Elsight Limited
Interim Financial Report
Appendix 4D
Half-year report

1. Company details

Name of entity:	Elsight Limited
ABN:	98 616 435 753
Reporting period:	For the half-year ended 30 June 2026
Previous period:	For the half-year ended 30 June 2025

2. Results for announcement to the market

				US$
Revenues from ordinary activities	up	383%	to	23,417,786
Profit from ordinary activities after tax attributable to the owners of Elsight Limited	up	256%	to	1,189,320
Profit for the half-year attributable to the owners of Elsight Limited	up	256%	to	1,189,320

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

Comments
The profit for the Group after providing for income tax increased to US$1,189,320 (30 June 2025: loss of US$761,112).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	27.70	0.96

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 2026 is attached.

12. Signed

Signed ______________________________ Date: 26 August 2026

Mr David Furstenberg
Executive Director

Elsight Limited

Interim Financial Report

ABN 98 616 435 753

Interim Financial Report - 30 June 2026

Contents
For the half-year ended 30 June 2026

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	Ms Sandra McIntosh
Registered office	Level 3 62 Lygon Street Carlton VIC 3053 AUSTRALIA Ph: +61 3 8689 9997 Email: info@el-sight.com
Share registry	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 2026.

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 2026.

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
Ms Sandra McIntosh (Appointed 27 March 2026)
Mr Mark Licciardo (Appointed 15 March 2019, Resigned 27 March 2026)

Principal activities
The principal activities of the Group during the half-year were the development and commercialisation of the Halo platform, serving mission-critical applications across the defence, homeland security (HLS), and uncrewed systems markets.

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 recorded a net profit for the half-year of $1,189,320 (30 June 2025: loss of $761,112). The increase in profit of $1,950,432 from 30 June 2025 to 30 June 2026 is due to an increase in sales revenue and improved gross profit which was offset by increase in share-based payments expense.

The Non-GAAP profit, calculated by increasing profit after income tax by share based-payments expense, for the half-year is **$11,699,118** (30 June 2025: loss of $94,968). The profit is due to increase in sales revenue and **improved** gross profit.

The net assets of the Group have increased by $12,949,369, from net assets of $50,968,090 at 31 December 2025 to net assets of $63,917,459 at 30 June 2026.

At 30 June 2026 the Group’s cash and cash equivalents and other financial assets (term deposits) increased by $3,991,731, from $59,040,914 at 31 December 2025 to $63,032,645 at 30 June 2026.

At 30 June 2026 the Group has a working capital of $60,622,482 (31 December 2025: working capital of $48,826,095).

H1 2026 Report & Business Update

Record H1 Revenue, Sustained Profitability, and Accelerating Global Market Position

H1 2026 Highlights Financial

- **H1 2026 revenue of approximately US$23.4 million**, **383%** higher than H1 2025 pcp, already exceeds full-year CY2025 revenue (US**$22.8** million)
- **H1 2026 non-GAAP net profit of US$11.7 million**, confirming sustained profitability and operating leverage as the business scales.
- Recurring revenue (software licenses, cloud services, connectivity subscriptions) reached **~US$2.7 million in H1**, **437%** higher than H1 2025 (US **$0.5** million)

Contract Execution & Order Visibility

- Received a **follow-on purchase order of approximately US$2 million** (~A**$2.8** million) from a U.S.-based public safety customer (announced 29 May 2026) - more than **4 times** the value of the initial US$460K order placed in January 2026, signaling operational validation of Halo platform and progression toward scaled deployment.
- Continued strong order flow across defense and commercial customers, with the Company observing **growing demand across the United States, Europe, and the Middle East**, reflecting the impact of the expanded direct sales team and favorable sector tailwinds.
- The Company's **Stealth Initiative business unit secured its first paying customer** — a western government — validating product-market fit in a new market segment targeting a TAM of over US**$20 billion**.

Manufacturing Localisation Across US, Europe - No Capital Investment Required

- Subsequent to period end, Elsight added contract manufacturing capacity in the US and Germany, meeting government local-sourcing requirements, expected to remove US import tariff exposure, and further expanding production capacity with no capital expenditure.

