



1H CY21 Results Presentation

Etherstack plc (ASX:ESK)

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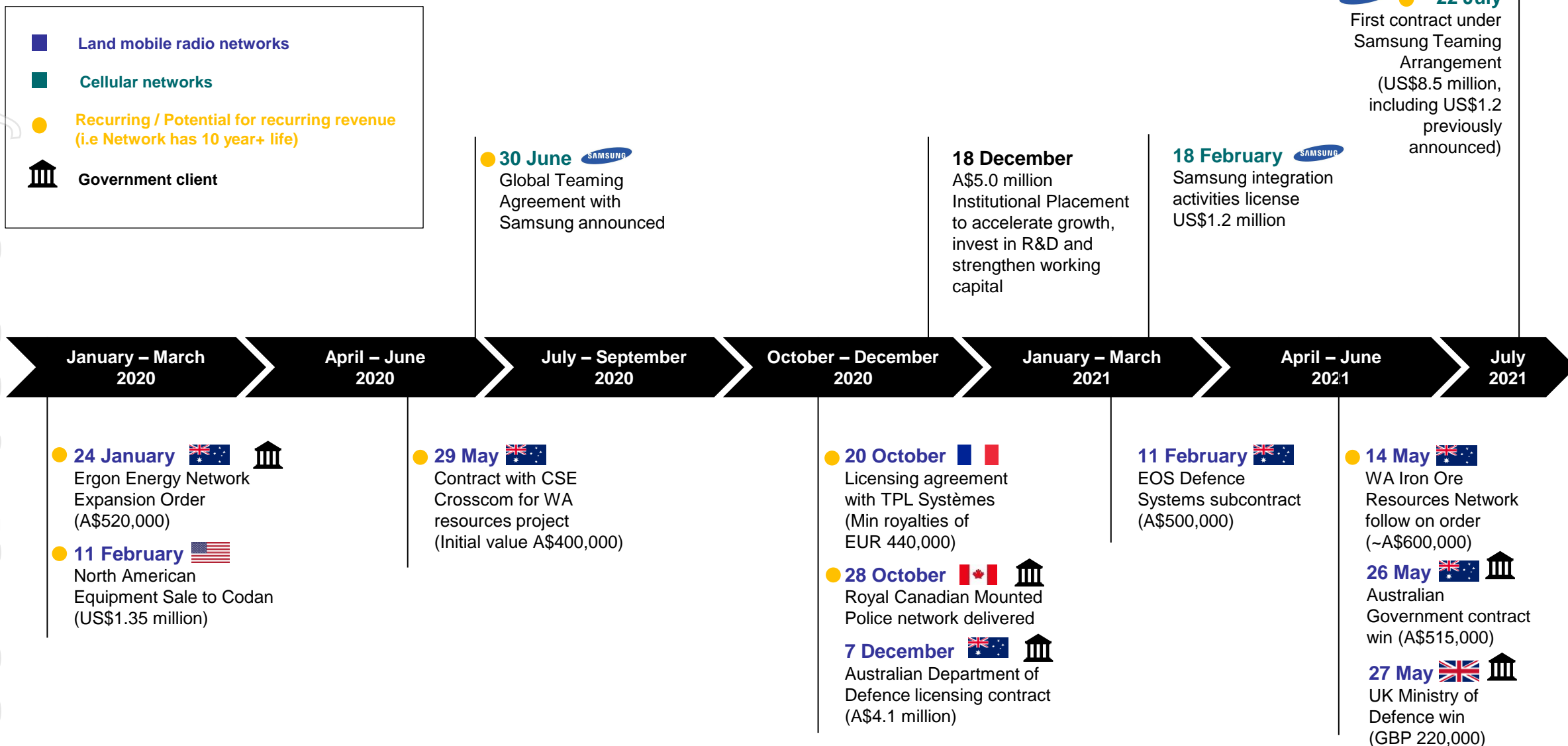
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H1 CY21 OPERATIONAL HIGHLIGHTS

1H CY21 Highlights

- 01 First carrier deal with Samsung (announced July 2021) - multiple other Samsung pursuits advancing rapidly
- 02 Increased rate of contract wins – 6 contracts won YTD CY21 diversified across cellular, mining, government, and Defence business lines
- 03 Follow on order with Western Australia based global iron ore mining company – potential for scores of networks globally over next 10 years
- 04 Continued underlying business growth throughout current global situation
- 05 Outlook is very exciting – well positioned for government infrastructure spending

