



etherstack
wireless innovation

CEO Presentation Annual General Meeting

**Etherstack plc (ASX:ESK)
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Authorised for release by David Deacon, CEO and David Carter, CFO

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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)
- R&D offices in Sydney, Yokohama, Reading (UK) and New York
- 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

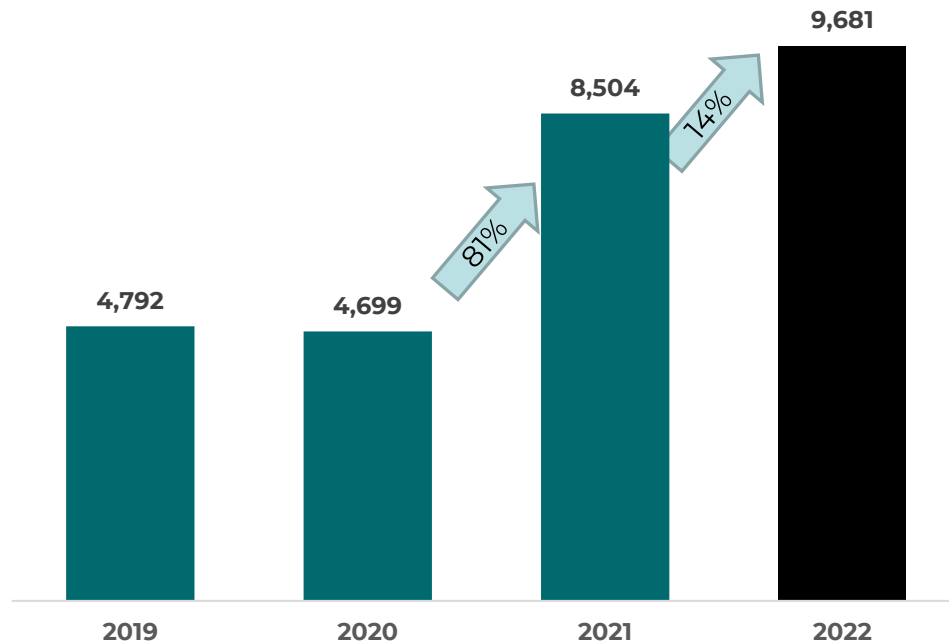
- UK Ministry of Defence
- Australian Department of Defence
- Australian Department of Home Affairs

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)

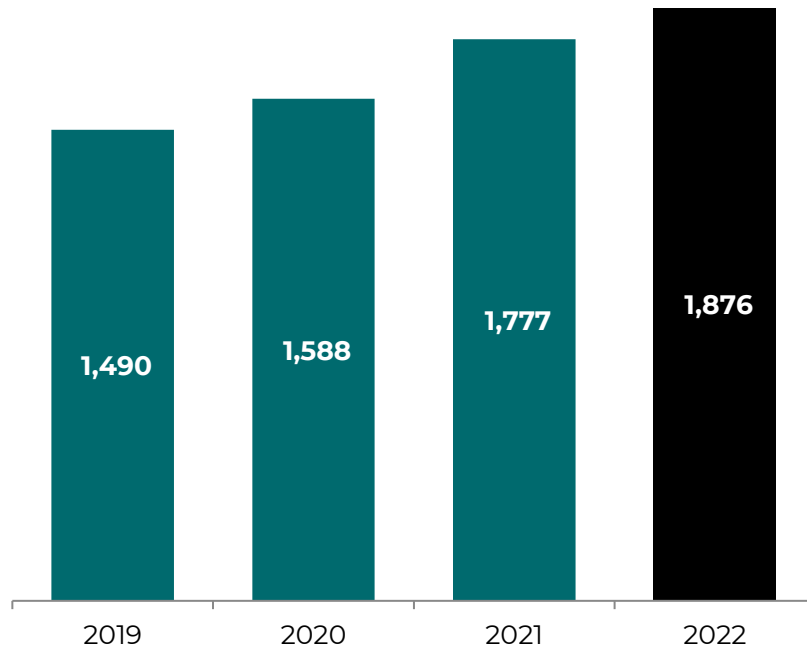


Multiple growth drivers have delivered strong revenue growth in FY22

- 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





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