U.S. Defence Footprint

- Halo determined to be **non-ITAR**, simplifying allied partner deployments; advancing through **multiple U.S. Special Forces procurement pathways**; and integrated into the **ABE 1.01** attributable FPV drone platform developed by the U.S. Army's 101st Airborne Division.
- **Halo approved on the DCMA Blue UAS Cleared List** - the U.S. Department of War's primary directory of NDAA-compliant unmanned systems and components pre-approved for rapid military procurement, positioning Halo to capture market share. The FY2027 budget allocates approximately **US$75 billion** to drone and counter-drone capabilities.
- Continued engagement with the U.S. DoW's **Drone Dominance Program**, including participation in the program's second capability assessment phase. The Company views this as a long-term positioning opportunity, with material revenue contribution expected from CY2027 onwards.
- SOCOM OTA contracting vehicle remains active, providing an accelerated procurement pathway for U.S. Special Operations Command programs.

Product Portfolio

- Continued progress on the **soft launch of the Company's patent-allowed GNSS-denied positioning capability** with selected design partners. A broader commercial launch is planned for late CY2026, broadening the Company’s addressable market. This software-based capability leverages existing Halo hardware, extending Elsight's value proposition beyond connectivity.
- Additional product capabilities released during the quarter, consistent with the Company's strategic direction to become the **backbone Tier 1 technology provider for the unmanned systems industry** - delivering connectivity, positioning, video, and autonomy from a single platform.

Stealth Business Unit progress

- The Company's new **Stealth Initiative business unit** secured its **first paying customer** - a western government. While the initial order is modest in scale (~US$230K), the win is strategically significant and marks a critical proof point for expansion into a market opportunity exceeding US**$20 billion**.

Financial and Operational Highlights

The Company's H1 2026 cash flow performance was consistent with internal expectations and is summarised below:

- **Receipts from customers:** US**$13.4 million**
- **Net cash generated from operating activities:** US**$4.0 million**
- **Payments for R&D:** US$**2.3 million**
- **Product manufacturing, marketing, administration, and staff costs (combined):** US$**8.4 million**

Cash and cash equivalents & other financial assets (term deposits) at 30 June 2026: ~US**$63 million** (vs ~US**$59** million at 31 December 2025).

No material variances, cost overruns, or adverse operational events were recorded during the quarter.

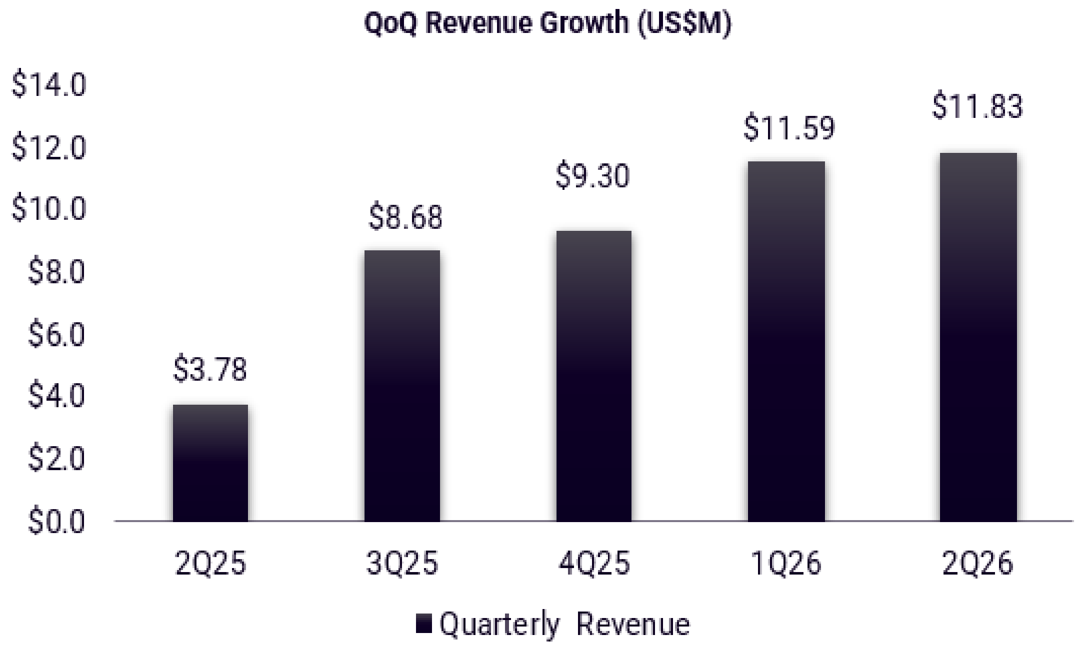

Table 1 Unaudited Quarterly QOQ numbers

Business Update

Momentum continues across key markets

Elsight delivered its **sixth consecutive quarter of record revenue**, with Q2 2026 revenue of approximately US**$11.83** million, bringing H1 2026 revenue to approximately US**$23.4** million, nearly five times pcp. H1 2026 non-GAAP net profit is US**$11.7** million, demonstrating the operational leverage embedded in the Company's business model, with profitability sustained as the Company continues to invest in sales, marketing, product development, and geographic expansion.

