Etherstack plc
(ASX:ESK)
AGM Shareholder Presentation

London, 19 June 2015

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- New Products:
  Go Box (2014) and
  LTE25 (2015)

- Continued Innovation
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2014 Highlights – Significant Improvement

Following a difficult 2013, the financial performance for 2014 is significantly improved. Highlights are:
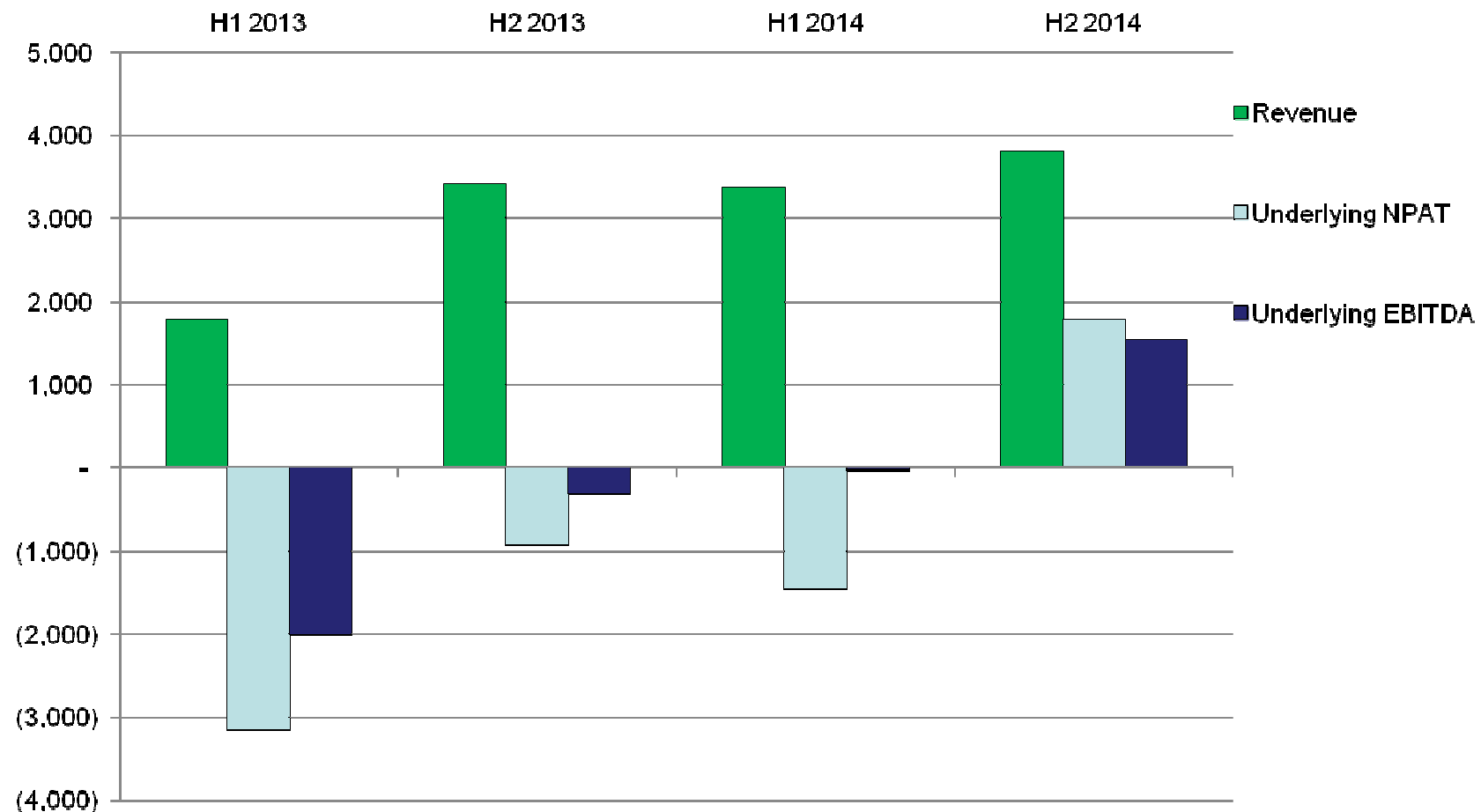
- 38% revenue growth

- Cost savings implemented in 2013 and first half of 2014 have reduced total costs in the second half of 2014 by more than $1 million compared to the first half of 2014

- Underlying EBITDA increase of $3,856,000 representing a 166% increase and moving from negative to positive earnings

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2014 Highlights – Positive Earnings

