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ASX Announcement **27th February 2020**

Business update as a consequence of COVID-19 virus outbreak

Highlights

- The Company remains fully focussed on completing HALO Proof-of-Concepts (POCs), as well as on moving 7 important ones from Asia to the Western hemisphere as a consequence of current travel restrictions.
- POC testing has been slowed down due to the need to change geographies for our presale support engineers in light of the travel restrictions.
- Some delays are anticipated with the completion of POCs. These delays are expected to have an impact on the market timing for the penetration of Halo 1.1 which was released on 24 November 2019
- Bookings and revenue from the initial weeks of 2020 have not been negatively affected as yet.
- It is anticipated that some revenue originally budgeted for H1 2020 is expected to shift to H2 2020
- The company is currently looking to alternate locations to continue its POC testing where possible, and also to source alternate componentry as part of its supply chain management.

27 February 2020 – Elsight Limited (ASX: ELS) ('Elsight Ltd, 'Elsight' or 'the Company'), an ASX-listed company that develops advanced communication technologies for real-time data, video, and audio transmission over cellular networks in mission-critical environments, issues this update on the impact of COVID-19 virus outbreak on the business, its planned revenue and penetration of its new product, Halo, and its corrective actions to mitigate delays, where possible.

Despite a relatively limited dependency on China, the coronavirus outbreak has impacted Elsight at a challenging junction, specifically, immediately following the release of Halo to the market and the commencement of a number of important POC trials.

As a direct result of the COVID-19 outbreak and associated travel restrictions, several important major trade shows that were identified as part of our initial Halo launch program, have been cancelled (e.g. the cellular industry-leading MWC events held annually in Barcelona, Los Angeles and Shanghai). At the same time, production in China is currently on hold; this is where Halo's casing is manufactured. Importantly, the company has enough componentry for its current POC requirements but is sourcing alternative supply chains to minimise possible disruption.

The first Halo units were shipped on 24 November 2019 and were well received by prospective customers. This resulted in many POC trials being signed up for and initiated, which in turn, has led to much of the company's current sales and technical support activities. As previously published, the company's focus was on 7 such trials in the Far East. Several of these have now been identified as coronavirus contaminated. At this stage of development, ensuring successful POCs involves travel to the customer's site by our presale engineers. Due to current Israeli government travel guidelines, people returning from the region will have to face 14 days quarantine upon returning home. This has resulted

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in remote support only which will reduce the efficacy and progress of such POCs, thereby resulting in delays as well as other potential problems due to the lack of onsite support. The company is looking to support these customers remotely as much as possible, and to focus efforts on western countries which are less affected, and not subject to travel restrictions.

It is important to note that our product is in the early stages of commercial release, and at the same time the US drone beyond-visual-line-of-sight (BVLOS) market remains a very promising market for us. However, in order to gain FAA licensing for drones the company needs to first accumulate 3,000 hours of flying. As a result of the temporary halt of POCs in certain countries, the company is continuing with the testing with only 3 drones which are being flown every day from 08:30 to 23:00. This will continue until the company is able to identify additional flight and testing opportunities with new companies.

We will continue to monitor and update the market as things develop and as we gain further clarity on the continuing impact that the virus is having, especially on our POCs and our supply chain.

Authorised for release by the Board of Directors of Elsight Limited.

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About Elsight

Elsight (www.elsight.com) is a solution provider of ground-breaking hybrid video and data transport services (on-the-move or fixed) for large Safe-City projects, sensitive facilities management, and surveillance and protective activities. The platform supports video capturing, recording, and highly secured transmission against video interception and hacking. ***Elsight***'s platform was designed to address the most demanding requirements of Special Forces across enemy lines and sophisticated intelligence organizations. These systems underwent the most rigorous testing in combat situations as well as extensive testing by the most demanding laboratories. As a result, they present an unmatched level of reliability, lowest latency, and highest adaptive bandwidth over cellular networks that enables HD and 4K tv transmission quality, with "never-fail" redundancy and much more. For the first time they offer strict military requirements for civil usage. ***Elsight***'s customers range from defence and homeland security to industrial security, broadcasting, first responders and healthcare.