The Company continues to observe growing demand and engagement across its key geographic markets driven by structural defence spending increases, expanding uncrewed systems adoption, and the impact of Elsight's direct sales team, which was established in the prior year and is now contributing to both pipeline growth and order conversion.

U.S. Defence Presence and Commercial Momentum

The Company continued to deliver and execute across multiple funded programs with the U.S. Department of War (DoW), supported by the Blue UAS Cleared List approval received during the quarter.

Blue UAS Cleared List: In April 2026, the Company announced that Halo had been approved for inclusion on the DCMA Blue UAS Cleared List, the Department of War's primary directory of NDAA-compliant unmanned systems and components. The Blue List enables U.S. military units to procure Halo directly through a rapid acquisition marketplace, bypassing traditional multi-year procurement cycles. This approval positions Elsight within the largest-ever U.S. defence drone procurement cycle, with the FY2027 budget allocating approximately US**$75 billion** to drone and counter-drone capabilities.

Drone Dominance Program: The Company continued its engagement with the U.S. DoW's Drone Dominance Program ("DDP") and allied initiatives. During the quarter, the program advanced to its second capability assessment phase. The Company views the DDP as a significant long-term positioning opportunity that reinforces its visibility across fleet-level drone procurement programs, with a material revenue contribution expected from CY2027 onwards.

U.S. Commercial Momentum: The US**$2** million follow-on order from a U.S. public safety customer announced in May 2026 - more than four times the initial US$460K order placed in January - provides early evidence of commercial adoption patterns ahead of expected FAA Part 108 BVLOS rulemaking.

U.S. Export Classification: Elsight has completed the U.S. export classification process, with the Halo determined to be non-ITAR. This classification simplifies international operations and enables U.S. forces to deploy the Halo alongside allied partners without the administrative burden of ITAR restrictions. A key U.S. combatant command has selected the Halo for inclusion in a major exercise with partner forces - Elsight’s participation will be streamlined due to the non-ITAR classification for Halo.

U.S. Special Forces Procurement: Elsight is advancing through several procurement pathways with U.S. Special Forces. These engagements originated from operational evaluations where the Halo was assessed against clearly defined mission requirements and determined to meet them. The Company expects to provide further updates as these procurement processes progress.

101st Airborne Integration: The Halo has been integrated into the ABE 1.01 (Attritable Battlefield Enabler), a small, soldier-built first-person view (FPV) drone developed in-house by the U.S. Army's 101st Airborne Division (Air Assault). This integration further validates Halo's alignment with the direction of the market:.advanced, modular, and attributable unmanned systems designed for rapid, large-scale deployment.

European and Middle East Market Traction

The Company continues to observe growing demand across European and Middle East markets, driven by structural increases in defence spending and expanding uncrewed systems’ procurement programs. NATO member state defence budgets continue to rise materially, with the European Union's ReArm Europe / Readiness 2030 plan mobilising up to **€800 billion** (~US**$870** billion) in additional defence capacity, Germany's €100 billion Bundeswehr special fund plus its "Drohnenwall" drone-wall initiative, and the United Kingdom's 20-40-40 force-structure doctrine prioritising unmanned systems.

Elsight's expanded European and Middle East sales presence, with senior hires now established in the UK, Germany, and the Middle East, is supporting deeper engagement with both government end-users and OEM partners in these regions. The Company sees substantial revenue opportunity across these markets as defence modernisation programs accelerate.

Manufacturing Localisation and Capacity Expansion

Subsequent to the end of the period, Elsight added contract manufacturing capacity in United States, and Germany, alongside its existing capacity. The expansion responds to government and defence procurement requirements for domestic and allied-nation manufacturing, which are increasingly a condition of participation in production-scale programs. Combined with Halo's NDAA compliance and inclusion on the U.S. Defense Contract Management Agency's Blue UAS Cleared List, localised US production strengthens Elsight's position with US government and defence customers.

Based on external advice obtained by the Company, US-based manufacturing is also expected to remove Elsight's exposure to US import tariffs on units produced domestically, subject to applicable rules of origin. Beyond resilience, the two additional facilities materially expand total available production capacity beyond the Company's existing capacity to support in excess of US$150 million in annual revenue, while requiring no capital investment, consistent with Elsight's asset-light model and hardware designed for universal manufacturability.