Solid Deal Flow H1 CY21



Positive Defence & Government Exposure Demonstrated

Positive Business Environment In Medium Term


- Increased global infrastructure and stimulus spending creating optimal business environment outlook for next 3 – 5 years
- Governments globally are increasing spend on public safety and defence projects due to current world circumstances
- New US\$1 Trillion Infrastructure Bill spend will flow to US federal, state and local public safety communications projects over many years. The US is traditionally Etherstack's largest market
- Sovereign supply chain risks and sovereign manufacturer investment supporting sustained growth outlook over 5 – 10 year window within Australian and the UK businesses

Immediate Impact on Etherstack's Business


- In July 2020 as the pandemic took hold, Etherstack advised the market of the likely positive impact of the global environment on Etherstack's core public safety business
- In six months between December 2020 and May 2021 Etherstack announced over A\$5m of deals in Australian and UK defence and public safety related wins
- These wins included direct awards with the Australian and UK defence departments

A\$5m+
4 deals in
6 months

7 December  
Australian Department of
Defence licensing contract
(A\$4.1 million)

11 February 
EOS Defence
Systems subcontract
(A\$500,000)

26 May  
Australian
Government contract
win (A\$515,000)

27 May  
UK Ministry of
Defence win
(GBP 220,000)

Forefront of 5G Public Safety Communications Rollouts

Samsung Global Teaming Agreement

- Announced in June 2020, the Samsung Global Teaming Agreement has Samsung offering Etherstack's MCPTX based technologies to Samsung's telecommunications carriers globally
- MCPTX is a new "push-to-talk" over cellular technology for first responders on new 5G network rollouts globally
- Etherstack is a recognised world leader in this emerging technology and Samsung have teamed with Etherstack to offer our solution globally to carriers

Delivering on the Global Teaming Agreement

- In July 2021, Etherstack announced the first carrier deal with Samsung utilising Etherstack's technology. The US\$8.5m initial deal will be delivered across FY21 – FY24.
- Etherstack is supporting Samsung in multiple pursuits that utilise Etherstack's solution with other carriers around the world
- Management expects further carrier awards within the next 12 month window as previously advised to the market

A\$11m+
First Carrier Deal
(US\$8.5m)



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1H CY21 FINANCIAL HIGHLIGHTS

1H CY21 Financial Highlights

01

Revenue Growth: revenue is US\$4.3m up 79% on the prior corresponding period (“pcp”), with growth across all revenue streams:

- Recurring revenues from long term support contracts have increased 30% from pcp
- Royalty revenues driven by sales of licensee products which incorporate Etherstack technology and have increased 129% from pcp
- Strong project revenues

02

Strong EBITDA result: US\$1.5m EBITDA for the half year (US\$0.8m for the pcp)

03

Net profit after tax: US\$0.8m profit for the half year (US\$2.3m loss for the pcp)

04

Reduced Borrowings: the Company continued to pay down debt during the first half of FY2021

05

Increased investment in R&D and development of new office and engineering facility in Sydney

