Shareholder Presentation
Etherstack plc (ASX:ESK)

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Authorised for release by David Deacon

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Etherstack Snapshot

Who we are

- Etherstack is an established wireless technology company serving public safety, electric utility, resource and defence sectors across the globe

- We develop and license wireless technologies to other equipment vendors as well as design, manufacture and deliver our own innovative digital radio communications products and networks

- Founded and based in Sydney, the company is almost twice as large offshore than onshore from a staff and revenue perspective

- Four international R&D centres:
  - Australia
  - UK (2005)
  - Japan (2006)
  - US (2008)

- Designing in our own labs, we manufacture and assemble in advanced partner facilities in Australia, Canada, US and UK

- Etherstack is open 24x7 providing support services to our burgeoning customer base

- IPO in 2012 on the ASX

Etherstack 4C & H1 Update (31 Dec Year End)

Solid FY2020 Start

- Strong revenues and cashflows despite Covid-19 crisis

- During H1, the company delivered diverse essential digital radio projects from the Arctic Circle for the Canadian Government, to outback communications for the resource sector in Western Australia

- Revenue for H1 was up 40% on corresponding half in 2019

- Positive operating cashflow for H1 of US$1.35m (~A$2m)

- This cashflow allowed debt reduction and strengthened working capital

- Recent government wins in past 12 months with public safety agencies including Royal Canadian Mounted Police, US Department of State, US Customs & Border Protection and Australian emergency services (police and ambulance)

- Strategic Global Teaming Agreement signed with Samsung to supply Etherstack technologies into the evolving 4G/5G market segment known as MCPTT (mission critical push to talk)

Etherstack Underlying Tech Trends

Etherstack Key Technology Trends:

1. Evolution to MCPTT (Mission Critical Push To Talk)

- Ubiquitous availability of broadband wireless technologies (wifi, 4G & 5G) in urban areas is transforming emergency services and public safety communications in cities and other built up areas

- Traditional digital narrowband (VHF& UHF) networks are still essential to meet the needs of first responders and new networks of this technology type will be built and deployed for decades to come (e.g. bushfires, flooding etc)

- These two technologies need to be harmonised into hybrid networks to keep our communities safe and industry operating

- Etherstack has unique solutions to build hybrid solutions for MCPTT & Digital LMR (Land Mobile Radio)

Etherstack Underlying Tech Trends

Etherstack Key Technology Trends:

2. PTT over Satellite Solutions

- Advances in satellite communications technologies and launch vehicle platforms have seen an unprecedented number of satellites launched in the past 12-24 months

- This has created an explosion in satellite bandwidth availability and commensurate cost reductions allowing satellite communications to become an order of magnitude less expensive

- Etherstack has been developing PTT over Satellite solutions for the past 36 months

- Etherstack has recently delivered a PTT over Satellite solution for the RCMP, the Canadian federal policing and security agency, to provide essential communications to their officers

Etherstack Market Trends

Etherstack is leveraged to government and infrastructure spend

- Etherstack benefits from government and industry infrastructure spending which flows to areas such as public safety, utilities, defence and resource projects

- Unprecedented global stimulus spending will be directed to health, emergency services, public safety and security

- Increased need for secure sovereign communications

- Covid-19 has highlighted long term supply chain disruption and self sustainability issues in major markets globally

- Record investment in re-establishment of domestic capability and sustainability will be a major theme in developed economies over the coming decade

- Etherstack is positively exposed to these trends and government expenditure

Etherstack Revenue Mix

How we derive revenues

- Etherstack supplies wireless products and technologies to the essential communications industry **globally** in the form of finished products, digital radio network systems and technology licensed to other manufacturers for inclusion in their product lines

- The company derives a broad mix of revenues from technology licensing, manufacturing equipment, royalties and ongoing support revenues

- The company also delivers "turn key" digital radio networks to the public safety, electric utility, resource and defence sectors

- As a result, Etherstack's revenues are closely coupled with government spending on infrastructure, public safety and defence

Public Safety

Utilities

Resources

Defence

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Etherstack Sectors

Major market sectors we serve

- Essential services such as **electric utilities** and **first responders** require dedicated, highly resilient digital radio networks and equipment to allow them to serve the public on a day to day basis (operations), as well as in times of crisis (flooding, bushfires, major incidents)

- Operation of **resource sector** projects such as mine sites and pipelines require critical wireless communications systems to allow the projects to operate and for health and safety of personnel

- Tactical communications systems for **security services** (e.g. police) and **defence** deployments are required for delivery of their missions

Royal Canadian Mounted Police

Swedish Armed Forces

Idaho Police, Fire and Ambulance

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Etherstack Market Summary

Technology licensing & OEM supply

- Etherstack licenses core wireless technologies, such as "air interface protocol stacks" to wireless equipment manufacturers for embedding in chipsets within their products

- The company also supplies a range of highly specialised OEM modules, manufactured in Australia, Canada and US for inclusion in other manufacturers' wireless solutions

- Technology licensees of Etherstack include Cisco, Icom, NEC, JVC Kenwood, Harris, Thales and Lockheed Martin to name a few

