

## March 2023 Quarterly Report & Business Update

### Key Highlights:

- **94 committed partners, 16 of them new ‘Design Win’ partners added during the quarter.**
- **Strong recurring revenue growth as additional Halo units continue to be deployed more widely.**
- **Elsight was selected as one of 14 global companies to participate in the 5G Open Innovation Lab in the US.**
- **Additional new revenue-driven features were released during the quarter to generate increased revenue from a wider range of services.**
- **Customers/Partners continue to make regulatory and commercial inroads in existing and new jurisdictions, driving further Halo adoption.**

**Elsight Limited (ASX: ELS) (Elsight or the Company)**, the carrier agnostic, AI-powered connectivity solutions company, is pleased to provide the following **Business Update**, outlining the Company’s achievements over the March quarter 2023.

### ‘Design Win’ Strategy and Business Metrics Update

During the quarter, the Company achieved a grand total of **94 strategic partners** after adding 16 new design win partners during the quarter. The new partners are from a range of industries and geographies including the US, Europe, and APAC. The list also includes some new partners from India, following a successful trip to the Aero India trade show in February.

### Strong growth in recurring revenues

The Company continues to see robust – quarter-over-quarter growth in recurring revenues, despite the very early stage of this new and promising industry. The acceleration is based on Elsight’s proprietary data and cloud services as more Halos are being deployed with new and existing customers. Unaudited recurring income totalled approximately ~US\$75k (+44%) during the quarter, up from ~US\$52k in December 2022 quarter.

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While starting from a relatively low base today, the Company’s business strategy remains focused on generating sustainable growth in SaaS based revenue opportunities and expects the underlying growth trend to continue.

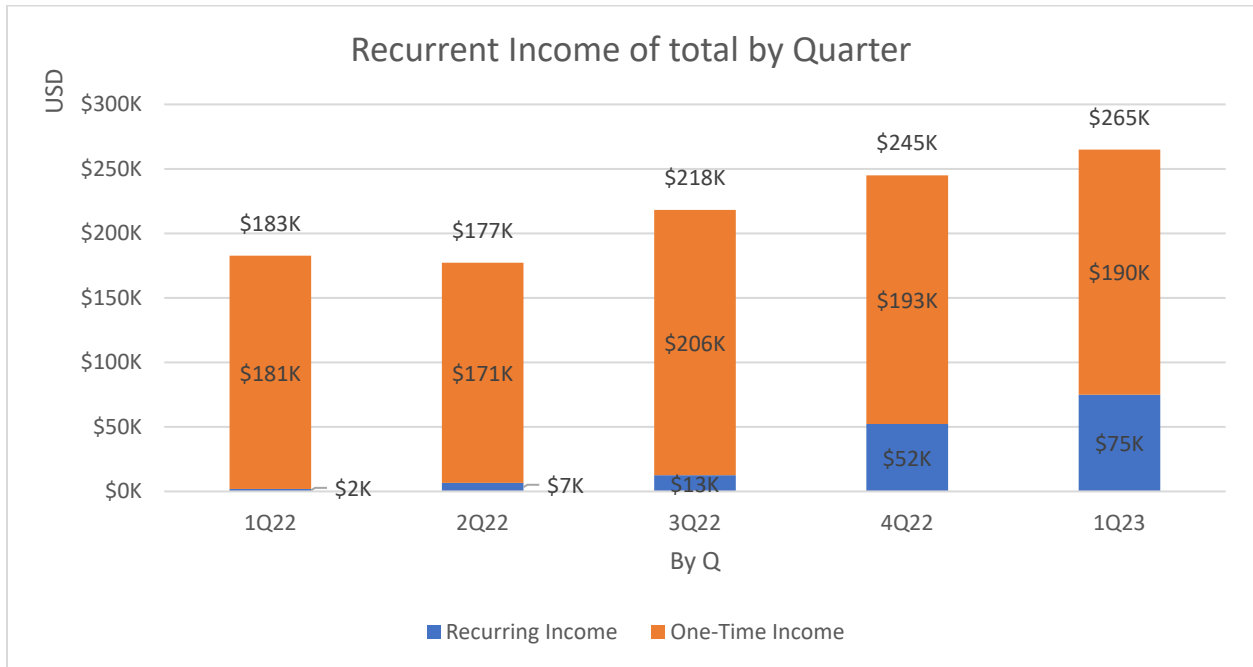


Table 1 This chart sets out the unaudited quarterly income for the Company with the increasing contribution of the Recurrent Income based on AllSight Cloud and connectivity plans.

### 5G Open Innovation Lab

During the quarter, Elsight was selected as one of only 14 global companies to participate in the 5G Open Innovation Lab in the USA. The 5G Open Innovation Lab is an independent ecosystem for Startups, Enterprises and Technology leaders pursuing the future edge of computing capabilities.

