

ASX Announcement

30 January 2020

PARAZERO POSTS RECORD QUARTERLY REVENUE IN Q4**HIGHLIGHTS**

- Cash receipts for the quarter reached a record of US\$481,000
- Operating outflow continued to decrease. 39% down when compared to Q4 2018.

Drone safety systems company **ParaZero Limited (ASX: PRZ)** has announced record cash receipts for the quarter ending 31 December 2019 (Q4 2019).

FINANCIAL OVERVIEW

ParaZero recorded cash receipts in Q4 2019, of US\$481,000.

Total operating outflows during the quarter totaled US\$782,000 (inclusive of VAT returns and grants).

Cash outflows in the March quarter are expected to be in line with Q4 (not inclusive of expected VAT returns and grants), as the company consolidates its financial position.

STRATEGIC REVIEW

The Company previously announced that it was conducting a strategic review (ASX announcement of 29 October 2019) and advised that it was looking to have the review completed by 31 December 2019 (ASX response to Appendix 4C query of 12 December 2019). We encountered delays during the holiday period and we are expecting to conclude the strategic review in the next few weeks.

This announcement has been authorised by the Board of ParaZero Limited

-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.

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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")

31 December 2019

Consolidated statement of cash flows	Current quarter	Year to date (12 months)
	\$US'000	\$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	481	1,446
1.2 Payments for		
(a) research and development	(26)	(183)
(b) product manufacturing and operating costs	(111)	(1,139)
(c) advertising and marketing	(37)	(243)
(d) leased assets	-	-
(e) staff costs	(365)	(1,748)
(f) administration and corporate costs	(238)	(932)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(17)	(51)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	12	431
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(301)	(2,419)

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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	420	2,058
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	(10)	(62)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(11)	(59)
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	399	1,937

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	5	585
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(301)	(2,419)

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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)	399	1,937
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter *	103	103

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	103	5
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)	103	5

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

71

-

- 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

-

-

- 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	-	-
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.		

9. Estimated cash outflows for next quarter*	\$US'000
9.1 Research and development	30
9.2 Product manufacturing and operating costs	189
9.3 Advertising and marketing	23
9.4 Leased assets	-
9.5 Staff costs	309
9.6 Administration and corporate costs	235
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	786

* The Forecast does not include revenues expected in Q1 of the calendar year.

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	-	-

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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.

This statement has been authorised by the Board of ParaZero Limited.

Sign here:



Company Secretary

Date: 30 January 2020

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.

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