- Etherstack derives licensing revenues, module revenues and royalties from these sources
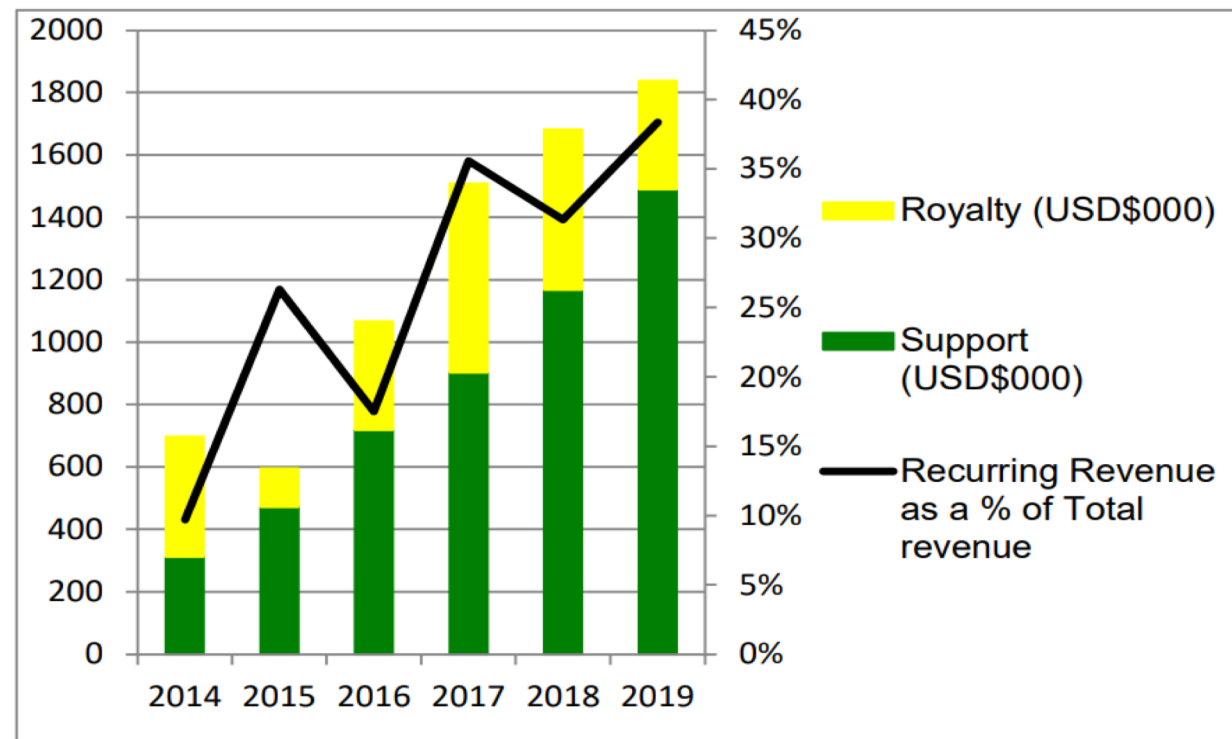
Etherstack Traditional Business

Digital Land Mobile Radio Networks

- Used by police, fire, ambulance services, utilities, resources etc.

- Typical lifespan 10-15 years (providing long term govt. backed support contracts)

- **Electric utilities:** in recent years, Etherstack has deployed **five** large state/province wide networks in Canada, Australia and the US, covering Queensland, Alberta, New Jersey, Pennsylvania, Maryland and Virginia

- **Public Safety:** the company has large police, fire and ambulance digital radio networks in Idaho, Wisconsin and Canada (RCMP), and numerous smaller networks with other agencies such as the US Department of Interior

- Networks deployment deals are typically US$1m - $8m in initial size, typically followed by long term support revenues

Etherstack Traditional Business

Recurring Revenue: Network Deployments drive Support Revenues

- As we deploy more networks, our long term support revenues continue to grow

- Support revenues have increased by over 350% since 2014 (an CAGR of 36.7% over the past 5 years)

- New deliveries in 2019 and 2020 triggering new support contracts will continue to see support revenues grow in 2020 and 2021

Etherstack Evolving Business

MCPTT Networks Focus

- Developments in MCPTT will require the development of hybrid cellular and traditional narrowband public safety networks to serve public safety and security services over the next two decades

- The initial focus from our large equipment partners is on developed countries (e.g. there are 37 OECD countries), cities in Asia, and the Middle East

- There are approximately 100 - 120 large cellular telecommunications providers in these markets

- In the next few years MCPTT deployments will accelerate in many developed countries

- Etherstack is the key technology licensor to wireless equipment manufacturers of the underlying technologies used in existing digital land mobile radio networks (known as TETRA, APCO P25 & DMR)

- Through strategic partnerships such as Samsung, our global engineering and support presence, longstanding reputation and proven delivery record, Etherstack is well placed to capitalise on the evolution to MCPTT networks globally

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2020 Sector Wins

Sector Wins

Public Safety: Major delivery milestones achieved on federal & state policing networks in Canada, US & Australia. Further digital radio network expansion orders expected in H2 2020.

Utilities: New H1 2020 network deliveries providing strong half revenues and future support growth

Resources: Significant resources digital radio network contract win in Western Australia announced in May 2020. Follow on expansion orders expected in H2 2020.

2021 Vision: New Products & Partnerships

Innovation and Investment in R&D

⚬ Etherstack has invested in excess of US$20 million into our suite of intellectual property assets and has developed a substantial intellectual property portfolio that generates revenue streams from diverse technologies, clients and regions, and from a mix of mature, new and emerging product lines

⚬ As 4G and 5G cellular networks become ubiquitous and advances in satellite communications technologies are made, Etherstack is well placed to capitalise on the shift in technologies and the application of these to our market area

⚬ The company is currently undertaking development of new military waveform technology for the defence industry as well as reimagining the form factor and functionality of highly specialised communications devices

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