The Company does not expect the addition of US and European manufacturing to have a material impact on blended gross margins.

Product Portfolio Expansion - Building the Full Mission Stack

The Company's soft launch of its patent-allowed GNSS-denied positioning capability continued to progress during the quarter with selected design partners. This software-based product leverages existing Halo hardware's multi-link radio capabilities combined with proprietary machine learning algorithms to deliver reliable positioning in GNSS-denied environments - where satellite-based navigation signals are unavailable or contested.

A broader commercial launch is planned for later in CY2026. The positioning product leverages existing Halo deployments and customer relationships, creating upselling and cross-sell opportunities within the Company's installed base and active pipeline.

Additional product capabilities were released during the quarter, consistent with Elsight's strategic evolution from a connectivity-focused company to a multi-product platform enabling the full mission stack for uncrewed systems. These new capabilities included connectivity, positioning, video, and autonomy. This direction positions the Company as the backbone Tier 1 technology provider for the unmanned systems industry.

Stealth Initiative Unit - First Paying Customer Secured

The Company's new Stealth Initiative business unit, established in September 2025, achieved a significant milestone during the quarter with the securing of its **first paying customer** - a Western government. The initial order of approximately US$230K, while modest in scale, represents important product-market validation and establishes a foundation for scaling within the target market segment.

The Company continues to view this initiative as a long-term strategic opportunity with an addressable market of more than US$20 billion. Near-term revenue contribution is expected to remain modest, with the Company focused on expanding its design partner network and demonstrating operational capability to support broader adoption.

Recurring Revenue Trajectory

Recurring revenue (software licenses, cloud services, and connectivity subscriptions) reached approximately US**$2.7** million in H1 2026, **437%** higher than H1 2025 (US **$0.5** million).

These high-margin revenue streams strengthen financial visibility and are expected to form an increasingly material component of future performance as the installed base continues to grow.

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
In July 2026 the Company issued 203,125 ordinary shares on conversion of options.

In August 2026 the Company issued 383,000 ordinary shares on conversion of options.

Other than the above, no other matter or circumstance has arisen that has significantly affected the Group's operations, results, or state of affairs since 30 June 2026.

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

26 August 2026

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF ELSIGHT LIMITED

As lead auditor for the review of the financial report of Elsight Limited for the half-year ended 30 June 2026, 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.

RSM

RSM AUSTRALIA

TUTU PHONG
Partner

Perth, WA
Dated: 26 August 2026

Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2026

	Note	30 June 2026 US$	30 June 2025 US$
Revenue			
Revenue	2	23,417,786	4,845,735
Cost of sales		(5,242,460)	(1,278,117)
Gross profit		18,175,326	3,567,618
Other income		-	73,647
Expenses			
Selling, general and administrative expenses	3	(7,583,903)	(3,348,973)
Net share-based payments expense	12	(10,509,798)	(666,144)
Profit/(loss) before finance income/(expense)		81,625	(373,852)
Finance income/(expense)		1,107,695	(387,260)
Profit/(loss) before income tax expense		1,189,320	(761,112)
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of Elsight Limited		1,189,320	(761,112)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation, net of tax		587,594	398,455
Other comprehensive income for the half-year, net of tax		587,594	398,455
Total comprehensive income/(loss) for the half-year attributable to the owners of Elsight Limited		1,776,914	(362,657)
		Cents	**Cents**
Basic earnings/(loss) per share (cents)	4	0.54	(0.42)
Diluted earnings/(loss) per share (cents)	4	0.47	(0.42)

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

Statement of financial position
As at 30 June 2026

	Note	30 June 2026 US$	31 December 2025 US$
Assets			
Current assets			
Cash and cash equivalents		36,266,495	38,879,373
Other financial assets – term deposits	6	26,766,150	20,161,541
Trade and other receivables		4,608,960	2,326,724
Inventory		747,538	515,578
Total current assets		68,389,143	61,883,216
Non-current assets			
Other financial assets		343,886	316,144
Deferred tax asset		1,433,730	1,433,730
Plant and equipment		302,986	128,073
Right-of-use assets	7	1,901,972	197,019
Intangible assets		569,875	171,575
Total non-current assets		4,552,449	2,246,541
Total assets		72,941,592	64,129,757
Liabilities			
Current liabilities			
Trade and other payables		4,553,114	2,461,518
Contract liabilities	8	2,483,228	10,436,942
Lease liabilities	9	730,319	158,661
Total current liabilities		7,766,661	13,057,121
Non-current liabilities			
Lease liabilities	9	1,196,470	47,598
Provisions		61,002	56,948
Total non-current liabilities		1,257,472	104,546
Total liabilities		9,024,133	13,161,667
Net assets		63,917,459	50,968,090
Equity			
Issued capital	10	67,784,858	67,122,201
Reserves	11	15,507,833	4,798,911
Accumulated losses		(19,375,232)	(20,953,022)
Total equity		63,917,459	50,968,090

