

1. Company details

Name of entity:	Elsight Limited
ABN:	98 616 435 753
Reporting period:	For the half-year ended 30 June 2025
Previous period:	For the half-year ended 30 June 2024

2. Results for announcement to the market

			US\$
Revenues from ordinary activities	up	344% to	4,845,735
Loss from ordinary activities after tax attributable to the owners of Elsieht Limited	down	55% to	(761,112)
Loss for the half-year attributable to the owners of Elsieht Limited	down	55% to	(761,112)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax decreased to US\$761,112 (30 June 2024: US\$1,706,836).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets/(liabilities) per ordinary security	0.96	(2.13)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

11. Attachments

Details of attachments (if any):

The Interim Financial Report of Elsight Limited for the half-year ended 30 June 2025 is attached.

12. Signed

Signed 

Date: 25 August 2025

Mr David Furstenberg
Executive Director

Elsight Limited

Interim Financial Report

ABN 98 616 435 753

Interim Financial Report - 30 June 2025

Elsight Limited
Interim Financial Report
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For the half-year ended 30 June 2025



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Directors	Major General (ret) Ami Shafran – Non-Executive Chairman Mr David Furstenberg – Executive Director Mr Howard Digby – Non-Executive Director Mr Joshua (Jim) Landau – Non-Executive Director
Company secretary	Mr Mark Licciardo
Registered office	Level 3 62 Lygon Street Carlton VIC 3053 AUSTRALIA Ph: +61 3 8689 9997 Email: info@el-sight.com
Share register	Automic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000 AUSTRALIA Phone: 1300 288 664 (within Australia) +61 2 9698 5414 (outside Australia) Fax: +61 8 9321 2337 Email: hello@automic.com.au Web: www.automic.com.au
Auditor	RSM Australia Partners Level 32 Exchange Tower 2 The Esplanade Tower Perth WA 6000 AUSTRALIA
Stock exchange listing	Elsight Limited shares are listed on the Australian Securities Exchange (ASX code: ELS)
Website	www.elsight.com

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Elsight Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2025.

Directors

The Directors of Elsight Limited (the **Company**) and its controlled entities (the **Group** or **Consolidated Entity**) submit the following report for the half-year ended 30 June 2025.

Directors

The following persons were Directors of Elsight Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Name	Status	Appointed	Resigned
Major General (ret) Ami Shafran	Non-Executive Chairman	2 June 2017	-
Mr David Furstenberg	Executive Director	2 June 2017	-
Mr Howard Digby	Non-Executive Director	13 December 2016	-
Mr Joshua (Jim) Landau	Non-Executive Director	1 October 2021	-

Company Secretary

Mr Mark Licciardo (Appointed 15 March 2019)

Principal activities

The principal activities of the Group during the half-year were the development and commercialisation of Halo in the Unmanned Aerial Vehicle ("UAV") market.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

Unless otherwise stated all figures in this report are in the Group's presentation currency US\$.

Elsight Limited incurred a net loss for the half-year of \$761,112 (30 June 2024: loss of \$1,706,836). The decrease in loss of \$945,724 from 30 June 2024 to 30 June 2025 is due to an increase in sales revenue and gross profit.

The net assets of the Group have increased by \$708,555, from net assets of \$1,150,985 at 31 December 2024 to net assets of \$1,859,540 at 30 June 2025.

At 30 June 2025 the Group's cash and cash equivalents increased from a balance of \$873,953 of 31 December 2024 to a balance of \$7,462,162 at 30 June 2025. At 30 June 2025 the Group has a working capital of \$1,524,378 (31 December 2024: working capital of \$972,978).

H1 2025 Report & Business Update

H1 2025's Unprecedented Performance

Record revenue for the first half of 2025 drives Elsight through cash flow breakeven and towards profitability

Elsight is pleased to report 2025's first half record revenue of **~US\$4.8M (~A\$7.4M)** which is a **~344%** increase over H1/24. 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\$874K** at the end of December 2024 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.

