ASX Announcement **23 April 2025**

Q1 2025 Report & Business Update

Q1 2025's Unprecedented Performance

Q1 Revenue Soars 64% Year-over-Year

Elsight is pleased to report 2025's first quarter record revenue of **USD $1.020M** (**A$1.60M**), which is a **64%** (USD $399K) increase over Q1/24 and a **113%** (USD $540K) increase over Q4/24.

This single first quarter's revenue has already **surpassed 50%** of the **entire** 2024 annual total.

On 09/04/2025 Elsight's announced the second major order, valued at USD $4.28M (A**$6.71M**) from a leading European defence OEM—is set to supercharge further growth with its impact starting to reflect in Q2/25 and beyond. With this momentum, Elsight is firmly on track to make 2025 a breakout year. This order **should not be confused** with a separate and unrelated major order announced on 25/09/2024 of a new cellular communication product for the modern battlefield.

Diverse and expanded customer footprint

Most significantly, Q1 showcases the **Company's expanding customer footprint**—the record USD $1.020M revenue stems from a diverse and **growing base of 70 customers**, highlighting the scalability and broad market appeal of our solutions. It also indicatiesthe move into much larger revenue orders from single customers (from tens and hundreds of thousands to the millions) that will start to feature highly in the makeup of our Q2/2025 revenuesand beyond.

Within this mix, there are ten strong new customers such as Flock Safety, an emerging leader in Drone First Responder (DFR) public safety; Sees.ai focusing on critical infrastructure inspections; A2Z DroneDelivery a player in many sectors, and the European defence drone manufacturer responsible for our most recent large contract.

Movers in the Industry: Customer Highlights

- **Skydio**, a leading U.S. drone manufacturer for DFR, announced that its modular, open platform, Skydio X10D, now enables **native integration of Elsight's Halo** to extend the drone's capabilities to further meet mission requirements.

- Two pairs of Elsight customers (drone operators and manufacturers) played key roles in critical infrastructure inspections and surveillance: Phoenix Air Unmanned and Event 38 for **Shell Pipeline**; and DroneCloud and Velos Rotors at various sites of UK's National Rail.

Business Update

European Drone Manufacturer's Orders

This quarter witnessed the Company's announcement of the first order (USD $300K) from a European defence OEM which provided them with Halo modules for testing. Following intense testing and evaluation, the follow-up order totaling USD **$4.28M** (**A$6.71M**) arrived immediately after the close of the quarter and will be reflected in later quarters.

These two orders stand **apart from** the large agreement with a different defence contractor announced in September 2024.

Split between defence and commercial revenues continues

Continuing the projected market trend, the proportion of revenue derived from the defence sector soared to 73% in contrast to 27% from the commercial sector.

Small infusion of capital

Elsight entered a AUS $1M loan agreement to support the Company's immediate working capital needs given that large projects are in the pipeline.

Elsight Limited (ASX: ELS) (Elsight or **the Company)**, the carrier-agnostic, AI-powered connectivity solutions company, kicks off 2025 with record-breaking momentum:

