



etherstack
wireless innovation

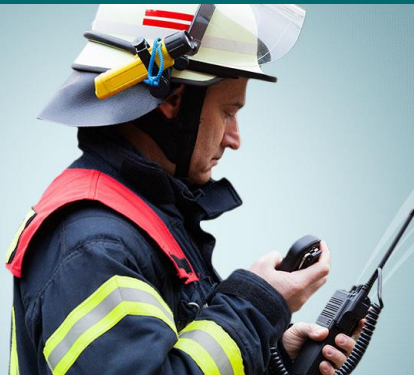
Investor Presentation

Capital Raise to Accelerate Growth

Etherstack plc (ASX:ESK)

December 2020

Authorised for release by the Board of Directors



Disclaimer and important notices

Disclaimer Notice

The following notice and disclaimer applies to this investor presentation (**Presentation**) and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this Presentation you represent and warrant that you are entitled to receive the Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

This Presentation is dated 18 December 2020 and has been prepared and authorised by Etherstack plc (**Etherstack, ESK** or the **Company**) in connection with the Company's proposed institutional placement of new fully paid ordinary shares (**New Shares**) and corresponding CHESS Depository Interests (**CDIs**) (together the "**New Securities**") in the Issuer to certain professional and sophisticated investors (**Placement**). The Placement is referred to as the **Offer** or the **Capital Raising** in this Presentation. Wilsons Corporate Finance Limited ACN 057 547 323 (**Wilsons**) is acting as sole lead manager of the Offer (the **Lead Manager**).

Summary information

This Presentation: (i) contains summary information about ESK and its activities current as at the date of this Presentation; (ii) is for information purposes only and is not, and does not comprise all of the information which would be required to be disclosed in a prospectus, product disclosure statement or other offering document under Australian law or any other law and will not be lodged with ASIC or any foreign regulator; (iii) does not and will not form any part of any contract for the acquisition of New Securities; and (iv) should be read in conjunction with ESK's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

Disclaimer

To the maximum extent permitted by law, each of ESK and the Lead Manager, and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents (**Limited Party**):

- a) makes no representation or warranty, express or implied, as to the fairness, currency, accuracy, reliability or completeness of information in this Presentation or any constituent or associated presentation, information or material, or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in, implied by, the information in this Presentation or any part of it, or that this Presentation contains all material information about ESK, the Offer or that a prospective investor or purchaser may require in evaluating a possible investment in ESK or acquisition of New Securities; and
- b) expressly exclude and disclaim all responsibility and liability, including, without limitation, liability to any person by reason of negligence or negligent misstatement, or in respect of any expenses losses, damages or costs incurred by you as a result of your participation in the Offer and the information in the Presentation being inaccurate or incomplete in any way for any reason, whether by way of negligence or otherwise.

The Lead Manager and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents (**Lead Manager Parties**) take no responsibility for the Offer and make no recommendations as to whether any person should participate in the Offer nor do they make any representations or warranties concerning the Offer, and they disclaim (and by accepting this Presentation you disclaim) any fiduciary relationship between them and the recipients of this Presentation, or any duty to the recipients of this Presentation or participants in the Offer. You represent, warrant and agree that you have not relied on any statements made by the Lead Manager Parties in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of the Limited Parties. You acknowledge and agree that determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Etherstack and/or the Lead Manager. Etherstack, the Lead Manager and each Limited Party disclaims any liability in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Cleansing Prospectus Disclosure

On 3 July 2020, ESK received an aware query letter from ASX, which ESK responded to on 6 July 2020. This correspondence was announced on ESK's ASX platform on 7 July 2020. On 4 September 2020, ESK received a notice from ASIC to produce books (**ASIC Notice**). The ASIC Notice requested documents as part of its investigation into ensuring that ESK has complied with sections 674, 1041E, 1041A and 1041B of the Corporations Act 2001 (**Corporations Act**). ESK provided ASIC with the requested books, but in doing so did not admit to any contraventions of the Corporations Act. As the ASIC Notice was investigating a potential breach of section 674 of the Corporations Act by ESK, ESK (as a matter of caution) has formed the view that it cannot issue a cleansing notice. ESK will issue a prospectus to "cleanse" the New CDIs for secondary trading purposes (**Cleansing Prospectus**). A Placement investor will not be able to trade their New CDIs until ESK has lodged the Cleansing Prospectus (whether it is a transaction-specific prospectus or a full-form prospectus) with ASIC.