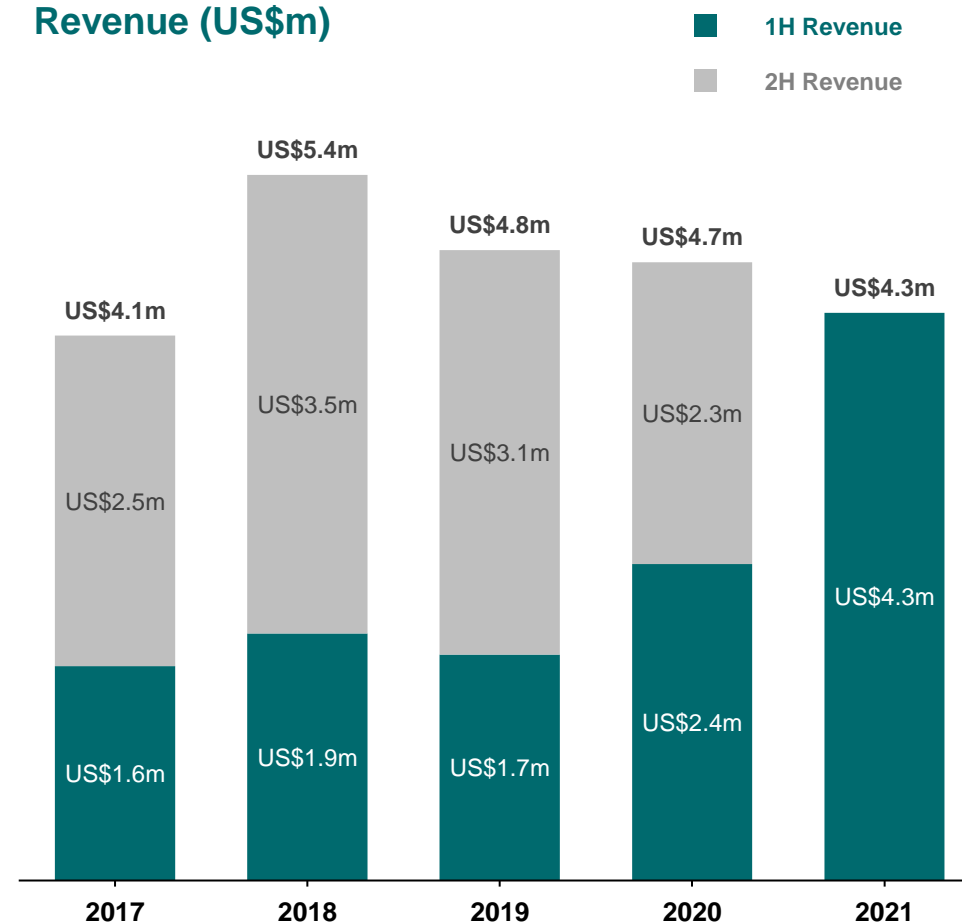
Highlights: 1H CY21 – Record revenue in 1H CY21

Revenue Growth

H1 Revenue
US\$4.32m
up 79% on pcp

- Revenue for the half year is US\$4.3m up 79% on the prior corresponding period (“pcp”), with growth across all revenue streams:
 - Recurring revenue from long term support contracts have increased 30% from pcp
 - Royalty revenue driven by sales of licensee products which incorporate Etherstack technology and have increased 129% from pcp
 - Strong project revenue from government, defence and commercial clients

Revenue (US\$m)



Highlights: 1H CY21 – Growing our recurring revenue base

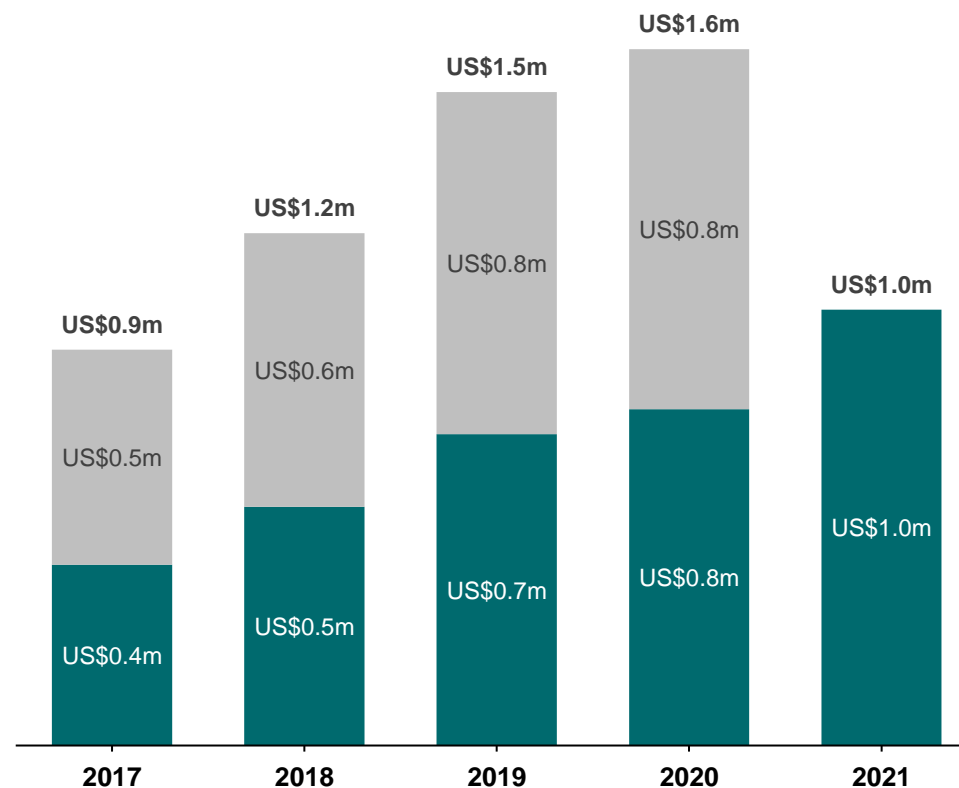
Support (Recurring) Revenue Growth

*30% increase
over pcp*

- Support revenue for first half of FY2021 grew 30% to US\$1.0m compared to US\$0.8m for the first half of FY2020
 - Attributable to continued growth in Etherstack's installed support client base
 - Important as these revenues are not subject to the same volatility or timing risk as project revenue
 - CAGR up to 31 December 2020 is 31.2%

