

ASX Announcement

10 April 2019

Elsight Company Update

- Strong growth delivers a 100% increase in 1Q 2019 revenue on the prior comparative period (1Q 2018)
- Successful launch of new flagship product “Halo” – very strong pipeline already developing with over 200 leads including a number of leading multi-national organisations in targeted verticals including technology, automotive, telecommunications and aviation
- Growing confidence in Halo’s market potential and the pace at which this can be commercially capitalised on being significantly faster than originally expected
- New Board and Senior Management appointments enhances sales capabilities in Asia and Australia
- High activity pipeline set for the rest of 2019 with the commercialisation of Halo, the launch of a cloud based interface and a number of key business development events across the globe

Elsight Limited (ASX: “ELS”) is pleased to provide investors with an update on operational progress, commercial opportunities and strategic priorities going forward.

Since listing in June 2017, the Company has found that the commercial potential of its advanced communication technologies for real time data, video, and audio transmission over cellular networks in mission-critical environments is significantly greater than expected given its essential application in some of the world’s fastest growing industries including drones, tablets, autonomous and driver assisted systems (ADAS) and security cameras.

These unique end-market opportunities combined with the world’s leading secure data transmission technology provides the foundation for significant value creation potential over the short, medium and long term.

Market Outlook for Selected Key Verticals

Vertical	Market Outlook
Drones	Drone technologies forecast to reach US\$100bn by 2020 with 70% linked to military (<i>Goldman Sachs</i>)
ADAS	CAGR of 19% expected to US\$67bn by 2025 (<i>Grand View Market Research</i>)
Tablets	Number of users worldwide forecast to reach 1.28bn by 2021 (<i>Statista</i>)
IP Security Cameras	Forecast to grow at 20% CAGR to over US\$20bn by 2024 (<i>Global Market Insights</i>)

Strong start to 2019

Encouragingly, strong growth delivered a 100% increase in revenues for the first quarter of 2019 on the prior comparable period (1Q 2018).

While the final numbers will be released at the end of April upon release of the quarterly report, Elsight is happy to advise that it has signed a number of repeat orders from existing customers. Among the repeat customers are Traffilog who signed up for the Rider-T series for its highly demanding heavy-duty fleet management customer and Alrena for another order for its emergency telemedicine kits - Smart MedicaSe.

This last order is part of fulfillment of the partnership agreement between Alrena and Elsight announced at the end of 2017.

Halo launched in February – ready to ship in June – “Company maker” potential

Halo is a communication platform that integrates Elsieht’s high bandwidth totally secure data transmission technology. The Board and management consider Halo as a standalone “company maker”. It has the potential to transform the scale and pace of commercialisation and enables Elsieht to capitalise on the enormous end market opportunities across many of the world’s fastest growing verticals.

It is offered as a standalone device or internal board, is adaptable to any platform or device and is much smaller than any other bonded solution.

It is therefore ideal for OEMs (original electronics manufacturers) of autonomous vehicles and ADAS, handheld devices, cameras, drones or any device that moves and requires light weight, high-bandwidth, low-power consumption, always-on connectivity and highly secure communications. [Halo presents each OEM the opportunity to offer a premium version of their current units which offers secure, real-time video/communication.]

This indirect sales approach using the existing mass distribution infrastructure and networks of global technology provides the potential for viral growth without the requirement of a commensurately sized sales and marketing team.

Halo was officially launched in February 2019 at the MWC19 Barcelona, one of the largest tech and mobile exhibitions in Europe. It was widely attended with representation from many of the world’s leading corporates within verticals that are prime commercial targets for Halo. As a result of meetings held at the event, follow up discussions have commenced and are continuing with international tier one leaders in the fields of network technology, telco providers, automotive and aviation.

Interest in Halo from potential customers at the exhibition was overwhelmingly positive with around 200 sales leads generated including a number of especially promising opportunities with leading multi-national organisations.

A strong business development focus for Halo has continued following its launch and included a very encouraging marketing trip to Singapore last week. This trip coincided with Milipol and Elsieht’s recent addition to its Advisory Board, Mr Khoo Boon Hui, was the Chairman of this esteemed conference. With Mr Khoo Boon Hui’s assistance, Managing Director Nir Gabay and Vice President – Sales and Marketing Nino Shaptozhvili, met with a number of senior business leaders and key decision makers to introduce them to Halo and determine how it could benefit their organisation. The product was received very favourably and strong sales opportunities were developed from a range of large-scale organisations including leading suppliers and manufacturers of autonomous vehicles and drones, telecoms companies (including one of the largest in the region) and multiple government departments.

Based on expressed interest to date, the Company is confident that the size of the commercial opportunity for Halo is significantly greater than previously expected and the pace at which this opportunity can be commercially capitalised on will be materially quicker than previously expected. To this end, a number of sales opportunities are being pursued to secure material commercial contracts which are expected to be announced within the current calendar year.

The product is currently being manufactured and will be ready to ship to customers from June this year.

Recent appointments enhance sales capability across Australia and Asia

Elsieht has built a distinguished and highly expert board and management team and over the past nine months a number of new additions have strengthened both the depth of knowledge and connections in key target sectors.

Brad Wilmore was appointed as General Manager of Elsieht Australia in February 2019. His 20 plus years of business development experience across government, defence, security, mining and transport will give Elsieht a significant step up in the Australian market. On his appointment, Brad shared: “When I met Elsieht in early 2018, I knew I had

to launch Elsieht in Australia. I was overwhelmed by the technology. And with my background in selling technology to Mining, Defence, Police and Transport, the fit could not be better. I had been pleased as my conversations with my networks confirmed my assessment that Elsieht's multichannel solution was the future of secure video communications."

This follows key recent additions to the company's Board including Michael "Mick" Keelty and Raj Logaraj.

Mick Keelty is a former Commissioner of the Australian Federal Police Force and is uniquely positioned to advise on Elsieht's sales strategy into the security sector.

Raj Logaraj has a distinguished career in law and investment banking and brings extensive connections from the Indo Pacific region. He will take a lead role in driving new business opportunities by leveraging his extensive relationships across Asia and Australia.

Outlook for 2019

The remaining nine months of 2019 will be a period of high activity for Elsieht. Key priorities and milestones include:

- Commercial launch of Halo (June)
- Launch of a cloud-based solution customer interface in 4Q 2019, which will help to materially improve customer service and help with revenue generation over the medium term
- Activation of significantly expanded Australian and Asian sales networks following recent Board and Senior Management appointments
- Numerous key business development events around the globe

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About Elsieht

Elsieht (www.el-sight.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, industrial security, broadcasting, first responders and healthcare.