

1. Details of reporting period

Name of entity:	Elsight Limited ("the Company")
ABN:	98 616 435 753
Reporting period:	31 December 2024
Previous period:	31 December 2023

2. Results for announcement to the market

	31 December 2024 US\$	31 December 2023 US\$	Increase/ (Decrease) US\$	Amount Change %
Revenues from ordinary activities	2,028,737	1,541,168	487,569	32%
Loss after tax from ordinary activities attributable to members	(3,870,954)	(3,683,532)	187,422	5%
Loss after tax attributable to members	(3,870,954)	(3,683,532)	187,422	5%

3. 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.

4. Dividend reinvestment plans

Not applicable.

5. Net tangible assets/(liabilities)

	Reporting period Cents	Previous period Cents
Net tangible assets/(liabilities) per ordinary security	0.52	(1.29)

6. Control gained over entities

Not applicable.

7. Loss of control over entities

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Not applicable.

10. Audit qualification or review

This report is based on accounts which have been audited. Refer to the Auditor's Report on page 57 of the 2024 Annual Report.

11. Attachments

Details of attachments (if any):

The Annual Report of Elsight Limited for the year ended 31 December 2024 is attached.

12. 2025 Annual General Meeting

Elsight Limited advises that its Annual General Meeting (AGM) will be held on or about Thursday, 29 May 2025. The time and other details relating to the AGM will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately after despatch.

In accordance with the ASX Listing Rules and Company's Constitution, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (Sydney time) on Monday, 14 April 2025.

13. Signed



David Furstenberg
Executive Director

27 February 2025

Elsight Limited

ABN 98 616 435 753

Annual Report - 31 December 2024

Corporate directory	2
Chairman's letter	3
Directors' report	4
Auditor's independence declaration	22
Consolidated statement of profit or loss and other comprehensive income	23
Consolidated statement of financial position	24
Consolidated statement of changes in equity	25
Consolidated statement of cash flows	27
Notes to the consolidated financial statements	28
Consolidated entity disclosure statement	56
Directors' declaration	57
Independent auditor's report	58
Additional ASX Information	61

General information

These consolidated financial statements cover Elsight Limited (**Company**) and its controlled entities (also referred to as **Group**). Elsight Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were issued by the board of directors on 27 February 2025.

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 7 330 Collins Street Melbourne VIC 3000 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
Securities exchange listing	Elsight Limited shares are listed on the Australian Securities Exchange (ASX code: ELS)
Website	www.elsight.com

Dear Shareholders,

As we reflect on the year 2024, I am pleased to report a year of **continued growth, strategic expansion, and operational excellence** for Elsight Limited. The year was characterized by strong financial performance, significant milestones, and a reinforced positioning in the defense and homeland security sectors, paving the way for sustained future growth.

Financial and Operational Performance

Elsight achieved a **32% year-over-year increase in annual revenue**, surpassing **\$2 million**, with **51% of total revenue** derived from the defense sector, compared to **37% in 2023**. This growth reflects our focused approach to penetrating high-value markets, adding regional partners and expanding our customer base globally.

Recurring revenue, a key driver of sustainable growth, increased by **83% year-over-year**, demonstrating the strength of our subscription-based connectivity solutions. Additionally, our burn rate continued to decline, reinforcing our commitment to operational efficiency and financial prudence.

Strategic Milestones and Market Expansion

2024 marked **our largest order to date in the defense market**, a multi-year contract with a **leading global defense contractor**. This strategic win proves our market fit in critical military communications and is expected to drive significant revenue growth in 2025 and beyond.

We also expanded our global footprint into the defense market, securing key contracts with **Lockheed Martin (U.S.)**, **Telespazio (Europe)**, and **ST Engineering, a Southeast Asian aerospace and defense group**. In addition, a new design-win customer is a supplier of UAVs to the European defense market. Furthermore, our new **partnership with Tukom**, a major defense distributor in the **DACH region**, will provide enhanced market access in Europe.

Innovation and Product Development

R&D remains as a cornerstone of our strategy. This year, we introduced **DroneCommX**, an after-market connectivity solution, designed to enhance two drone models of the world's most popular drone company DJI, used primarily in the homeland security and public safety sectors. The successful launch of this product underscores our ability to develop innovative solutions that cater to evolving industry demands and the aftermarket.

Strengthening Financial Stability

A major highlight of 2024 was the **conversion of \$7.35 million in convertible notes**, effectively eliminating company debt and improving our financial flexibility. This development reflects investor confidence in Elsight's long-term potential and positions us for accelerated growth.

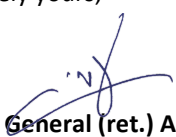
Looking Ahead

As we enter 2025, we remain focused on **scaling our defense sector engagements, deepening strategic partnerships, and expanding our technological offerings**. The long term longer sales cycle in the government and defense markets is expected to translate into a more **stable, high-value contracts**, and with material revenue growth beginning already in **Q1 2025**.

With a solid foundation in place and an expanding market presence, Elsight is well-positioned to drive sustained growth and deliver long-term value to our shareholders.

On behalf of the Board, I extend my gratitude to our investors, customers, partners, and employees for their unwavering support. I look forward to another successful year ahead.

Sincerely yours,



Major General (ret.) Ami Shafran
Non-Executive Chairman

Your directors present their report, together with the financial statements of Elsight Limited ("the Company") and controlled entities ("the Group") for the financial year ended 31 December 2024.

Directors

The names and the particulars of the directors of the Company during or since the end of the financial year are:

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 year were the development and commercialisation of Halo in the Unmanned Aerial Vehicle ("UAV") market.

Dividends

There were no dividends paid or recommended during the financial year ended 31 December 2024 (31 December 2023: Nil)

Review and results of operations

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

Elsight Limited incurred a loss for the year of \$3,870,954 (31 December 2023: loss of \$3,683,532).

The net assets of the Group have increased by \$2,811,960, from net liabilities of \$1,660,975 at 31 December 2023 to net assets of \$1,150,985 at 31 December 2024.

As at 31 December 2024, the Group's cash and cash equivalents decreased from a balance of \$2,702,593 at 31 December 2023 to a balance of \$873,953 at 31 December 2024.

As at 31 December 2024 the Group has a working capital of \$972,978 (31 December 2023: working capital of \$3,148,709). Excluded from the 31 December 2023 working capital are convertible notes with a balance of US\$4,983,627 which the Group has converted before their 30 December 2024 maturity date.

REVIEW OF ACTIVITIES AND BUSINESS UPDATE

2024 Annual Performance Highlights

Elsight is pleased to report an annual **32% revenue increase** (approximately USD \$0.5M) reaching over \$2 million in 2024 over 2023. As projected, the proportion of the revenue derived from the defence sector **soared to 51%** in contrast to only 37% in 2023.

Annually, 2024 recurrent revenue increased over 2023 by **83%** (USD \$340K). **32 new Design-Win** customers were acquired in 2024. Significant orders from recurring customers included two defence EMEA contractors and others such as Farada (Poland), one multinational group based in Southeast Asia, and CenSys (US). Also significant was a distributor agreement signed with Tukom, a defence-focused company in the DACH region.

News Highlights:

- Repeating multinational aerospace technology customer in Southeast Asia, in the defence and public security sectors was the first to receive BVLOS certification in its home country for its drones used in surveillance, inspection and delivery.
- A new design-win customer is a supplier of UAVs to the European defence market with a solid pipeline.
- Customer Phoenix Air Unmanned (PAU) announced the successful completion of a 320-mile pipeline patrol in just 7.6 flight hours using a single unmanned aircraft system (UAS) empowered by the Halo. Conducted for giant Shell Pipeline Company (SPLC) in Louisiana, the achievement surpasses the project's goal of patrolling 300 miles in a single flight day. The flights were performed under PAU's nationwide beyond visual line of sight (BVLOS) regulatory approval, showcasing advancements in critical infrastructure inspection.

Main Metrics

Market penetration

During the year, the Company added **32 new design wins** and signed with Tukom, an active defence distributor in the DACH region. Part of that customer increase included major defence contractors including two in EMEA, one (Lockheed Martin) in the U.S.

It is worth noting that the sales cycle in the Government/Defence sector is significantly more demanding and longer (1-2.5 years), while the long-term revenue potential is significantly higher.

2024 can be characterized as a year of deal development and incubation that will see its fruits materializing during during 2025 and beyond, e.g. our ASX Announcement ("[ELS Wins Largest Order with Leading Defense Contractor](#)"), after an R&D development effort, as planned, will start delivering quarterly material revenues by the end of Q1/2025.

Convertible notes conversion

The Company completed the conversion of all convertible notes, eliminating the debt previously accrued.

Split between defence and commercial revenues

The year 2024 ended with **51%** of the total revenue from the defence sector, in contrast to only 37% in 2023.

Elsight Limited (ASX: ELS) (Elsight or the Company), the carrier agnostic, AI-powered connectivity solutions company, is pleased to provide the following **Business Update**, outlining the Company's achievements throughout the year 2024.

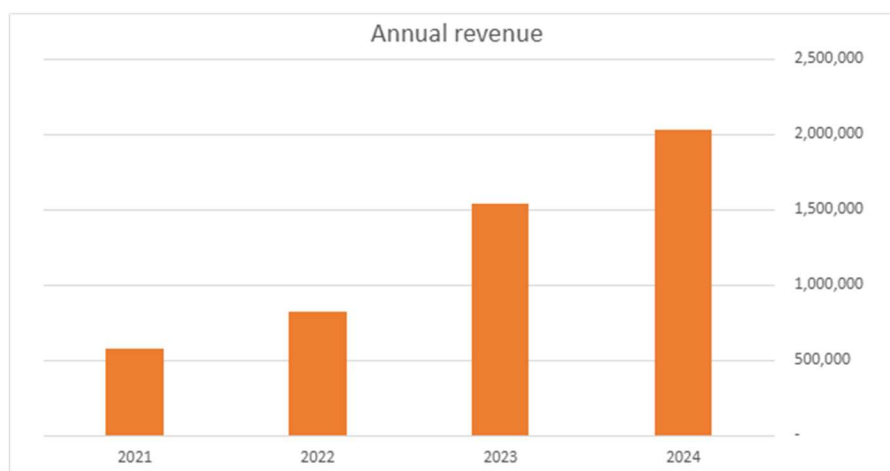


Table 1 This chart sets out the unaudited annual revenue

Major milestones in 2024

The 2024 annual revenue of the Company is \$2M, an increase of **32%** (approximately USD \$0.5M) over the 2023 annual revenue. This achievement may be primarily attributed to the Company's deeper focus on the defense sector which soared to **51%** of total revenue this year from 37% in 2023. As the year unfolded with world conflict constantly in the headlines, both the use of unmanned aerial and ground vehicles was on the uptake, making it clear to Elsieht that the fit and the high potential of the Halo remain on the rise. E.g. In the recent years, Ukraine was not considered as a major manufacturer in the defense and the drone arena. On October 02, 2024, President Zelensky announced that ["Ukraine can produce four million drones a year"](#).

Furthermore, the Company is experiencing a growing interest from large and small global players for its solutions in the defense sector, resulting in a **promising healthy sales pipeline** that is expected to translate into **material revenues during 2025**. This includes exposure to US, European and Asian markets.

It is worth noting that the sales cycle in the Government/Defense sector is significantly more demanding and longer (1-2.5 years), while the long-term revenue potential is significantly higher. So, in some respects, 2024 can be viewed as a year of deal incubation and development that will see its fruits materializing during 2025 and beyond. For example, our ASX announcement (["ELS Wins Largest Order with Leading Defense Contractor"](#)), after an R&D development effort, as planned, will start delivering revenues by the end of Q1/2025 (This project was not included in 2024 revenue results).

Throughout 2024 members of our executive team spoke and participated in various large industry events, particularly those in the defense and first responder sectors. During these events, we learned that our Halo fulfills many of the requirements of a large number of critical applications in the evolving world of combat, surveillance, disaster relief, and recovery (DFR). For the military arena our value is particularly pronounced in that the Halo overcomes the critical challenges of a single point of failure in communications, offers robust non-line-of-sight capabilities, and is extremely portable with a fast set-up in areas with limited infrastructure.