Disclaimer and important notices

Forward looking statements

This document contains certain forward looking statements and comments about future events. Forward looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies, and other factors, many of which are outside the control of the Company, are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct, and which may cause the actual results or performance of the Company to be materially different from any results or performance expressed or implied by such forward looking statements. Such forward looking statements speak only as of the date of this document.

Forward looking statements should not be relied on as an indication or guarantee of future performance.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this Presentation speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates.

Market and Industry Data

Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of the Company, its representatives or advisers have independently verified any such market or industry data provided by third parties or industry or general publications.

Not financial product advice

This Presentation is for information purposes only and is not financial product, investment, or accounting, legal or tax advice, nor a recommendation to acquire New Securities, and does not and will not form any part of any contract for the acquisition of New Securities. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of ESK and the impact that different future outcomes might have on ESK. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account the objectives, financial situation and needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. The Company is not licensed to provide financial product advice in respect of the New Securities.

Past performance

Past performance and pro forma historical financial information in this Presentation is given for illustrative purposes only and should not be relied upon and is not an indication of (and provides no guidance as to) future performance, including future share price information. Historical information in this Presentation relating to Etherstack is information that has previously been released to the market. For further details on that historical information, please see past announcements released by the Company to the ASX.

Not an offer

This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission (ASIC)) or any other law. This presentation is for information purposes only and is not an offer or an invitation to acquire the New Securities or any other financial products in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

The distribution of this Presentation (including an electronic copy) may be restricted by law in certain other countries. You should read the important information set out in the 'Foreign selling restrictions' at the end of this Presentation. Failure to comply with these restrictions may constitute a violation of applicable securities laws.

Disclaimer and important notices

Not for release or distribution in the United States of America

This Presentation may not be distributed or released in the United States.

This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), or in any other jurisdiction in which, or to any person to whom, such an offer would be illegal. The New Securities to be offered and sold under the Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Securities may not be offered or sold, directly or indirectly, to any person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

By accepting this Presentation you represent and warrant that you are entitled to receive such Presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

Key risks

An investment in Etherstack is subject to known and unknown risks including possible loss of income and principal invested and some of which are beyond the control of Etherstack. Etherstack does not guarantee any particular rate of return or the performance of Etherstack or any of its related bodies corporate, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. Recipients should read the 'Risk Factors' section in Etherstack's latest Annual Report for a non-exhaustive summary of the key risks that may affect Etherstack and its financial and operating performance. There is no guarantee that the New Securities will make a return on the capital invested, that dividends will be paid on the New Securities or that there will be an increase in the value of the New Securities in the future.

Withdrawal and cooling off

Etherstack reserves the right to withdraw, or vary the timetable for any part of the Offer without notice. Cooling off rights do not apply to the acquisition of New Securities.

Financial Information and references to Etherstack

In this Presentation, unless otherwise stated or the context requires otherwise, references to 'dollar amounts', '\$', 'AUD' or 'A\$' are to Australian dollars and references to 'Etherstack', 'we', 'us' and 'our' are to Etherstack Limited and its controlled subsidiaries. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Authorisation

This Presentation has been authorized for release by the Board of Directors.

Placement to accelerate growth

Placement to accelerate growth

- Etherstack today announces an institutional Placement comprising the issue of approximately 8.6 million CHESSE depositary interests over fully paid ordinary shares (New CDIs) to raise A\$5 million ('**Placement**')
- New shares will be issued at an fixed offer price of \$0.58 per CDI, representing:
 - 9.4% discount to last closing price of \$0.64 on 16 December 2020;
 - 9.2% discount to 3 day VWAP of \$0.64 up to and including 16 December 2020; and
 - 11.7% discount to 5 day VWAP of \$0.66 up to and including 16 December 2020.