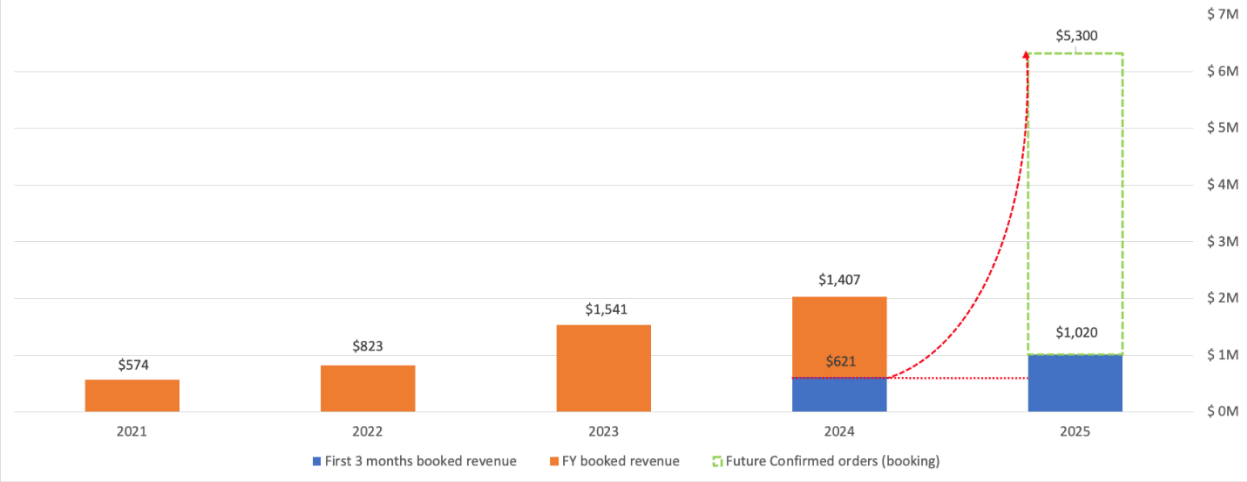

Table 1 Unaudited annual revenue (in USD) YOY, with the green line illustrating the revenue level with the $4.28M order inside

Q1 2025: Record-Breaking Growth, Expanding Markets & Strategic Wins

Finally, Elsight is hitting the "hockey stick" growth phenomenon with a record-breaking revenue result. Elsight is proud to announce a stellar start to 2025, achieving a record Q1 revenue of **USD $1.020 million** (**A$1.6M**). This marks an impressive **64%** surge compared to Q1 2024 and a **113%** leap over Q4 2024, proof of accelerating demand and growing market traction. Most significantly, this single quarter already surpasses half of the Company's total revenue for all of 2024, and Q2 2025 is expected to be more than double Q1 2025 revenues.

Looking positively forward, the Q1 total **does notreflect** the recently secured USD $4.28 million follow-on order from a major European drone manufacturer, which landed post-Q1 and will be featured in Q2 and beyond results, setting the stage for an even stronger year ahead.

Momentum Fuelled by Market Diversification

Q1 also marks a major milestone in Elsight's ongoing growth strategy, with revenue secured by a broad, balanced base of loyal, returning customers across multiple sectors. This growing customer diversity highlights the scalability of the Company Halo platform and its rising adoption across defence, public safety, logistics, infrastructure, and beyond. The USD $1.020M revenue stems from a diverse base of 70 customers out of more than 100 customers, highlighting the scalability and broad market appeal of our solutions.
Ten new customers joined our ecosystem this quarter, fuelling momentum and market reach.
Key additions include:

- **Flock Safety –** a fast-emerging leader in Drone First Responder (DFR), public safety solutions
- **Sees.ai –** focused on critical infrastructure inspection and surveillance
- **A2Z DroneDelivery** – offering many applications in various sectors
- **A major European drone OEM –** marking a significant new foothold in the military market

Innovative Deployments Proving Real-World Value

In Q1, strategic deployments with drone operators and manufacturers showcased our value in critical infrastructure for high-impact, real-world operations:

- Phoenix Air Unmanned and Event 38 executed advanced inspections across **Shell Pipeline facilities**.
- DroneCloud and Velos Rotors supported aerial surveillance and inspection for the **UK's National Rail network**.

These real-world use cases reaffirm Elsight's position as a tier one connectivity partner for mission-critical drone operations worldwide.

Synching with Government Investment

Around the world, governments facing or planning for external threats are making big investments in unmanned systems. This article speaks to the commitment by the new head of the US Air Force made in front of the U.S. Senate only last month, "*Dr. Troy Meink outlined his vision of integration of drones and unmanned systems as a cornerstone of modernization efforts for the future of the Air Force."*

Sweden is planning a jump in defence spending to 3.5 percent of its GDP, in line with what the nation's prime minister expects will be a new NATO-wide spending target. Sweden is advancing "Project Demo UCAV" (unmanned combat aerial vehicle) to *develop and test new advanced unmanned technologies* and countermeasures. The initiative aims to strengthen the Swedish Armed Forces' capabilities and enhance interoperability across drones, counter-drone systems, and patrol robots.

South Korea plans to increase its defense budget by 3.6% in 2025. Kim Jae Yeop, senior researcher at the Sungkyun Institute for Global Strategy in Seoul, Kim explained, "Due to South Korea's low birth rate, Seoul is taking active measures *to expand the role of military unmanned systems to offset the reduction in troops. They can be acquired at significant scale at a lower cost and without risk to life in missions*."

Finally, The Australian Army seeks to lean more heavily on aerial drones, with a comprehensive upgrade program for all size classes now in the pipeline. Australia's military will rely more on autonomous systems to *overcome the disadvantage of having to protect vast geography*, said defence officials who predicted "friction in the system" as the balance tipped towards uncrewed systems."

All of the above are just examples of the current disruption in the defence market leaning more toward unmanned systems where Elsight technology plays a critical role.

