

CHAIRMAN'S ADDRESS – COMPANY UPDATE**Highlights**

- **Elsight Board confirms revenue is on target to be significantly higher in 2018 than in prior years.**
- **During recent months Elsight has continually increased its investment in growing sales in new verticals, territories and markets. Current sales pipeline exceeds original expectations.**
- **During 2018 Elsight will maintain focus on core HLS and Transportation verticals in order to increase revenue streams and move company into stronger financial position.**
- **Elsight is at the forefront of developing Advanced Driver Assistance Systems (ADAS) with global leaders in automotive industry.**
- **Record cash receipts so far in Q2 2018.**

As outlined in the Prospectus (section 6.6, use of funds) Elsight has invested in building sales and marketing resources. These efforts are increasingly showing results including in verticals that have a longer sales cycle. However, these longer sale cycles are typically associated with larger orders and repeat orders. During the current and next quarters, Elsight will continue investing in its newly configured sales and support resources to support its aggressive plans to increase revenues in 2018 and beyond. The Board of the Company expects to see strong revenue growth due to:

- Increased sales into new verticals, and customers with recurring orders marked by increased revenues per order – all translating into a reduction in cost of sale and increase in revenues;
 - Elsight has started to build a strong sales pipeline in the Transportation/Fleet management market with the new “**Omnisight**” product and Elsight's new “**RiderT**” series. Due to strong interest, the focus is mainly on bus and truck companies, as well as garbage trucks known to cause damage while navigating the narrow streets of various municipalities - all to increase driver safety and security while reducing insurance cost.
 - The **Fleet Management Systems (FMS)** market is a new vertical that allows Elsight's **Commander360** to be integrated into **FMS** platforms developed and provided by large Integrators such as Traffilog and E-Drive Technology (EDT). The integration is a lengthy process taking several months but it is a mandatory process that once completed, will allow flexibility to fleet management companies and recurring sales to Elsight.
 - Additionally, Elsight just concluded the integration with one major player in the **Advanced Driver Assistance Systems (ADAS)** sector and is finalising the integration with a second leading ADAS player. This process can take up to several months, but once completed will add huge value for both parties.
 - The sales cycle to break into the transportation vertical is around 12-18 months. Elsight has already received the first orders for these systems from the UK (Security forces through Traffilog, previously announced) as the first batch with several much larger additional opportunities in the pipeline.

- Increased sales into existing markets, as more new customers complete product testing and integration;
 - Elsight has expanded the current pipeline in HLS market in Israel. This includes much larger work with Israel Defence Forces (IDF) and special units in IDF, participation in tenders with IDF, adjustment of solutions to various needs of the Police, and work with local municipal transportation entities.
 - The current tension in Gaza, Syria and the Iranian forces in Syria may have a meaningful impact depending on the way the issue will progress.
 - Elsight is also expanding the scope of the existing government tender with the Israeli Police Force.
 - As mentioned above, the Company has significantly expanded the transportation vertical by introducing **Omnisight** product, which opened many new opportunities locally and internationally in existing markets.

Elsight confirms it provides the only solution currently able to distribute 4K resolution (ie broadcast quality) video over cellular networks 'on the move' with 0.5 second latency. This positions Elsight well to benefit from the growth in M2M (machine-to-machine) video communications in the Defence, Security and Transport industries. Supporting this view is that Elsight is the exclusive provider of these communications to:

- the Israeli Military and Police; and
- the leading OEM previously announced. Elsight is developing a joint product with a world renowned player in the **ADAS** systems sector and aftermarket car space. The product will allow both companies to market and sell vehicle security and safety systems worldwide adding huge value to the customer and to each other's product offering. The Board would like to assure that the integration work, with this company, is proceeding according to plan, and is expected to be concluded shortly, and that Elsight's management is working according to the new process to secure the authorisation of this name release as soon as possible.

Elsight is pleased to advise that in line with the revenue increase in Q4 2017, cash receipts so far in Q2 are \$US305k (a 94% increase from Q1, and a record quarter for the company).

-ENDS-

For more information, please contact:

Corporate Enquiries

Nathan Barbarich
 RM Corporate Finance
 T: +61 6380 9200
 E: nbarbarich@rmcf.com.au

Justin Rosenberg
 Gleneagle Securities
 T: +61 2 8277 6683
 E: justin.rosenberg@gleneagle.com.au

Australian Media and Business Enquiries

Howard Digby
 Elsight Limited
 T: +61 434 987 750
 E: howarddigby@gmail.com

About Elsight

Elsight (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 organisations. 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 defense and homeland security, industrial security, broadcasting, first responders and healthcare.