



etherstack
wireless innovation

Etherstack Results presentation

Etherstack plc (ASX:ESK)
17 February 2023

use only

ersonal



Authorised for release by David Deacon, CEO and David Carter, CFO

Disclaimer

This presentation has been prepared by Etherstack plc (ARBN 156 640 532) (“Etherstack” or “the Company”). The information in this presentation is for information purposes only and is not investment, financial product, legal or tax advice.

This presentation contains summary information about the activities of Etherstack and subsidiaries. The information in this presentation does not purport to be complete nor does it purport to contain all the information that a prospective investor may require in evaluating a possible investment in Etherstack. This presentation should be read in conjunction with Etherstack’s other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au or at www.etherstack.com

Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. Etherstack is not responsible for providing updated information to any prospective investors.

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this presentation is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

This presentation may contain forward-looking statements with respect to the financial condition, results of operations, business of Etherstack and certain plans and objectives of management. Actual outcomes may differ materially from forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are likely to involve uncertainties, assumptions, contingencies and other factors. As a result, unknown risks may arise, many of which are outside the control of Etherstack. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Etherstack disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Should you have any specific queries in respect of this disclaimer please contact Etherstack directly.

ersonal use only



2022 Financial & Business highlights

Etherstack

Etherstack is a wireless technology provider that supplies our own mission critical wireless networks to the public safety, utilities and resource sector. The company also licenses key technology to over 20 other wireless equipment manufacturers globally

Snapshot

- Etherstack plc (UK) is a majority Australian owned business listed on the Australian Securities Exchange (ASX:ESK)
- Market Cap ~A\$70m
- R&D offices in Sydney, Yokohama, Reading (UK) and New York
- 48 employees globally
- Highly profitable, debt free, growing

3 Core Businesses (diversified revenue mix)

- Digital radio networks for first responders, essential services, resource sector and security/defense organizations – **high margin system sales** and **support revenues**
- Technology licensing of R&D keeps our own products fresh and generates additional **royalties revenue**
- New high growth cellular network technology to bridge 4G/5G networks with existing government digital radio networks – **licensing deals** with Samsung & Nokia
- All three businesses performing well



2022 Financial highlights



14%

Revenue growth to
US \$9.68 m

33%



EBITDA growth
to US \$3.4 m

51%



NPAT growth to
US \$2.2 m

**Strategic
Business**



Samsung, Nokia
and Rio Tinto

Two new
products
launched

+

US \$2.55 million
invested in IP



US\$2.16m



FY22 operating cash flow

Fifth consecutive year of
positive operating cash

Business highlights

Two critical new products launched

- Successful launch of our 3GPP standards based MCX IWF telco carrier product for 4G & 5G networks
- NATO NBWF (Narrowband Waveform) software implementation, framework and simulation tools for use by NATO member nations



Strategic Business

- 5 year extension to the Samsung Global Teaming Agreement
- An initial Nokia MCX IWF pilot contract
- Completion of the 2020 Australian Defence project **and** start of new AUD \$1.7 m Work Package 2
- Expansion and follow-on orders received for Rio Tinto LMR network projects

UK and Australian government deals

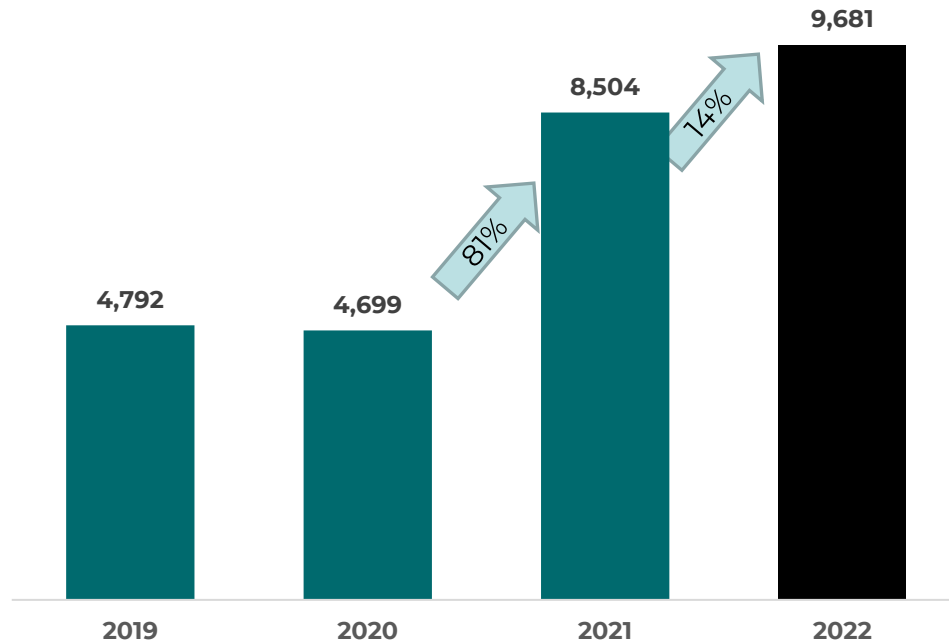
- UK Ministry of Defence
- Australian Department of Defence
- Australian Department of Home Affairs