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 2026

	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)
Transactions with owners in their capacity as owners:						
Issue of shares, net of transaction costs	129,942	-	-	-	-	129,942
Share-based payments	-	941,270	-	-	-	941,270
Exercise, expiry and cancellation of options	-	(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**

	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 2026	**67,122,201**	**2,758,813**	**2,336,894**	**(296,796)**	**(20,953,022)**	**50,968,090**
Profit after income tax expense for the half-year	-	-	-	-	1,189,320	1,189,320
Other comprehensive income for the half-year, net of tax	-	-	587,594	-	-	587,594
Total comprehensive income for the half-year	-	-	587,594	-	1,189,320	1,776,914
Transactions with owners in their capacity as owners:						
Issue of shares, net of transaction costs (note 10)	662,657	-	-	-	-	662,657
Share-based payments (note 12)	-	10,509,798	-	-	-	10,509,798
Exercise, expiry and cancellation of options (note 11)	-	(388,470)	-	-	388,470	-
Balance at 30 June 2026	**67,784,858**	**12,880,141**	**2,924,488**	**(296,796)**	**(19,375,232)**	**63,917,459**

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 2026

	Note	30 June 2026 US$	30 June 2025 US$
Cash flows from operating activities			
Receipts from customers		13,418,675	9,236,095
Proceeds from government grants		-	43,667
Payments to suppliers and employees		(10,716,921)	(3,324,395)
Interest received		1,281,006	11,819
Interest paid		(27,308)	(23,636)
Net cash provided by operating activities		**3,955,452**	**5,943,550**
Cash flows from investing activities			
Depositing cash in term deposits	6	(6,604,609)	-
Purchase of plant and equipment		(313,463)	(23,571)
Purchase of intangible assets		(398,301)	(97,884)
Net cash used in investing activities		**(7,316,373)**	**(121,455)**
Cash flows from financing activities			
Proceeds from borrowings		-	627,047
Transaction cost of borrowings		-	(19,320)
Proceeds from exercise of options		605,850	131,114
Repayment of lease liabilities		(246,808)	(77,867)
Payments for security deposits		(27,742)	-
Net cash provided by financing activities		**331,300**	**660,974**
Net (decrease)/increase in cash and cash equivalents		**(3,029,621)**	**6,483,069**
Cash and cash equivalents at the beginning of the financial half-year(i)		38,879,373	873,953
Effects of exchange rate changes on cash and cash equivalents		416,743	105,140
Cash and cash equivalents at the end of the financial half-year(i)		**36,266,495**	**7,462,162**
Other financial assets – term deposits(i)		26,766,150	**-**
Total cash and cash equivalents and other financial assets - term deposits at the end of the financial half-year(i)		**63,032,645**	**7,462,162**

(i) In addition to its cash and cash equivalents balance the Group holds term deposits of $20,161,541 at 31 December 2025 and $26,766,150 at 30 June 2026. As the term deposits have maturity periods exceeding 90 days they are not classified as cash and cash equivalents and are therefore presented as other financial assets in the Statement of Financial Position. Refer to Note 6.

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 2026 was authorised for issue in accordance with a resolution of the Directors on 26 August 2026.

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 Measurement and Reporting

The interim financial report is presented in United States dollars (**USD**) and all values are rounded to the nearest dollar unless otherwise stated. Effective 1 January 2026, the functional currency of the Israeli subsidiary has changed from Israeli shekel (**ISR**) to USD, reflecting the majority of transactions that occur within the Group are settled with USD.

The material accounting policies adopted are consistent with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2025 and interim financial report for the half-year ended 30 June 2025.

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.

Comparatives

Where necessary and to improve the comparability of information presented, comparative amounts have been reclassified to conform with current period presentation. Reclassifications have had no impact on the Group's overall financial position or performance.

