

ASX Announcement

7 July 2022

'Halo' selected by Speedbird Aero for BVLOS drone parcel delivery in Brazil

Key Highlights:

- Elsight's 'Halo' bonded connectivity solution selected by Brazilian company, Speedbird Aero, for the crucial task of controlling drones Beyond the Visual Line of Sight (BVLOS), to ensure absolute connection confidence and security to their commercial drone parcel deliveries and operations.
- The companies signed a commercial agreement with first commercial order of 'Halo' sets received with subsequent orders expected for calendar years 2022 and 2023 under Elsight's recently launched innovative Halo as a Service (HaaS) pricing model.
- New business model broadens alignment with customers and provides ongoing revenue stream
- Speedbird Aero currently provides drone package delivery services and operations in Brazil for food, medicine, and various products for commercial, industrial, and healthcare use cases.

Elsight Limited (ASX: ELS) (**Elsight** or **the Company**), the recognised industry leader in drone connectivity solutions, is pleased to announce a commercial contract for the 'Halo' solution has been signed and a preliminary order received from Speedbird Aero (**Speedbird**), a leading Brazil-based comprehensive Unmanned Aerial Vehicle (**UAV**) services provider.

Speedbird has built UAV's capable of transporting and delivering packages for commercial, industrial, and healthcare uses. Speedbird's drones have received certification and waivers by ANAC, the Brazilian National Civil Aviation Agency, to operate with 'Halo' onboard. 'Halo' provides Speedbird with a reliable, uninterrupted bonded connectivity solution for command-and-control (C&C) redundancy certification, critical and secure data transmission, and a complete end-to-end link between the drone and all communication technologies associated with Speedbird's field drone hub and control-centre.

The contract signature, including a commitment for orders during 2022 followed by the first commercial order of Elsight's 'Halo', has been placed by Speedbird to support their initial fleet of parcel delivery drones. This contract minimum value for 2022 is USD72,000 with the potential to reach a value of approximately USD520,000 during calendar year 2023, subject to expected follow-up orders, 57% of which will be annual recurring revenues. The contract term with Speedbird expires at the end of calendar year 2023 with an option to extend further.

Speedbird is the first customer to be offered Elsight's business promoting and innovative pricing model for 'Halo' which better aligns Elsight's business model with that of their customers, and how they in turn derive revenue from their customers, while enhancing Elsight's profitability over time. This innovative **Halo-as-a-Service (HAAS)** payment model, which is being applied to Speedbird, represents a shift from reliance on upfront hardware sales to a software and managed services-oriented model which allows Elsight to continue making revenue even once the hardware sale has been completed. This helps our customers by reducing their up-front payment required for hardware, during their initial service launch, while moderately increasing their monthly recurring revenue payments, received by Elsight during the term of 'Halo' usage.

Speedbird Founder and President Samuel Salomão commented on their decision to choose Elsieht:

“We are happy to work together with Elsieht. Halo provides us with the ability to strongly grow our business by providing resilient, uninterrupted long-range communications for C&C between our drones and ground stations, alongside working with us to provide us with a business model which meshes well with the business model we are currently offering our own customers, presenting us with another avenue for growth.”

Elsieht CEO Yoav Amitai commented on Speedbird’s decision to choose Elsieht:

“This contract signature with Speedbird continues to confirm the success of our design-win strategy and the growth implications within the extended drone industry. We are delighted to have been chosen as a partner by Speedbird as they leverage Halo’s connectivity solution, ensuring complete connection confidence to their entire drone fleet for commercial deliveries.

Furthermore, the strong, lengthy partnership formed between Elsieht and Speedbird are indicative of Elsieht’s relations with numerous other ‘Design Win’ partners¹, in all stages of their growth. Just as Speedbird has begun to rapidly expand and is expected to continue their growth exponentially, Elsieht looks forward to similar orders with growing scale from additional partners, both large and small, in similar circumstances.”

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

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About Elsieht

Elsieht (ASX:ELS) (www.elsieht.com) Elsieht 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.

About Speedbird Aero

Speedbird Aero is a Brazilian company that built unmanned aircraft and developed navigation systems capable of transporting and delivering small packages, including food, medicine and various products for commercial, industrial and healthcare use cases. Speedbird Aero has already performed thousands of flights and as a company believe that drone delivery will be important to evolve how logistics is applied in our cities, reducing street and avenue congestion and creating new economic opportunities for local businesses. We are pushing the drone industry forward.

¹Refer ASX Announcements: “Elsieht’s ‘Halo’ selected by Air Methods’ subsidiary – Spright to expand UAV healthcare services in North America” released on 30 June 2022, “Quarterly Activities Report” released on 28 April 2022, “Elsieht’s Halo selected for Drone Delivery Rollout” announced on 13 January 2022.