recovery system has been proven to be effective across a large spectrum of emergency situations. Upon identifying flight malfunction, it deploys a parachute, stops the rotors, reduces drone speed and emits a loud notification sound to alert bystanders of the aircraft’s controlled descent; for example, the rapid descent of a large 750 lb. (350kg) drone could be stopped in approximately 30 feet (10 meters).

Sales partnerships

Since lodging the Prospectus and in line with the sales strategy and business model set out in the Prospectus, the Company continues to develop relationships with distributors and retailers in the United States and Australia under which the Company provides drone safety systems for commercial users using popular drone models for sale by those distributors and retailers. ParaZero has agreements with DJI (a Chinese drone manufacturing company) official resellers in the United States, throughout the east and west coast including B&H in New York, Multicopter Warehouse in Colorado, LidarUSA in Alabama, BlueSkies Drone Rental in Washington and C.R. Kennedy, a DJI official distributor and retailer in Australia. The Company continues to seek to expand its sales footprint across these markets by continuing to identify further distributors and retailers to sell its products. While it is too early to identify material revenue figures or forecast revenues from the continuing expansion of its distributor and retail sales, the Company is encouraged by the continuing growth of parties looking to stock its products for sale to drone operators and enthusiasts. This direct sales method is in addition to the ongoing promotion and sales of the Company’s products to drone manufacturers and the ongoing development of the Company’s own e-commerce platform (referred to in Section 6.9 of the Prospectus). The Company will continue to keep the market informed of the results of its sales through its mandatory reporting to ASX.

ABOUT PARAZERO

ParaZero (www.parazero.com) was founded in 2013 to accomplish a vision to enable the drone industry to realise its greatest potential. ParaZero offers a smart and intuitive solution to enable drone industry growth by designing, developing and providing best-in-class autonomous safety systems for commercial drones.

ABOUT THE BUSINESS

As set out in the Company’s Prospectus dated 30 April 2018, the Company’s market strategy is to grow its sales based on the markets it has previously identified, to increase and grow its sales and revenue.

The Company presently sells its safety systems through numerous channels including direct sales to the original equipment manufacturers, direct sales to the drone aftermarket and through the Company’s e-commerce platform.

Needs based assessments are made on the need of commercial drone operators to operate above people, where they are currently limited by regulation, and where beyond-line-of-sight operations occur, as the Company’s products have the potential to unlock limitations on the ability of operators to operate within those limitations.

The types of businesses that the Company expects to target immediately include: fire departments, police, home land security, search and rescue operators, news and media organisations and construction and infrastructure inspection operators. Some of these organisations typically have their own drones, and some use service providers.

In addition, the Company considers that insurance companies are also a natural target, given their inherent interest in reducing claims and risks of their drone-operating clients.

Once mandatory by regulation, there will be a rise in competitive offering. ParaZero aims to grasp a strong market footprint beforehand, and also develop technology, quality, and maturity advantages to become and maintain dominance.
The Company’s objectives post listing, as stated in the Prospectus include:

- increase the current sales rate of the its products by expanding sales and marketing resources and building channel partnerships;
- undertaking additional research and development on its products to expand their scope and usability; and
- grow Shareholder value through the exploitation and growth of the products in markets around the world.

The Company considers the updates provided to the market today to be evidence of its initial steps in implementing this strategy and achieving these objectives.