Support Revenue (US\$m)

■ 1H Support Revenue
■ 2H Support Revenue



Highlights: 1H CY21 – Positioned for growth

Profitability

- Strong EBITDA result: US\$1.5m EBITDA for the half year (US\$0.8m for the pcp)
- Net profit after tax: US\$0.8m profit for the half year (US\$2.3m loss for the pcp)

Continued investment

- The Company has invested a further US\$1.4m (H1 2020 US\$0.5m) into our suite of intellectual property assets in developing new assets and enhancing existing assets. The company has also invested in a new office and engineering facility in Sydney

Generating cash

- Continued strong operating cashflow allowing a combination of intellectual property investment, facilities investment and debt reduction simultaneously

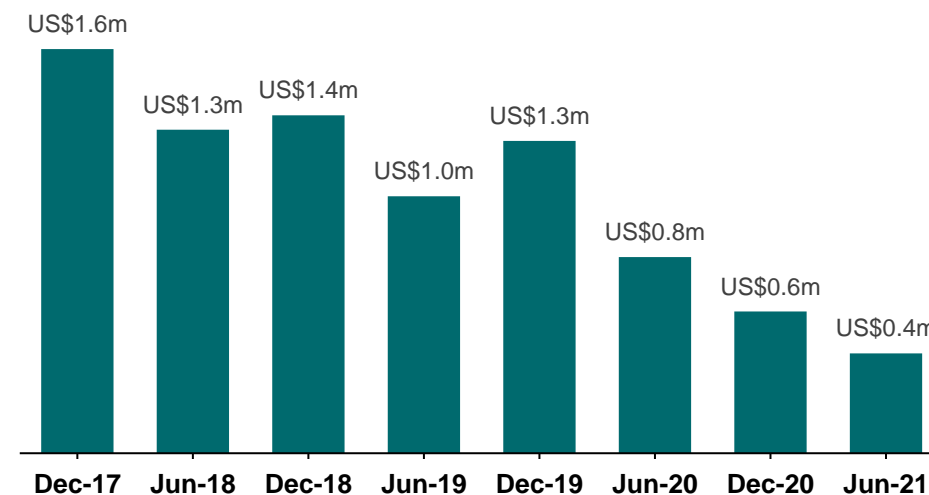
Sustained debt reduction

- US\$2.4m receivables at 30 June for work completed in H1 CY21

Stronger balance sheet

- Improved balance sheet, with positive H2 CY21 outlook

Borrowings (US\$m)



COMPANY OVERVIEW

Customer Base

Etherstack has a globally diversified base of high quality customers / end users across various industries



Our Three Core Markets

Etherstack licenses innovative wireless communications technology across three key platforms



Cellular networks (4G & 5G)

Mission Critical Push to Talk (MCPTX) over LTE for new 4G & 5G networks

- First contract under Samsung Global Teaming Arrangement announced. Multiple other pursuits advancing rapidly

Terrestrial digital land mobile radio networks

Wireless communication networks, technology licensing to equipment vendors, cryptographic and defence solutions

- 13 significant network deployments with long term support contracts currently in place driving recurring revenues

Satellite Push to Talk (PTT) networks

Developing secure wireless communications software for Satellite over past 3 years

- Discussions with satellite communications suppliers to incorporate Etherstack technology in progress

Able to leverage skillset, R&D and intellectual property developed over 20 years to enable wireless communications for customers within and across key platforms in the essential communications sector

Case Studies

Royal Canadian Mounted Police

The Royal Canadian Mounted Police (RCMP) are the federal and national police service of Canada, providing law enforcement at the federal level



November 2019 – Etherstack contracted for delivery, commissioning and on-going support of a secure encrypted digital radio network spanning 26 sites

