ASX Announcement **21 July 2025**

Q2 2025 Report & Business Update

Elsight Limited (ASX: ELS) (Elsight or **the Company)**, the carrier-agnostic, multi-path connectivity solutions company, is closing H1 2025 with record-breaking momentum:

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H1 2025's Unprecedented Performance

Record revenue for the second consecutive quarter drives Elsight through cash flow breakeven and towards profitability

Elsight is pleased to report 2025's second quarter and first half record revenue of **~US$3.8M** (~**A$5.8M**) and **~US$4.8M** (**~A$7.4M**) respectively, which is a **~340%** increase over H1/24 and a **~270%** increase over Q1/25 which was the last recorded quarter. In addition to the revenue recognised in H1/25, the Company holds a strong order book of additional **~US$11.45M (~A$17.5M)** to be delivered by calendar year end.

The Company's **cash position grew materially**, from **~US$883K** at the end of Q1 to **~US$7.5M (~A$11.5M)** as of 30 June 2025, demonstrating a capital-efficient and sustainable business model. Looking ahead, Elsight expects to **reach profitability** for the first time since the IPO during the **second half of 2025**, marking a significant financial milestone in the Company's journey.

Key contract wins prove Halo's technological superiority and positioning as the connectivity backbone of choice in defence deployments

On 9 April 2025, Elsight announced a significant follow-on contract valued at **~US$4.28M (~A$6.8M)** from a leading European defence OEM, following a successful field deployment phase and initial production order. This marked the beginning of a transformative multi-phase engagement, with the customer rapidly committing to expanded downstream deployments. The momentum continued with an additional **~US$5.35M (~A$8.2M)** contract in May and a third contract for **~US$5.08M (~A$7.9M)** signed in early June.

Sustainable and cash-efficient business model

The above contracts underscore the strength of the Company's profitable and sustainable business model unit economics. Each agreement is structured with favourable commercial terms, reflecting the scalability and premium value of the Halo platform. Additionally, the contracts are designed to generate strong cash flow, with **40% of the total contract value paid upfront** and the remaining **60% received prior to shipment**. This model ensures positive working capital dynamics, minimises financial risk, and supports self-funded organic growth. As the business continues to scale, these economics provide a solid foundation for long-term profitability and operational resilience.

Business Update

Major opportunity based on industry tailwinds

Elsight is capitalising on strong industry tailwinds, with a **~US$151M pipeline of realisable opportunities*** fueled by rising global defence budgets, growing investment in uncrewed systems and the development of the commercial market. This momentum is driving increased demand and positioning Halo as a critical enabler in next generation defence programs.

Growing market opportunity

Elsight is aligned with key global trends, inlcuding soaring defence budgets (~US$1T in the U.S., NATO at 5% GDP), rising investment in uncrewed systems (e.g. UK's 20-40-40 doctrine), and new U.S. regulations enabling commercial drone integration. These shifts accelerate demand and expand Elsight's total addressable market across defence and commercial sectors.

Expanding sales & marketing efforts to capitalise on market opportunity

To support its growing pipeline and accelerate global adoption, Elsight is expanding its sales and marketing efforts across key defence and commercial markets. The Company is investing in strategic hires, targeted campaigns, and increased presence at industry events to deepen engagement with partners, unlock new opportunities, and convert market momentum into sustained growth.

*There is no assurance that any of the Company's sales opportunities will result in sales

