

## **ASX Company Announcement**

### **REPLACEMENT APPENDIX 4C**

2 August 2018

Please find attached an Appendix 4C which is to replace the Appendix 4C lodged on 31 July 2018.

We have only identified today that there was a technical issue with our banking records in recording the cash at bank. There was also a compensating error in the failure to record the receipt of funds from the previous issue of Notes.

The attached Appendix now reflects the true position of our cash at bank which is US\$3.484 million, being US\$1.174 million higher than originally stated.

**-ENDS-**

### **ABOUT PARAZERO**

ParaZero ([www.parazero.com](http://www.parazero.com)) was founded in 2014 to accomplish a vision to enable the drone industry to realize 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.

## 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 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter</b>	<b>Year to date*</b>
	<b>\$US'000</b>	<b>(6 months)</b>
		<b>\$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	288	288
1.2 Payments for		
(a) research and development	(753)	(753)
(b) product manufacturing and operating costs	(99)	(99)
(c) advertising and marketing	(193)	(193)
(d) leased assets	-	-
(e) staff costs	(175)	(175)
(f) administration and corporate costs	(589)	(589)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(81)	(81)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	101	101
1.8 Other – transaction costs	(93)	(93)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,594)</b>	<b>(1,594)</b>

\* This Appendix 4C is the first one lodged by ParaZero Limited (PRZ) following completion of the acquisition of Parazero Ltd (Israel) on 13 June 2018 and ASX listing on 14 June 2018.

In accordance with Accounting Standards, the acquisition of Parazero Ltd (Israel) has been accounted for as a reverse acquisition. As a result, the consolidated statement of cash flows comprises the cash transactions of Parazero Ltd (Israel) for the period 1 January 2018 – 30 June 2018 and the cash transactions of PRZ for the period 13 June 2018 – 30 June 2018.

<b>2.</b>	<b>Cash flows from investing activities</b>		
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	396	396
2.4	Dividends received (see note 3)	-	-
2.5	Other – cash on reverse acquisition	15	15
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>411</b>	<b>411</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	3,701	3,701
3.2	Proceeds from issue of convertible notes	1,036	1,036
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(145)	(145)
3.5	Proceeds from borrowings	180	180
3.6	Repayment of borrowings	(37)	(37)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,735</b>	<b>4,735</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	54	54
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,594)	(1,594)

4.3	Net cash from / (used in) investing activities (item 2.6 above)	411	411
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,735	4,735
4.5	Effect of movement in exchange rates on cash held	(122)	(122)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>3,484</b>	<b>3,484</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter</b> <b>\$US'000</b>	<b>Previous quarter</b> <b>\$US'000</b>
5.1	Bank balances	3,484	54
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,484</b>	<b>54</b>

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

**Current quarter**  
**\$US'000**

40

-

Item 1.2 includes payments to the Chief Executive Officer of US\$40,288.

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

**Current quarter**  
**\$US'000**

-

-

-

8. <b>Financing facilities available</b> <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.		

Loan facility 1 – secured long term bank loan of US\$128,000 bearing interest rate of 3.25%.

Loan facility 2 – secured long term bank loan of US\$39,000 bearing interest rate 4.1%.

Loan facility 3 – secured long term bank loan of US\$39,000 bearing interest rate 4.1%.

9. <b>Estimated cash outflows for next quarter</b>	\$US'000
9.1 Research and development	378
9.2 Product manufacturing and operating costs	453
9.3 Advertising and marketing	202
9.4 Leased assets	-
9.5 Staff costs	403
9.6 Administration and corporate costs	160
9.7 Other (provide details if material)	108
<b>9.8 Total estimated cash outflows</b>	<b>1,704</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	Parazero Ltd	-
10.2 Place of incorporation or registration	Israel	-
10.3 Consideration for acquisition or disposal	Refer to note (a) below	-
10.4 Total net assets	Refer to note (b) below	-
10.5 Nature of business	Technology development	-

(a) The acquisition of Parazero Ltd (Israel) was treated as a reverse takeover transaction. Vendor consideration was 51,580,391 ordinary shares. Full terms and conditions of the acquisition can be found in the Replacement Prospectus dated 30 April 2018.

(b) The net assets of Parazero Ltd (Israel) prior to the reverse takeover transaction are based on the audited accounts as at 31 December 2017 and as disclosed in the Investigating Accountant's Report included in the Replacement Prospectus dated 30 April 2018.

### 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: 2 August 2018

Print name: 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.