Since September, the Company has continued its development of a brand-new product which is an evolution of Halo. It leverages cellular and other communication technologies to support various applications of both portable and stationary sensors for high-scale deployments in large quantities. This new product is very close to completion and becoming GA (General Availability). A second version of it is due for release to support new customers in various commercial industries soon as well.

Leading industry associations

In June Elsieht Co-Founder and Chief Technology Officer Roe Kashi was elected as Co-Chair of the GSMA Drone Interest Group, alongside Kapil Mittal as Co-Chair, Global Head Digital Airspace at Ericsson. Roe's will contribute by exploring new revenue initiatives with advanced use of LTE and 5G technology. GSMA is an international organisation of more than 1,000 mobile operators and businesses across the globe.

Recurrent revenues

Annually, 2024 recurrent revenue increased over 2023 by **83%** demonstrating the high value of our subscription-based connectivity solutions.

First sales of the Company's new product, DroneCommX, for the HLS/public safety sector

Elsight's new after-market product DroneCommX which is designed to give owners of the most popular DJI Matrice 30 and 350 major drones upgrades to more secured BVLOS flights among others was sold to its first customer. These multiple units will be used by a U.S. drone service provider in the field of law enforcement and security and are expected to create significant growth in 2025 by addressing administration fear and resentment toward China made communication products.

New customers and re-orders from existing customers

32 new Design-Win customers were acquired during 2024, and significant orders were received from several recurring customers including the two defense EMEA contractors and other commercial customers such as Farada (Poland), one in Southeast Asia, **Airobotics** (U.S.), **CenSys Technologies** (U.S.) and **Phoenix Air Unmanned** (U.S.). A new 2024 customer in Southeast Asia, **ST Engineering**, is the first to receive BVLOS certification in its country for its drone services in surveillance, inspection, and delivery.

Through our regional partner, Navicom Aviation, Japan's largest drone manufacturer, ACSL, became a customer mid-year. ACSL has been using the Halo for both mail delivery to mountainous regions, and in disaster recovery during the Noto Peninsula earthquake and heavy rains. Drones were used for damage assessment, transport of materials and real-time monitoring. Another customer **Phoenix Air Unmanned** announced the successful completion of a 320-mile pipeline patrol of the giant Shell Pipeline Company (SPLS) in just 7.6 flight hours using a single unmanned aircraft system (UAS), an achievement empowered by the Elsieght Halo. The flights were performed under PAU's nationwide beyond visual line of sight (BVLOS) regulatory approval, showcasing advancements in critical infrastructure inspection.

The **Farada Group**, based in Poland, which focuses on the design, production and implementation of unmanned aerial vehicles (UAVs) in both the defense and medical delivery markets has had approximately 150 Halo units ordered this year.

By the end of the year, **DroneUp**, one of the Company's important clients in the embryonic parcel delivery market, ended its contract with Walmart. This development was influenced by market dynamics, including competitive pressures (offering free-of-charge deliveries) that were beyond DroneUp's control and not related to the Company's products and services. Considering the significant and successful shift toward the defense market in time, this loss is not expected to have a material impact on Elsieght's 2025 financial performance. Elsieght's annual plan for 2025 incorporates only minimal revenue contributions from new orders related to this client (less than US\$15K in new orders during 2025).

Conversion of convertible notes eliminating Company debt

At the end of 2024, the Company announced the completion of the conversion of AUD\$7.35 million (approximately US\$5.6M) of convertible notes into ordinary shares.

Burn rate

Acting frugal: The Company decreased its Burn rate from 2022 to 2023 by **36%**. This past year, the annual Burn Rate was further decreased from 2023 to 2024 by an additional **27%** (USD \$661K), reflecting tighter financial planning and management. This cost reduction together with the increased move toward the defense sector and revenue increase places the Company in an excellent position and solid foundation toward 2025.

Business risk disclosure

Material business risks that could affect future operational and financial growth of the Group are as follows:

Currency and Foreign Exchange Risk

There is a currency risk in relation to the value of financial instruments, possibly fluctuating due to changes in foreign exchange rates. This currency risk may arise when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company is also exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the New Israeli Shekel. Any reasonable fluctuation in exchange rates is not expected to have a material impact on

either profit or equity. However, the Company acknowledges that currency risk and/or foreign exchange risk remains a potential future risk for the Group, and the Company continually monitors this.

Competition in key markets

The industry in which the Group is involved is subject to domestic and international competition. Whilst the Group undertakes reasonable due diligence in business decisions and its operations, the Group has no influence or level of control over the activities of its competitors.

The Company has worked diligently on its product innovation to ensure that it remains as the market leader in BVLOS (Beyond Visual Line-Of-Sight) communication solutions (Products), and through its Design-Win program, has partnered with over 100 different drone and UAV manufacturers and service providers who are all using the Company's Products as their connectivity solution, in many cases embedding the Product in the design of the drone and proceeding to regulatory certification of their drone with the Product onboard. Furthermore, the Company is increasing its product offering.

The Company's technology (which comprises its Products) is protected by multiple patents, and ELS is constantly following potential competition to make sure that the Company stays ahead of the market. Additionally, the Company considers that its design-win concept of the Products provides significant protection against the Company's potential competition, as it makes it very hard to change critical components like ours once an entity has designed its solution around the Products, and in many cases, once an entity has gone through the long certifications process with the Products included in their own product. Furthermore, as part of our stickiness effort - the Company is providing the best professional support and speed of order delivery to its partnering customers who clearly recognize this.

Reliance on Key Personnel and Consultants

The Company's success largely depends on the core competencies of its directors, management and third-party consultants and their familiarization with, and ability to operate in, the telecommunications and related industries. The financial performance of the Company and the value of an investment in the Company party depend on the ability of the Company to retain these key personnel and consultants.

General Economic Conditions

The Company's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Likely developments and expected results of operations

The Group's principal continuing activity is the development and commercialisation of the Halo and its derivative product offering. The Group's future developments, prospects and business strategies are to continue to develop and commercialise this technology.

Matters subsequent to the reporting period

No matter or circumstance has arisen since 31 December 2024 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.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:

Major General (ret) Ami Shafran

Title:

Non-Executive Chairman (Appointed 2 June 2017)

Qualifications:

-

Experience:

Major General Shafran is the former Head of the Israeli Defence Force Information and Communications Technology Command. In addition, he is serving as the Chairman of the University's Executive Committee, and the Head of the Center for Cyber Technology at Ariel University in Israel.

Over the course of his extensive career Major General Shafran held numerous prestigious and prominent positions in the Defence and Intelligence forces of the Israeli Defence Force, including serving as its Chief Scientist, service as Chief of Staff of the Ministry of Defence, and the Research and Development Attaché at the Israeli Embassy in Washington DC.

Other current directorships:

Nil

Former directorships (last 3 years):

Nil

Special responsibilities:

Nil

Interests in shares:

222,891 Ordinary shares

Interests in options:

Nil

Name:

Mr David Furstenberg

Title:

Executive Director (Appointed 2 June 2017)

Qualifications:

-

Experience:

Mr Furstenberg has held various senior CEO, Chairman, Board member and VP Global sales positions in a number of publicly traded and privately owned companies, including Comverse (NASDAQ: CNSI) and Audiocodes (NASDAQ: AUDC), Enure, and Vista (a subsidiary of Israel Aerospace Industries).

Most recently MR Furstenberg was the active Chairman at NovelSat and the CEO at InsurBit, as well as a board director at White Cyber Knight Ltd and Insurix Inc., all companies involved in cyber and security businesses in some form.

Mr Furstenberg has built a speciality in assisting with the turnaround of high-tech companies through product and market repositioning (as opposed to reduction in force). He transitioned from non-Executive to Executive Director of the Company from 1 November 2020.

Other current directorships:

Nil

Former directorships (last 3 years):

Nil

Special responsibilities:

Nil

Interests in shares:

222,892 Ordinary shares

Interests in options:

Nil

Name:	Mr Howard Digby
Title:	Non-Executive Director (Appointed 13 December 2016)
Qualifications:	Bachelor of Engineering (Mechanical) (Honours)
Experience:	Mr Digby began his career at IBM and has spent 25 years managing technology related businesses in the Asia Pacific region, of which 12 years were spent in Hong Kong, ending with with The Economist Group as Regional Managing Director. Prior to this, he held senior regional management roles at Adobe and Gartner. Upon returning to Perth, Mr Digby served as Executive Editor of WA Business News and now spends his time as a company director, advisor and investor, having played key roles in several M&A and reverse takeover transactions.
Other current directorships:	4DS Memory Limited (Non-Executive Director) Singular Health Group Limited (Non-Executive Chairman)
Former directorships (last 3 years):	Spenda Limited previously known as Cirralto Limited (Non-Executive Director) (resigned 21 November 2024)
Special responsibilities:	Nil
Interests in shares:	2,228,096 Ordinary shares
Interests in options:	Nil

Name:	Mr Joshua (Jim) Landau
Title:	Non-Executive Director (Appointed 1 October 2021)
Qualifications:	FCPA, FINSIA, AICD, BEE (Hon)
Experience:	Mr Landau has over 40 years' experience as a technology entrepreneur and mentor and brings significant experience as both a senior leader and director of numerous listed and unlisted companies. He currently serves as a Chair for an Australian TEC group of managing directors from diverse industries and is a non-executive director of the private equity Leading Technology Group.

Mr Landau was the co-founder of one of Australia's first listed software companies, Software Corporate of Australia, which was listed on the second Board of the ASX and was the managing director of Australia's first main board listed IT services company, Datronics Corporation. He was the former chairman of Centricom the developer of the Poli Payments platform, a director of Collaborate Corporation and as director or advisor to several other cutting edge technology companies, including those involved with the emerging UAV industry.

Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	100,000 Ordinary shares
Interests in options:	Nil

Information on Key Management Personnel

Name: Mr Yoav Amitai
Title: Chief Executive Officer
Qualification: BSc Mechanical Engineering
Experience: Mr Amitai has been with Elsieht for eight years. Prior to becoming the Company's Chief Executive Officer, most recently as Chief Operating Officer and as Chief Innovation & Product Officer before that.

With a degree in Mechanical Engineering from the Ben-Gurion University of the Negev and a rich resume that includes serving as General Manager of Agor Engineering, Mr Amitai brings extensive managerial, business strategy, and technical experience to the Elsieht table. Yoav played a major part in initiating and executing Elsieht's strategic transition from project-based to product-oriented company, leveraging its advanced technology and shaping its technological and business vision. Mr Amitai is well-versed in product design, manufacturing, and "creative engineering" solutions and is a perfect fit to lead Elsieht's team.

Name: Mr Roei Kashi
Title: Chief Technology Officer
Qualification: -
Experience: Mr Kashi commenced his career in the Israeli Defence Force and has over ten years of experience and expertise in building and developing digital video systems.

Mr Kashi has been responsible for some major technological achievements including the development of the core software of El-Sight Israel's digital video recorder that is responsible for video encoding and transmission, user interface design and construction of the system, handheld software development (Pocket PC, Smartphone), moving cameras, smart searches, and send notification email recordings to name a few.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Information on Company secretary

Name: Mr Mark Licciardo
Qualifications: B.Bus (Acc), GradDip CSP, FGIA, FCIS, FAICD
Experience: Mr Mark Licciardo, of Acclime Corporate Services, has extensive experience working with Boards of ASX listed companies in the areas of corporate governance, accounting and finance and company secretarial practice. His expertise is in developing and guiding effective governance and he is considered a leader in this sector. His 40-year corporate career has encompassed executive roles in banking and finance, funds management, investment and infrastructure development. Mr Licciardo was the Managing Director and founder of Mertons Corporate Services which was acquired by Acclime in 2022 and is currently Partner and Managing Director of Acclime's Listed Services division and a Non-executive Director of various public and private companies.