The 5G Innovation Lab commenced operation on March 6 and runs until May 26. During this time Elsight will be collaborating closely with leading global companies and network operators like Microsoft, Ericsson, T-Mobile, Intel, and e& Group (formerly “etisalat”) to enhance 5G capabilities and strengthen key strategic relationships for potential integration into partner ecosystems.

## **New Product Features**

Elsight continues to innovate and was pleased to introduce two new major product features during the quarter.

The first feature relates to **RemoteID** being incorporated on all Halo devices, to align with United States Federal Aviation Administration (US FAA part 89) requirements. By having this compliance, it will ease the certification process to partners who incorporate the Halo and will save costs for them by eliminating the need for additional dedicated hardware.

The second new feature enables Halo to support **automatic RF recording** and upload to the cloud during operation of the drone or other remote asset. By that, the Company will be building a reliable real-life database for communication performance in 4D which can become a meaningful asset for the Company and provide a highly valued service to the operator.

These new features are expected to generate additional revenue for Elsight from existing and new customers moving forward, from up-sales and cross-sales activities.

## **Customer/Partner Progress**

During the period, Elsight Partner, DroneUp, has continued to expand their delivery service with Walmart. As a partner who uses Elsight's additional services, the deployments support the recurrent revenue expansion seen in the quarter and is expected to continue.

DroneUp executives, together with other partner officers took part in a customer testimonial video showing the strong, valuable, strategic relationship between Elsight and its partners.

Watch the testimonial videos [HERE](#).

During the period, Elsight partner, Spright, was awarded the first nationwide, non-geo-specific Certificate of Waiver (CoW) for BVLOS drone operations, by the FAA. The award of this waiver demonstrates continued progress in the US regulatory environment as the FAA, in issuing this waiver, recognizes that Spright has satisfied all the necessary benchmarks to perform BVLOS flights in a safe and compliant manner.

Design win partner, Airobotics, received a multi-system purchase order from SkyGo, a UAE-based company with a commercial license to provide unmanned aerial transport of goods and services across the city of Abu Dhabi. A term sheet was also signed for a Joint Venture (JV) focused on deploying aerial drone services in Abu Dhabi.

In further regulatory progress, Speedbird Aero (Speedbird), announced that it was granted a Type Certificate from ANAC (National Civil Aviation Agency of Brazil) with the Halo onboard as the connectivity solution provider. ANAC has bilateral agreements with the FAA and the European Aviation Safety Agency (EASA). Speedbird also announced during the quarter that they are expanding operations from Brazil and Latin America to the US where they are intent on leading the drone delivery market.

### **Corporate**

Cash at the bank on 31 March 2023 totalled US\$4,674k. Payments to related parties and their associates during the quarter totalled US\$30k comprising Directors' fees.

### **Elsight Webinar Presentation on 2 May at 5.30 pm AEDT.**

Elsight plans to hold its Q1/2023 webinar presentation on 2 May at 5.30 pm AEDT, to provide a business update and go through the March 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 chance to participate in a Q&A session.

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

**-ENDS-**

**For more information, please contact:**

#### **Corporate & Business Enquiries**

Howard Digby

**Elsight Limited**

T: +61 434 987 750

E: [howarddigby@elsight.com](mailto:howarddigby@elsight.com)

#### **Media Enquiries**

Justin Kelly

**Media + Capital Partners**

M: +61 408 215 858

E: [justin.kelly@mcpartners.com.au](mailto:justin.kelly@mcpartners.com.au)

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## About Elsight

**Elsight (ASX:ELS)** ([www.elsight.com](http://www.elsight.com)) Elsight delivers Absolute Connection with 24/7 Confidence. Our proprietary bonding technology incorporates both software and hardware elements to deliver extremely reliable, secure, high bandwidth, real-time connectivity - even in the most challenging areas for stationary, portable, or actively mobile situational requirements.

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## Appendix 4C

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

**Name of entity**

ELSIGHT LIMITED

**ABN**

98 616 435 753

**Quarter ended ("current quarter")**

31 March 2023

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$US'000</b> | <b>Year to date<br/>(3 months)<br/>\$US'000</b> |
|---|-------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                     |   |
| 1.1 Receipts from customers                               | 364                                 | 364   |
| 1.2 Payments for  |                                     |   |
| (a) research and development                              | (382)                               | (382)   |
| (b) product manufacturing and operating costs             | (58)                                | (58)  |
| (c) advertising and marketing                             | (229)                               | (229)   |
| (d) leased assets   | -                                   | -   |
| (e) staff costs   | (168)                               | (168)   |
| (f) administration and corporate costs                    | (217)                               | (217)   |
| 1.3 Dividends received (see note 3)                       | -                                   | -   |
| 1.4 Interest received                                     | 45                                  | 45  |
| 1.5 Interest and other costs of finance paid              | (1)                                 | (1)   |
| 1.6 Income taxes paid                                     | -                                   | -   |
| 1.7 Government grants and tax incentives                  | 155                                 | 155   |
| 1.8 Other (provide details if material)                   | -                                   | -   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(491)</b>                        | <b>(491)</b>                                    |

