ASX Announcement **9 April 2025**

Elsight signs a US$4.28M (~A$7.1M) supply agreement for deliveries to be completed by July 31, 2025

Key Highlights:

- **European defence drone OEM commits to US$4.28M (~A$7.1M) in additional purchases over the next four months (April-July 2025)**
- **This order follows last month's initial production order (announced 20 March 2025) of US$300,000 (~A$495,500), taking the customer's total first commitment to US$4.58M (~A$7.56M)**
- **The initial production order allowed the customer to conclude an extensive and successful field integration confirming the technological superiority of the solution and requirement for further deployment**
- **The next four month production phase to include definition of long-term quantity requirements and roll-out plans expected to materially expand relationship**
- **This relationship is separate to the program referenced in the announcement of 25 September 2024**

Elsight Limited (ASX: ELS) (Elsight or the Company), the carrier-agnostic, connectivity solutions company, is pleased to announce that it has signed a significant follow-on agreement with its European-based defence OEM customer, initially announced on 20 March 2025 for deployment in a government drone program in Europe.

Under this agreement, the Customer has committed to purchasing a minimum of **US$4.28 million (~A$7.1 million)** worth of Elsight systems (Halo) over the **next four months**, during the **April-July 2025 period**. This contract includes a material down payment upon signing and a pre-agreed delivery schedule, ensuring that product flow aligns with the Customer's deployment timelines. The fulfillment of this order is well within the Company current production and funding capacity, reflecting Elsight's operational readiness and financial discipline.

This milestone follows the initial production order of **US$300,000 (~A$495,500)** announced last month and marks a significant escalation in the scale and scope of the engagement. The Customer, a strategic supplier of unmanned aerial systems to a European government authority, has recently completed an extensive and successful field integration and validation of Elsight's Halo platform. Following these trials, which confirmed the technological superiority of the solution, the Customer is now ramping up to support broader operational deployment.

During this initial four-month phase, the Customer will also define its long-term quantity requirements and rollout plans, building a strong foundation for continued expansion of the relationship.

Notably, this single order exceeds twice the Company's total revenue for 2024. As a result, Elsight's management is upgrading its revenue expectations for the current year.

Strengthening Elsight's defence footprint

This expanded commitment reinforces Elsight's strategic focus on the defence sector, which accounted for 51% of total Company revenue in 2024. This new relationship is separate to and on top of the defence contractor program and initial order referenced in the announcement on 25 September 2024. With increasing geopolitical tensions and rising defence budgets across Europe, including strong growth in investments for unmanned systems and communications technologies, Elsight's solutions are ideally positioned to serve this demand and grow organically within the industry.

The new geopolitical reality

The recent geopolitical tensions are forcing the EU to increase their contribution to NATO primarily revolving around defence spending, strategic autonomy and commitment to collective security. The threat of a dramatic reduction in U.S defence and financial support is forcing the EU nations to recalculate their defence budgets, to become as self-reliant in their defence. This will mean a material increase in defence budgets and spending, beginning in 2025 and beyond – as this order may indicate.

Last week (March 31 – April 2, 2025) the Company took an active part and had strong traction at the ***Military Robotics & Autonomous Systems*** event held in the UK, the keynote presentation, General Sir Roly Walker, the Chief of General Staff (CGS) of the UK Army noted that a major part of the army's budget will be spent on autonomous solutions. Elsight's Halo, a connectivity solution for autonomous systems, is well-positioned to play a mandatory role that enables autonomous military solutions.

In an article "*Swarms of military drones will be part of NATO's arsenal soon if this country gets its way*" (02.04.2025), The Swedish Defence Minister Pål Jonson told Business Insider that his country identified the capability of swarm drone while watching Russia's invasion of Ukraine, where drones have been used more than in any other conflict in history. He said that one soldier could autonomously control up to 100 drones. Russia's invasion of Ukraine has **raised concern across Europe that Russia could attack elsewhere** on the continent, **prompting soaring defence spending** and the necessary actions militaries need to do to be prepared for all scenarios.

Conclusion:

These two new realities are already driving the dramatic increase in defence budgets that will continue in the coming years, within all the countries in the EU and NATO. These trends should be favourable to Elsight's strategy, in 2025 and beyond.

CEO of Elsight, Yoav Amitai, commented:

"This commitment is a major validation of the value, reliability and strategic position of our solution. After a long and extensive period of field testing, the Customer's fast move to production based on field deployment success, and already progressed to a multi-million-dollar scale-up phase within a few months, highlights just how critical reliable communications are in modern defence operations. We look forward to continuing to support this important program and to deepen our engagement over the coming year."
The Company will continue to provide further updates as the relationship with the Customer evolves and new phases of procurement are defined.

ASX Disclosure under Listing Rule 3.1

Elsight confirms that the entity does not consider the identity of the customer to be information that a reasonable person would expect to have a material effect on the price or value of the entity's securities and further confirms that this announcement contains all material information relevant to assessing the impact of the contract on the price or value of the entity's securities, and is not misleading by omission.

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

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About Elsight (ASX:ELS)

Elsight's (www.elsight.com) flagship product, the Halo, uses AI-based multi-link bonding to provide the most robust connectivity for drones and other unmanned systems. By adding cellular communications aggregated with satellite and RF communications, the Halo is 99.99% reliable and cyber secured. With options for less than a 100-gram card or a boxed ground version, the Halo provides continuous connectivity even in the most challenging areas for stationary, portable, or actively mobile situational requirements. Elsight's products serve many vertical markets leveraging UAV and UAS technologies including the military, HLS, public safety, delivery, medical, oil and gas, utilities, inspections, surveillance and others. Elsight was founded in 2009.