Meetings of Directors

The number of formal meetings of Directors held during the period and the number of meetings attended by each director was as follows:

Directors	Appointment dates	DIRECTORS' MEETINGS	DIRECTORS' MEETINGS
		Number eligible to attend	Number attended
Ami Shafran	Appointed 2 June 2017	10	10
David Furstenberg	Appointed 2 June 2017	10	10
Howard Digby	Appointed 13 December 2016	10	10
Joshua Landau	Appointed 1 October 2021	10	10

Shares under options

Unissued shares under option

At the date of this report, the unissued ordinary shares of Elsieht Limited under option are as follows:

Issue Date	Expiry Date	Status	Exercise Price	Number Under Option
29 June 2020	23 April 2025	Unlisted	A\$0.28	550,000
29 June 2020	15 May 2025	Unlisted	A\$0.34	50,000
29 June 2020	12 June 2025	Unlisted	A\$0.32	100,000
2 February 2021	1 February 2026	Unlisted	A\$0.43	130,000
15 September 2021	14 September 2026	Unlisted	A\$0.42	427,000
15 September 2021	14 September 2026	Unlisted	A\$0.48	695,000
15 December 2021	14 December 2026	Unlisted	A\$0.38	50,000
15 December 2021	14 December 2026	Unlisted	A\$0.44	200,000
26 April 2022	25 April 2027	Unlisted	A\$0.43	200,000
26 May 2022	25 May 2027	Unlisted	A\$0.48	2,687,589
21 September 2022	30 August 2027	Unlisted	A\$0.37	2,439,000
18 January 2023	18 January 2028	Unlisted	A\$0.37	43,000
10 May 2024	26 March 2029	Unlisted	A\$0.36	3,153,000
25 July 2024	25 July 2029	Unlisted	A\$0.46	625,000
22 August 2024	22 August 2029	Unlisted	A\$0.38	105,000
11 November 2024	21 August 2029	Unlisted	A\$0.60	750,000
11 November 2024	21 August 2029	Unlisted	A\$0.90	1,000,000
11 November 2024	21 August 2029	Unlisted	A\$1.30	1,000,000
11 November 2024	21 August 2029	Unlisted	A\$1.80	1,250,000
				<u>15,454,589</u>

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Shares issued on the exercise of options

During the year ended 31 December 2024 a total of 741,145 options were converted to ordinary shares as follows:

- 65,625 options exercisable at A\$0.30 on or before 27 July 2025;
- 95,833 options exercisable at A\$0.28 on or before 23 April 2025;
- 37,500 options exercisable at A\$0.37 on or before 30 August 2027;
- 50,000 options exercisable at A\$0.28 on or before 23 April 2025;
- 50,000 options exercisable at A\$0.37 on or before 18 July 2025;
- 100,000 options exercisable at A\$0.35 on or before 23 June 2024;;
- 32,812 options exercisable at A\$0.37 on or before 30 August 2027;
- 35,000 options exercisable at A\$0.42 on or before 14 September 2026;
- 100,000 options exercisable at A\$0.28 on or before 23 April 2025;
- 34,375 options exercisable at A\$0.42 on or before 14 September 2026; and
- 140,000 options exercisable at A\$0.37 on or before 30 August 2027.

During the year ended 31 December 2023 5,000 options exercisable at A\$0.37 on or before 30 August 2027 were exercised to ordinary shares.

Shares issued on the conversion of Convertible Notes

During the year ended 31 December 2024, a total of 25,583,333 conversion notes were converted to ordinary shares as follows:

- 183,333 conversion notes converted to 201,522 ordinary shares at an issue price of \$0.30 each;
- 83,333 convertible notes converted to 92,324 ordinary shares at an issue price of \$0.30 each;
- 233,333 conversion notes converted to 261,632 ordinary shares at an issue price of \$0.30 each; and
- 25,083,334 conversion notes converted to 29,420,007 ordinary shares at an issue price of \$0.30 each.

During the year ended 31 December 2023, no convertible notes were converted to ordinary shares.

No amounts are unpaid on any of the shares.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnifying and insurance of officers

The Company indemnifies each of its directors, officers and company secretary. The Company indemnifies each director or officer to the maximum extent permitted by the *Corporations Act 2001* from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a director or officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the *Corporations Act 2001*. The Company must also use its best endeavours to insure a director or officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

Insurance Premiums

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Group. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, RSM Australia Partners, as part of the terms of its audit engagement agreement against claims by third parties arising from their report on the financial report.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

In the event that non-audit services are provided by RSM Australia Partners, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the *Corporations Act 2001*. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C for the year ended 31 December 2024 has been received and can be found on page 22 of the financial report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

Remuneration report (audited)

This remuneration report for the year ended 31 December 2024 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

- (1) Introduction
- (2) Remuneration governance
- (3) Executive remuneration governance
- (4) Non-executive Director fee arrangements
- (5) Details of remuneration
- (6) Additional disclosures relating to equity instruments
- (7) Loans from key management personnel (KMP) and their related party
- (8) Other transactions and balances with KMP and their related parties
- (9) Voting of shareholders at last year's annual general meeting

1. Introduction

Key Management Personnel (**KMP**) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the directors of the Company and identified key management personnel.

Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

Key management personnel covered in this report are as follows:

Name	Status	Appointment dates	Resignation dates
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 Landau	Non-Executive Director	1 October 2021	-
Mr Yoav Amitai	Chief Executive Officer	1 November 2020	-
Mr Roee Kashi	Chief Technology Officer	2 June 2017	-

2. Remuneration governance

The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of a separate remuneration committee. Accordingly, all matters are considered by the full Board of Directors, in accordance with a remuneration committee charter.

During the financial year, the Company did not engage any remuneration consultants.

3. Executive Remuneration Arrangements

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation and equity-based compensation, as well as employer contributions to superannuation funds. Shares and options may only be issued to directors subject to approval by shareholders in a general meeting.

At the date of this report the Company has three appointed executives, Mr David Furstenberg as Executive Director, Mr Yoav Amitai as Chief Executive Officer and Mr Roee Kashi as Chief Technology Officer. The terms of their Employment Agreements with Elsight Limited are summarised in the following table.

Executive Name	Services Agreement Summary
Mr David Furstenberg	- Executive salary of AUD \$50,000 per annum (based on the exchange rate at 31 December 2024, equals approximately US\$31,000 per annum). - Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with Group's reimbursement policies. - The agreement commenced on 1 June 2017 and may be terminated by either party with no notice period.
Mr Yoav Amitai	- For the year ended 31 December 2024, executive salary of ILS 756,000 per annum (based on the exchange rate at 31 December 2024, equals approximately US\$207,000). - Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with Group's reimbursement policies. - The agreement commenced on 1 November 2020 and may be terminated by either party on 104 days' notice. It may be terminated immediately with justifiable cause.
Mr Roee Kashi	- For the year ended 31 December 2024, executive salary of ILS 756,000 per annum (based on the exchange rate at 31 December 2024, equals approximately US\$207,000). - Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with Group's reimbursement policies. - The agreement commenced on 6 April 2017 and may be terminated by either party on 180 days' notice. It may be terminated immediately with justifiable cause.

As the Group is still in the process of developing and commercialising its products the Board does not consider the Group's earnings or earnings related measures to be an appropriate Key Performance Indicator (KPI). In considering the relationship between the Group's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed as well as measures such as successful completion of business development and corporate activities.

Employee Share Option Plan

The Group has established and maintains the Elsight Limited Employee Share Option Plan (**Plan**) to provide ongoing incentives to Eligible Participants of the Company. Eligible Participants include:

- a director (whether executive or non-executive) of the Group;
- a full or part time employee of the Group;
- a casual employee or contractor of the Group; or
- a prospective participant, being a person to whom the offer was made but who can only accept the offer if arrangement has been entered into that will resulting in the person becoming an Eligible Participant.

The Board adopted the Plan to allow Eligible Participants to be granted options to acquire shares in the Company.

The purpose of the Plan is to assist in the reward and motivation of Eligible Participants and link the reward of Eligible Participants to performance and the creation of shareholder value. It is designed to align the interest of Eligible Participants more closely to the interests of shareholders by providing an opportunity for Eligible Participants to receive shares. It provides the Eligible Participants with the opportunity to share in any future growth in value of the Company and provides greater incentives for Eligible Participants to focus on the Company's longer-term goals.

4,000,000 options were issued to Chief Executive Officer Yoav Amitai and 645,000 options were issued to Chief Technology Officer Roee Kashi under the Plan during the 31 December 2024 financial year.

Group Performance

The table below shows the performance of the Group over the last 5 reporting periods:

Financial Year	31 Dec 2024	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020
Loss for the year	US\$,3,870,954	US\$,3,683,532	US\$,4,306,433	US\$,6,043,694	US\$,3,880,688
Loss per share (cents)	US\$2.56	US\$2.45	US\$2.97	US\$4.53	US\$3.62
Share price	A\$0.37	A\$0.38	A\$0.34	A\$0.38	A\$0.425

4. Non-executive director fee arrangement

The Board policy is to remunerate Non-executive directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive directors may receive performance related compensation. directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to Non-executive Directors.

The maximum aggregate amount of fees that can be paid to Non-executive directors is presently limited to an aggregate of A\$300,000 (US\$186,000) per annum and any change is subject to approval by shareholders at the General Meeting. Fees for Non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Total fees for the Non-executive directors for the financial year were US\$109,996 (2023: US\$110,586) and cover main Board activities only. Non-executive directors may receive additional remuneration for other services provided to the Group.

All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

5. Details of remuneration

The Key Management Personnel of Elsieht Limited includes the current and former Directors of the Company and Key Management Personnel of Elsieht during the year ended 31 December 2024.

31 December 2024	Salary & fees US\$	Short term benefits Other ⁽ⁱ⁾ US\$	Non- monetary benefits US\$	Bonuses US\$	Post- employment retirement benefits US\$	Share- based payments ⁽ⁱⁱ⁾ US\$	Performance based remuneration ⁽ⁱⁱⁱ⁾ %	Total US\$
Directors:								
Ami Shafran	32,983	-	-	-	-	-	-	32,983
David Furstenberg	32,983	-	-	-	-	-	-	32,983
Howard Digby	32,979	-	-	-	-	-	-	32,979
Joshua Landau	39,581	-	-	-	4,453	-	-	44,034
Key management:								
Yoav Amitai	205,017	15,121	14,842	-	30,305	144,937	35%	410,222
Roe Kashi	222,196	15,121	12,195	-	30,302	93,399	25%	373,213
Total	565,739	30,242	27,037	-	65,060	238,336		926,414

⁽ⁱ⁾ Israeli social benefits.

⁽ⁱⁱ⁾ Share-based payment expense is recorded pro-rata over the vesting period. Refer to Section 6 Additional disclosures relating to equity instruments for further information.

⁽ⁱⁱⁱ⁾ Performance based remuneration relates to options issued as share based payments.

31 December 2023	Salary & fees US\$	Short term benefits Other ⁽ⁱ⁾ US\$	Non- monetary benefits US\$	Bonuses US\$	Post- employment retirement benefits US\$	Share- based payment s (ii) US\$	Performance based remuneration (iii) %	Total US\$
Directors:								
Ami Shafran	33,221	-	-	-	-	-	-	33,221
David Furstenberg	33,221	-	-	-	-	-	-	33,221
Howard Digby	33,215	-	-	-	-	-	-	33,215
Joshua Landau	39,865	-	-	-	4,285	-	-	44,150
Peter Marks	-	-	-	-	-	-	-	-
Key management:								-
Yoav Amitai	179,813	15,041	14,844	-	26,550	52,757	18%	289,005
Roe Kashi	218,006	15,122	8,319	-	30,418	125,337	32%	397,202
	537,341	30,163	23,163	-	61,253	178,094		830,014

⁽ⁱ⁾ Israeli social benefits.