Funding to Accelerate Growth

To support growing demand and prepare for known, upcoming large-scale projects, Elsight has secured a A$1 million bridge loan. This targeted additional working capital was needed to buy additional components to bridge the dramatic planned production growth, and to support the surge in projected orders and deliveries in Q2 2025 and beyond. It ensures operational continuity, boosts production capacity, and positions the Company to capitalize on its surging pipeline of opportunities.

Burn Rate

The Company increased its burn rate from Q1 2024 by USD $444K, due mainly to an increase in marketing and sales investments in the defence sector. In comparison with the previous quarter, the burn rate decreased by USD $353K or 36%. This recent increase reflected additional resources, particularly in sales personnel, exhibitions, and advertising. With strong payment terms secured on key projects, the Company has sufficient funding to deliver on all existing and future orders, and expects a sharp decrease in burn rate going forward.

Elsight Webinar Presentation on 29 April at 5.00 pm AEST.

Elsight plans to hold its Q1/25 webinar presentation on 29 April at 5.00 pm AEST, to provide a business update and go through the quarter results.

Please register in advance HERE.

This will be an opportunity to hear from the CEO, Yoav Amitai, and the other Directors. The Company looks forward to meeting with our shareholders at this presentation where you will also be given the opportunity to participate in a Q&A session.

Corporate

Cash at the bank on 31 March 2025 totalled USD $883K. Payments to related parties and their associates during the quarter totalled US$28K, comprising Directors' fees.

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

-ENDS-

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About Elsight

Elsight **(ASX:ELS)** (www.elsight.com) Elsight's flagship product, the Halo, usesAI-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 defence, HLS, public safety, delivery, medical, oil and gas, utilities, inspections, surveillance, and others. Elsight was founded in 2009.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
ELSIGHT LIMITED	
ABN	**Quarter ended ("current quarter")**
98 616 435 753	31 March 2025

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (3 months) $US'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	813	813
1.2	Payments for		
	(a) research and development	(451)	(451)
	(b) product manufacturing and operating costs	(278)	(278)
	(c) advertising and marketing	(223)	(223)
	(d) leased assets	-	-
	(e) staff costs	(186)	(186)
	(f) administration and corporate costs	(166)	(166)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(4)	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(495)**	**(495)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(9)	(9)
	(d) investments	-	-
	(e) intellectual property	(56)	(56)
	(f) other non-current assets	-	-

+ See chapter 19 of the ASX Listing Rules for defined terms.

2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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**	**(65)**	**(65)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	627	627
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – principal elements of lease payments	(57)	(57)
3.10	**Net cash from / (used in) financing activities**	**570**	**570**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	874	874
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(495)	(495)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(65)	(65)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	570	570

4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	**Cash and cash equivalents at end of period**	**883**	**883**

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	834	824
5.2	Call deposits	49	50
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**883**	**874**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $US'000**
6.1	Aggregate number of payments to related parties and their associates included in item 1 – Payment to directors for their salaries and fees.	28
6.2	Aggregate number of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
7.1	Loan facilities	629	629
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	**Total financing facilities**	629	629

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

At 31 March 2025 the Company has an A $1 million loan (US $629K) with a client of Gleneagle Securities (Aust) Pty Ltd. The loan is unsecured, bears interest at 9% per annum and matures on 14 September 2026.

8.	Estimated cash available for future operating activities	$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(495)
8.2	Cash and cash equivalents at quarter end (item 4.6)	883
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	883
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.8

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

On 9 April 2025 the Company announced that it has signed a significant follow-on agreement with its European-based defence OEM customer for deployment in a government drone program in Europe. Under this agreement, the customer has committed to purchase a minimum of US$4.28 million worth of Elsight systems (Halo) over the period April – July 2025 with monthly deliveries. Refer to the Company's 9 April 2025 ASX announcement for further details. As part of this agreement, the customer has already transferred US$2 million out of the total amount as part of the agreement terms.

Revenues from the above-mentioned supply agreement have commenced in Q2.
This cash infusion will be sufficient to cover the operating activities.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Due to the significant supply agreement mentioned in section 8.6.1 above, the Company is expecting to generate cashflows from operations of a quantity sufficient to fund its operations for the medium term. At this time, the Company has not taken any steps and is not proposing to take any further steps to raise additional cash.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

The Company expects to continue its operations and meet and exceed its business objectives, refer to 8.6.1 and 8.6.2 above.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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.

Date: 23 April 2025

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.