

ADDENDUM TO 31 MARCH 2020 ACTIVITY REPORT

Drone Safety Systems company, **ParaZero Limited (ASX: PRZ) (ParaZero or the Company)** refers to its 31 March 2020 Quarterly Activity Report and provides the following disclosures required by ASX Listing Rule 4.7C.2 regarding a comparison of its actual expenditure to 31 March 2020 since listing against the "use of funds" statement in its replacement prospectus dated 30 April 2018.

Use of Proceeds Under Prospectus	Budgeted Expenditure Amount A(\$)	Actual Expenditure Amount A(\$)
Research and development	1,693,441	(2,596,165)
Sales and marketing	1,426,077	(1,661,903)
Unallocated working capital and others	1,417,582	(3,485,746)
Expenses of the Offer	542,900	(594,738)
TOTAL	5,080,000	(8,338,552)
Add: Receipts from customers Between admission and 31 March 2020		3,285,757
Add: Additional capital raise between admission and 31 March 2020		3,373,241
Less: Product manufacturing and operating costs as disclosed in Appendix 4C		(3,418,500)
Funds at 31 March 2020 as disclosed in Appendix 4C		(18,054)

Explanation of variance

The variances for Research and Development and Sales and Marketing were mainly attributed to further development and the ASTM certification of the Safe Air unit, along with the development and certification of a new generation of safety device for Airobotics.

The variance for working capital and other proceeds was due to the establishment of an Israeli Logistic & Production Team, recruitment of a full time Chief Operations Officer, Vice President Research and Development and Vice President of Policy and Strategy, funds related to the public entity, policy and regulatory expenses and unexpected expenses on professional and consultancy services for the various activities and raisings undertaken since listing.

Further, initial expenditure variance for working capital was attributed to the Company increasing its upfront investment in the inventory of the SafeAir product beyond what was contemplated in the 'use of proceeds' table. The Company took this approach so as to obtain a lower manufacturing cost per unit in order to produce a high margin product (referred to in its ASX announcement dated 31 October 2018).

This announcement has been authorised for release by the Board of ParaZero Limited.

-ENDS-

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About ParaZero Limited

ParaZero (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.