

## Correction – Quarterly Activity Report and Appendix 4C

**Elsight Limited (ASX: ELS) (Elsight or the Company)**, the carrier-agnostic, multi-path connectivity solutions company, advises the following corrections to the Quarterly Activity Report and Appendix 4C released to the ASX on Monday, 21 July 2025:

- On page 2 of the Quarterly Activity Report reported:



Correction:



The Company wishes to clarify this detail to ensure transparency and accuracy in its market disclosures.

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

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**About Elsieht (ASX:ELS)**

Elsieht's ([www.elsieht.com](http://www.elsieht.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. Elsieht'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. Elsieht was founded in 2009.

## 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:

### 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, including 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



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 Elsieht's commercial growth trajectory and further validate the scalability of its model.

This momentum is underpinned by major contract wins. On 9 April 2025, Elsieht 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, Elsieht 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 Elsieht'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, Elsieht is now positioned to reach a key milestone – **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 Elsieht'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 Elsieht'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 Elsieht across both defence and commercial sectors.

## Supply Chain Resilience Enabling Accelerated Delivery

Elsieht'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.

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

## 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.

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

-ENDS-

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**About Elsight**

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