Use of proceeds

- Proceeds will provide balance sheet flexibility to:
- Enable and accelerate the pursuit of evolving market opportunities in Government Infrastructure, Defence and Public safety markets in particular those opportunities involving Etherstack's Mission Critical Push to Talk and PTT over satellite solutions
 - Enable and accelerate intellectual property developments needed for success in these market sectors
 - Strengthen working capital resources

Etherstack growth strategy

- Mission Critical Push to Talk and PTT over satellite are high value opportunities which Etherstack is strategically placed to delivery high quality technology solutions to and will be an area of focus in the near term
- Etherstack has a proven track record in winning commercial contracts, and recently secured:
 - a A\$4.1m technology licensing contract with the Australian Department of Defence to provide Etherstack technology; and
 - a Global Teaming Agreement with Samsung Electronics to deliver next generation Mission Critical Push To Talk (MCPTT) over LTE solutions to telecommunications carriers and governments across the globe

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 twice as large offshore than onshore
- The company has four international R&D centres:
 - Australia (Sydney)
 - UK (Reading, 2005)
 - Japan (Yokohama, 2006)
 - US (New York, 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



Business Overview

Terrestrial Digital (VHF, UHF, 700MHz)

Cellular Networks (4G & 5G)

Satellite PTT Networks (GS, LEOS, MEOS)

Traditional Digital LMR Products

Digital Land Mobile Radio (LMR) Networks: Etherstack designs, manufactures and delivers our own innovative digital radio communications networks

OEM Supply: range of highly specialised Original Equipment Manufacturer (OEM) modules

Technology Licensing: Etherstack licenses technologies to wireless equipment manufacturers, for embedding in chipsets within their solutions

LMR: Public Safety agencies the US, Canada and Australia

OEM and Licensing: Cisco, Icom, NEC, JVC Kenwood, Harris, Thales, Rockwell Collins and Lockheed Martin

Mission Critical Push to Talk (MCPTT)

Emerging international cellular standard to provide public safety solutions across 4G and 5G networks

Global partnership with Samsung to use Etherstack technology

Builds on Etherstack's **existing** digital LMR soft-switching technologies

Technology to be supplied to Samsung's telco carrier clients globally

High yield plus long term support revenues

June 2020: Samsung Global Teaming Agreement

Targeting global telcos through the Samsung partnership, multiple pursuits underway

Push to Talk (PTT) Over Satellite Solutions

Advances in satellite communications technologies and unprecedented number of satellites launched in the past 12-24 months

Has provided significant satellite bandwidth availability and commensurate cost reductions

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

Initial pilots with public safety and other govt departments in Australia, US & Canada underway

In discussions with a major satellite equipment supplier to incorporate Etherstack's technology into their offering

October 2020: Delivered satellite PTT solution to RCMP (Royal Canadian Mounted Police)

Overview

Example Customers / Partners

SAMSUNG

December 2020 - Australian Department of Defence Contract Win

Etherstack's Defence Technology Expertise

- Small form factor tactical communications products, providing secure communications on the move. Supplied to US federal agencies for some years
- Cryptographic modules and end points, as well as sophisticated key management and storage systems. Supplied to US, Canadian and Australian government clients and numerous international defence equipment manufacturers for over a decade
- SDR transceiver platforms and associated waveform technologies (narrowband and wideband) for use in diverse applications including airborne repeaters and tactical link solutions

New Award

- Opening AUD\$4.1m contract to provide certain technology and services to the Australian Department of Defense over next 18 - 24 months
- Scope for additional work packages
- Highly repeatable solution with strong overseas interest and export opportunity

Proven Track Record of International Wins

- Previous and current direct engagements with multiple NATO member governments
- Successful export of technologies to international defence companies such as Harris, Thales, Raytheon, Lockheed Martin, Rockwell Collins, GDC4S and Cobham

June 2020 - Samsung Global Teaming Agreement

Partnership to Deliver Next Generation MCPTT

- Emerging cellular standard to provide public safety solutions within 4G and 5G cellular networks
- Builds on Etherstack's digital land mobile radio technologies embedded within Samsung's advanced network solutions
- Multiple pursuits underway with telecommunications carriers around the world
- Commitment to open standards to deliver premier solutions