Strategic strengths

- Strong global interest in Etherstack's evolving technologies
- Growing recurring revenues
- Healthy opportunity pipeline
- Intellectual property portfolio developed over +20 years
- Continued positive exposure to global infrastructure and government spending

Strong revenue growth supported by key contract wins

Etherstack Revenue (USD '000)

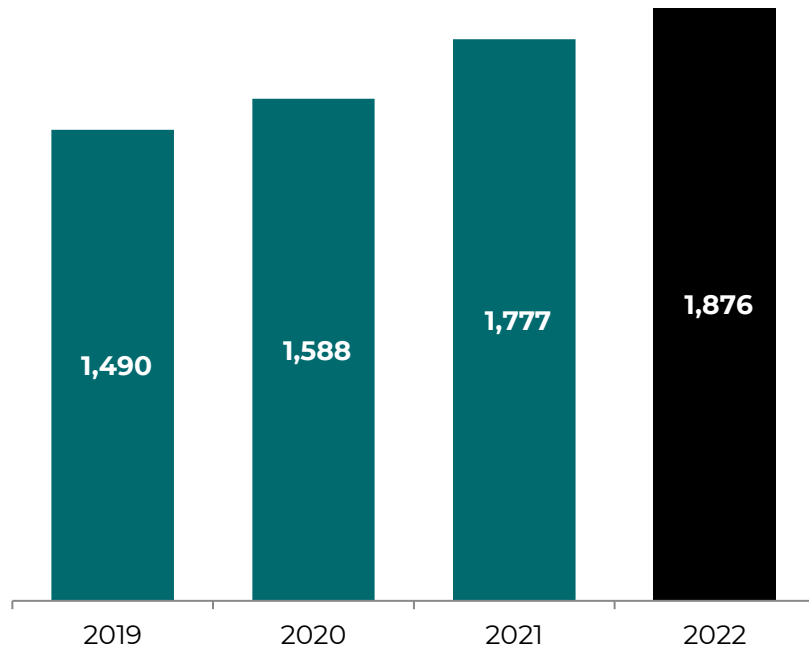


Multiple growth drivers have delivered strong revenue growth in FY22

- Step change in revenue 2021 has been maintained with additional 14% growth in 2022
- Multiple growth drivers
 - Strong project revenues
 - Continued increase in recurring support revenues
 - Increase in addressable market for MCPTX
 - Follow on “land and expand” revenues from Australian government and Rio Tinto mine activities

Recurring revenue remains a core focus for Etherstack

Etherstack Recurring Support Revenue (USD '000)



Recurring Support Revenues continue to grow

- 6% increase on FY2021 to \$1,876
- Increase driven by:
 - New network deployments
 - Incremental growth to existing networks
 - High customer retention rates
- Ninth consecutive year of support revenue growth

Income Statement

US\$'000	2021	2022
Revenue from Contract with Customers	8,504	9,681
Recurring support and Royalty revenue	2,277	2,268
Project and Product Revenues	6,227	7,413
<i>% Recurring Revenue to Total Revenue</i>	<i>27%</i>	<i>23%</i>
Cost of Sales	2,991	3,170
Gross Profit	5,513	6,511
<i>Gross Margin</i>	<i>65%</i>	<i>67%</i>
Other Income	121	126
Other Overheads	(3,023)	(3,169)
EBITDA	2,611	3,468

Revenue increases driving EBITDA growth

- Revenue of US\$9.681 m representing 14% growth
- EBITDA increased 33% over FY2021 to US\$3.468 m
- NPAT of US\$2.193 m vs FY2021 of US\$1.455 m – a 51% increase
- Gross Margin of 65% note 1
- EBITDA margin 35%

Note 1: Etherstack gross profit margins vary depending on the mix of Etherstack product (relatively high margin) vs third party product (relatively low margin) and is driven by the nature of projects in the year.