Note 2: Revenue from contracts with customers

	30 June 2026 US$	30 June 2025 US$
Revenue recognised at a point in time:		
- Sale of physical goods	20,324,963	4,471,932
Revenue recognised over a period of time:		
- Data usage	896,498	95,266
- Service level agreements and other services	2,196,325	278,537
Total revenue	23,417,786	4,845,735

Note 2: Revenue from contracts with customers (continued)

For the half-year ended 30 June 2026 the Group's revenues have been derived from the following geographical locations:

	30 June 2026 US$	30 June 2025 US$
Europe	20,680,494	3,558,031
United States	1,118,340	376,330
Other	1,618,952	911,374
Total revenue	**23,417,786**	**4,845,735**

Note 3. Selling, general and administrative expenses

	30 June 2026 US$	30 June 2025 US$
Sales, marketing and exhibitions	3,442,273	982,267
Research	1,856,748	1,225,019
Salaries and related expenses	980,208	405,684
Professional services	386,317	255,007
Amortisation of right of use asset	262,386	76,515
Other expenses	655,971	404,481
Total selling, general and administrative expenses	**7,583,903**	**3,348,973**

Note 4. Earnings/(loss) per share

	30 June 2026 US$	30 June 2025 US$
Profit/(loss) after income tax attributable to the owners of Elsight Limited	1,189,320	(761,112)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic loss per share	220,396,557	181,741,211
Weighted average number of shares & options used in calculating diluted loss per share	253,615,744	181,741,211
	Cents	**Cents**
Basic earnings/(loss) per share (cents)	0.54	(0.42)
Diluted earnings/(loss) per share (cents)	0.47	(0.42)

Note 5. Related party transactions

On 10 April 2026 the Company issued 3,100,000 ESOP options to Chief Technology Officer Roee Kashi. The options were granted on 2 April 2026, and are exercisable at A$5.65 on or before 2 April 2033 and vest 33.33% on each of 2 April 2026, 2 April 2027 and 2 April 2028, subject to continued service. Valuation assumptions are set out in Note 12.

On 12 June 2026 the Company issued 1,280,000 options to Directors, comprising 390,000 options each to Ami Shafran and David Furstenberg, 300,000 options to Howard Digby, and 200,000 options to Jim Landau. The options were granted on 29 May 2026, and are exercisable at A$5.65 on or before 2 April 2033 and vest 33.33% on each of 2 April 2026, 2 April 2027 and 2 April 2028, subject to continued service. Valuation assumptions are set out in Note 12.

Note 6. Other financial assets – term deposits

	30 June 2026 US$	31 December 2025 US$
Investments in term deposits	26,766,150	20,161,541

At 30 June 2026, the Group holds term deposits of $26,766,150 with original maturity dates ranging from 6 to 12 months. As these deposits have maturity periods exceeding 90 days they are not classified as cash and cash equivalents and are therefore presented as other financial assets (31 December 2025: $20,161,541 with original maturity dates ranging from 3 to 6 months).

Note 7. Right-of-use assets

	30 June 2026 US$	31 December 2025 US$
Motor vehicles	312,030	352,721
Less: Accumulated amortisation	(193,494)	(193,924)
	118,536	158,797
Office space at cost	2,132,826	484,029
Less: Accumulated amortisation	(349,390)	(445,807)
	1,783,436	38,222
	1,901,972	197,019

The right of use assets recognised at 30 June 2026 and 31 December 2025 relate to motor vehicle leases and office space.

Additions to the right-of-use assets during the half-year were US$1,956,136 related to a new office lease. The office lease commenced 1 April 2026 for a three-year lease term.

Note 8. Contract Liabilities

	30 June 2026 US$	31 December 2025 US$
Current		
Contract liabilities - deferred revenue	2,483,228	1,809,306
Customer prepayments	-	8,627,636
	2,483,228	10,436,942

Unsatisfied performance obligations
Contract liabilities relate to revenue contracts under which there are unsatisfied performance obligations at 30 June 2026. Performance obligations are expected to be satisfied and revenue recognised as follows:

	30 June 2026 US$	31 December 2025 US$
Within 6 months	1,810,896	9,839,201
6 to 12 months	672,332	597,741
	2,483,228	10,436,942

Note 9. Lease liabilities

	30 June 2026 US$	31 December 2025 US$
Current	730,319	158,661
Non-current	1,196,470	47,598
	1,926,789	206,259

The lease liabilities relate to the Group's office lease and motor vehicle leases. Lease liabilities have been measured at the present value of the lease payments, discounted using the Group's incremental borrowing rate in effect on the lease execution date. Incremental borrowing rates applied range from 3.09% – 4.38%.