Etherstack's Proven Track Record of Expertise

- Two decades of experience in digital land mobile radio and Push to Talk softswitching in multiple technologies (Cellular, APCO P25, TETRA, DMR and Satellite)
- Global footprint in mission critical markets and innovative technologies
- Key technology licensor of underlying technologies to almost two dozen wireless equipment manufacturers
- Longstanding support presence and delivery record

Etherstack Market Opportunity

Global Push to Talk Market Size

\$43.8 bn

by 2025¹

Global Push to Talk CAGR

10.1%

forecast to 2025¹

Global Telcos

National carriers expected to provide guaranteed capacity to public safety agencies in each country (e.g. bushfires, ambulance, policing)

Initial focus is on 37 OECD countries – approximately 100 -120 telcos
Each deal won would represent \$2m - \$8m license to Etherstack plus long-term annual support revenues

Etherstack technology bridges traditional digital LMR and new 5G public safety solutions

Selected end user sectors



Digital radio networks and equipment for essential services such as **electric utilities** and **first responders**



Tactical communications systems for **security services** (e.g. police) and **defence** deployments



Wireless communications systems for **resource sector** projects such as mine sites and pipelines

Etherstack Market Trends

Etherstack is leveraged to government and infrastructure spend

- ✓ Etherstack is influenced by 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 Traditional Business

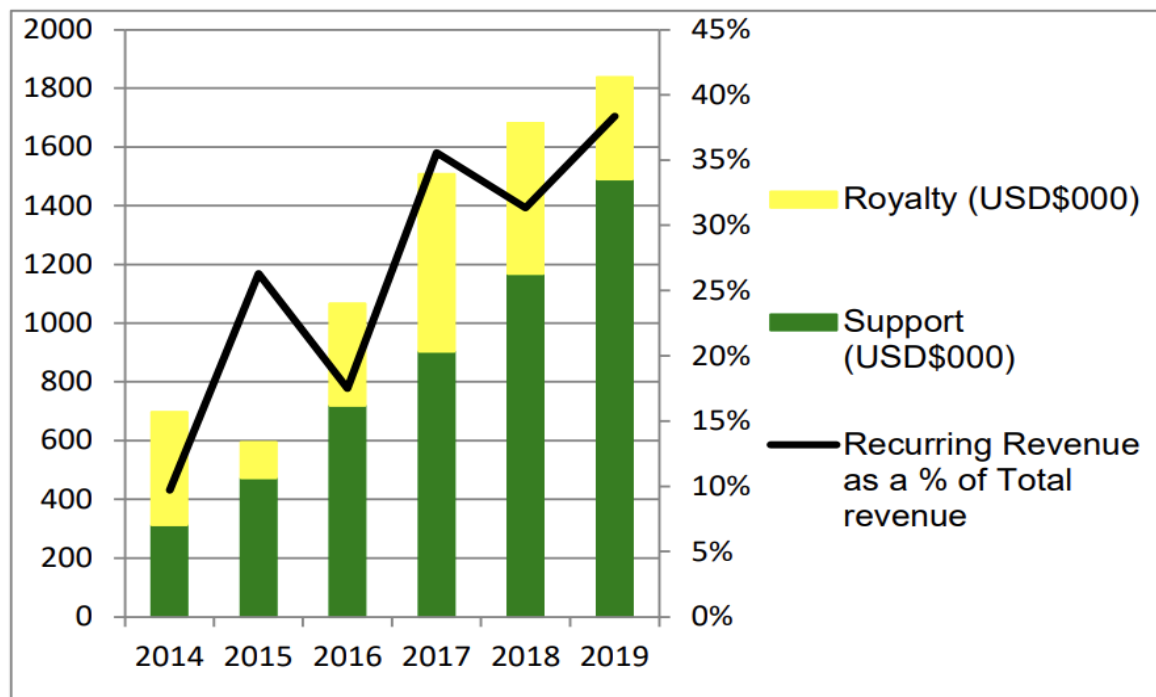
Digital Land Mobile Radio Networks

- Used by police, fire, ambulance services, utilities, resources etc.
- Typical lifespan 10-15 years (= 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 revenue growth** in FY2020 and FY2021 with current contracts in hand



Etherstack Licensing and OEM business

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 Underlying Tech Trends – 5G

Etherstack Key Technology Trends:

