Annual General Meeting
Etherstack plc (ASX:ESK)
27 June 2024

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

Resolutions for 2024 Annual General Meeting

Resolution 1.

To receive and adopt the accounts of the Company for the year ended 31 Dec 2023

Resolution 2.

Authority to appoint auditors and set remuneration

Resolution 3.

Authority to allot shares

Resolution 4.

To re-elect Peter Stephens as a Director

Resolution 5.

To re-elect Scott Minehane as a Director

Resolution 6.

Approval of 7.1A Mandate

Resolution 7.

Authority for share buyback

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2023 Financial & Business highlights

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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 Annapolis, MD

- Profitable, strong EBITDA, expanding client base

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

2023 Financial summary (USD$)

$9.419m
Revenue for 2023
(FY 2022 $9.681m)

$2.673m
EBITDA for 2023
(FY 2022 $3.291m)

$522k
Net profit after tax
(FY 2022 $2.2m)

Strategic Business
Samsung, Codan Telstra, Defence, Rio Tinto, Icom

$2.743m
Sustained investment in IP assets (FY 2022 $2.556m)

$762k
FY23 operating cash
Sixth consecutive year of positive operating cash (FY 2022 $2.165m)

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Business highlights

5G Carrier InterWorking Projects

- Significant progress on large Samsung project with AT&T FirstNet leading to "first live calls" in May 2024
- Selection by Telstra in Australia to trial the same solution as AT&T FirstNet using Etherstack's LMR-IWF solution
- Additional LMR-IWF license sale to Samsung

Strategic Business

- US$2.3m multiyear deal with Codan North American business unit to supply digital LMR technologies
- NATO Narrowband Waveform development project advances
- Further expansion and follow-on orders received for Rio Tinto LMR network projects

UK and Australian government deals

- New network upgrades for Australian Border Force
- New Australian Department of Defence project award A$1.5m
- UK MOD and AU DOD research project work leading to two awards in 2024

Strategic strengths

- Strong global interest in Etherstack's evolving and established technologies
- Growing recurring revenues in 2024 & 2025
- Healthy opportunity pipeline
- Intellectual property portfolio developed over 20+ years
- Continued positive exposure to global infrastructure and government spending

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2024 Significant Activities

Samsung AT&T FirstNet Project

- Deployed into data centres in past 6 months

- Initial "live customer" calls as part Beta/introduction process

- Triggered significant support payments (US$550K+)

Telstra 5G Public Safety Experience Centre

- Mirrors the AT&T FirstNet deployment

- Opened in Queensland by Telstra this month

- Showcases next generation public safety technologies

New Digital Network Products for LMR Markets

- New digital transceiver product line, first units shipped at end of 2023 and now installed in public safety networks

- New public safety agency "on-ramp/off-ramp" products to facilitate uptake to integrated traditional radio networks and new 5G mission critical push to talk (MC-PTT)
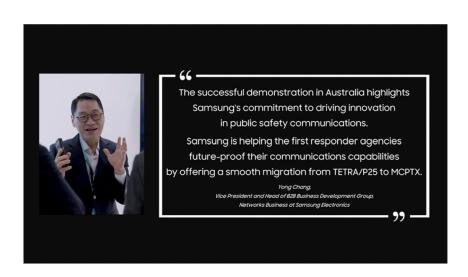
2024 Significant Activities

Samsung Partnership

- Strong business development activities in multiple markets

Empowering First Responders in Australia: Samsung Completes Country's First Demonstration of Mission Critical Push-to-Talk Solutions

Jun 18. 2024

Yong Chang
Vice President and Head of B2B Business Development Group, Networks Business at Samsung Electronics

Matthieu Guyot
Director of Public Safety, B2B Business Development Group, Networks Business at Samsung Electronics

Australian first responder agencies face unique challenges when it comes to reliable and efficient communications. The country's vast and diverse landscape, ranging from densely populated cities to remote rural areas, requires a robust and reliable communication system that operates effectively in any environment. In addition, Australia faces a variety of natural disasters such as bushfires, floods and cyclones, which intensify the need for advanced connectivity during critical situations.

Australia's current public safety communication systems provide a mature and trusted voice capability, but often encounter challenges with coverage, audio quality, interoperability between different agencies and support for critical data including images, video and location information. Broadband Mission Critical solutions help overcome these challenges, and by significantly augmenting communication capabilities, improve outcomes during emergencies.

To advance the national critical communications capability, the Australian Government has formed a Public Safety Mobile Broadband (PSMB) Taskforce in late 2023. Samsung is a supporter of this national commitment, and has powered an ongoing trial of its Mission Critical Push-to-X (MCPTX) solution to help Australia with its efforts.