⁽ⁱⁱ⁾ Share-based payment expense is recorded pro-rata over the vesting period. Refer to Section 6 Additional disclosures relating to equity instruments for further information.

⁽ⁱⁱⁱ⁾ Performance based remuneration relates to options issued as share based payments.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed Remuneration		STI - cash bonus		LTI - Options	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Directors:						
Ami Shafran	100%	100%	-	-	-	-
David Furstenberg	100%	100%	-	-	-	-
Howard Digby	100%	100%	-	-	-	-
Joshua Landau	100%	100%	-	-	-	-
Other Key Management Personnel:						
Yoav Amitai	65%	82%	-	-	35%	18%
Roe Kashi	75%	68%	-	-	25%	32%

There were no bonuses during the years ended 31 December 2024 and 31 December 2023.

6. Additional disclosures relating to equity instruments

KMP Shareholding

There were no shares issued as KMP remuneration during the 31 December 2024 financial year (31 December 2023: nil).

There were 4,645,000 options issued as KMP remuneration during the 31 December 2024 financial year (31 December 2023: nil).

The number of ordinary shares in Elsight Limited held by each KMP of the Group during the financial year is as follows:

	Balance at the start of the year	Shares purchased on market during the year	Options exercised and converted to shares during the year	Shares sold on market during the year	Balance at the end of the year
Directors:					
Ami Shafran	132,070	70,396	-	-	202,466
David Furstenberg	132,071	70,396	-	-	202,467
Howard Digby	2,171,096	57,000	-	-	2,228,096
Joshua Landau	100,000	-	-	-	100,000
Key Management:					
Yoav Amitai	-	-	100,000	-	100,000
Roe Kashi	6,317,454	-	-	(8,600)	6,308,854
Total	8,852,691	197,792	100,000	(8,600)	9,141,883

KMP Option holdings

Options awarded, vested and lapsed during the year

The tables below disclose the number of share options granted, vested or lapsed during the year.

Share options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

The number of options over ordinary shares held by each KMP of the Group (and/or their related party) during the financial year is as follows:

	Balance at the start of the year	Granted during the year	Exercised during the year(i)	Expired/ forfeited/ Other(ii)	Balance at the end of the year
Options over ordinary shares					
Directors:					
Ami Shafran	-	-	-	-	-
David Furstenberg	-	-	-	-	-
Howard Digby	-	-	-	-	-
Joshua Landau	-	-	-	-	-
Key management:					
Yoav Amitai	3,783,452	4,000,000	(100,000)	(895,863)	6,787,589
Roe Kashi	1,550,000	645,000	-	-	2,195,000
Total	5,333,452	4,645,000	(100,000)	(895,863)	8,982,589

(i) There were 100,000 A\$0.35, 23 June 2024 options exercised during the year ended 31 December 2024.

(ii) In May 2022 Yoav Amitai was issued a total of 3,583,452 ESOP options in four tranches of 895,863. Tranche 1 options to be vested subject to the achievement of a revenue performance milestone of US\$3.0M in one (1) year in each of 2022 or 2023. The milestone was not achieved at 31 December 2023 at which time the previously recognised share based payment expense was reversed. The 895,863 Tranche 1 options were cancelled during the year ended 31 December 2024 and had no impact on 2024 remuneration.

Details of vested and unvested options at year end is as follows:

	Vested and exercisable	Unvested and un-exercisable	Balance at the end of the year
<i>Options over ordinary shares</i>			
Key management:			
Yoav Amitai	659,914	6,127,675	6,787,589
Roei Kashi	915,625	1,279,375	2,195,000
Total	1,575,539	7,407,050	8,982,589

Terms and conditions of the share-based payment arrangements

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting are as follows:

Option class	Number granted	Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date (vi)	Vested %
ESOP Options	200,000	10/05/2020	(i)	23/04/2025	A\$0.28	US\$0.22	100%
ESOP Options	2,687,589	26/05/2022	(ii)	26/05/2027	A\$0.48	US\$0.17	20.83%
ESOP Options	1,450,000	30/08/2022	(iii)	30/08/2027	A\$0.37	US\$0.18	56.25%
ESOP Options	645,000	10/05/2024	(iv)	26/03/2029	A\$0.36	US\$0.15	-
ESOP Options	750,000	22/10/2024	(v)	21/08/2029	A\$0.60	US\$0.12	-
ESOP Options	1,000,000	22/10/2024	(v)	21/08/2029	A\$0.90	US\$0.11	-
ESOP Options	1,000,000	22/10/2024	(v)	21/08/2029	A\$1.30	US\$0.09	-
ESOP Options	1,250,000	22/10/2024	(v)	21/08/2029	A\$1.80	US\$0.07	-

(i) 50% of the 200,000 options vested on 23 April 2021, with the remaining 50% vesting over a period of 3 years quarterly. A total of 16,660 options vested during the year ended 31 December 2024. There are no performance milestones applicable to the ESOP Options.

(ii) The 2,687,589 ESOP options were issued in tranches of 895,863 Options each vesting subject to the achievement of the following Performance Milestones:

- *Tranche 2* – Closing 20-day Volume Weighted Average Price (VWAP) of A\$0.90 commencing 1 January 2023 until 31 December 2024, or closing 45- day VWAP of A\$0.90 until 31 December 2022. These options are not vested and not expected to vest at 31 December 2024.

- *Tranche 3* – Closing 20-day VWAP of A\$1.80 commencing 1 January 2023 until 31 December 2024, or closing 45-day VWAP of A\$1.80 until 31 December 2023. These options are not vested and not expected to vest at 31 December 2024.

- *Tranche 4* – Service condition only – 25% on 26 May 2023 and an additional 6.25% at the end of each quarter of continuous services thereafter. A total of 223,966 options vested during the year ended 31 December 2024.

The fair value of Tranches 2 and 3 was determined using a Monte Carlo simulation model. The Black Scholes option pricing model was used to determine the fair value of Tranche 4.

The likelihood of achieving the Tranche 2 and 3 Performance Milestones is built into the Monte Carlo Simulation model. At 31 December 2024 the likelihood of achieving the Tranche 4 service condition has been assessed 100% (2023: 100%).

(iii) 25% of the 1,450,000 options vested on 30 August 2023, with an additional 6.25% vesting at the end of each quarter of continuous service thereafter. 362,500 options vested during the year ended 31 December 2024. There are no performance milestones applicable to the ESOP Options.

(iv) 25% of the 645,000 options vest on 26 March 2025, with an additional 6.25% vesting at the end of each quarter of continuous service thereafter. There are no performance milestones applicable to the ESOP Options.

(v) The 4,000,000 options were issued in four tranches. Tranche 1 is comprised of 750,000 options vesting 22 August 2025. Tranche 2 is comprised of 1,000,000 options vesting 22 August 2026. Tranche 3 is comprised of 1,000,000 options vesting 22 August 2027. Tranche 4 is comprised of 1,250,000 options vesting 22 August 2028. There are no performance milestones applicable to the ESOP options.

(vi) Except as otherwise noted above, the value per option at grant date has been determined using a Black Scholes option pricing model. Where noted the options have been valued using Monte Carlo simulation models. Share-based payment expense is recorded pro-rata over the vesting period.

7. Loans to key management personnel (KMP) and their related parties

There are no loans between the Group and key management personnel.

8. Other transactions and balance with KMP and their related parties

There were no other transactions with KMP or their related parties at 31 December 2024 (2023: none).

At 31 December 2024 the following balances are recorded in relation to KMP or their related parties:

Key Management Personnel and their Related Party	Nature of transaction	Payable balance US\$
Ami Shafran	Director and consulting fees	12,339
David Furstenberg	Director and consulting fees	12,339
Yoav Amitai	Salary and salary related expenses	20,797
Roei Kashi	Salary and salary related expenses	27,542

9. Voting of shareholders at last year's annual general meeting

The Company received 99.60% "Yes" votes cast on its Remuneration Report for the 31 December 2023 financial year. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

REMUNERATION REPORT (END)

This concludes the remuneration report, which has been audited and signed in accordance with a resolution of the Board of Directors.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors


Mr David Furstenberg
Executive Director

27 February 2025

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

www.rsm.com.au

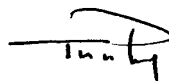
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Elsie Limited for the year ended 31 December 2024, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA



TUTU PHONG
Partner

Perth, WA
Dated: 27 February 2025

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.
RSM Australia Partners ABN 36 965 185 036
Liability limited by a scheme approved under Professional Standards Legislation

	Note	31 December 2024 US\$	31 December 2023 US\$
Revenue from contracts with customers	4	2,028,737	1,541,168
Cost of sales		(861,227)	(733,644)
Gross profit		1,167,510	807,524
Other income	5	340,274	202,627
Selling, general and administrative expenses	6	(3,935,725)	(3,641,306)
Net share-based payments expense	25	(458,684)	(400,949)
Loss before finance expense		(2,886,625)	(3,032,104)
Net finance expenses	7	(984,329)	(651,428)
Loss before income tax expense		(3,870,954)	(3,683,532)
Income tax expense	9	-	-
Loss after income tax expense for the year attributable to the owners of Elsieht Limited		(3,870,954)	(3,683,532)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation, net of tax	24	464,565	(244,250)
Other comprehensive loss for the year, net of tax		464,565	(244,250)
Total comprehensive loss for the year attributable to the owners of Elsieht Limited		(3,406,389)	(3,927,782)
		Cents	Cents
Loss per share attributable to owners of the Company attributable to the owners of Elsieht Limited			
Basic loss per share	8	(2.56)	(2.45)
Diluted loss per share	8	(2.56)	(2.45)

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

	Note	31 December 2024 US\$	31 December 2023 US\$
Assets			
Current assets			
Cash and cash equivalents	12	873,953	2,702,593
Trade and other receivables	14	585,176	661,753
Inventory	15	502,654	689,267
Total current assets		1,961,783	4,053,613
Non-current assets			
Plant and equipment	16	95,712	107,092
Right-of-use assets	17	176,217	242,262
Intangible assets		26,152	33,590
Total non-current assets		298,081	382,944
Total assets		2,259,864	4,436,557
Liabilities			
Current liabilities			
Trade and other payables	18	666,004	529,116
Contract liabilities	19	215,000	196,664
Convertible notes	21	-	4,983,627
Lease liabilities	20	107,801	179,123
Total current liabilities		988,805	5,888,530
Non-current liabilities			
Convertible notes	21	-	93,349
Lease liabilities	20	72,301	68,891
Provisions	22	47,773	46,762
Total non-current liabilities		120,074	209,002
Total liabilities		1,108,879	6,097,532
Net assets/(liabilities)		1,150,985	(1,660,975)
Equity			
Issued capital	23	29,510,159	23,750,494
Reserves	24	627,723	666,567
Accumulated losses		(28,986,897)	(26,078,036)
Total equity/(deficiency)		1,150,985	(1,660,975)

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

	Issued capital US\$	Share-based payment Reserve US\$	Foreign Exchange Reserve US\$	Predecessor Accounting Reserve US\$	Equity Reserve US\$	Accumulated Losses US\$	Total Equity/ (Deficiency) US\$
Balance at 1 January 2023	23,749,095	1,852,331	(762,039)	(296,796)	718,413	(23,411,508)	1,849,496
Loss after income tax expense for the year	-	-	-	-	-	(3,683,532)	(3,683,532)
Other comprehensive loss for the year, net of tax	-	-	(244,250)	-	-	-	(244,250)
Total comprehensive loss for the year	-	-	(244,250)	-	-	(3,683,532)	(3,927,782)
<i>Transactions with owners in their capacity as owners:</i>							
Issue of Shares, net of transaction costs (note 23)	1,399	-	-	-	-	-	1,399
Share-based payments (note 25)	-	400,949	-	-	-	-	400,949
Exercise, expiry and cancellation of options	-	(1,017,004)	-	-	-	1,017,004	-
Financial instruments recognised in equity (note 21)	-	-	-	-	14,963	-	14,963
Balance at 31 December 2023	<u>23,750,494</u>	<u>1,236,276</u>	<u>(1,006,289)</u>	<u>(296,796)</u>	<u>733,376</u>	<u>(26,078,036)</u>	<u>(1,660,975)</u>