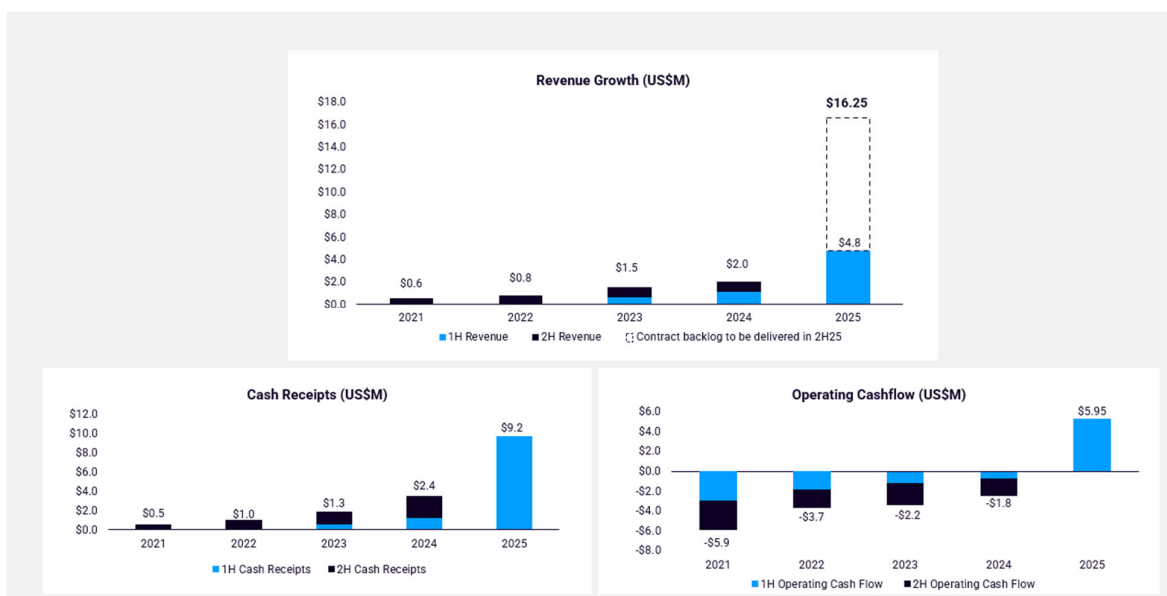


Table 1 Unaudited annual YOY numbers, with the gray line in the revenue chart illustrating the revenue commitment for CY2025

H1 2025: Record Revenue Performance – Growth Soars 344% vs PCP

Elsight is pleased to report its **highest-ever half-year revenue with 344% 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

Elsieht'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. **Elsieht's cash position** increased materially during H1 to reach **~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 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.

*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.

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.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during this half-year.

Matters subsequent to the end of the reporting period

On 23 July 2025 the Group announced a capital raise at A\$1.70 per share to raise ~ US\$39M (A\$60M) through the issue of 35,294,118 ordinary fully paid shares (**Placement**). The Placement was led by several top tier domestic and international cornerstone institutional investors, including an American multinational financial services corporation which became a substantial holder in ELS on completion of the Placement on 29 July 2025.

On 31 July 2025 the Group issued 45,000 ordinary fully paid shares on the conversion of 45,000 options exercisable at A\$0.42 on or before 14 September 2026. Cash received from the conversion is US\$12,245.

On 1 August 2025 the Group issued 1,333,333 ordinary fully paid shares on the conversion of 1,333,333 options exercisable at A\$0.40 on or before 30 September 2027. Cash received from the conversion is US\$347,398.

Since 30 June 2025, no matter or circumstance has arisen that has significantly affected the Group's operations, results, or state of affairs. However, the capital raising completed in July 2025 is expected to have a significant effect in future financial years, as the proceeds will support the continued expansion of the Company's operations and growth strategy.

Rounding of amounts

All amounts in the financial statements have been rounded to the nearest dollar, except as indicated in accordance with the ASIC Corporations instrument 2016/191.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr David Furstenberg
Executive Director

25 August 2025

RSM Australia Partners

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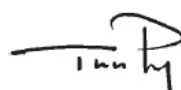
www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Elsie Limited for the half-year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

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A handwritten signature in black ink, appearing to read "Tutu Phong".

