

## March 2019 Quarterly Report

- Strong revenue growth delivers a 100% increase in 1Q 2019 revenue on the prior comparative period (1Q 2018), reflecting a strong start to the year and the third consecutive quarter of growth
- Successful launch of Halo at MWC2019 in Barcelona generates over 200 leads, with flagship offering to be available for sale in July 2019
- Further orders received from Alrena, Traffilog and other customers and partners, driving strong revenue growth and providing strong validation of Elsight's technology
- Dan Hilerowitz appointed Chief Financial Officer and Brad Wilmore appointed Australian General Manager, bringing further expertise and enhancing sales capability in Australia
- Net cash outflows decreased by 6% compared to last quarter and by 20% compared to prior comparative period (1Q 2018). At the current and planned rate, the USD 2.8m cash balance provides more than 12 months of runway.

**Elsight Limited (ASX: ELS)**, a provider of ground-breaking hybrid video and data transmission services (on-the-move or fixed) for large Safe-City projects, sensitive facilities management, and surveillance and protective activities is pleased to provide an update on its activities for the quarter ended 31 March 2019.

### Financial Overview

#### *Revenues*

Following a strong start to the year, the Company delivered a 100% increase in revenues for the quarter ended 31 March 2019 (1Q 2019) on the prior comparable period (1Q 2018). This is the third consecutive quarter marked by a material increase in revenues and follows the receipt of new and further repeat orders from existing partners and customers during the period. Unaudited revenue for Q1 2019 was US \$565K a 100% increase on Q1 2018

#### *Cash inflows*

For the period, net cash inflows were \$567K, a 261% increase on the prior comparative period (1Q 2018). Cash inflows are expected to continue its increase from existing customers and partners as well as from new customers in the upcoming quarters.

#### *Cash outflows*

During the quarter, the Company continued to invest in sales and marketing activities to support the launch of Halo at MWC19 Barcelona in February and in finalising development to prepare the product for sale from July 2019.

## **Business Operations**

### ***Product and Technology***

In Q1 2019, the Company successfully launched its new flagship offering Halo, at the MWC2019 in Barcelona. The event was attended by many of the world's leading corporates from verticals that are prime commercial targets for Halo, and interest from potential customers was overwhelmingly positive, with over 200 sales leads generated at the event.

The Company considers Halo to be a potential "company maker" which could transform the scale and pace of the Company's commercialisation as it focuses on larger contracts with multinational companies. Since its unveiling, the Company has already received strong interest from several original equipment manufacturers (OEMs) and is well placed to capitalise on the enormous market opportunities for Halo across many of the world's fastest growing verticals, including unmanned vehicles and automotive, cyber security, network technology, telecommunications and aviation. Halo will be available for sale from July 2019.

At the same time, the Company continues its focus on driving sales of Rider and Multichannel and expects this to continue to deliver strong revenue growth in FY 2019.

### ***Existing partners replace further repeat orders***

During the quarter, Elsight received further repeat orders from Traffilog, Alrena and additional partners and customers, demonstrating the continued demand for the Company's Rider and Multichannel products, which consistently have delivered repeat customer sales.

This provides further strong validation of the Company's technology and provides a continued solid foundation for ongoing revenue growth in 2019.

### ***Senior executive team appointments***

Recent hires further bolstered Elsight's leadership team, with the appointments of Dan Hilerowitz as Chief Financial Officer and Brad Wilmore as Australian General Manager during the period.

Dan brings extensive knowledge and experience directing multi-national and hi-tech companies, and Brad brings over 20 years of business development experience across a wide range of industries. The appointments further support Elsight in the execution of its strategic growth plans, and further enhance the Company's sales capabilities in Australia.

## **Outlook**

The Company expects the remaining nine months of 2019 to be highly active and to continue to deliver strong revenue growth over the period. The commercial launch of Halo remains on track for June and management is focused on actively pursuing and converting the already strong pipeline of opportunities in place for this technology.

A cloud-based customer interface solution is planned for launch in 4Q 2019 and is expected to add materially to customer experience. Recent appointments, both at the board and senior management level support the activation of significantly expanded Australian and Asian sales networks – as the Company

continues to drive sales through existing channel partners and brand and product awareness through participation through key business development events internationally.

**ENDS**

For more information, please contact:

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**About Elsight**

Elsight ([www.el-sight.com](http://www.el-sight.com)) is a cutting-edge video communications and live data transmission solutions provider for organisations across defence and security, sensitive facilities management, large-scale Safe-City projects, as well as surveillance and protective activities. The platform supports video capturing, recording, and highly secured transmission that can prevent against video interception and hacking. With an unmatched level of reliability, our products provide the lowest latency and highest adaptive bandwidth over cellular networks that enables high-definition 4K TV transmission quality, with “never-fail” redundancy across multiple cellular networks to ensure safe and stable signals. Elsight’s customers range from defence and homeland security, industrial security, telecommunications and broadcasting, automotive and aviation, emergency first responders and healthcare.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

ELSIGHT LIMITED

**ABN**

98 616 435 753

**Quarter ended ("current quarter")**

31 March 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (3 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	551	551
1.2 Payments for		
(a) research and development	(270)	(270)
(b) product manufacturing and operating costs	(188)	(188)
(c) advertising and marketing	(22)	(22)
(d) leased assets <sup>(i)</sup>	-	-
(e) staff costs	(454)	(454)
(f) administration and corporate costs	(379)	(379)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	16
1.5 Interest and other costs of finance paid <sup>(i)</sup>	(12)	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – transaction costs	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(758)</b>	<b>(758)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(23)	(23)
(b) businesses (see item 10)	-	-
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (3 months) \$US'000</b>
(d) intellectual property	-	-
(e) other non-current assets (intangibles)	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other – cash on reverse acquisition	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(23)</b>	<b>(23)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(5)	(5)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other – principal elements of lease payments <sup>(i)</sup>	(68)	(68)
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>(73)</b>	<b>(73)</b>

<b>4</b> <b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,633	3,633
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(758)	(758)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(23)	(23)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(73)	(73)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (3 months) \$US'000</b>
4.5	Effect of movement in exchange rates on cash held	50	50
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>2,829</b>	<b>2,829</b>

<sup>(i)</sup> The Group has adopted new accounting standard AASB 16 *Leases* with effect from 1 January 2019. In accordance with the requirements of AASB 16 cash payments for the principal portion of the Group's lease liabilities are presented within financing activities. Cash payments for the interest portion are presented within interest and other costs of finance paid.

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1	Bank balances	700	988
5.2	Call deposits	2,129	2,645
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,829</b>	<b>3,633</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$US'000**

220

-

Item 1.2 includes payments to directors for their salaries and fees of US\$220,000

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$US'000**

-

-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	83	83
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Facilities included above comprise a bank overdraft facility, short term bank loans and long term bank loans.

Loan facility 1 – secured long term bank loan of US\$21,000 at quarter end, bearing interest at 2.25%.

Loan facility 2 - secured long term bank loan of \$US62,000 at quarter end, bearing interest at 2.35%.

9. <b>Estimated cash outflows for next quarter</b>	\$US'000
9.1 Research and development	310
9.2 Product manufacturing and operating costs	271
9.3 Advertising and marketing	26
9.4 Leased assets	38
9.5 Staff costs	351
9.6 Administration and corporate costs	319
9.7 Other	-
<b>9.8 Total estimated cash outflows</b>	<b>1,315</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Company secretary)

Date: ....30 April 2019.....

Print name ...Mark Licciardo.....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.