Key details

- Initial order value CAD\$1.7 million
- RCMP network will be Etherstack's second largest network in Canada (after 82-site ATCO Electric network in Alberta)
- Etherstack successfully delivered and commissioned initial digital radio network for the RMCP within the Arctic Circle as at November 2020
- Recurring SaaS-like support revenues expected at 15 – 20% pa

Engagement from Etherstack engineers globally to deliver

- Etherstack engineers in Canada, Australia, Japan, UK, and US were involved in the solution delivery

Additional tranches

- Additional sites expected in 2021 & 2022
- Management expects long term support revenues to commence in Q3 2021 and believe will likely continue for a further 15 years

Western Australia Iron Ore Project

Large resources projects require essential communications for operations and safety in hazardous environments. Operations would cease without 100% continuous communications, hence the need for "government grade" communications systems.

May 2020 – Etherstack's subsidiary, Auria Wireless, entered into a contract with CSE Crosscom, to use Etherstack software to deliver the first stage of a multi-stage P25 digital LMR network project to CSE Crosscom's mining client

Key details

- Initial order value A\$400,000
- End user is a major mining company with activities in Pilbara region, WA
- Recurring SaaS-like support revenues expected at 15 – 20% pa

May 2021 – Follow-on order

- Follow-on order expected to generate A\$600,000
- A third expansion order is expected later in 2021, or early 2022