TUTU PHONG
Partner

Perth, WA
Dated: 25 August 2025

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Elsight Limited
Interim Financial Report
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2025



	Note	30 June 2025	30 June 2024
		US\$	US\$
Revenue			
Revenue		4,845,735	1,092,413
Cost of sales		<u>(1,278,117)</u>	<u>(471,780)</u>
Gross profit		<u>3,567,618</u>	<u>620,633</u>
Other income		73,647	109,677
Expenses			
Selling, general and administrative expenses		(3,348,973)	(1,819,727)
Net share-based payments expense	10	<u>(666,144)</u>	<u>(173,801)</u>
Loss before finance expense		<u>(373,852)</u>	<u>(1,263,218)</u>
Finance expenses	2	<u>(387,260)</u>	<u>(443,618)</u>
Loss before income tax expense		<u>(761,112)</u>	<u>(1,706,836)</u>
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Elsieht Limited		<u>(761,112)</u>	<u>(1,706,836)</u>
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation, net of tax		<u>398,455</u>	<u>(967)</u>
Other comprehensive income/(loss) for the half-year, net of tax		<u>398,455</u>	<u>(967)</u>
Total comprehensive loss for the half-year attributable to the owners of Elsieht Limited		<u>(362,657)</u>	<u>(1,707,803)</u>
		Cents	Cents
Basic and diluted loss per share (cents)	3	(0.42)	(1.13)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	30 June 2025 US\$	31 December 2024 US\$
Assets			
Current assets			
Cash and cash equivalents		7,462,162	873,953
Trade and other receivables		1,261,037	585,176
Inventory		497,866	502,654
Contract assets		47,243	-
Total current assets		9,268,308	1,961,783
Non-current assets			
Plant and equipment		111,734	95,712
Right-of-use assets		476,547	176,217
Intangible assets		120,304	26,152
Total non-current assets		708,585	298,081
Total assets		9,976,893	2,259,864
Liabilities			
Current liabilities			
Trade and other payables		1,842,144	666,004
Contract liabilities	5	5,171,558	215,000
Borrowings	6	333,844	-
Lease liabilities		242,831	107,801
Provision	7	153,553	-
Total current liabilities		7,743,930	988,805
Non-current liabilities			
Borrowings	6	83,465	-
Lease liabilities		236,475	72,301
Provisions	7	53,483	47,773
Total non-current liabilities		373,423	120,074
Total liabilities		8,117,353	1,108,879
Net assets		1,859,540	1,150,985
Equity			
Issued capital	8	29,640,101	29,510,159
Reserves	9	1,698,111	627,723
Accumulated losses		(29,478,672)	(28,986,897)
Total equity		1,859,540	1,150,985

The above statement of financial position should be read in conjunction with the accompanying notes

Elsight Limited
Interim Financial Report
Statement of changes in equity
For the half-year ended 30 June 2025



	Issued capital US\$	Share- based payment Reserve US\$	Foreign Exchange Reserve US\$	Predecessor Accounting Reserve US\$	Equity Reserve US\$	Accumulated losses US\$	Total deficiency in equity US\$
Balance at 1 January 2024	23,750,494	1,236,275	(1,006,288)	(296,796)	733,376	(26,078,036)	(1,660,975)
Loss after income tax expense for the half-year	-	-	-	-	-	(1,706,836)	(1,706,836)
Other comprehensive loss for the half-year, net of tax	-	-	(967)	-	-	-	(967)
Total comprehensive loss for the half-year	-	-	(967)	-	-	(1,706,836)	(1,707,803)
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares, net of transaction costs	194,227	-	-	-	-	-	194,227
Share-based payments	-	173,801	-	-	-	-	173,801
Exercise, expiry and cancellation of options	-	(88,341)	-	-	-	88,341	-
Convertible notes converted	-	-	-	-	(14,333)	14,333	-
Balance at 30 June 2024	23,944,721	1,321,735	(1,007,255)	(296,796)	719,043	(27,682,198)	(3,000,750)
	Issued capital US\$	Share- based payment Reserve US\$	Foreign Exchange Reserve US\$	Predecessor Accounting Reserve US\$	Accumulated losses US\$	Total equity US\$	
Balance at 1 January 2025	29,510,159	1,466,243	(541,724)	(296,796)	(28,986,897)	1,150,985	
Loss after income tax expense for the half-year	-	-	-	-	(761,112)	(761,112)	
Other comprehensive income for the half-year, net of tax	-	-	398,455	-	-	398,455	
Total comprehensive income/(loss) for the half-year	-	-	398,455	-	(761,112)	(362,657)	
<i>Transactions with owners in their capacity as owners:</i>							
Issue of shares, net of transaction costs (note 8)	129,942	-	-	-	-	129,942	
Share-based payments(note 9)	-	941,270	-	-	-	941,270	
Exercise, expiry and cancellation of options (note 9)	-	(269,337)	-	-	269,337	-	
Balance at 30 June 2025	29,640,101	2,138,176	(143,269)	(296,796)	(29,478,672)	1,859,540	

