

## ParaZero Investors Update

Drone Safety Systems company, **ParaZero Limited (ASX: PRZ)** (**ParaZero** or the **Company**) is pleased to provide this update on the Company's strategy.

### Regulation opens up new stream of revenue

Starting mid-January, there was a significant shift in the global regulation landscape regarding commercial drone operation. The main implication for our Company lies in the mandatory dependency created by the regulator between free flight over people and beyond visual line of sight to the need of safety systems.

This move opened new source of revenue (licensing) for Parazero as well as accelerating the OEM's requirement for safety systems.

### Licensing Business Model

Following the success in securing the first waivers for operations over people in the US and successfully demonstrating that its solution and process is **scalable** and **replicable**, the Company has shifted its business model to a hybrid model of hardware sales together with the licensing of documentation.

This licensing model requires a small upfront capital investment to complete the testing and compliance process (with any new drone system) but it allows the Company to generate high gross margins on both the sale of licenses and subsequent hardware. The license will be sold on a per drone serial number and is tied directly to the serial number of an individual SafeAir System. i.e - each drone system needs to have a dedicated certified safety system.

### OEMs are accelerating their move towards flights over people

The changing regulatory environment has also prompted OEMs to accelerate their move towards safe flights over people and as a result, ParaZero is also shifting resources and focus to expand its OEM (drone operators) partnerships. Drone manufacturers and operators whose aircraft will have a Type Certificate (TC) from civil aviation authorities will have a major advantage compared to those without. These aircraft will operate with a level of freedom far beyond what we are familiar with in the industry today and therefore we believe that the companies operating them are likely to gain market share. ParaZero's safety systems will be a critical component in the ability to receive a TC for UAVs.

### Revenue growth

ParaZero has completed an impressive 6 months of revenue growth. In H1 of 2019, the Company generated more revenue than it did during the whole year prior to it. This is testament to the quality of the Company's products and its strong positioning in the market.

ParaZero's customers include major corporations like **Verizon** Media, **CNN**, Hensel Phelps and others as well as government agencies including Departments of Transportation and Sheriff Departments.

**-ENDS-**

For more information, please contact:  
Corporate enquiries  
Stephen Buckley  
Company Secretary  
P: +61 (0)8 6189 1155

### **About ParaZero Limited**

**ParaZero** ([www.parazero.com](http://www.parazero.com)) was founded in 2014 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.