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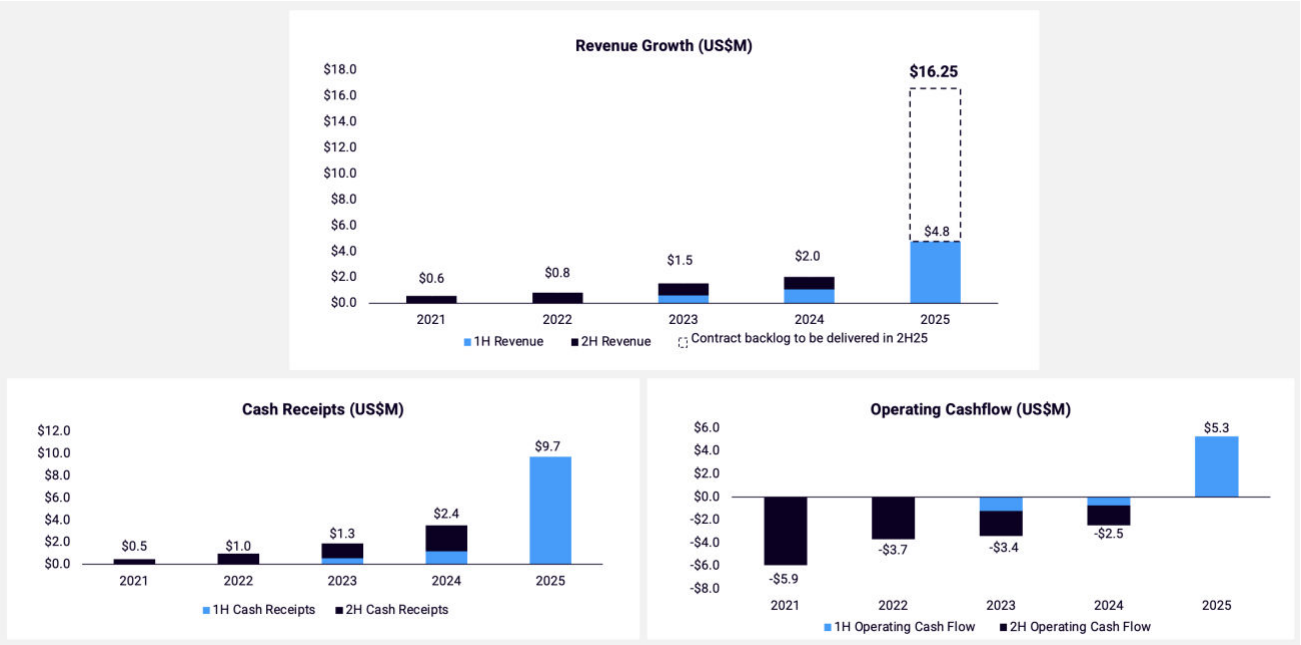

Table 1 Unaudited annual YOY numbers, with the gray line in the revenue chart illustrating the revenue commitment for CY2025

Q2 & H1 2025: Record Revenue Performance – Growth Soars 340% vs PCP

Elsight is pleased to report its **highest-ever quarterly revenue for the second consecutive quarter**, with **Q2 2025** revenue reaching approximately **US$3.8M (~A$5.8M)**. This represents a **270% increase** over Q1 2025 and a **340% increase** over the first half of 2024. The **first half of 2025 delivered total revenue of approximately US$4.8M (~A$7.4M)**, already **surpassing 137% increase over the Company's entire 2024 annual revenue**. These results mark a major inflection point in Elsight's commercial growth trajectory and further validate the scalability of its model.

This momentum is underpinned by major contract wins. On 9 April 2025, Elsight announced a **~US$4.28M (~A$6.8M) follow-on order** following successful field deployment and initial production validation. By the end of May, the Company had announced an additional contract of **~US$5.35M (~A$8.2M),** and 6 days later, in early June, an additional **~US$5.08M (~A$7.9M)** agreement. These three contracts total **~US$14.7M (~A$22.8M)** and have already started to be delivered based on the customer schedule and are planned to be delivered in full during CY2025.

In addition to the revenue already recognised in H1 2025, Elsight holds a strong and visible **order book of ~US$11.45M (~A$17.5M)**, providing a solid foundation for continued revenue growth in the year's second half.

This performance, achieved through both recurring and hardware sales, reflects accelerating global demand for the Company's Halo platform and highlights Elsight's ability to secure and scale large-volume, high-margin engagements with strategic defence partners.

Sustainable, and Cash-Efficient Business Model

Elsight's continued revenue growth is underpinned by a business model designed for **profitability and resilience**. The business model is structured with **favourable commercial terms**, with very healthy, software like gross profit margins a reflection of the scalability and mission-critical value of the Company's Halo platform. These agreements are also **cash flow positive**, with **40% of each contract value paid upfront** and the **remaining 60% received prior to shipment**, enabling efficient production planning and reducing working capital requirements.

This model has translated into tangible financial strength. **Elsight's cash position** increased materially during Q2 **from ~US$883K at the end of Q1 to ~US$7.5M as of 30 June 2025**, driven by disciplined execution and strong customer payment terms. With growing revenue visibility, operational scale, and capital efficiency, Elsight is now positioned to reach a key milestoThe first half of 2025 deliveredne – **projected profitability in the second half of 2025**, for the first time since its IPO.