|  |      |      |
|--|------|------|
| <b>2. Cash flows from investing activities</b> |      |      |
| 2.1 Payments to acquire or for:                |      |      |
| (a) entities                                   | -    | -    |
| (b) businesses                                 | -    | -    |
| (c) property, plant and equipment              | (6)  | (6)  |
| (d) investments                                | -    | -    |
| (e) intellectual property                      | (35) | (35) |
| (f) other non-current assets                   | -    | -    |

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

|            |   |             |             |
|------------|---|-------------|-------------|
| 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)                   | -           | -           |
| <b>2.6</b> | <b>Net cash from / (used in) investing activities</b> | <b>(41)</b> | <b>(41)</b> |

|             |   |           |           |
|-------------|---|-----------|-----------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |           |           |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | -         | -         |
| 3.2         | Proceeds from issue of convertible debt securities                                      | 70        | 70        |
| 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  | -         | -         |
| 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  | (49)      | (49)      |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>21</b> | <b>21</b> |

|           |  |       |       |
|-----------|--|-------|-------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |       |
| 4.1       | Cash and cash equivalents at beginning of period                             | 5,195 | 5,195 |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (491) | (491) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (41)  | (41)  |
| 4.4       | Net cash from / (used in) financing activities (item 3.10 above)             | 21    | 21    |

Appendix 4C  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

|     |   |              |              |
|-----|---|--------------|--------------|
| 4.5 | Effect of movement in exchange rates on cash held | (10)         | (10)         |
| 4.6 | <b>Cash and cash equivalents at end of period</b> | <b>4,674</b> | <b>4,674</b> |

| 5.  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$US'000</b> | <b>Previous quarter<br/>\$US'000</b> |
|-----|---|-------------------------------------|--------------------------------------|
| 5.1 | Bank balances   | 419                                 | 5,156                                |
| 5.2 | Call deposits   | 4,255                               | 39                                   |
| 5.3 | Bank overdrafts   | -                                   | -                                    |
| 5.4 | Other   | -                                   | -                                    |
| 5.5 | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>4,674</b>                        | <b>5,195</b>                         |

| 6.   | <b>Payments to related parties of the entity and their associates</b>   | <b>Current quarter<br/>\$US'000</b> |
|--|---|-------------------------------------|
| 6.1  | Aggregate amount of payments to related parties and their associates included in item 1 – Payment to directors for their salaries and fees. | 30                                  |
| 6.2  | Aggregate amount of payments to related parties and their associates included in item 2   | -                                   |
| <p><i>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.</i></p> |   |                                     |



| 7.  | <b>Financing facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.<br/>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   | <b>Total facility amount at quarter end<br/>\$US'000</b> | <b>Amount drawn at quarter end<br/>\$US'000</b> |
|-----|--|--|---|
| 7.1 | Loan facilities  | -  | -   |
| 7.2 | Credit standby arrangements  | -  | -   |
| 7.3 | Other – Convertible Notes  | 5,140  | 5,140   |
| 7.4 | <b>Total financing facilities</b>  | 5,140  | 5,140   |
| 7.5 | <b>Unused financing facilities available at quarter end</b>  |  | -   |
| 7.6 | <p>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.</p> <p>At 31 March 2023 the Group has issued 25,583,333 Convertible Notes with a face value of A\$0.30 each to Gleneagle Securities Nominees Pty Ltd. The Convertible Notes issued have a total face value of US\$5,140,000 at quarter end.</p> <p>The Convertible Notes bear interest at a rate of 8% per annum (capitalised) and are secured over all assets of the Borrower and its subsidiaries. 25,149,500 Convertible Notes mature on 30 December 2024; the remaining 433,833 Convertible Notes mature 31 March 2025.</p> |  |   |

| 8.  | <b>Estimated cash available for future operating activities</b>  | <b>\$US'000</b>  |
|-----|--|--|
| 8.1 | Net cash from / (used in) operating activities (item 1.9)  | (491)  |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6)  | 4,674  |
| 8.3 | Unused finance facilities available at quarter end (item 7.5)  | -  |
| 8.4 | <b>Total available funding (item 8.2 + item 8.3)</b>   | 4,674  |
| 8.5 | <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | 9.5  |
|     | <i>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.</i> |  |
| 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?  |
|     | Answer: N/A  |  |
|     | 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? |
|     | Answer: N/A  |  |

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?

Answer: N/A

*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: 24 April 2023

Authorised by: The Board  
(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.