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

- 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) and has entered into a Global Teaming Agreement with Samsung to deliver solutions in this market



Etherstack Underlying Tech Trends – Satellite

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 secure 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 is currently in discussions with well known satellite communications suppliers to incorporate Etherstack's technology into their networks



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), trading/entrepot 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 developed (and other) countries where there is a need
- 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

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
- As a result, 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 with additional revenues deriving from utilities, mining and other users



Public Safety



Utilities



Resources



Defence

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



Building on Success

Key accomplishments 2019 – 2020 YTD

Key short and medium term milestones

Public Safety

April 2019 New radio network contract for public safety and emergency services personnel in the State of Idaho

June 2019 Order from the US State Department & supply contract with an Australian state police force

October 2019 Order from Australian energy utility for equipment and software at 18 new sites

November 2019 Etherstack wins Federal Police Digital Radio Network in Canada

Defence

May 2020 Etherstack enters contract with CSE Crosscom

June 2020 Etherstack signs Global Teaming Agreement with Samsung for 4G/5G Public Safety

October 2020 Etherstack signs licence agreement with TPL Systèmes

November 2020 Etherstack signs \$4.1m first stage Australian Defence Contract

Resources & Utilities

- Release of new MCPTX products
- Announcement of first telco carrier deals
- Expansion of Australian & international public safety networks
- License and supply of communications solution to other nations
- First contracts with satellite network providers
- Expansion of solution offering
- 2nd stage of WA resources project network
- Addition of new mining clients
- Commencement of upgrades to virtualised switching solutions across installed base

December 2020 Business update

Selected business achievements in 2020 include:

- Global Samsung Partnership: Ongoing development and integration activities with Samsung, in parallel with Samsung pursuit of initial orders;
- Royal Canadian Mounted Police: First contract order from a Canadian federal public safety agency for our PTT over Satellite product, known as the IVX (In-Vehicle Switch);
- Resources Sector deployment: Earlier deployed WA resource mining client digital radio network is now live, and is expected to lead to further network upgrades and future support revenues;
- Australian Department of Defence: New \$4.1m contract announced in December 2020, with a significant majority of the contract to be recognised in FY2021;
- Recurring revenue continues to grow, driven by both long term support contracts and royalty payments derived from technology licensing; and
- Continued strong opportunity pipeline.

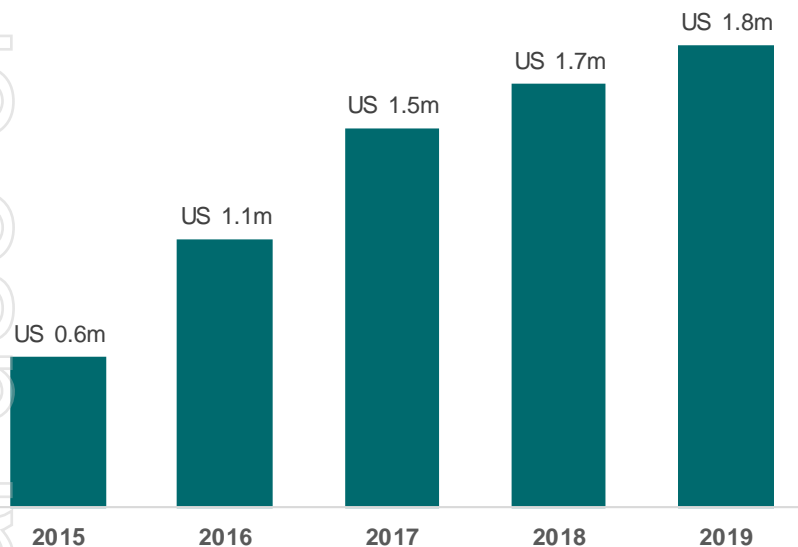
Key financial achievements:

- FY2021 Update: Based on the current order book and recurring revenue base, management expects FY2021 to significantly outperform FY2020.