Strong Industry Tailwinds Driving Demand and Market Expansion

Global defence and regulatory trends continue to accelerate demand for Elsight's technology. Defence budgets are rising significantly – **the U.S. recently passed a ~US$1 trillion military budget** and **NATO members are increasing their spending to 5% of GDP**. In addition, a growing share of these budgets is being allocated to **uncrewed and autonomous systems**, such as those enabled by Elsight's Halo platform. The UK's **20-40-40 doctrine**, which aims for **80% of combat effect to come from autonomous systems**, exemplifies this shift.

On the commercial front, **new U.S. executive orders promoting drone integration into national airspace** further expand the opportunity landscape. Together, these structural drivers are translating into more orders, **a ~US$151M pipeline of realisable opportunities*** and a rapidly expanding **total addressable market** for Elsight across both defence and commercial sectors.

Supply Chain Resilience Enabling Accelerated Delivery

Elsight's ability to deliver ahead of schedule, despite unfavourable regional disruptions, demonstrates the strength and agility of its supply chain. As highlighted in recent deliveries totalling over **~US$4.8M**, production and logistics remained fully operational even under most challenging conditions, with shipments accelerated beyond original timelines.

The Company's current hardware production capacity stands at **~US$70M per year**, supported by three contract manufacturing partners. This model is fully scalable; additional capacity can be unlocked by expanding existing lines or onboarding new manufacturers. Importantly, this can be achieved **without any upfront capital expenditure** and within approximately **four months from initiation to full-scale production**, ensuring flexibility, efficiency, and continued readiness to meet anticipated significant growing demand.

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Doubling Capacity with Zero Capex – New EU (NATO Country) Manufacturer in H2 CY25

In CY25, Elsight will onboard a new European (NATO Country) contract manufacturer. This will:

- Expand total production capacity to **~US$150M** annually;
- Bring manufacturing closer to key defence and commercial customers;
- Further de-risk supply continuity through geographic diversification; and importantly
- The process requires no capital investment

Recurring Revenue Momentum and Strategic U.S. Market Entry

In parallel with strong hardware growth, Elsight is seeing continued momentum in its **recurring revenue streams**, including software licenses, connectivity services, and support contracts. These high-margin components are increasingly embedded into customer deployments and are expected to become a larger share of future revenues.

During the quarter, Elsight also marked a significant strategic milestone by being selected for the prestigious **Northrop Grumman–FedTech Accelerator**, one of only eight out of 223 companies chosen globally. This program provides direct access to the U.S. Department of Defense ecosystem and reinforces Halo's position as a mission-critical solution for secure, real-time connectivity in uncrewed operations.

Elsight Webinar Presentation

Elsight plans to hold its **Q2/25 webinar** presentation on **Wednesday, 23 July 2025 at 3:00pm 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 30 June 2025 totalled **~US$7.5M**. Payments to related parties and their associates during the quarter totalled **US$19K**, comprising Directors' fees.

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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, uses 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.

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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	30 June 2025

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (6 months) $US'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	8,423	9,236
1.2	Payments for		
	(a) research and development	(582)	(1,033)
	(b) product manufacturing and operating costs	(528)	(806)
	(c) advertising and marketing	(589)	(812)
	(d) leased assets	-	-
	(e) staff costs	(186)	(372)
	(f) administration and corporate costs	(128)	(294)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	12	12
1.5	Interest and other costs of finance paid	(20)	(24)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	44	44
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**6,446**	**5,951**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(15)	(24)
	(d) investments	-	-
	(e) intellectual property	(42)	(98)
	(f) other non-current assets	-	-

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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**	**(57)**	**(122)**

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	131	131
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	627
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(19)	(19)
3.8	Dividends paid	-	-
3.9	Other – principal elements of lease payments	(21)	(78)
3.10	**Net cash from / (used in) financing activities**	**91**	**661**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	883	874
4.2	Net cash from / (used in) operating activities (item 1.9 above)	6,446	5,951
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(57)	(122)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	91	661

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4.5	Effect of movement in exchange rates on cash held	111	110
4.6	**Cash and cash equivalents at end of period**	**7,474**	**7,474**

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	2,909	834
5.2	Call deposits	4,565	49
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**7,474**	**883**

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.	19
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 30 June 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.

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8.	Estimated cash available for future operating activities	$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	6,446
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,474
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	7,474
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

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?

N/A – Company has reported positive net operating cash flows

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?

As above

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?

As 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: 21 July 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.

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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.

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