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

	Issued capital US\$	Share- based payment Reserve US\$	Foreign Exchange Reserve US\$	Predecessor Accounting Reserve US\$	Equity Reserve US\$	Accumulated Losses US\$	Total Equity/ (Deficiency) US\$
Balance at 1 January 2024	23,750,494	1,236,276	(1,006,289)	(296,796)	733,376	(26,078,036)	(1,660,975)
Loss after income tax expense for the year	-	-	-	-	-	(3,870,954)	(3,870,954)
Other comprehensive loss for the year, net of tax	-	-	464,565	-	-	-	464,565
Total comprehensive loss for the year	-	-	464,565	-	-	(3,870,954)	(3,406,389)
<i>Transactions with owners in their capacity as owners:</i>							
Issue of Shares, net of transaction costs (note 23)	5,759,665	-	-	-	-	-	5,759,665
Share-based payments (note 25)	-	458,684	-	-	-	-	458,684
Exercise, expiry and cancellation of options	-	(228,717)	-	-	-	228,717	-
Financial instruments recognised in equity (note 21)	-	-	-	-	(733,376)	733,376	-
Balance at 31 December 2024	29,510,159	1,466,243	(541,724)	(296,796)	-	(28,986,897)	1,150,985

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

	Note	31 December 2024 US\$	31 December 2023 US\$
Cash flows from operating activities			
Receipts from customers		2,358,959	1,338,606
Payments to suppliers and employees		(4,389,397)	(3,891,150)
Interest received		39,265	184,804
Interest paid		(12,596)	(14,718)
Proceeds from government grants		235,827	190,135
Net cash used in operating activities	13	(1,767,942)	(2,192,323)
Cash flows from investing activities			
Purchase of plant and equipment			(8,079)
Purchase of intangible assets		(16,890)	(36,000)
Net cash used in investing activities		(16,890)	(44,079)
Cash flows from financing activities			
Proceeds from convertible notes		-	69,685
Net proceeds from the issue of shares		166,031	1,231
Principal elements of lease payments		(203,525)	(190,338)
Net cash used in financing activities		(37,494)	(119,422)
Net decrease in cash and cash equivalents		(1,822,326)	(2,355,824)
Cash and cash equivalents at the beginning of the financial year		2,702,59	5,194,794
Effects of exchange rate changes on cash and cash equivalents		(6,314)	(136,377)
Cash and cash equivalents at the end of the financial year	12	873,953	2,702,593

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

Note 1. Material Accounting Policy Information

These consolidated financial statements cover Elsight Limited (**Company**) and its controlled entities (also referred to as **Group**). Elsight Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The financial statements were issued by the board of directors on 27 February 2025 by the directors of the Company.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (**AASBs**) (including Australian interpretations) adopted by the Australian Accounting Standard Board (**AASB**) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events, and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

b) Basis of measurement and reporting conventions

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

c) Going concern

The financial statements are prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the Group recorded a net loss of US\$3,870,954 and had net cash outflows from operating activities of US\$1,767,942 for the year ended 31 December 2024.

The Directors have approved a detailed cashflow forecast which indicates that the Group will be required to raise additional funds in order to provide additional working capital and to continue to fund the proposed level of business activities. The ability of the Group to continue as a going concern is dependent on securing such additional funding by capital raise or other means.

This condition indicates a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe that there are reasonable grounds that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group's ability to issue additional shares under the Corporations Act 2001 to raise further working capital; and
- The ability of the Group to further scale back certain parts of its activities that are non-essential to conserve cash.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Note 1. Material Accounting Policy Information

d) Adoption of new and amended Accounting Standards

The Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2024. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies. No retrospective change in accounting policy of material reclassification has occurred during the year.

e) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

f) Predecessor accounting

Business combinations involving entities under common control are accounted for using the predecessor accounting method. Under this method;

- carrying values are not restated in the accounts of the acquiring entity, rather prior book values are maintained. As a result no fair value adjustments are recorded on the acquisition; and
- the carrying value of net assets or liabilities acquired is recorded as a separate element of equity.

Note 1. Material Accounting Policy Information

g) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in United States dollars which is the Group's presentational currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised other comprehensive Income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of operations with functional currencies other than United States dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed of.

h) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivable and payables are stated inclusive of the amount of GST receivable or payable. The net amount of the GST recoverable from, or payable to, the ATO is included with other receivables and payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Intangible assets

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured.

Note 1. Material Accounting Policy Information

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use over a period of 3 – 7 years.

Research expenditure and development expenditure that do not meet the criteria in set out above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Note 2. New accounting standards for application in future periods

There are no Australian accounting standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2024 which are expected to have a material impact on the Group in future reporting periods.

Note 3. Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the consolidated financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Trade receivables

Management assess impairment of the Group's trade receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs for the expected credit loss model under AASB 9 and impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Assumptions made regarding the collectability of the Group's receivables are disclosed at **note 14**.

Note 4. Revenue from contracts with customers

	31 December 2024 US\$	31 December 2023 US\$
<i>Revenue recognised at a point in time:</i>		
- Sale of physical goods	1,244,265	1,003,865
<i>Revenue recognised over a period of time:</i>		
- Data usage	445,997	305,467
- Service level agreements and other services	338,475	193,535
- Halo as a service	-	38,301
Total revenue	2,028,737	1,541,168

The Group has recognised the following assets and liabilities related to contracts with customers:

- Contract liabilities (note 19)	215,000	76,608
----------------------------------	---------	--------

There were no significant movements in contract assets or liabilities during the year.

Accounting policy for revenue

The Group revenues consist of the following elements:

Note 4. Revenue from contracts with customers (continued)

- physical products which are sent to the customer, where revenue is recognised upon shipment or arrival of goods, dependent on the terms that have been agreed with the customer;
- data usage, which is recognised over the usage period;
- installation fees, which are recognised upon the completion of product installation; and
- other revenue including cloud services fees which are recognised over the service period; software license fees which are recognised over the license period; and service level agreements which are recognised over the agreement period.

In relation to cloud services, software license and service level agreements, the Group recognises a contract liability where payments received exceed the services rendered.

The Group has no material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue is measured at the transaction price allocated to the performance condition. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

Note 5. Other income

	31 December 2024 US\$	31 December 2023 US\$
Net foreign exchange gain	-	67,745
Israeli Innovation Authority government grant income	247,710	134,882
Other grant income	41,229	-
Recovery of bad debts	51,335	-
Total Other income	340,274	202,627

Accounting policy for other income

Grant income from Israeli Innovation Authority is recognised when the Group recognises the related expenses for which the grants are intended to compensate.

Note 6. Selling, general and administrative expenses

	31 December 2024 US\$	31 December 2023 US\$
Research	1,559,744	1,446,234
Sales, marketing and exhibitions	868,326	709,054
Salaries and related expenses	446,916	486,076
Professional services	309,897	361,663
Office expenses	211,832	139,304
Amortisation of right of use asset	201,715	192,878
Depreciation of plant and equipment and amortisation of intangible asset	34,680	59,766
Travel	69,775	45,431
Other expenses	232,840	200,900
Total selling, general and administrative expenses	3,935,725	3,641,306

Note 6. Selling, general and administrative expenses (continued)

Accounting policy for operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Note 7. Finance expenses/(income)

	31 December 2024 US\$	31 December 2023 US\$
Interest income	(39,265)	(184,805)
Accrued and effective interest on convertible notes (note 21)	1,010,997	821,315
Interest on borrowings and bank fees	5,274	7,275
Implied interest on leases	7,323	7,643
Total net finance expenses	984,329	651,428

Note 8. Loss per share

	31 December 2024 US\$	31 December 2023 US\$
Loss after income tax attributable to the owners of Elsieht Limited	(3,870,954)	(3,683,532)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	151,191,778	150,320,019
Weighted average number of ordinary shares used in calculating diluted earnings per share	151,191,778	150,320,019
	Cents	Cents
Basic loss per share	(2.56)	(2.45)
Diluted loss per share	(2.56)	(2.45)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Elsieht Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 9. Income tax

The financial accounts for the year ended 31 December 2024 comprise the results of Elsieht Australia and its controlled entities. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 30% (31 December 2023: 30%). The applicable tax rate in Israel is 23% (31 December 2023: 23%).

Note 9. Income tax (continued)

	31 December 2024 US\$	31 December 2023 US\$
<i>(a) Income tax expense</i>		
Current tax	-	-
Deferred tax	-	-
Aggregate income tax expense	-	-
<i>Numerical reconciliation of income tax and tax at the statutory rate</i>		
Loss before income tax expense	(3,870,954)	(3,683,532)
Tax at the statutory tax rate of 28.39% (2023: 27.37%)	(1,099,048)	(1,008,071)
<i>Non-deductible items</i>		
Non-deductible expenditure	340,614	583,497
Deferred tax assets not recognised	758,434	424,574
	-	-
Deferred tax assets		
Investments and loans	5,639,859	5,677,154
Accruals	3,800	5,980
Provisions	54,113	54,864
Tax losses	5,688,836	5,066,111
Less deferred tax assets not recognised	(11,386,608)	(10,804,109)
Deferred tax liabilities		
Other	-	-
Net deferred tax liabilities	-	-
Income tax expense	-	-

Carry forward losses

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 31 December 2024 because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

Accounting Policy for income tax

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Note 9. Income tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Note 10. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 29.

a) Key Management Personnel Compensation

The totals of remuneration paid to KMP during the year are as follows:

	31 December 2024 US\$	31 December 2023 US\$
Short-term salary and fees	565,739	537,341
Retirement benefits	65,060	61,253
Non-monetary benefits	27,037	23,163
Other	30,242	30,163
Share based payments	238,336	178,094
Total KMP Compensation	926,414	830,014

b) Other related party transactions

There were no other transactions with related parties during the year ended 31 December 2024 (31 December 2023: Nil).

As at 31 December 2024 the following balances are recorded in relation to KMP or their related parties:

Key management personnel or their related party	Nature of transaction	Payable balance	
		31 December 2024 US\$	31 December 2023 US\$
Ami Shafran	Director fees	12,339	6,738
David Furstenberg	Director fees	12,339	6,738
Yoav Amitai	Salary and related expenses	20,797	18,653
Roe Kashi	Salary and related expenses	27,542	23,348

Note 10. Related party transactions (continued)

c) Loans from key management personnel (KMP) and their related parties

There were no loans to or from related parties at the current and previous reporting date or during the financial year.

Note 11. Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	31 December 2024 US\$	31 December 2023 US\$
Auditor remuneration		
- Auditing and reviewing the financial reports (RSM) - Australia	33,232	31,560
- Auditing and reviewing the financial reports (BDO) - Australia	-	2,692
- Auditing and reviewing the financial reports (BDO) - Israel	29,000	27,000
	<u>62,232</u>	<u>61,252</u>

Note 12. Cash and cash equivalents

	31 December 2024 US\$	31 December 2023 US\$
<i>Current</i>		
Cash at bank - unrestricted	824,048	2,666,722
Cash at bank - restricted	49,905	35,871
Total cash and cash equivalents in the consolidated statement of cash flows	<u>873,953</u>	<u>2,702,593</u>

Restricted cash relates to bank deposits in place as security guarantees.

The Group's exposure to the risks associated with cash are disclosed in note 27.

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less.

Note 13. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	31 December 2024 US\$	31 December 2023 US\$
Loss after income tax expense for the year	(3,870,954)	(3,683,532)
Non-cash flows in loss after income tax:		
Share-based payments	458,684	400,949
Foreign exchange differences	(14,962)	(54,932)
Amortisation of right of use lease asset	201,715	192,878
Depreciation of plant and equipment and amortisation of intangible assets	34,680	59,766
Interest expense	1,010,997	821,315
Change in assets and liabilities:		
Increase in trade and other receivables	79,935	(311,889)
(Increase)/decrease in inventory	180,228	230,533
Increase/(decrease) in trade and other payables	142,172	70,563
Increase in provisions	1,283	1,116
Increase in contract liabilities	8,280	80,910
Net cash used in operating activities	<u>(1,767,942)</u>	<u>(2,192,323)</u>

Non-cash investing and financing activities

There were no material non-cash investing and financing activities during the year ended 31 December 2024 or 31 December 2023.