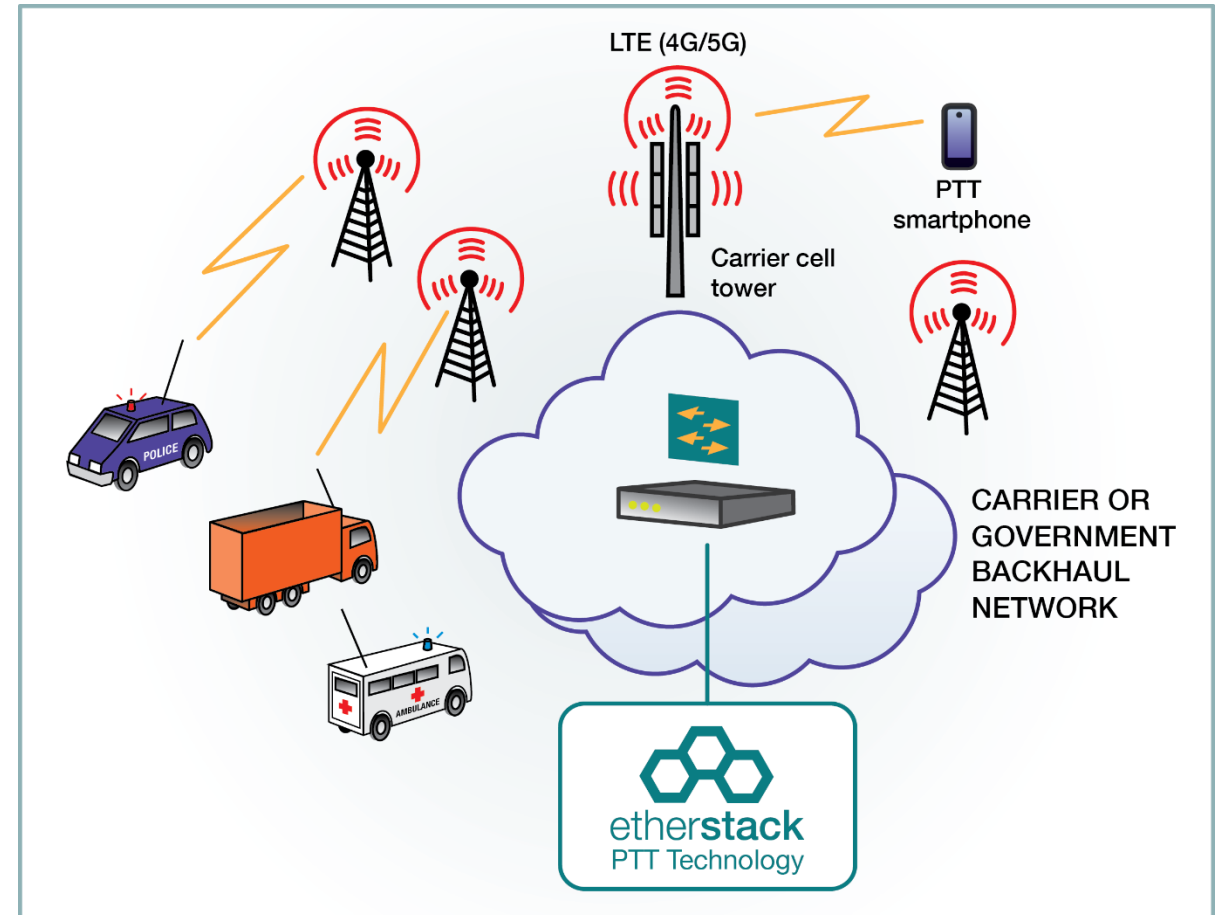
Additional tranches

- Completion of deployment and network commencing live communications will signal start of recurring support opportunity
- Potential to rollout to many of client's 50+ other mining sites globally over the next 10 years as existing networks renewed

Our Solutions

Etherstack is a leading licensor of wireless communication software, enabling push-to-talk (PTT) communications for essential services, within and across advanced digital land mobile radio, cellular and satellite networks

- Core network products are high margin. These software based solutions typically include long term support contracts
- Etherstack core revenues transitioning to an Enterprise SaaS (software as a service) model;
 - This is due to migration of existing PTT network solutions from specialised infrastructure hardware to network cloud based services
- Etherstack's software is underpinned by complex intellectual property developed over the course of 20+ years
- Global teaming partnership with Samsung Electronics with respect to Mission Critical Push To Talk (MCPTX) over LTE to drive additional growth
- Etherstack has a globally diversified client base
- Etherstack maintains R&D and support offices in the UK, US, Japan and Australia

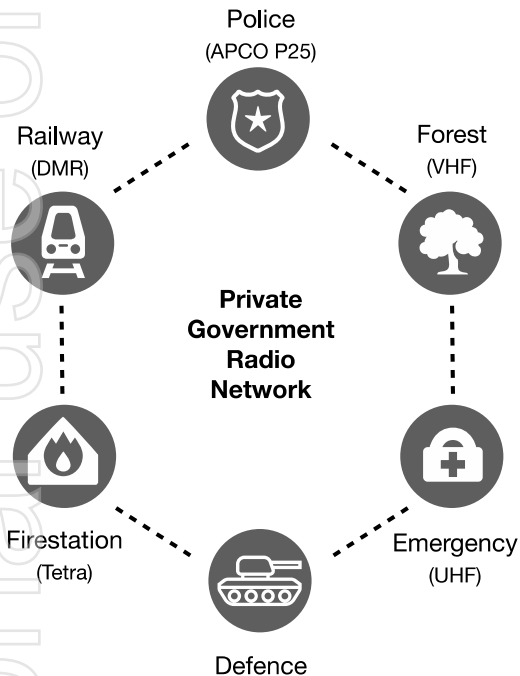


Evolving public safety communications – hybrid networks

Etherstack's software enables interoperability between traditional and new 4G & 5G networks for public safety communications.

