



CEO presentation to AGM

Etherstack plc (ASX:ESK)

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Authorised for release to ASX by
David Carter, CFO & Company Secretary



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CEO Presentation

Presentation Overview

- 🔗 Business overview
- 🔗 2020 Results highlights
- 🔗 2021 Year to date activities: strategic business development



Etherstack exhibiting at Land Forces Expo Brisbane, 1-3 June 2021:

- Attended by over **12,000** delegates (with no Victorian visitors)
- Demonstrated P25 network infrastructure and terminals
- Promoted tactical GoBox & IVX solutions for defence & civilian use
- Promoted milSDR and waveforms portfolio to defence
- Spoke at CivDef Emergency Managers conference



Business Overview

Terrestrial Digital (VHF, UHF, 700MHz)

Cellular Networks (4G & 5G)

Satellite PTT Networks (GS, LEOS, MEOS)

Traditional Digital LMR Products

Mission Critical Push to Talk (MCPTT)

Push to Talk (PTT) Over Satellite Solutions

Overview

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

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

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

Example Customers / Partners

LMR: Public Safety agencies the US, Canada and Australia

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

June 2020: Samsung Global Teaming Agreement

Targeting global telcos through the Samsung partnership, multiple pursuits 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)



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FY2020 – Highlights

Strong positive cashflow

- Net operating cash inflow of US \$1.7 million in 2020 following strong operating cash inflow of US \$1.4 million in 2019 and \$1.5 million in 2018.

Positive EBITDA

- US \$1.1 million EBITDA on revenue of US \$4.7 million, following FY2019 EBITDA US \$1.1 million

FY2020 strategic wins

- Global Teaming Agreement with Samsung
- AUD \$4.1 million contract with the Department of Defence
- Resources sector orders

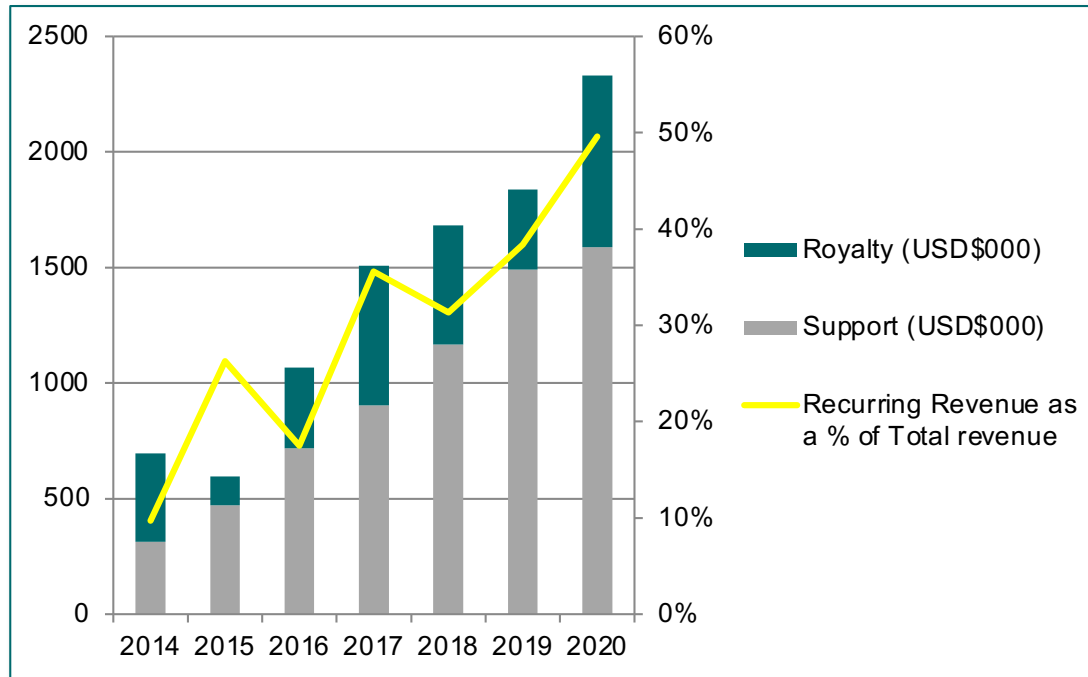
Successful project delivery

- Successfully delivered and commissioned a satellite connected digital radio network for the Royal Canadian Mounted Police (RCMP) within the Arctic Circle.

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FY2020 – Highlights

Continued recurring revenue growth



- Aggregate recurring revenues are \$2.3m, a 27% increase over 2019 driven by long term support contracts and new royalty agreements
- 234% increase over 6 years
- Recurring revenues contributed 50% of total revenues in 2020

- Large network support revenue for government and utility networks is very “sticky”, typically 10-15 years in nature
- Every network win generates additional long term support revenue, high value
- Most network elements are software based, leading towards a long term SaaS model

FY2020 – Highlights

Focus on scalability

- Global Teaming Agreement with Samsung is a “force multiplier” driving significantly increased number of large network pursuits across the globe. This agreement is expected to contribute to a sustained growth phase in both licensing revenues and long term recurring support revenues
- Successful network deliveries in Canada (RCMP) and Western Australia (resources) sector contribute towards continued repeat orders from major clients
- Each win and successful delivery increases target customer acceptability of our solutions and increases probability of wins in competitive processes
- Continued focus on high barrier to entry developments, with high margin deliverables in repeatable market segments

Improved balance sheet and working capital

- The Company raised A\$5 million before costs in December 2020 to provide additional working capital in support of development activities in particular activities related to the Samsung agreement and Australian defence projects

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2021 Update – Significant Revenue Growth

Strategic business development: MCPTX (4G/5G)

- In June 2020, the company entered into a Global Teaming agreement with Samsung setting out the framework for Mission Critical Push-To-Talk (MCPTT) over LTE solutions to Samsung customers, specifically being telecommunications carriers and governments, utilising Etherstack's digital LMR soft-switching technologies
- In February 2021, The company entered into a US\$1.2 million agreement with Samsung for solution integration activities for the telecommunications carrier market
- As outlined in recent trading updates, Etherstack expects initial carrier deals to be completed and announced imminently

Strategic business development: Defence & Govt Comms

- As previously advised by management during FY2020, the company is positively exposed to government infrastructure and defence spending trends
- This has translated into multiple contracts with Australian, UK, Canadian & US government entities, with over A\$5m of new contracts being announced since December
- Further pursuits are currently underway with expected announcements in H2 should the company be successful in award

2021 Update – Significant Revenue Growth

Strategic business development: Resources

- The resource sector utilises essential digital radio communications networks of the same type as used in public safety and utilities for essential operations at mining facilities
- Etherstack has made a concerted push into this sector in the past 18 months and has been rewarded with multiple network awards for a major iron ore producer in the Pilbara
- These resources networks are large infrastructure projects and have a similar “sticky” long term support revenue tail as government and utility infrastructure projects

Business as usual growth

- Our traditional LMR infrastructure business continues to grow as evidenced by the continuous recurring revenue growth the company has enjoyed over the past 6 years, underpinning profitability and stability in baseline revenues

2021: Revenue guidance

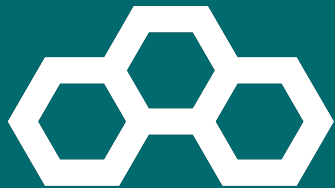
Updated financial guidance, 27 May 2021

- “The Company now expects revenue for the half year ending 30 June 2021 to be in the range of US\$3.5m to US\$4.0m, representing an increase over the corresponding H1 period in 2020 of between approximately 46% to 66%”
- The company expects FY2021 (31 Dec) to significantly outperform FY2020



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