Note 14. Trade and other receivables

	31 December 2024 US\$	31 December 2023 US\$
<i>Current</i>		
Trade receivables	572,091	726,209
Allowance for doubtful accounts	<u>(118,568)</u>	<u>(171,586)</u>
	453,523	554,623
Prepaid expenses	101,978	87,947
Short term deposits	11,717	11,780
Israeli Innovation Authority government receivable	11,015	-
GST receivable	<u>6,943</u>	<u>7,403</u>
	<u>585,176</u>	<u>661,753</u>

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value. The Group's exposure to the risks associated with trade and other receivables is disclosed in Note 27.

Note 14. Trade and other receivables (continued)

Accounting policy for trade and other receivables

Trade receivables are amounts due from customers for goods or services performed in the ordinary course of business. They are generally due for settlement within 45 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional which is considered to be fair value; none of the Group's trade receivables contain a financing component. The Group holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the Group's past history, existing market conditions and forward-looking estimates at the end of each reporting period.

Note 15. Inventory

	31 December 2024 US\$	31 December 2023 US\$
Inventory	502,654	689,267

The annual expense on written down of inventory to net realisable value amounted to US\$9,322 (31 December 2023: US\$8,281).

Inventories recognised as an expense during the year ended 31 December 2024 amounted to US\$388,190 (31 December 2023: US\$411,032).

Accounting policy for inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average principle and includes expenditure incurred in acquiring the inventories and the costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Note 16. Plant and equipment

	31 December 2024 US\$	31 December 2023 US\$
Cost	451,207	439,786
Accumulated depreciation	(355,495)	(332,694)
Net carrying amount	95,712	107,092

Note 16. Plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Computers US\$	Motor vehicles US\$	Office furniture and equipment US\$	Installation and leasehold improvements US\$	Total US\$
Balance at 1 January 2023	10,499	6,279	45,363	77,973	140,114
Additions	10,166	-	-	-	10,166
Foreign currency translation adjustment	(148)	(187)	(1,350)	(2,321)	(4,006)
Depreciation expense	(9,747)	(6,092)	(9,012)	(14,331)	(39,182)
Balance at 31 December 2023	10,770	-	35,001	61,321	107,092
Additions	11,219	-	2,876	-	14,095
Foreign currency translation adjustment	2,938	-	(150)	(335)	2,453
Depreciation expense	(9,850)	-	(3,826)	(14,252)	(27,928)
Balance at 31 December 2024	15,077	-	33,901	46,734	95,712

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Accounting policy for depreciation

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of the asset, less its residual value.

An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of the fixed asset item, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

- Computers – 3 years
- Furniture and equipment – 7-17 years
- Motor vehicles – 7 years

Leasehold improvements are depreciated over the shorter of the lease period or the useful life of the leasehold improvement.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Note 17. Right-of-use assets

	31 December 2024 US\$	31 December 2023 US\$
Motor vehicles	213,675	203,005
Less: Accumulated amortisation	(71,890)	(133,856)
	<u>141,785</u>	<u>69,149</u>
Office space at cost	275,462	530,963
Less: Accumulated amortisation	(241,030)	(357,850)
	<u>34,432</u>	<u>173,113</u>
	<u>176,217</u>	<u>242,262</u>

The right of use assets recognised at 31 December 2024 and 31 December 2023 relate to motor vehicle leases and office space.

Accounting policy for right-of-use assets

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities included the net present value of fixed lease payments.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

The Group's leasing activities and how these are accounted for

The Group leases an office in Or Yehuda and various motor vehicles. Rental contracts are typically made for fixed period of 1 – 3 years but may have extension options. Lease terms are negotiated on an individual basis and contain a range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowings purposes.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in the financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g. term, country and security.

Note 17. Right-of-use assets (continued)

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options

Extension and termination options are included in the Group's office lease, exercisable at the option of the Group.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the Group's leases, the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

There are no extension options in office and vehicles leases that have not been included in the lease liability because the Group expects to exercise the extension options.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. There was no impact of revising lease terms in current or previous financial year.

Note 18. Trade and other payables

	31 December 2024 US\$	31 December 2023 US\$
<i>Current</i>		
Trade payables	146,710	108,941
Other payables and accrued expenses	519,294	420,175
	<u>666,004</u>	<u>529,116</u>

Note 18. Trade and other payables (continued)

All amounts are short-term. The carrying values of trade payables and other payables are considered to approximate fair value. The Group's exposure to the risks associated with trade and other payables are disclosed in note 27.

Accounting policy for trade and other payables

Liabilities for trade creditors and other amounts carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

Note 19. Contract liabilities

	31 December 2024 US\$	31 December 2023 US\$
<i>Current</i>		
Contract liabilities - deferred revenue	215,000	76,608
Contract liabilities - Israel Innovation Authority government grant	-	120,056
	<u>215,000</u>	<u>196,664</u>

Accounting policy for contract liabilities - revenue

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Accounting policy for contract liabilities – Israel Innovation Authority government grant

Contract liabilities represent grant proceeds received in excess of expenses incurred for which the grants are intended to compensate.

Note 20. Lease liabilities

	31 December 2024 US\$	31 December 2023 US\$
<i>Current</i>	107,801	179,123
<i>Non-current</i>	72,301	68,891
	<u>180,102</u>	<u>248,014</u>

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 lease execution date. Incremental borrowing rates applied range from 3.09% – 4.38%.

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Note 20. Lease liabilities (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 21. Convertible notes

	31 December 2024 US\$	31 December 2023 US\$
<i>Current</i>		
Convertible notes	-	4,983,627
<i>Non-current</i>		
Convertible notes	-	93,349
Net carrying amount of convertible notes	-	5,076,976

At 31 December 2023 the Group had on issue 25,583,333 convertible notes with a face value of A\$0.30 each, secured over all assets of the Company and its subsidiary. The current liability is comprised of 25,149,500 convertible notes with a maturity date of 30 December 2024. The non-current liability is comprised of 433,833 convertible notes maturing on 5 April 2025.

The 25,583,333 notes were converted to ordinary shares in the Company at various dates during the year ended 31 December 2024 at a rate of 1 ordinary share for each note held at a conversion price of A\$0.30.

The notes bear interest at 8%, with interest capitalised and settled through the issue of ordinary shares on conversion.

A reconciliation of the convertible note facility is as follows:

	US\$
Opening balance at 1 January 2023	4,138,048
Face value of 433,833 convertible notes	87,912
Transaction costs adjustment	13,078
Conversion option recognised in equity, net	(14,963)
Accrued interest	405,644
Effective interest	415,671
Foreign currency translation adjustment	31,586
Value recognised at 31 December 2023	5,076,976
Accrued interest	466,476
Effective interest	544,521
Foreign currency translation adjustment	(492,745)
25,583,333 convertible notes converted to fully paid ordinary shares	(5,595,228)
Value recognised at 31 December 2024	-

Note 21. Convertible notes (continued)

The fair value of the liability recognised on inception has been determined based on the net present value of convertible note contractual cashflows using a discount rate of 17%. The difference between the fair value of the liability component and the face value of convertible notes has been recognised in equity on inception and recorded to profit or loss as effective interest over the life of the convertible notes. Transaction costs incurred in relation to the convertible note have been recognised pro-rata against the liability and equity components.

Accounting policy for convertible notes

Loans and 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.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Note 22. Provisions

	31 December 2024 US\$	31 December 2023 US\$
<i>Non-current</i>		
Accrued severance pay	50,820	49,791
Severance pay fund	(3,047)	(3,029)
	<u>47,773</u>	<u>46,762</u>

Movements in provisions

Movements in each class of provision during the current financial year and previous financial year are set out below:

	31 December 2024 US\$	31 December 2023 US\$
Carrying amount at the start of the year	46,762	47,028
Decrease in provision	1,029	(360)
Severance pay fund utilised	(18)	94
Carrying amount at the end of the year	<u>47,773</u>	<u>46,762</u>

Accounting policy for provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 22. Provisions (continued)

Post-employment benefits

The Company has a post-employment benefit plan in place in accordance with its obligations under Israeli employment law. Under Israeli employment law, in the event of termination of an employee, the Group is obligated to pay the employee their last monthly salary multiplied by the number of years the employee was employed. The value of this severance pay obligation is recorded net of accumulated severance fund benefits as a liability for employees' severance benefits in the Group's statement of financial position.

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or upon the actual absence of the employee when the benefit is not accumulated.

The employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits depending on when the Group expects the benefits to be wholly settled.

Note 23. Issued capital

	31 December 2024 Shares	31 December 2023 Shares	31 December 2024 US\$	31 December 2023 US\$
Share capital	<u>181,041,211</u>	<u>150,324,581</u>	<u>29,510,159</u>	<u>23,750,494</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	US\$
Balance	1 January 2023	150,319,581		23,749,095
Issue of shares on conversion of options	30 November 2023	<u>5,000</u>	US\$0.28	<u>1,399</u>
Balance	31 December 2023	150,324,581		23,750,494
Issue of shares on conversion of convertible notes	7 March 2024	201,522	US\$0.20	39,511
Issue of shares on conversion of options	5 April 2024	161,458	US\$0.19	30,272
Issue of shares on conversion of convertible notes	12 April 2024	92,324	US\$0.20	18,075
Issue of shares on conversion of convertible notes	6 June 2024	261,632	US\$0.20	52,191
Issue of shares on conversion of options	18 June 2024	37,500	US\$0.24	9,163
Issue of shares on conversion of options	20 June 2024	100,000	US\$0.23	23,341
Issue of shares on conversion of options	20 June 2024	50,000	US\$0.25	12,337
Issue of shares on conversion of options	20 June 2024	50,000	US\$0.19	9,337
Issue of shares on conversion of options	4 July 2024	32,812	US\$0.25	8,121
Issue of shares on conversion of options	15 July 2024	35,000	US\$0.28	9,969
Issue of shares on conversion of options	31 October 2024	274,375	US\$0.23	61,897
Issue of shares on conversion of convertible notes	30 December 2024	<u>29,420,007</u>	US\$0.19	<u>5,485,451</u>
Balance	31 December 2024	<u>181,041,211</u>		<u>29,510,159</u>

Capital management

Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

Note 23. Issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Accounting policy for equity

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Ordinary shares are classified as equity.

Note 24. Reserves

	31 December 2024 US\$	31 December 2023 US\$
Share Based Payment Reserve	1,466,243	1,236,276
Foreign Exchange Reserve	(541,724)	(1,006,289)
Predecessor Accounting Reserve	(296,796)	(296,796)
Convertible note reserve	-	733,376
	<u>627,723</u>	<u>666,567</u>

(a) Share Based Payment Reserve

	31 December 2024 US\$	31 December 2023 US\$
15,454,589 Options (31 December 2023: 9,952,452 Options)	<u>1,466,243</u>	<u>1,236,276</u>

(b) Movement in Share Based Payment Reserve

	No	US\$
Opening balance at 1 January 2023	34,541,104	1,852,331
Expense of options issued in prior periods, prior to cancellations	-	446,908
Issue of ESOP options	50,000	4,301
Issue of ESOP options	43,000	2,797
Options exercised and converted to fully paid ordinary shares	(5,000)	(883)
Expiry of options	(23,539,652)	(932,812)
Vested options cancelled on termination of employment	(468,500)	(83,309)
Unvested options cancelled on termination of employment	(668,500)	(53,057)
Closing balance at 31 December 2023	<u>9,952,452</u>	<u>1,236,276</u>

Note 24. Reserves (continued)

	No	US\$
Opening balance at 1 January 2024	9,952,452	1,236,276
Expense of options issued in prior periods, prior to cancellations	-	233,292
Issue of ESOP options	3,643,000	213,133
Issue of ESOP options	625,000	22,405
Issue of ESOP options	105,000	2,562
Issue of ESOP options	4,000,000	72,044
Options exercised and converted to fully paid ordinary shares	(741,145)	(157,944)
Vested options cancelled on termination of employment	(286,875)	(70,773)
Unvested options cancelled on termination of employment	(1,842,843)	(84,752)
Closing balance at 31 December 2024	15,454,589	1,466,243

Share based payment options on issue at 31 December 2024 have a weighted average exercise price of AUD\$0.62 (31 December 2023: AUD\$0.42) and a weighted average remaining contractual life of 3.34 years (31 December 2023: 3.08 years).