TODAY

Terrestrial Digital Radio Network



5G MIGRATION

Hybrid, telco carrier based public safety mobile broadband



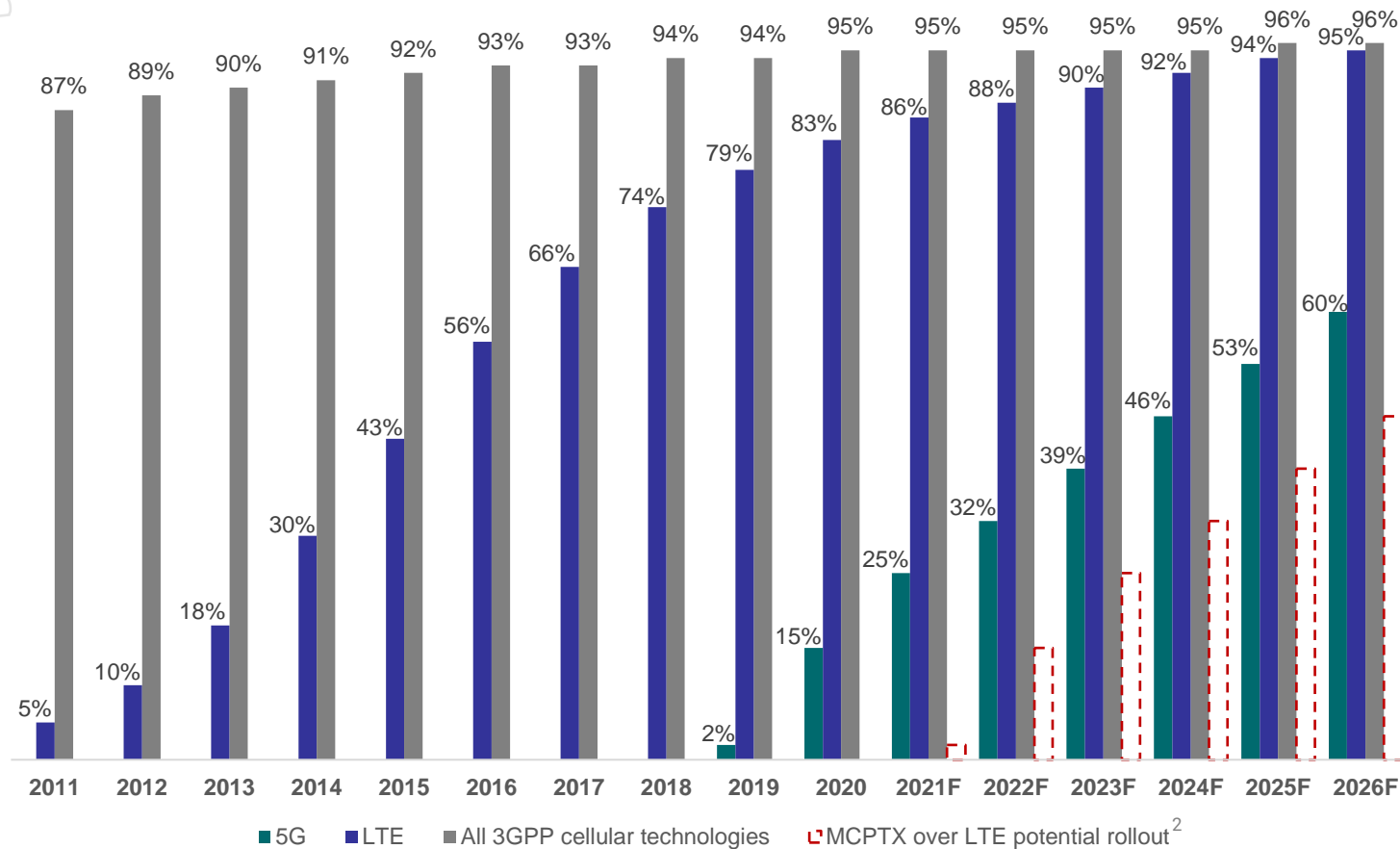
Mission Critical Push To Talk (MCPTX) over LTE

- Availability of new wireless technologies (wifi, 4G & 5G) is transforming public safety communications
- Traditional digital radio (VHF& UHF) networks are still essential – these being the networks used by police, firefighters, ambulance and electric utility personnel today. Governments today spend billions of dollars on these types of networks. These are 15 – 20 year infrastructure projects
- Interoperability between new and existing networks is key to enabling a smooth transition to newer technologies, without disrupting current service capabilities
- Etherstack technology enables interoperability within and between, traditional (digital radio and new (4G & 5G) networks for MCPTX public safety communications
- Etherstack entered into a Global Teaming Agreement with Samsung in June 2020 to deliver this solution to telecommunications carriers

Rollout of new communications technologies – migration

Global rollout of 5G networks is expected to drive demand for Etherstack MCPTX over LTE technology in coming years

Mobile Population Coverage (%) by Technology¹



- 5th generation mobile network (5G) delivers higher peak data speeds, ultra low latency, and more reliability
- 5G is used across three main types of services: enhanced mobile broadband, mission-critical communications, and the Internet of Things
- 5G network coverage expected to grow from ~15% of global population in 2020 to ~60% in 2026
- National carriers are expected to provide guaranteed public safety communication capacity to public safety agencies in each country
- As a result, demand for Etherstack's MCPTX over LTE technology, is expected to rise significantly over next 36 – 48 months

Etherstack – Key Competitive Strengths

- ✓ 20+ years of intellectual property development across LMR and carrier communications
- ✓ Global presence
- ✓ Established support base – stable SAAS-like revenues
- ✓ Key reference clients established including RCMP and WA resources sector client – this is a conservative industry and credibility is a key barrier to entry
- ✓ Tailwinds expected in LMR as a result of stimulus spend and evidenced in half year
- ✓ Samsung is a sales force multiplier in carrier cellular networks space
- ✓ Small company agility to compete with large players