	First half $000	Second half $000	Change H1 vs H2 $000	Full Year 2014 $000	Full Year 2013 $000	Change 2014 vs 2013 $000
Revenues	3,373	3,807	Up 434	7,180	5,200	Up 1,980
Cost of sales, Other admin expenses, foreign exchange and finance costs	4,808	3,786	Down 1,022	8,594	9,463	Down 869
Profit/(loss) before tax	(1,435)	21	Up 1,456	(1,414)	(4,263)	Up 2,849
Taxation expense/(credit)	(26)	(1,774)	Up 1,748	(1,800)*	(181)	Up 1,619
Underlying NPAT	(1,409)	1,795	Up 3,204	386	(4,082)	Up 4,468
Underlying EBITDA (excludes impairment and legal costs)	(17)	1,544	Up 1,561	1,527	(2,329)	Up 3,856

* income tax credit after tax expenses is attributed to our continued high level of research and development spending in conjunction with UK tax incentives

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2014 Highlights – Continued Improvement

Graph 1: Revenue and Underlying NPAT and EBITDA for 2013 and 2014 by half year

2014 Result Comments

Statutory Results positively impacted by:

- Positive net cashflow from operating activities of $2,286,000
- Increased revenue over 2013

Statutory Results negatively impacted by:

- Impairment adjustment against intellectual property assets of $2,172,000. Arises from review of the intellectual property portfolio in the context of the reshaped business following a significant decline in revenues and a consequential loss in 2013
- Legal fees and other costs incurred in connection with a general commercial dispute with a technology licencee. Costs are $460,000 in 2014 and $499,000 in 2013

NB: 1. Results presented on slide 2 are underlying profit which excludes the above items. The annual report includes a reconciliation of underlying profit to statutory profit.

2. It is expected that no further costs will be attributable to the legal dispute after 2015

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2015 and Beyond

2015 To Date

First half revenue for 2015 will be below first half of 2014 due to:

- Normal cyclical variations in the recognition of significant licensing agreements
- Inherent volatility in revenues which can be derived from a small number of large projects

Costs for first half 2015 will be below first half of 2014 due to:

- Cost reductions that occurred during 2014 flowing through to 2015 results
- Continued prudent cost management as the group returns to stronger health
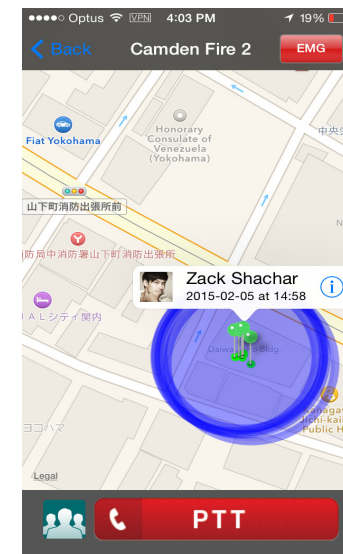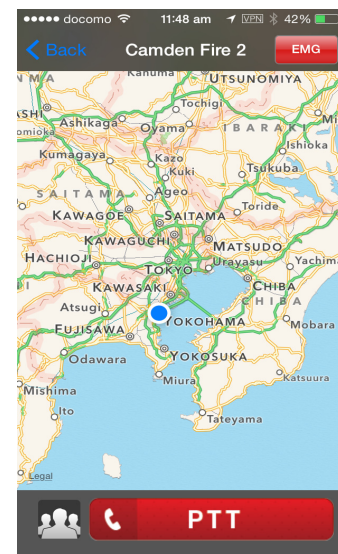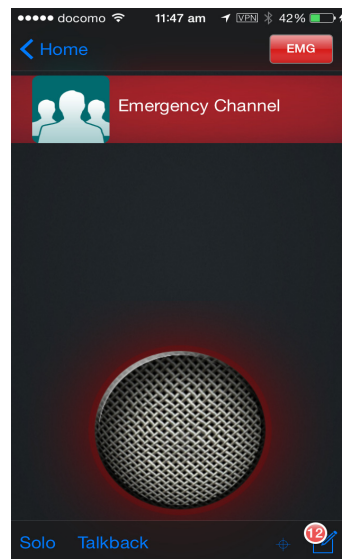
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2015 and Beyond

2015 Full Year

As in previous years, the second half is expected to significantly outperform the first half. Key outlook points for H2 include:

- Significant interest in the group's innovative new LTE25 push-to-talk over broadband solutions including new sales and multiple pilots with international law enforcement agencies