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. The fair value of performance right options is determined using the satisfaction of certain performance criteria (Performance Milestones). The number of shares option and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. The fair value is determined using Black Scholes and Monte Carlo simulation models.

	2024 US\$	2023 US\$
c) Foreign Exchange Reserve	(541,724)	(1,006,289)

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

	2024 US\$	2023 US\$
d) Predecessor Accounting Reserve	(296,796)	(296,796)

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

	2024 US\$	2023 US\$
e) Equity Reserve	-	733,376

The equity reserve holds the equity component of the convertible notes and is not remeasured from inception. The value was transferred to accumulated losses on convertible note conversions during the year ended 31 December 2024.

Note 25. Share-based payments

Options issued in Prior Periods

Options issued in prior periods that impact the year ended 31 December 2024 are as follows:

Description	Grant date	Exercise price AUD	Expiry date	Options on issue at 31 December 2024	Vesting conditions	Net pro-rata income/ (expense) at 31 December 2024
ESOP Options	10/05/2020	\$0.28	23/04/2025	450,000	(i)	(44)
ESOP Options	09/08/2020	\$0.30	27/07/2025	-	(ii)	3,393
ESOP Options	02/02/2021	\$0.43	01/02/2026	130,000	(iii)	(1,526)
ESOP Options	15/09/2021	\$0.42	14/09/2026	427,000	(iv)	(4,850)
ESOP Options	15/09/2021	\$0.48	14/09/2026	695,000	(iv)	9,740
ESOP Options	15/12/2021	\$0.38	14/12/2026	50,000	(v)	(3,307)
ESOP Options	15/12/2021	\$0.44	14/12/2026	200,000	(v)	(4,631)
ESOP Options	26/04/2022	\$0.43	25/04/2027	200,000	(vi)	(4,456)
ESOP Options	26/05/2022	\$0.48	26/05/2027	2,687,589	(vii)	(72,883)
ESOP Options	30/08/2022	\$0.37	30/08/2027	2,439,000	(viii)	(68,562)
ESOP Options	18/01/2023	\$0.37	18/01/2028	43,000	(ix)	(1,414)
				<u>7,321,589</u>		<u>(148,540)</u>

(i) 50% on 23 April 2021 and an additional 4.17% at the end of each quarter of continuous service thereafter. The options fully vested on 22 April 2024.

(ii) Options cancelled on termination of employment during the year ended 31 December 2024.

(iii) 50% on 2 February 2023 and an additional 6.25% at the end of each quarter of continuous service thereafter. The options will become fully vested on 1 February 2025.

(iv) 25% on 15 September 2022 and an additional 6.25% at the end of each quarter of continuous service thereafter. The options will become fully vested on 15 September 2025.

(v) 25% on 15 December 2022 and an additional 6.25% at the end of each quarter of continuous service thereafter. The options will become fully vested on 15 December 2025.

(vi) 25% on 26 April 2023 and an additional 6.25% at the end of each quarter of continuous service thereafter. The options will become fully vested on 26 April 2026.

(vii) The options vest in 3 tranches of 895,863 Options, subject to the achievement of the following Performance Milestones:

- Tranche 2 – Closing 20-day Volume Weighted Average Price (VWAP) of A\$0.90 commencing 1 January 2023 until 31 December 2024, or closing 45-day VWAP of A\$0.90 until 31 December 2022 (not achieved).

- Tranche 3 – Closing 20-day VWAP of A\$1.80 commencing 1 January 2023 until 31 December 2024, or closing 45-day VWAP of A\$1.80 until 31 December 2023 (not achieved).

- Tranche 4 – Service condition only – 25% on 26 May 2023 and an additional 6.25% at the end of each quarter of continuous services thereafter. The options become fully vested on 26 May 2026.

(viii) 25% on 30 August 2023 and an additional 6.25% at the end of each quarter of continuous service thereafter. The options will become fully vested on 30 August 2026.

(ix) 25% on 18 January 2024 and an additional 6.25% at the end of each quarter of continuous service thereafter. The options will become fully vested on 18 January 2027.

Share Based Payments Issued During the Year Ended 31 December 2024

During the year ended 31 December 2024 the Group recorded the following share based payments:

Note 25. Share-based payments (continued)

- The issue of 3,643,000 Employee Share Plan Options exercisable at A\$0.36, on or before 26 March 2029 to employees of the Group, exercisable after the satisfaction of the following vesting conditions, 25% on 26 March 2025 and an additional 6.25% at the end of each quarter of continuous service thereafter, resulting in an expense of US\$213,133 at 31 December 2024. The Black Scholes option pricing model was used to determine the fair value of the unlisted options issued.
- The issue of 625,000 Employee Share Plan Options exercisable at A\$0.46, on or before 24 July 2029 to an employee of the Group, exercisable after the satisfaction of the following vesting condition, 25% on 25 July 2025 and an additional 6.25% at the end of each quarter of continuous services thereafter, resulting in an expense of US\$22,405 recorded at 31 December 2024. The Black Scholes option pricing model was used to determine the fair value of the unlisted options issued.
- The issue of 105,000 Employee Share Plan Options exercisable at A\$0.38, on or before 22 August 2029 to an employee of the Group, exercisable after the satisfaction of the following vesting condition, 25% on 22 August 2025 and an additional 6.25% at the end of each quarter of continuous services thereafter, resulting in an expense of US\$2,562 recorded at 31 December 2024. The Black Scholes option pricing model was used to determine the fair value of the unlisted options issued.
- The issue of 4,000,000 Employee Share Plan Options in four tranches to the CEO of the Group, resulting in an expense of US\$72,044 recorded at 31 December 2024. The options vest and are exercisable as follows:
 - Tranche 1 – 750,000 options exercisable at A\$0.60, vesting 22 August 2025;
 - Tranche 2 – 1,000,000 options exercisable at A\$0.90, vesting 22 August 2026;
 - Tranche 3 – 1,000,000 options exercisable at A\$1.30, vesting 22 August 2027; and
 - Tranche 4 – 1,250,000 options exercisable at A\$1.80, vesting 22 August 2028.

There are no performance milestones applicable to the ESOP options. The Black Scholes option pricing model was used to determine the fair value of the unlisted options issued.

Fair Value

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

Options	ESOP Options	ESOP Options	ESOP Options	ESOP Options	ESOP Options	ESOP Options	ESOP Options
Option pricing model	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes	Black Scholes
Number of options	3,643,000	625,000	105,000	750,000	1,000,000	1,000,000	1,250,000
Grant date	10/05/24	25/07/24	22/08/24	22/10/24	22/10/24	22/10/24	22/10/24
Issue date	10/5/2024	25/07/24	22/08/24	11/11/24	11/11/24	11/11/24	11/11/24
Exercise price	A\$0.36	A\$0.46	A\$0.38	A\$0.60	A\$0.90	A\$1.30	A\$1.80
Expected volatility	70%	65%	65%	65%	65%	65%	65%
Implied option life	4.88 years	5 years	5 years	4.78 years	4.78 years	4.78 years	4.78 years
Expected dividend yield	nil	nil	nil	nil	nil	nil	nil
Risk free rate	4.35%	4.01%	3.56%	4.02%	4.02%	4.02%	4.02%
Valuation per option A\$	\$0.23	\$0.23	\$0.19	\$0.20	\$0.17	\$0.14	\$0.11
Exchange rate	\$0.67	\$0.62	\$0.62	\$0.62	\$0.62	\$0.62	\$0.62
Valuation per option US\$	\$0.15	\$0.14	\$0.12	\$0.12	\$0.11	\$0.09	\$0.07
Total valuation US\$	\$546,450	\$87,500	\$12,600	\$90,000	\$110,000	\$90,000	\$87,500

Share Based Payment Expense

Share based payment expense is comprised as follows:

Note 25. Share-based payments (continued)

	31 December 2024 US\$
Expense of options issued in comparative and prior periods	233,292
Reversal of expense recognised in comparative and prior periods	(84,752)
Issue of 3,643,000 ESOP options	213,133
Issue of 625,000 ESOP options	22,405
Issue of 105,000 ESOP options	2,562
Issue of 4,000,000 ESOP options	<u>72,044</u>
Total net expense recognised in profit or loss	<u>458,684</u>

Accounting policy for share-based payments

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using an appropriate valuation models. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Note 26. Operating segments

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

For the year ended 31 December 2024, the Group's revenues have been derived from the following geographical locations:

- Israel – 37% (2023: 43%)
- United States of America – 30% (2023: 34%)
- Other foreign countries – 33% (2023: 23%)

For year ended 31 December 2024, the Group has three major customers contributing 11%, 10% and 8% of total revenues (31 December 2023: three major customers contributing 19%, 11% and 9%). All major customers are from the UAV sector, with one major customer located in the United States of America, one located in Israel and one in Poland.

Note 27. Financial instruments

Financial risk management policies

The Group's financial instruments consist mainly of deposits with banks, trade and other debtors and trade and other payables.

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are market risk (including fair value and interest rate risk) and cash flow interest rate risk, credit risk and liquidity risk.

(a) Interest rate risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future. The exposure to interest rates arises from the cash and cash equivalents balances.

Note 27. Financial instruments (continued)

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is not considered to be material.

(b) Credit risk

The maximum exposure to credit risk is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the consolidated financial statements.

Credit risk related to balances with banks and other financial institutions and trade and other receivables, and is managed by the Group in accordance with approved Board policy. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	31 December 2024 US\$	31 December 2023 US\$
Cash and cash equivalents held in Australian banks - A+ Rated	12	19,239	64,423
Cash and cash equivalents held in Israel banks - A Rated	12	854,714	2,638,170
Trade and other receivables - no rating	14	585,176	661,753

Impaired trade receivables

The Group assesses expected credit losses associated on a forward looking basis. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure or a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

At 31 December 2024 the Group recognised a gain on recovery of bad debts of US\$51,335. There were no gains or losses recognised in profit or loss in relation to impaired receivables in the year ended 31 December 2023.

As at 31 December 2024, trade receivables of US\$102,488 (31 December 2023: US\$141,476) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	31 December 2024 US\$	31 December 2023 US\$
0 to 3 months overdue	60,678	5,338
3 to 6 months overdue	19,838	34,196
Over 6 months overdue	21,972	101,942
	<u>102,488</u>	<u>141,476</u>

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Note 27. Financial instruments (continued)

The following are the contractual maturities of financial liabilities based on the actual rates at the reporting date excluding interest payments:

31 December 2024		Less than 6	6 - 12	1 - 2	2 - 5	Over 5	Total contractual	Carrying
	Interest rate %	months US\$	months US\$	years US\$	years US\$	years US\$	cash flow US\$	amount US\$
<i>Financial liabilities at amortised cost</i>								
Trade and other payable	-	666,004	-	-	-	-	666,004	666,004
Lease liabilities	3.53%	74,820	36,830	56,671	18,067	-	186,388	180,102
		<u>740,824</u>	<u>36,830</u>	<u>56,671</u>	<u>18,067</u>	<u>-</u>	<u>852,392</u>	<u>846,106</u>

31 December 2023		Less than 6	6 - 12	1 - 2	2 - 5	Over 5	Total contractual	Carrying
	Interest rate %	months US\$	months US\$	years US\$	years US\$	years US\$	cash flow US\$	amount US\$
<i>Financial liabilities at amortised cost</i>								
Trade and other payable	-	529,116	-	-	-	-	529,116	529,116
Lease liabilities	3.15%	95,912	87,900	62,836	7,554	-	254,202	248,014
Borrowings	8.00%	-	5,989,053	103,312	-	-	6,092,365	5,076,976
		<u>625,028</u>	<u>6,076,953</u>	<u>166,148</u>	<u>7,554</u>	<u>-</u>	<u>6,875,683</u>	<u>5,854,106</u>

(d) Net fair value of financial assets and liabilities

Fair value estimation

Due to the short term nature of the receivables and payables the carrying value approximates fair value.