CY21 – OUTLOOK AND MILESTONES

Etherstack 2H CY21 Outlook

2H 2021 Outlook – Contracted Revenue

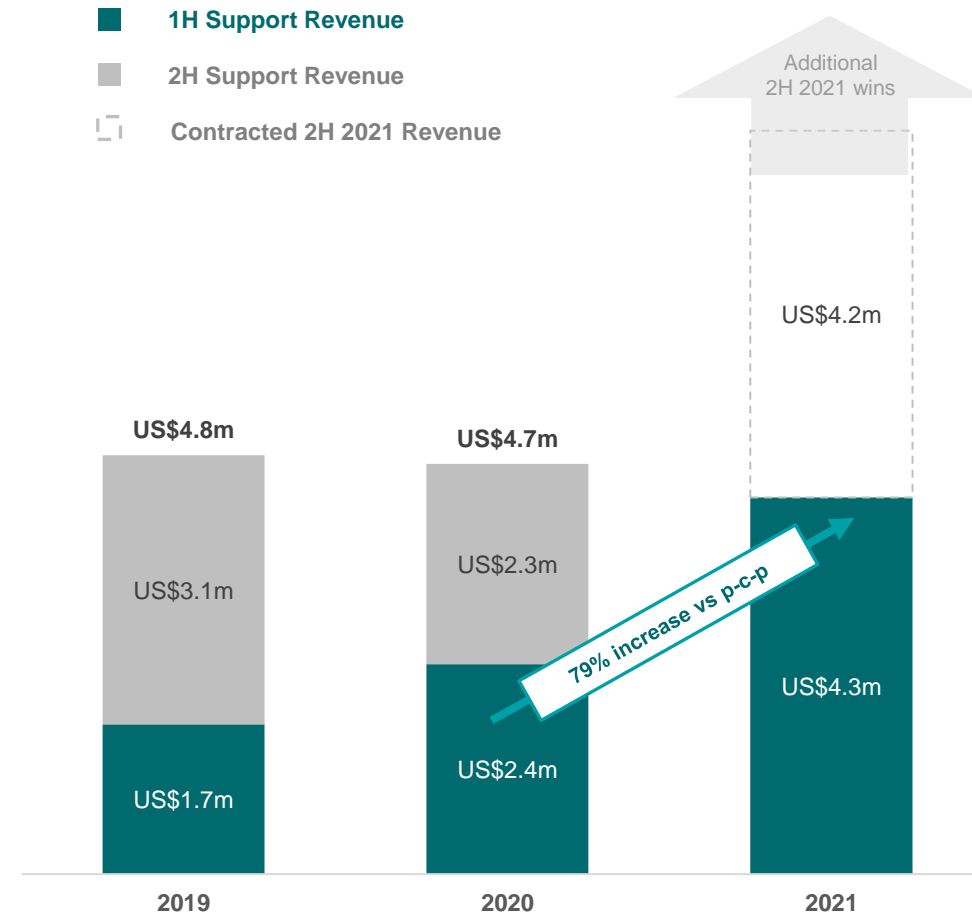
- Etherstack has already achieved contracted revenue for 2H 2021 of US\$4.2m, comprised of:
 - US\$3.0m in contracted revenues not associated with Samsung teaming agreement
 - US\$1.2m of Samsung related revenue announced in February 2021, expected to be recognised in 2H FY2021

2H 2021 Outlook – Additional Revenue

- In addition to the contracted revenue above, the company expects further 2H 2021 project wins and revenues from other parts of its business, such as defence, equipment sales and technology licensing

Etherstack Revenue

- 1H Support Revenue
- 2H Support Revenue
- Contracted 2H 2021 Revenue



Key milestones

Key operational milestones achieved by Etherstack leading up to 2021

- 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
- 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
- **July 2021 – Etherstack signs initial Carrier deal with Samsung USD \$8.5 m**

Strong outlook for 2021 and going forward driven by focus on key strategic initiatives:

- ✓ Supply of MCPTX over LTE solution for first 5G networks under Samsung Teaming Arrangement
- ✓ Progress towards 2nd stage of Western Australia resources project and grow resources sector clients base
- Procure initial contracts with satellite network terminal providers to incorporate Etherstack technology into their network solutions
- Expansion of existing Australian & International public safety networks
- License and supply of defence communications solution to other nations
- Commencement of upgrades to virtualised switching solutions across installed base
- Supply of MCPTX over LTE solution for additional 4G / 5G networks under Samsung Teaming Arrangement



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