- Repeat orders of Etherstack's new tactical repeater product by public safety agencies in Australia and North America

- Substantial expansion orders of deployed mission critical radio networks in Australia and North America

LTE25 PTT Broadband Solution for Public Safety Agencies

2015 and Beyond

Beyond 2015

Significant restructure in 2014 and transformation in 2015 will allow the group to expand again in 2016. Key drivers of this expansion are:

- An increase in high value unit product sales as the group transforms its revenue base to reduce dependence on fewer larger project and licensing deals
- These unit sales driven by the new LTE25 and Go Box product lines
- The introduction of at least two new innovative products in the areas of HF radio and Satellite communications for public safety. Yet to be announced
- Current (2015) finalisation of significant new distribution channels
- Improved balance sheet and cashflow supported by the group's 2014 restructure and strategic investment activities related to expanding the group's capital base

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New Products – "Go Box"

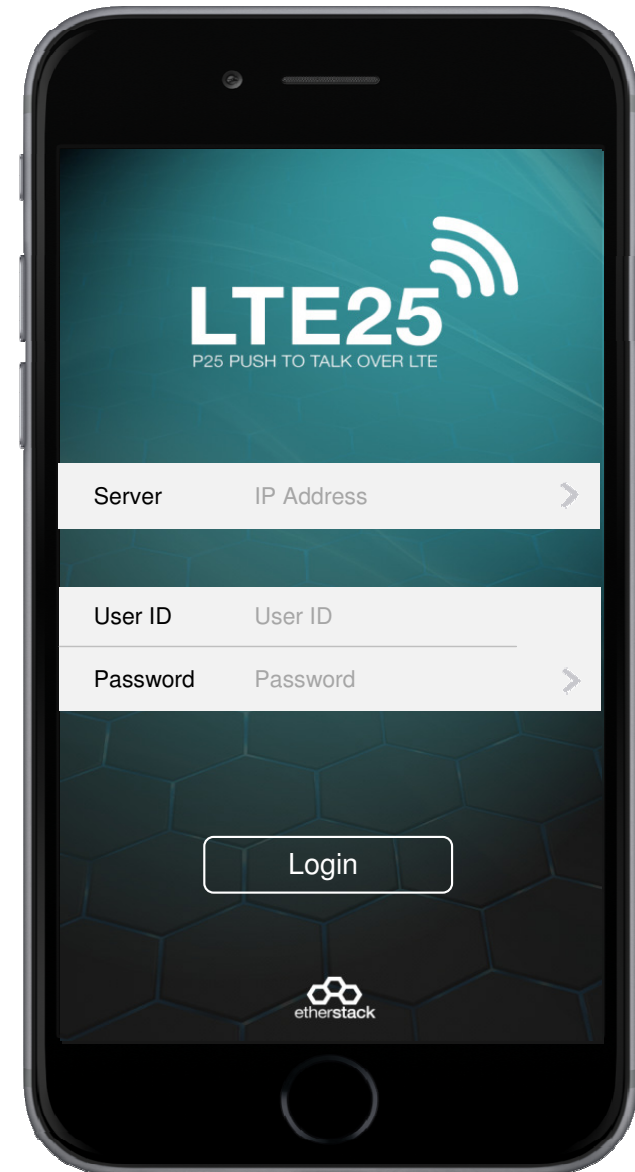## SFFR-6 Tactical Repeater and Basestation (aka "Go Box")

- Compact, lightweight, small form factor, tactical base station and repeater allowing ad-hoc networks to be rapidly created for public safety, military, utilities and resource sectors

- 2015 saw the Go Box in use by federal policing agencies in multiple countries after 2014 launch

- Global distribution channels being established for the product

- US FCC Certification achieved in early 2015

- High interest in Australian, US & Canada public safety markets

- Repeat government orders from early adopters are occurring

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New Products - LTE25

Released 2015

- Feedback from first government pilots of LTE25 "push to talk over cellular" (PoC) technology for public safety using LTE (4G) networks has been very positive

- 2015 is expected to see first significant revenues associated with this new product line

- Numerous international distribution agreements are currently under negotiation

Continued Innovation – 2015 & 2016

Truly Unique Products for Public Safety Agency Communications

- The group is expanding its high value finished product portfolio with several new technology advances being productised at the moment

- These products are related to the delivery of traditional public safety communications over HF and satellite links with initial client deployments currently underway with early adopters

- These solutions address long standing communications problems for existing agency needs in innovative ways

- Two solutions in particular represent world firsts and are expected to be announced in H2 2015 including case studies of their first commercial deployments

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