The above statement of changes in equity should be read in conjunction with the accompanying notes

Elsight Limited
Interim Financial Report
Statement of cash flows
For the half-year ended 30 June 2025



	30 June 2025 US\$	30 June 2024 US\$
Cash flows from operating activities		
Receipts from customers	9,236,095	1,184,198
Proceeds from government grants	43,667	114,024
Payments to suppliers and employees	(3,324,395)	(2,025,075)
Interest received	11,819	15,331
Interest paid	(23,636)	(3,531)
Net cash provided by/(used) in operating activities	5,943,550	(715,053)
Cash flows from investing activities		
Purchase of plant and equipment	(23,571)	(4,506)
Purchase of intangible assets	(97,884)	-
Net cash used in investing activities	(121,455)	(4,506)
Cash flows from financing activities		
Proceeds from borrowings	627,047	-
Transaction cost of borrowings	(19,320)	-
Proceeds from exercise of options	131,114	84,450
Repayment of lease liabilities	(77,867)	(97,076)
Net cash from/(used in) financing activities	660,974	(12,626)
Net increase/(decrease) in cash and cash equivalents	6,483,069	(732,185)
Cash and cash equivalents at the beginning of the financial half-year	873,953	2,702,593
Effects of exchange rate changes on cash and cash equivalents	105,140	(2,025)
Cash and cash equivalents at the end of the financial half-year	7,462,162⁽ⁱ⁾	1,968,383⁽ⁱ⁾

⁽ⁱ⁾At 30 June 2025 \$54,278 of the Group's cash balance is restricted (30 June 2024: \$34,775).

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

The interim financial report (**Report**) of Elsight Limited (the **Company**) and its controlled entities (the **Group** or **Consolidated Entity**) for the half-year ended 30 June 2025 was authorised for issue in accordance with a resolution of the Directors on 25 August 2025.

Elsight Limited is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The Group's registered office and principal place of business is Level 3, 62 Lygon Street, Carlton VIC 3053, Australia.

a) Statement of Compliance

The interim financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended that this interim financial report be read in conjunction with any public announcements made by Elsight Limited up to the date of this report in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

b) Basis of Measurements and Reporting

The interim financial report is presented in United States dollars and all values are rounded to the nearest dollar unless otherwise stated.

The principal accounting policies adopted are consistent with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2024 and interim financial report for the half-year ended 30 June 2024.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Finance expenses/(income)

	30 June 2025 US\$	30 June 2024 US\$
Interest income	(11,820)	(15,331)
Foreign exchange losses/(gains)	317,546	(60,822)
Interest on borrowings and bank fees	23,305	1,952
Implied interest on leases	2,708	3,531
Effective interest on borrowings from share based payments (notes 6 & 10)	51,764	-
Effective interest on borrowings	3,757	-
Accrued and effective interest on convertible notes	-	514,288
Total net finance expenses	387,260	443,618

Note 3. Loss per share

	30 June 2025 US\$	30 June 2024 US\$
Loss after income tax attributable to the owners of Elsight Limited	(761,112)	(1,706,836)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	181,741,211	150,621,491
	Cents	Cents
Basic and diluted loss per share (cents)	(0.42)	(1.13)

Note 4. Related party transactions

Directors, key management personnel and their related parties continued to receive salaries and fees during the half-year consistent with the year ended 31 December 2024, apart from the Group's Chief Executive Officer Yoav Amitai whose salary increased from ILS 756,000 per annum at 31 December 2024 to ILS 780,000 per annum at 30 June 2025 (based on the exchange rate at 30 June 2025, increase from US\$224,230 per annum at 31 December 2024 to US\$231,348 per annum at 30 June 2025).