2024 Significant Activities

NATO Narrowband Waveform

- Substantial practical completion and demonstration

- Allows engagement with target international defence customers

New mine win (7th) in the Pilbara

- Continued expansion of long term business with one of the world's largest miners

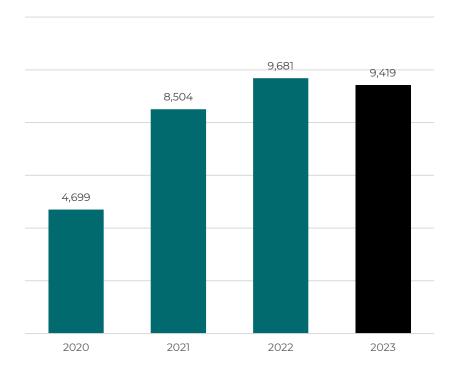- Etherstack manufactured solution, plus long term support revenue growth

Public Safety, Idaho Falls (US)
New install, June 2024

Etherstack Revenues

Revenue (USD '000)

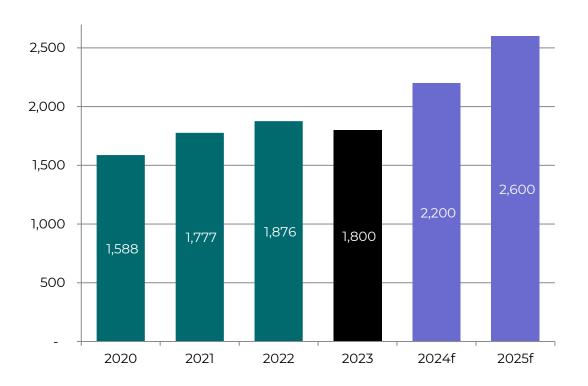
2020	2021	2022	2023
4,699	8,504	9,681	9,419

Key factors in revenue result for 2023

- **Step change in revenue 2021 has been maintained**
- **H1 revenue slippage was recovered in H2**
- **FY 2023 is largely comparable to FY 2022:**
  - **Strong project revenues $7,486 (1% increase)**
  - **Similar recurring support revenues $1,800 (4% decrease)**
  - **Increase in addressable market for MCPTX**
  - **Follow on "land and expand" revenues from Australian government and Rio Tinto mine activities**

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Recurring revenue remains a core focus for Etherstack

Support revenues 2020 to 2023 and forecast 2024 to 2025 (USD '000)

Key factors in Recurring Support Revenues

- **4% decrease on FY2022 to $1,800 but expected to increase in 2024 and 2025**
- **Increase to be driven by:**
  - **New network deployments**
  - **Incremental growth to existing networks**
  - **High customer retention rates**

Income Statement

US$'000	2023	2022 restated
Revenue from Contract with Customers	**9,419**	**9,681**
Recurring support and Royalty revenue	1,933	2,268
Project and Product Revenues	7,486	7,413
% Recurring Revenue to Total Revenue	*21%*	*23%*
Cost of Sales	4,263	3,170
Gross Profit	**5,156**	**6,511**
Gross Margin	*55%*	*67%*
Other Income	115	126
Other Overheads	(2,598)	(3,346)
EBITDA	**2,673**	**3,291**

Key comments

- **Revenue of US$9.419 m in line with 2022 revenues**

- **Strong EBITDA margin of 28%**

- **NPAT of US$0.522m**

- **Gross Margin of 55% note 1**

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.

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Balance Sheet & Cash Flow Statement

Balance Sheet

US$'000	31-Dec-23	31-Dec-22 restated
Cash and cash equivalents	2,061	1,918
Trade and other receivables	4,606	3,417
Other current assets	294	431
Intangibles	8,156	7,064
Other non-current assets	1,106	1,119
Total assets	**16,223**	**13,949**
Trade and other payables	1,570	2,041
Deferred revenue	1,337	1,605
Other liabilities	1,064	1,224
Borrowings	2,425	-
Total liabilities	**6,396**	**4,870**
Net assets	**9,827**	**9,079**

Cash Flow Statement

US$'000	2023	2022
Net cash generated from operating activities	762	2,165
Net cash flow (used in) investing activities	(2,849)	(2,702)
Net cash flow generated(used in) financing activities	2,213	(414)
Net increase/(decrease) in cash	**126**	**(951)**
Effect of foreign exchange rate changes	17	(169)
Cash and cash equivalents at start of period	1,918	3,038
Cash at end of period	**2,061**	**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

US$2.5m debt facility at competitive rate to support strategic development

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

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Strong outlook driven by focus on key strategic initiatives

Cellular Networks

Telco carrier pursuits currently underway with:

- Samsung
- Nokia
- Others & Direct

Expansion of existing Australian & International public safety networks

LMR Networks

"Land and expand"

License and supply of defence communications solution to other nations

Defence

New Australian Defence projects commenced in 2023 and other opportunities present

Commencement of upgrades to virtualised switching solutions across installed base

Upgrades

Satellite network

Procure initial contracts with satellite network terminal providers to incorporate Etherstack technology into their network solutions

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Questions

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