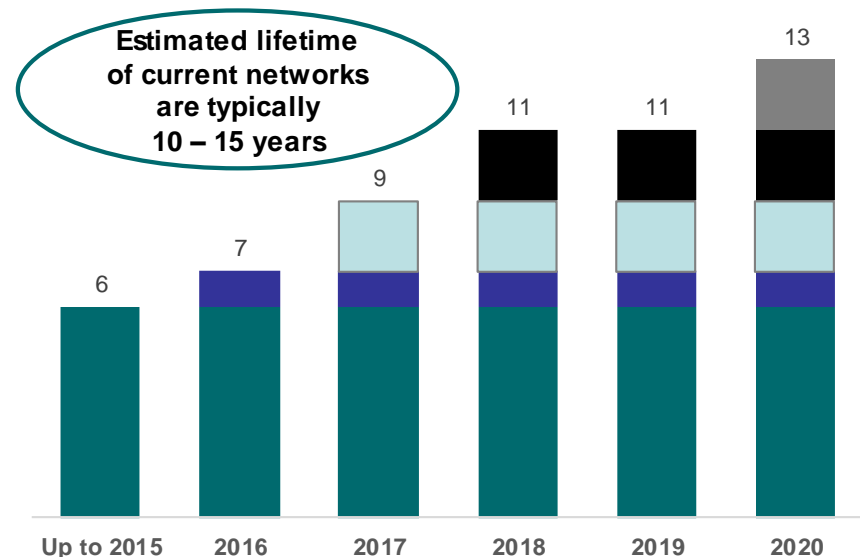
Growing high margin, recurring revenue base

22

Recurring Revenue



Number of support contracts



- Predominantly support contracts, with networks having a lifetime duration of 10 – 15 years
- Support contracts would typically be required for the life of network
- Also includes Royalty revenue streams

Income Statement

US\$'000	2017	2018	2019	1H 2020
Revenue from Contract with customers	4,239	5,366	4,792	2,405
Recurring Revenue	1,508	1,682	1,838	929
Project and Product Revenues	2,731	3,685	2,954	1476
% Recurring Revenue to Total Revenue	36%	31%	38%	39%
Cost of Sales	(1,857)	(1,668)	(1,507)	(1,059)
Gross Profit	2,382	3,698	3,285	1,346
Gross Margin	56.2%	68.9%	68.6%	56.0%
Other income; R&D & government incentives		0	100	72
Other Overheads	(4,349)	(3,354)	(2,435)	(662)
EBITDA	(1,967)	344	950	756

- Recurring Support revenues driven by multiple contract wins including:
 - Ergon Energy
 - First Energy – Allegheny Energy
 - First Energy – Jersey Central Power & Light
 - ATCO Electric
- Project and product revenue is primarily sales of equipment and software from of new network rollouts as well smaller transactions.
- Gross margin on recurring revenue is consistently high as royalty revenues are 100% margin and support revenues attract high margins once the fixed cost base is in place
- Low incremental costs of new support contracts added demonstrates operating leverage of the business

Balance Sheet & Cash Flow Statement

US\$'000	Pro-Forma 1-July-2021
Cash and bank balances	1,480
Trade and other Receivables	933
Other current assets	236
Intangibles	3,126
Other non-current assets	94
Total assets	5,869
Trade and other payables	2,064
Deferred revenue	1,448
Borrowings	792
Convertible Notes	285
Other liabilities	600
Total liabilities	5,189
Net Assets	680

US\$'000	FY17	FY18	FY19	1H FY20
Net cash generated from operating activities	(599)	1,528	1,364	1,354
Net cash flow (used in) investing activities	(819)	(1,267)	(1,223)	(502)
Net cash flow (used in) financing activities	1,305	(246)	739	(297)
Net increase/(decrease) in cash	(113)	15	880	555
Cash and cash equivalents at start of period	236	41	51	931
Cash at end of period	41	51	931	1,480

- Net cash position of USD\$767 as at 30 September 2020
- Convertible notes expected to convert to equity prior to August 2021
- Remaining borrowings are Director related loans