The Group's Chief Technology Officer Roe Kashi was issued 200,000 ESOP options as share based payments on 21 April 2025. The options are exercisable at A\$0.37 on or before 20 April 2030 after the satisfaction of the following vesting condition, 25% on 22 April 2026 and an additional 6.25% at the end of each quarter of continuous service thereafter, resulting in an expense of \$3,415 for the half-year ended 30 June 2025.

The Group's Chief Executive Officer Yoav Amitai was issued 8,000,000 ESOP options as share based payments on 27 May 2025. The options are comprised of 4 tranches of 2,000,000, with tranche 1 exercisable at A\$0.60, tranche 2 exercisable at A\$0.90, tranche 3 exercisable at A\$1.30 and tranche 4 exercisable at A\$1.80, on or before 27 May 2030 after the satisfaction of the following vesting condition, 25% of each tranche on 27 May 2026 and an additional 6.25% of each tranche at the end of each quarter of continuous service thereafter, resulting in an expense of \$82,728 for the half-year ended 30 June 2025.

1,791,726 options exercisable at A\$0.48 on or before 26 May 2027 held by CEO Yoav Amitai were cancelled 31 March 2025 after the vesting conditions were not achieved. As the options had market based vesting conditions their cancellation does not impact share based payment expense recorded at 30 June 2025.

At 30 June 2025 the Group has accrued key management personnel bonuses in respect of CEO Yoav Amitai in the amount of ILS 325,000 (US\$96,395) and Chief Technology Officer Roe Kashi in the amount of ILS 260,000 (US\$77,116).

Note 5. Contract liabilities

	30 June 2025 US\$	31 December 2024 US\$
Current		
Deferred revenue	587,944	215,000
Advance payments from customers	4,583,614	-
Total contract liabilities	5,171,558	215,000

Note 6. Borrowings

	30 June 2025 US\$	31 December 2024 US\$
Current		
Exit Out Pty Ltd	333,844	-
Non-current		
Exit Out Pty Ltd	83,465	-
Total borrowings	417,309	-

On 12 March 2025 the Group entered into an A\$1 million (US\$627,047) loan agreement with Exit Out Pty Ltd. The loan is unsecured, bears interest at 9% and is repayable in full within 18 months from drawdown (14 September 2026).

The Group has granted 2,000,000 options to the Lender and 1,000,000 options to the Arranger of the loan (note 10). The value of the options has been offset against the loan as a transaction cost and will be recorded over the life of the loan as effective interest.

A reconciliation of Exit Out loan balance is as follows:

	US\$
Opening balance at 1 January 2025	-
Loan proceeds received	627,047
Transaction cost	(19,320)
Transaction cost – options (note 10)	(275,125)
Effective interest (note 2)	55,521
Foreign currency translation adjustment	29,186
Value recognised at 30 June 2025	417,309

Accounting policy for borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 7. Provisions

	30 June 2025 US\$	31 December 2024 US\$
Current		
Provision for repayment of Israeli Innovation Authority government grant	153,553	-
Non-current		
Provision for employee benefits	53,483	47,773
Total provisions	207,036	47,773

Note 7. Provisions (continued)

Provision for repayment of Israeli Innovation Authority government grant

In 2023 the Group obtained a grant from the Israel Innovation Authority in relation to its Halo Beyond the Visual Line of Sight (BVLOS) project. The total grant amount is approximately US\$426,000 (ILS 1,570,624). The Group received the Grant across the 2023 – 2025 financial years.

In return for the grant, the Group is obligated to pay royalties amounting to 3% of future Halo revenues up to the total amount of the grant.

No repayments were required during the project period which concluded 31 December 2024.