Note 10. Issued capital

	30 June 2026 Shares	31 December 2025 Shares	30 June 2026 US$	31 December 2025 US$
Share capital				
Closing balance	**221,800,337**	**219,673,912**	**67,784,858**	**67,122,201**

Movements in ordinary share capital

Details	Date	Shares	Issue price	US$
Balance	1 January 2026	219,673,912		67,122,201
Issue of shares on conversion of options	14 January 2026	100,000	US$0.29	28,748
Issue of shares on conversion of options	2 February 2026	39,437	US$0.26	10,243
Issue of shares on conversion of options	13 March 2026	10,000	US$0.25	2,531
Issue of shares on conversion of options	16 March 2026	335,000	US$0.30	101,773
Issue of shares on conversion of options	18 March 2026	301,000	US$0.30	90,243
Issue of shares on conversion of options	10 April 2026	37,500	US$0.24	9,018
Issue of shares on conversion of options	3 June 2026	1,303,488	US$0.32	420,101
Balance	30 June 2026	221,800,337		67,784,858

Note 11. Reserves

	30 June 2026 US$	31 December 2025 US$
Foreign Exchange Reserve	2,924,488	2,336,894
Share-based Payments Reserve	12,880,141	2,758,813
Predecessor Accounting Reserve	(296,796)	(296,796)
	15,507,833	**4,798,911**

a) Share-Based Payments Reserve	30 June 2026 US$	31 December 2025 US$
40,019,480 options (31 December 2025: 27,861,280 options)	12,880,141	2,758,813

Movements in share-based payments reserve

	Number of options	US$
Opening balance at 1 January 2026	27,861,280	2,758,813
Expense of options issued in prior periods, prior to cancellations	-	769,226
Issue of ESOP options (note 12)	13,050,500	8,183,909
Issue of Director options (note 12)	1,280,000	1,561,518
Options exercised and converted to fully paid ordinary shares (note 10)	(2,126,425)	(388,470)
Unvested ESOP options cancelled on termination of employment	(45,875)	(4,855)
Closing balance at 30 June 2026	40,019,480	12,880,141

Note 11. Reserves (continued)

	30 June 2026 US$	31 December 2025 US$
b) Foreign Exchange Reserve	2,924,488	2,336,894

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

	30 June 2026 US$	31 December 2025 US$
c) Predecessor Accounting Reserve	(296,796)	(296,796)

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

Note 12. Share-based payments

Share-based payments issued during the half-year ended 30 June 2026
Options issued as share based payments during the half-year recorded as share-based payments expense at 30 June 2026 are as follows:

- 840,000 Employee Share Plan Options exercisable at A$2.54, on or before 4 January 2031 to employees of the Group, resulting in an expense of $261,399 for the half-year ended 30 June 2026. The options are exercisable after the satisfaction of the following vesting conditions:
  - 135,000 options vest 25% on 5 January 2027 and an additional 6.25% at the end of each quarter of continuous service thereafter;
  - 205,000 options vest 25% on 5 February 2027 and an additional 6.25% at the end of each quarter of continuous service thereafter; and
  - 500,000 options vest 25% on 5 March 2027 and an additional 6.25% at the end of each quarter of continuous service thereafter.

- 3,405,500 Employee Share Plan Options exercisable at A$5.29, on or before 25 March 2031 to employees of the Group, resulting in an expense of $1,075,319 for the half-year ended 30 June 2026. The options are exercisable after the satisfaction of the following vesting conditions:
  - 830,500 options vest in tranches of 6.25% at the end of each quarter commencing on 25 March 2026. The first 6.25% tranche vests 25 June 2026, and quarterly thereafter, subject to continued service;
  - 265,000 options vest 25% on 25 March 2027 and an additional 6.25% at the end of each quarter of continuous service thereafter;
  - 1,130,000 options vest 25% on 25 April 2027 and an additional 6.25% at the end of each quarter of continuous service thereafter; and
  - 1,180,000 options vest 25% on 25 May 2027 and an additional 6.25% at the end of each quarter of continuous service thereafter.

Note 12. Share-based payments (continued)

- 1,200,000 Employee Share Plan Options exercisable at A$5.60, on or before 25 March 2031 to employees of the Group, exercisable after the satisfaction of the following vesting condition, 25% on 25 March 2027 and an additional 6.25% at the end of each quarter of continuous service thereafter, resulting in an expense of $357,304 for the half-year ended 30 June 2026.

- 6,650,000 Employee Share Plan Options exercisable at A$5.65, on or before 2 April 2033 to employees of the Group, exercisable after the satisfaction of the following vesting conditions, 33.33% on each of 2 April 2026, 2 April 2027 and 2 April 2028, subject to continued service, resulting in an expense of $6,473,585 for the half-year ended 30 June 2026.