Balance Sheet & Cash Flow Statement

Balance Sheet

US\$'000	31-Dec-21	31-Dec-22
Cash and cash equivalents	3,038	1,918
Trade and other receivables	2,439	3,309
Other current assets	530	647
Intangibles	5,358	7,064
Other non-current assets	1,191	903
Total assets	12,556	13,841
Trade and other payables	2,584	2,362
Deferred revenue	2,215	1,605
Other liabilities	1,247	1,224
Total liabilities	6,044	5,191
Net assets	6,512	8,650

Cash Flow Statement

US\$'000	2021	2022
Net cash generated from operating activities	3,368	2,165
Net cash flow (used in) investing activities	(3,534)	(2,702)
Net cash flow (used in) financing activities	(805)	(414)
Net increase/(decrease) in cash	(971)	(951)
Effect of foreign exchange rate changes	171	169
Cash and cash equivalents at start of period	4,180	3,038
Cash at end of period	3,038	1,918

Strong balance sheet position, providing a foundation to invest in growth

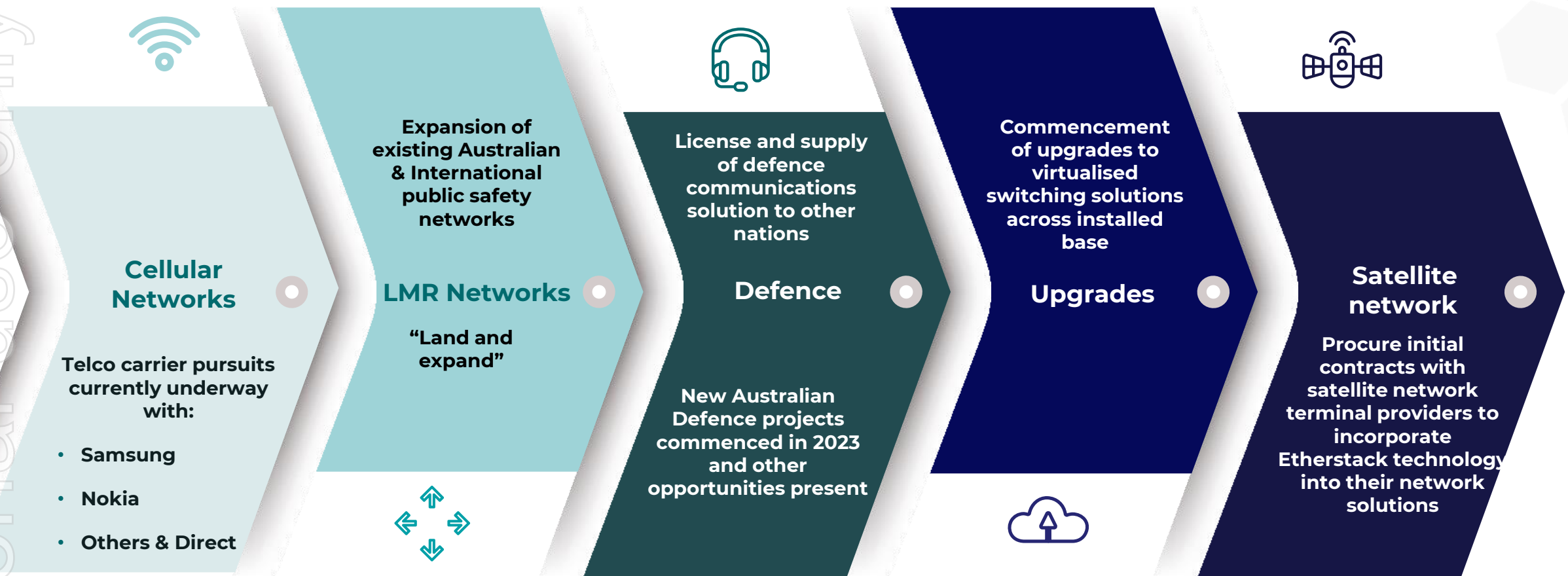
Tight management of cashflow and investment to deliver continued growth and profitability

Operating cash flows consistently positive even throughout Covid-19 pandemic

Continued R&D investment into intellectual property builds on Etherstack's competitive advantage

Strong outlook driven by focus on key strategic initiatives

Personal use only



ersonal use only

Questions



etherstack
wireless innovation

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

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

64 Rose Street,
Chippendale NSW 2008

Phone +61 2 8399 7500

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

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

David Deacon, CEO
david.deacon@etherstack.com

David Carter, CFO
david.carter@etherstack.com

Martin Duff, Corporate & Legal
martin.duff@etherstack.com

ersonal use only