Repayments are due to commence from 1 September 2025 in relation to Halo revenues generated from 1 January 2025 onwards, contingent upon the successful outcome of the Group's research and development programs and attainment of sales. The Group has no obligation to repay these grants if sales are not generated. If the project fails the Group has no obligation to repay any grant received. Repayments are linked to the exchange rate of the US dollar and bear interest at annual LIBOR rates.

At 30 June 2025 the Group has recorded a provision for repayment of the Grant based on Halo revenues generated during the half-year.

Note 8. Issued capital

	30 June 2025 Shares	31 December 2024 Shares	30 June 2025 US\$	31 December 2024 US\$
Share capital				
Closing balance	181,741,211	181,041,211	29,640,101	29,510,159

Movements in ordinary share capital

Details	Date	Shares	Issue price	US\$
Balance	1 January 2025	181,041,211		29,510,159
Issue of shares on conversion of options	23 April 2025	550,000	US\$0.18	98,404
Issue of shares on conversion of options	20 May 2025	50,000	US\$0.22	10,942
Issue of shares on conversion of options	20 May 2025	100,000	US\$0.21	20,596
Balance	30 June 2025	181,741,211		29,640,101

Note 9. Reserves

	30 June 2025 US\$	31 December 2024 US\$
Foreign Exchange Reserve	(143,269)	(541,724)
Share-based Payments Reserve	2,138,176	1,466,243
Predecessor Accounting Reserve	(296,796)	(296,796)
	1,698,111	627,723

Note 9. Reserves (continued)

	30 June 2025 US\$	31 December 2024 US\$
a) Share Based Payment reserve		
29,192,863 options (31 December 2024: 15,454,589 options)	2,138,176	1,466,243

Movements in share based payment reserve

	Number of options	US\$
Opening balance at 1 January 2025	15,454,589	1,466,243
Expense of options issued in prior periods, prior to cancellations	-	252,929
Issue of ESOP and broker options (note 10)	14,045,000	435,620
Issue of options as borrowing costs (notes 6 and 10)	3,000,000	275,125
Options exercised and converted to fully paid ordinary shares (note 8)	(700,000)	(145,934)
Unvested CEO options cancelled after vesting conditions not met (note 4)	(1,791,726)	(123,402)
Unvested ESOP options cancelled on termination of employment	(815,000)	(22,405)
Closing balance at 30 June 2025	29,192,863	2,138,176

	30 June 2025 US\$	31 December 2024 US\$
c) Foreign Exchange Reserve	(143,269)	(541,724)

The foreign currency translation reserve records exchange differences arising on translation from functional currency to presentation currency.

	30 June 2025 US\$	31 December 2024 US\$
d) Predecessor Accounting Reserve	(296,796)	(296,796)

The reserve arises from the capital reorganisation and records the net liabilities of Elisight Limited as at the acquisition date of 2 June 2017.

Note 10. Share-based payments

Share based payments issued during the half-year ended 30 June 2025

Options issued as share based payments during the half-year recorded as share based payments expense at 30 June 2025 are as follows:

- 845,000 Employee Share Plan Options exercisable at A\$0.35, on or before 25 February 2030 to employees of the Group, exercisable after the satisfaction of the following vesting condition, 25% on 26 February 2026 and an additional 6.25% at the end of each quarter of continuous service thereafter, resulting in an expense of \$22,686 for the half-year ended 30 June 2025. The Black Scholes option pricing model was used to determine the fair value of the unlisted options issued.
- 1,630,000 Employee Share Plan Options exercisable at A\$0.35, on or before 31 March 2030 to employees and consultants of the Group, exercisable after the satisfaction of the following vesting condition, 25% on 1 April 2026 and an additional 6.25% at the end of each quarter of continuous service thereafter, resulting in an expense of \$28,060 for the half-year ended 30 June 2025. The Black Scholes option pricing model was used to determine the fair value of the unlisted options issued.
- 470,000 Employee Share Plan Options exercisable at A\$0.37, on or before 20 April 2030 to employees of the Group, exercisable after the satisfaction of the following vesting condition, 25% on 22 April 2026 and an additional 6.25% at the end of each quarter of continuous service thereafter, resulting in an expense of \$8,025 for the half-year ended 30 June 2025. The Black Scholes option pricing model was used to determine the fair value of the unlisted options issued.
- 3,100,000 Options to the Group's lead broker as consideration for services received in seven tranches with the following exercise prices and expiry dates:
 - 1) 775,000 Options exercisable at A\$0.45 on or before 22 April 2027;
 - 2) 600,000 Options exercisable at A\$0.41 on or before 22 April 2027;
 - 3) 600,000 Options exercisable at A\$0.33 on or before 22 April 2027;
 - 4) 600,000 Options exercisable at A\$0.42 on or before 22 April 2027;
 - 5) 175,000 Options exercisable at A\$0.55 on or before 22 April 2027;
 - 6) 175,000 Options exercisable at A\$0.65 on or before 22 April 2027; and
 - 7) 175,000 Options exercisable at A\$0.75 on or before 22 April 2027.