(e) Currency risk

The currency risk is the risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the New Israeli Shekel. Any reasonable fluctuation in exchange rates is not expected to have a material impact on either profit or equity.

Note 27. Financial instruments (continued)

	United States Dollar	
	31 December 2024	31 December 2023
	US\$	US\$
Cash and cash equivalents	661,189	2,235,468
Trade and other receivables	287,908	385,750
Trade and other payables	(12,444)	(2,041)
Net exposure	936,653	2,619,177

Accounting policy for financial instruments

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on how the Group manages the financial assets and the contractual terms of the cash flows. At year end, all of the Group's financial assets have been classified as those to be measured at amortised cost.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Impairment

The Group assesses expected credit losses associated on a forward-looking basis. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Note 28. Parent entity information

The following information of the legal parent Elsight Limited has been prepared in accordance with Australian Accounting Standards and Group accounting policies.

Note 28. Parent entity information (continued)

Statement of financial position

	Parent	
	31 December 2024 US\$	31 December 2023 US\$
Total current assets	52,232	101,297
Total non-current assets	1,150,619	3,365,863
Total assets	1,202,851	3,467,160
Total current liabilities	51,866	5,034,787
Total non-current liabilities	-	93,349
Total liabilities	51,866	5,128,136
Net assets/(liabilities)	1,150,985	(1,660,976)
Equity		
Issued capital	29,504,010	23,744,345
Foreign Exchange Reserve	(3,925,946)	(2,442,536)
Share Based Payment Reserve	1,466,243	1,236,275
Convertible note reserve	-	733,376
Accumulated losses	(25,893,322)	(24,932,436)
Total equity/(deficiency)	1,150,985	(1,660,976)

Statement of profit or loss and other comprehensive income

	Parent	
	31 December 2024 US\$	31 December 2023 US\$
Loss after income tax	(1,922,974)	(3,872,008)
Other comprehensive loss for the year, net of tax	(1,483,410)	(55,775)
Total comprehensive loss	(3,406,384)	(3,927,783)

Guarantees entered into by Elsight Limited for the debts of its subsidiary

There are no guarantees entered into by Elsight Limited.

Contingent liabilities of Elsight Limited

There were no contingent liabilities as at 31 December 2024 (31 December 2023: Nil).

Commitments by Elsight Limited

There were no commitments as at 31 December 2024 (31 December 2023: Nil).

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity as disclosed in note 1, except as follows:

Investment in subsidiary

The investment in subsidiary is accounted for at cost less impairment in the financial statements of the parent entity.

Note 29. Controlled entities

The ultimate legal parent entity of the Group is Elsieht 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.

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2024 %	31 December 2023 %
El-Sight Ltd	Israel	100%	100%
Elsight LLC	USA	100%	100%

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

Note 30. Commitments

The Group has no commitments as at 31 December 2024 (2023 : nil).

Note 31. Contingent liabilities

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), of which a total of US\$383,000 has been received to 31 December 2024. The balance of US\$43,000 is expected to be received in 2025. 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 are required during the project period which concluded 31 December 2024. Repayments will commence from 1 January 2025 based on Halo revenue generated from that date forward, 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.

The Group has no other known contingent liabilities as at 31 December 2024.

Note 32. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 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.

Entity name	Entity type	Country of Incorporation	Ownership interest	Tax residency
El-Sight Ltd	Limited liability	Israel	100%	Israel
El-Sight LLC	Limited liability	United States of America	100%	United States of America

In the Director's opinion:

1. The consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements, noting the matters documented in Note 1; and
 - b) giving a true and fair view, the consolidated entity's financial position as at 31 December 2024 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The information disclosed in the attached consolidated entity disclosure statement is true and correct.
4. This declaration has been made after receiving the declaration required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2024.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to section 295(5)(a) of the *Corporations Act 2001* and is signed for and on behalf of the Directors by:



Mr David Furstenberg
Executive Director

27 February 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELSIGHT LIMITED

Opinion

We have audited the financial report of Elsight Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING



Material Uncertainty Related to Going Concern

We draw attention to Note 1, which indicates that the Group incurred a net loss of \$3,870,954 and had net cash outflows from operating activities of \$1,767,942 for the year ended 31 December 2024. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Revenue from Contracts with Customers Refer to Note 4 in the financial statements	
Revenue from contracts with customers for the year ended 31 December 2024 was \$2,028,737. The primary revenue source is sale of physical goods to customers. Revenue was identified as a key audit matter due to: - The balance is material to the Group, and there are risks associated with management judgements, including the identification of contracts and performance obligations, determination of the transaction price and the timing of revenue recognition; and - Revenue recognition is a presumed fraud risk under the Australian Auditing Standards.	Our audit procedures included: - Assessing whether the Group's revenue recognition accounting policies are in accordance with Australian Accounting Standards; - Obtaining a detailed understanding of each of the revenue streams and the process for determining and recognising revenue; - On a sample basis, testing revenue recognised to supporting documentation; - Testing a sample of revenue transactions before and after the reporting date to assess whether revenue is recognised in the correct financial period; and - Assessing the disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2024 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report*Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2024.

In our opinion, the Remuneration Report of Elsie Limited, for the year ended 31 December 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA



TUTU PHONG
Partner

Perth, WA
Dated: 27 February 2025

The shareholder information set out below was applicable as at 23 February 2025.

As at 23 February 2025 there were 181,041,211 ordinary fully paid shares held by 958 individual shareholders.

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

- a) at meetings of members each member entitled to vote may vote in person or by proxy or attorney;
- b) on a show of hands each person present who is a member has one vote; and
- c) on a poll each person present in person or by proxy or by attorney has one vote for each ordinary share held.

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities as of 23 February 2025 are listed below.

Ordinary Fully Paid Shares

	Holder Name	Holding	% of Issued Share Capital
1	CITICORP NOMINEES PTY LIMITED	41,581,116	22.97
2	UBS NOMINEES PTY LTD	23,763,911	13.13
3	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	18,090,413	9.99
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	14,498,830	8.01
5	BUTTONWOOD NOMINEES PTY LTD	13,117,821	7.25
6	RIGI INVESTMENTS PTY LIMITED <THE CAPE A/C>	5,348,000	2.95
7	MR NIR GABAY	4,564,053	2.52
8	BNP PARIBAS NOMS PTY LTD	4,357,531	2.41
9	THE LF POINT PTY LTD <POINT A/C>	3,006,000	1.66
10	MR JASON FRANCO BATTISTESSA <AXEL BATTISTESSA-LEE A/C>	2,261,500	1.25
	MR JASON FRANCO BATTISTESSA <MAGNUS BATTISTESSA-LEE A/C>	2,261,500	1.25
11	MR JASON FRANCO BATTISTESSA	2,100,000	1.16
12	TENBAGGA RESOURCES PTY LTD <TENBAGGA FAMILY A/C>	1,875,500	1.04
13	MR NIR GABAY	1,835,899	1.01
14	LAMMA NOMINEES PTY LTD	1,750,000	0.97
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,583,087	0.87
16	JB TORO PTY LTD	1,215,000	0.67
17	MISS KWAI-KUIN LEE & MR JASON BATTISTESSA <KUIN LEE SUPERFUND A/C>	1,153,000	0.64
18	ALBION HAWTHORN PTY LTD <TIM PEARS FAMILY A/C>	1,057,315	0.58
19	GLENEAGLE ASSET MANAGEMENT LIMITED <GLENEAGLE INVESTMENTFUND A/C>	1,043,315	0.58
20	TDF PROPERTIES PTY LTD <THE TDF PROPERTY A/C>	1,022,000	0.56
	Total	147,485,791	81.47
	Total Issued Capital	181,041,211	100.00

SUBSTANTIAL HOLDERS

The names of the substantial shareholders (holders over 5%) disclosed to the Company as substantial shareholders as at 23 February 2025 are:

Name	Number of Shares Held	% of Issued Share Capital
CITICORP NOMINEES PTY LIMITED	41,581,116	22.97
UBS NOMINEES PTY LTD	23,763,911	13.13
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	18,090,413	9.99
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	14,498,830	8.01
BUTTONWOOD NOMINEES PTY LTD	13,117,821	7.25

DISTRIBUTION OF EQUITY SECURITIES

The distribution of issued quoted equity securities as at 23 February 2025 were as follows:

Holding Ranges	Number of Shareholders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	125	52,717	0.03
above 1,000 up to and including 5,000	321	830,311	0.46
above 5,000 up to and including 10,000	142	1,142,918	0.63
above 10,000 up to and including 100,000	279	10,234,921	5.65
above 100,000	91	168,780,344	93.23
Total	958	181,041,211	100.00

There were 180 holders with unmarketable parcels totaling 116,666 shares based on the share price (A\$0.3750) as at close of business on 21 February 2025.

RESTRICTED SECURITIES

As at 23 February 2025 there are no shares held under escrow.

ON-MARKET BUY BACK

As at 23 February 2025 there is no current on-market buyback.

UNQUOTED SECURITIES

As at 23 February 2025, the following unquoted securities are on issue:

Security Code	Security Name	Total Holders	Total Holdings
ELSEO7	EMP OPTS EXP 25 APRIL 2027 @ \$0.43	1	200,000
ELSEO9	EMP OPTS EXP 25 MAY 2027 @ \$0.48	1	2,687,589
ELSOPT12	OPTIONS EXPIRING 23 APRIL 2025 @ \$0.28	6	550,000
ELSOPT13	OPTIONS EXPIRING 15 MAY 2025 @ \$0.34	1	50,000
ELSOPT15	UNL OPTS EXP 1 FEBRUARY 2026 @ \$0.43	2	130,000
ELSOPT17	UNLISTED OPTIONS EXP 14/12/2026 @ \$0.38	1	50,000
ELSOPT18	UNLISTED OPTIONS EXP 14/12/2026 @ \$0.44	1	200,000
ELSOPT19	UNLISTED OPTIONS EXP 14/09/2026 @ \$0.42	5	427,000
ELSOPT20	UNLISTED OPTIONS EXP 14/09/2026 @ \$0.48	2	695,000
ELSOPT21	UNLISTED OPTIONS EXP 30/08/2027 @ \$0.37	11	2,439,000
ELSOPT22	UNLISTED OPTIONS EXP 18/01/2028 @ \$0.37	1	43,000
ELSOPT24	UNLISTED OPTIONS EXP 12 JUNE 2025 @ \$0.32	1	100,000
ELSEO10	UNLISTED OPTIONS EXP 26 MARCH 2029 @ \$0.36	14	3,153,000
ELSOPT25	UNLISTED OPTIONS EXP 25 JULY 2029 @ \$0.46	1	625,000
ELSOPT26	UNLISTED OPTIONS EXP 22 AUG 2029 @ \$0.38	1	105,000
ELSOPT27	UNLISTED OPTIONS EXP 21 AUG 2029 @ \$0.60	1	750,000
ELSOPT28	UNLISTED OPTIONS EXP 21 AUG 2029 @ \$0.90	1	1,000,000
ELSOPT29	UNLISTED OPTIONS EXP 21 AUG 2029 @ \$1.30	1	1,000,000
ELSOPT30	UNLISTED OPTIONS EXP 21 AUG 2029 @ \$1.80	1	1,250,000
TOTAL		53	15,454,589