- 1,280,000 Director Options exercisable at A$5.65, on or before 2 April 2033 to directors of the Company, exercisable after the satisfaction of the following vesting conditions, 33.33% on each of 2 April 2026, 2 April 2027 and 2 April 2028, subject to continued service, resulting in an expense of $1,561,518 for the half-year ended 30 June 2026.

- 955,000 Employee Share Plan Options exercisable at A$7.14, on or before 24 June 2031 to employees of the Group, exercisable after the satisfaction of the following vesting condition, 25% on 25 June 2027 and an additional 6.25% at the end of each quarter of continuous service thereafter, resulting in an expense of $16,302 for the half-year ended 30 June 2026.

Fair value

The ESO2/Hull-White option pricing model was used to determine the fair value of all unlisted options issued during the half-year.

Option fair values were determined using the following inputs in the ESO2/Hull-White option pricing model:

Number of options	840,000	3,405,500	1,200,000	6,650,000	1,280,000	955,000
Grant date	5-Jan-26	25-Mar-26	25-Mar-26	2-Apr-26	29-May-26	25-Jun-26
Expiration date	4-Jan-31	25-Mar-31	25-Mar-31	2-Apr-33	2-Apr-33	24-Jun-31
Share price on grant date	A$3.45	A$6.05	A$6.05	A$6.25	A$7.61	A$7.10
Exercise price	A$2.54	A$5.29	A$5.60	A$5.65	A$5.65	A$7.14
Expected volatility	73%	73%	73%	81%	80%	73%
Expected dividend yield	nil	nil	nil	nil	nil	nil
Risk free rate	4.299%	4.669%	4.669%	4.899%	4.676%	4.397%
Lattice type	Trinomial	Trinomial	Trinomial	Trinomial	Trinomial	Trinomial
Suboptimal exercise factor	2.00	2.00	2.00	2.00	2.00	2.00
Early exercise date	(1)	(1)	(1)	(1)	(1)	(1)
Total valuation AUD$	1,783,231	11,942,885	4,115,250	22,936,138	5,508,169	3,715,983
Exchange rate	$0.6869	$0.6869	$0.6869	$0.6869	$0.6869	$0.6869
Total valuation US$	1,224,901	8,203,568	2,826,765	15,754,833	3,783,561	2,552,508

(1) Early exercise dates have been incorporated in the ESO2/Hull-White option pricing models in accordance with the vesting periods set out above.

Note 12. Share-based payments (continued)

30 June 2026 expense

Share based payment expense at 30 June 2026 is comprised as follows:

	30 June 2026 US$
Expense of options issued in prior periods	769,226
Expense of ESOP options issued during the half-year	8,183,909
Expense of Director options issued during the half-year	1,561,518
Unvested options cancelled on termination of employment	(4,855)
Total net share based payment expense recognised in profit or loss	10,509,798

Note 13. Controlled entities

The ultimate legal parent entity of the Group is Elsight Limited, incorporated and domiciled in Australia. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the Group's accounting policies.

		Ownership interest	
Name	Principal place of business & Country of incorporation	30 June 2026 %	31 December 2025 %
El-Sight Ltd	Israel	100%	100%
Elsight LLC	USA	100%	100%
Dwize Ltd[1]	Israel	100%	-

(1) Incorporated 5 March 2026.

The proportion of ownership interest is equal to the proportion of voting power held.

Note 14. 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 15. Dividends

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

Note 16. Commitments, contingent assets and liabilities

The Group has no commitments which are not recorded on the statement of financial position as at 30 June 2026 or subsequent to the reporting date.

The Group has no known contingent assets or liabilities as at 30 June 2026.

Note 17. Events after the reporting period

In July 2026 the Company issued 203,125 ordinary shares on conversion of options.

In August 2026 the Company issued 383,000 ordinary shares on conversion of options.

Other than the above, no other matter or circumstance has arisen that has significantly affected the Group's operations, results, or state of affairs since 30 June 2026.

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 2026 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

26 August 2026

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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 Elsight Limited (Company) and its subsidiaries (Group), which comprises the consolidated statement of financial position as at 30 June 2026, 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 Elsight Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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 Half-Year 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to our audit of the 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 Elsight Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of Elsight 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 Half-Year 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 2026 and of 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

RSM AUSTRALIA

TUTU PHONG
Partner

Perth, WA
Dated: 26 August 2026