There are no vesting conditions attached to the 3,100,000 Options, resulting in an expense of \$294,122 for the half year ended 30 June 2025. The Black Scholes option pricing model was used to determine the fair value of the unlisted options issued.

- 8,000,000 to the Group's Chief Executive Officer Yoav Amitai in four tranches with the following exercise prices and expiry dates:
 - 1) 2,000,000 Options exercisable at A\$0.60 on or before 27 May 2030;
 - 2) 2,000,000 Options exercisable at A\$0.90 on or before 27 May 2030;
 - 3) 2,000,000 Options exercisable at A\$1.30 on or before 27 May 2030; and
 - 4) 2,000,000 Options exercisable at A\$1.80 on or before 27 May 2030.

The 8,000,000 options are exercisable after the satisfaction of the following vesting condition, 25% of each tranche on 27 May 2026 and an additional 6.25% of each tranche at the end of each quarter of continuous service thereafter, resulting in an expense of \$82,728 for the half-year ended 30 June 2025. The Black Scholes option pricing model was used to determine the fair value of the unlisted options issued.

Options issued as share based payments during the half-year recorded as transaction cost against borrowings / effective interest expense at 30 June 2025 are as follows:

- 3,000,000 Options exercisable at A\$0.40, on or before 30 September 2027 to the Lender and Arranger of the Exit Out Pty Ltd loan (note 6). As a loan transaction cost the total value of these options of \$275,125 has been offset against the loan facility and will be recorded over the life of the loan as effective interest, resulting in an expense of \$51,764 for the half-year ended 30 June 2025. The Black Scholes option pricing model was used to determine the fair value of the unlisted options issued.

Note 10. Share-based payments (continued)

Fair value

Option fair values were determined using the following option pricing models and inputs:

Option pricing model	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Number of options	845,000	1,630,000	470,000	775,000	600,000	600,000
Grant date	26/02/25	01/04/25	22/04/25	22/04/25	22/04/25	22/04/25
Issue date	26/02/25	01/04/25	21/04/25	22/04/25	22/04/25	22/04/25
Exercise price	A\$0.35	A\$0.35	A\$0.37	A\$0.45	A\$0.41	A\$0.33
Expected volatility	65%	65%	65%	65%	65%	65%
Implied option life	5 years	5 years	5 years	2 years	2 years	2 years
Expected dividend yield	nil	nil	nil	nil	nil	nil
Risk free rate	3.926%	3.842%	3.525%	3.214%	3.214%	3.214%
Valuation per option AUD\$	\$0.21	\$0.21	\$0.24	\$0.14	\$0.15	\$0.18
Exchange rate	\$0.66	\$0.66	\$0.66	\$0.66	\$0.66	\$0.66
Valuation per option USD\$	\$0.14	\$0.14	\$0.16	\$0.09	\$0.10	\$0.12
Total valuation US\$	\$118,300	\$228,200	\$75,200	\$69,750	\$60,000	\$72,000