1. Pro Forma for the impact of the convertible notes were converted to equity on 1 July 2021.

Details of the Offer

Offer structure and size	<p>Institutional Placement comprising the issue of approximately 8.6 million CHESS depositary interests over fully paid ordinary shares (New CDIs) to raise A\$5 million ('Placement')</p> <p>Issue of approximately 8.6 million New CDIs (equivalent to 7.1% of total ESK shares outstanding)</p> <p>The Placement is within ESK's placement capacity under ASX Listing Rules 7.1</p>
Offer price	<ul style="list-style-type: none"> • New shares will be issued at an fixed offer price of \$0.58 per CDI, representing: <ul style="list-style-type: none"> – 9.4% discount to last closing price of \$0.64 on 16 December 2020; – 9.2% discount to 3 day VWAP of \$0.64 up to and including 16 December 2020; and – 11.7% discount to 5 day VWAP of \$0.66 up to and including 16 December 2020.
Use of proceeds	<p>Proceeds will provide balance sheet flexibility to:</p> <ul style="list-style-type: none"> • Enable and accelerate the pursuit of evolving market opportunities in Government Infrastructure, Defence and Public safety markets in particular those opportunities involving Etherstack's Mission Critical Push to Talk and PTT over satellite solutions • Enable and accelerate intellectual property developments needed for success in these market sectors • Strengthen working capital resources
Ranking	<ul style="list-style-type: none"> • New CDIs will rank equally with existing CDIs on issue

Offer timetable

Event	Date ¹
Trading halt, announcement of Placement	Thursday, 17 December 2020
Announce outcome of Placement and re-commence trading (pre-open)	Friday, 18 December
Placement settlement via DvP with the Shares subject to a holding lock	Wednesday, 23 December
Lodge Appendix 2A for placement shares	Wednesday, 23 December
Allotment of placement shares	Thursday, 24 December
Quotation of placement shares	Thursday, 24 December
Complete the due diligence process and lodge the Prospectus with ASIC	Thursday, 24 December ²
Release the Placement participants' Shares from the holding lock	Thursday, 24 December ²

Notes: 1. All dates and times are indicative and subject to change without notice and have not been confirmed by the ASX. All times are Sydney time unless otherwise specified.

2. This date is indicative only. The lodgement of the Prospectus may be delayed due to the Christmas and New Year period. The holding locks can only be released once the Cleansing Prospectus has been lodged.

Cleansing Prospectus Disclosure

Cleansing Prospectus Disclosure

- On 3 July 2020, ESK received an aware query letter from ASX, which ESK responded to on 6 July 2020. This correspondence was announced on ESK's ASX platform on 7 July 2020.
- On 4 September 2020, ESK received a notice from ASIC to produce books (**ASIC Notice**). The ASIC Notice requested documents as part of its investigation into ensuring that ESK has complied with sections 674, 1041E, 1041A and 1041B of the Corporations Act 2001 (**Corporations Act**).
- ESK provided ASIC with the requested books, but in doing so did not admit to any contraventions of the Corporations Act. As the ASIC Notice was investigating a potential breach of section 674 of the Corporations Act by ESK, ESK (as a matter of caution) has formed the view that it cannot issue a cleansing notice.
- ESK will issue a prospectus to "cleanse" the New CDs for secondary trading purposes (**Cleansing Prospectus**). A Placement investor will not be able to trade their New CDs until ESK has lodged the Cleansing Prospectus (whether it is a transaction-specific prospectus or a full-form prospectus) with ASIC.

Jurisdiction Offer Restrictions

International Offer Restrictions

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "**SFO**"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

If you (or any person for whom you are acquiring the New Shares) are in Hong Kong, you represent and warrant that you (and any such person) are a "professional investor" as defined under the SFO.

Jurisdiction Offer Restrictions

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

If you (or any person for whom you are acquiring the New Shares) are in Singapore, you represent and warrant that you (and any such person) (i) are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA), (ii) will acquire the New Shares in accordance with applicable provisions of the SFA, and (iii) acknowledge that the offer of the New Shares is subject to the restrictions (including selling restrictions) set out in the SFA.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Contacts

Etherstack plc

93A Shephard Street,
Chippendale NSW 2008

Phone +61 2 8399 7500

David Deacon, CEO, david.deacon@etherstack.com

David Carter, CFO, david.carter@etherstack.com





use only



etherstack
wireless innovation

London

+44 207 734 0200
info.eu@etherstack.com

Sydney

+61 2 8399 7500
info.au@etherstack.com

New York

+1 917 661 4110
info.na@etherstack.com

Yokohama

+81 45 342 9050
info.jp@etherstack.com

ersonal