Option pricing model	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Number of options	600,000	175,000	175,000	175,000	3,000,000	2,000,000
Grant date	22/04/25	22/04/25	22/04/25	22/04/25	12/03/25	27/5/2025
Issue date	22/04/25	22/04/25	22/04/25	22/04/25	14/03/25	27/5/2030
Exercise price	A\$0.42	A\$0.55	A\$0.65	A\$0.75	A\$0.40	A\$0.60
Expected volatility	65%	65%	65%	65%	65%	65%
Implied option life	2 years	2 years	2 years	2 years	2.55 years	5 years
Expected dividend yield	nil	nil	nil	nil	nil	nil
Risk free rate	3.214%	3.214%	3.214%	3.214%	3.76%	3.608%
Valuation per option AUD\$	\$0.15	\$0.12	\$0.10	\$0.08	\$0.14	\$0.38
Exchange rate	\$0.66	\$0.66	\$0.66	\$0.66	\$0.66	\$0.66
Valuation per option USD\$	\$0.10	\$0.08	\$0.07	\$0.05	\$0.09	\$0.25
Total valuation US\$	\$60,000	\$14,000	\$12,250	\$8,750	\$275,125	\$500,000

Option pricing model	Black Scholes	Black Scholes	Black Scholes
Number of options	2,000,000	2,000,000	2,000,000
Grant date	27/5/2025	27/5/2025	27/5/2025
Issue date	27/5/2030	27/5/2030	27/5/2030
Exercise price	A\$0.90	A\$1.30	A\$1.80
Expected volatility	65%	65%	65%
Implied option life	5 years	5 years	5 years
Expected dividend yield	nil	nil	nil
Risk free rate	3.608%	3.608%	3.608%
Valuation per option AUD\$	\$0.32	\$0.26	\$0.22
Exchange rate	\$0.66	\$0.66	\$0.66
Valuation per option USD\$	\$0.21	\$0.17	\$0.15
Total valuation US\$	\$420,000	\$340,000	\$300,000

Note 10. Share-based payments (continued)

30 June 2025 expense

Share based payments recorded as share based payments expense

Share based payment expense at 30 June 2025 is comprised as follows:

	30 June 2025 US\$
Expense of 12,337,863 options issued in comparative and prior periods	252,929
Expense of ESOP and broker options issued during the half-year	435,620
Unvested options cancelled on termination of employment	<u>(22,405)</u>
Total net share based payment expense recognised in profit or loss	<u>666,144</u>

Share based payments recorded as effective interest expense

The following share based payments are recorded as effective interest expense at 30 June 2025:

	30 June 2025 US\$
Expense of 3,000,000 options issued during the half-year	<u>51,764</u>
Total effective interest expense from share based payments recognised in profit or loss	<u>51,764</u>

Note 11. Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed by the Board and management. The Group has only one operating segment.

Note 12. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 13. Commitments, contingent assets and liabilities

There Group has no commitments which are not recorded on the statement of financial position as at 30 June 2025 or subsequent to the reporting date.

The Group has no known contingent liabilities as at 30 June 2025.

Note 14. Events after the reporting period

On 23 July 2025 the Group announced a capital raise at A\$1.70 per share to raise ~ US\$39M (A\$60M) through the issue of 35,294,118 ordinary fully paid shares (**Placement**). The Placement was led by several top tier domestic and international cornerstone institutional investors, including an American multinational financial services corporation which became a substantial holder in ELS on completion of the Placement on 29 July 2025.

On 31 July 2025 the Group issued 45,000 ordinary fully paid shares on the conversion of 45,000 options exercisable at A\$0.42 on or before 14 September 2026. Cash received from the conversion is US\$12,245.

Note 14. Events after the reporting period (continued)

On 1 August 2025 the Group issued 1,333,333 ordinary fully paid shares on the conversion of 1,333,333 options exercisable at A\$0.40 on or before 30 September 2027. Cash received from the conversion is US\$347,398.

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr David Furstenberg
Executive Director

25 August 2025

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ELSIGHT LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Elsieht Limited (Company) and its subsidiaries (Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Elsieht Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Group's financial position as at 30 June 2025 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Elsieht Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Directors' Responsibility for the Half-Year Financial Report

The directors of the Elsie Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

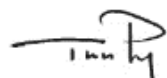
Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2025 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



RSM AUSTRALIA



TUTU PHONG
Partner

Perth, WA
Dated: 25 August 2025

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