



30 June 2022 Half Year Results presentation

**Etherstack plc (ASX:ESK)
25 August 2022**



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

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2022 Half year highlights

2022 Half year Financial highlights



13%

Revenue growth over
H1 2021 US\$4.86 m

53% 

EBITDA growth over
H1 2021 to US\$2.22 m

US \$1.64m



Net Profit after tax
107% increase over
H1 2021 NPAT

Delivery



Milestones delivered
on major contracts

**Product
Development**



2 Major products launched

AUD \$1.8 m



“Land and expand”
orders from WA
resources networks

Business highlights

Project Delivery

- Major milestones delivered on Samsung project for AT&T Firstnet project in North America
- Major milestones delivered on the Australian Defence project
- USD \$890 k in the half year earned from WA resources networks

Strategic contracts

- Multiple pursuits underway with Samsung for the second MCPTX Carrier contract
- Well positioned for future follow on contracts with Australian Dept of Defence
- In addition to the USD \$890 k earned, there are further orders for H2 of AUD \$650 k and further opportunities in progress

UK and Australian government deals

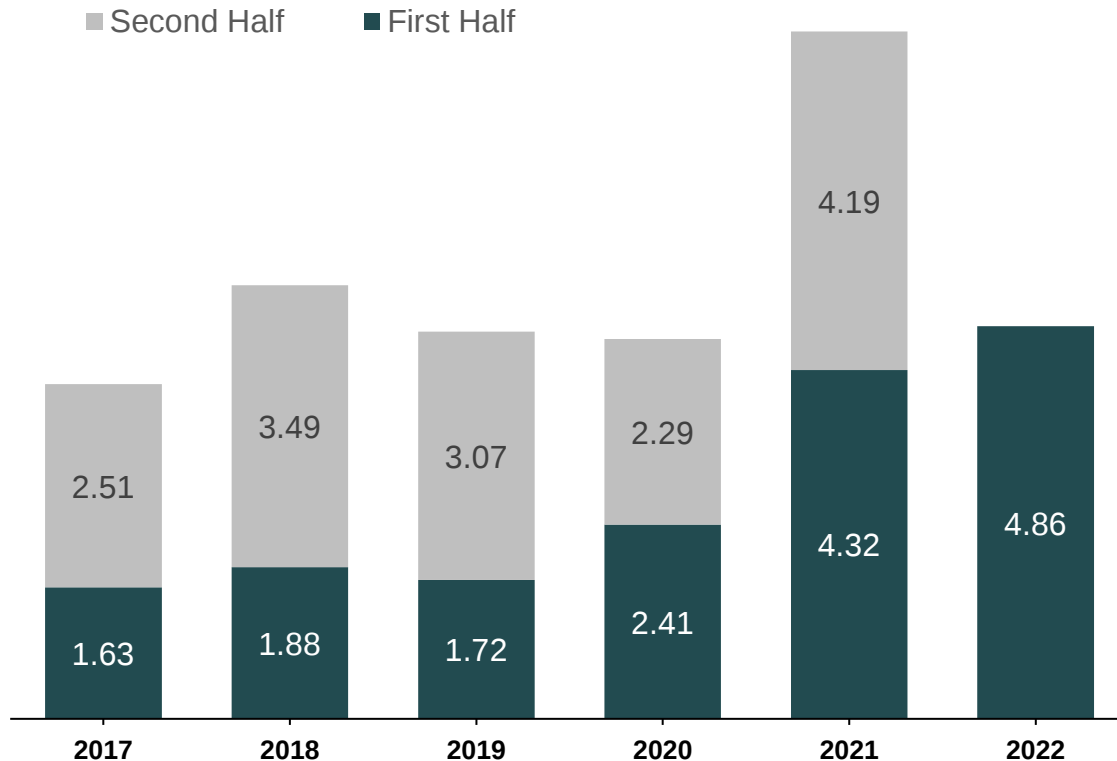
- UK Ministry of Defence – current project stage completed
- Australian Department of Defence – projects progressing to schedule and new business awards expected
- Australian Department of Home Affairs – project completed, additional projects now underway

Strategic strengths

- Recurring support revenues over the life of the network
- Healthy opportunity pipeline includes next Samsung MCPTX contracts
- Intellectual property portfolio developed over +20 years with new and mature products
- Positive exposure to infrastructure and government spending

Strong revenue growth supported by key contract wins

Revenue (US\$m)

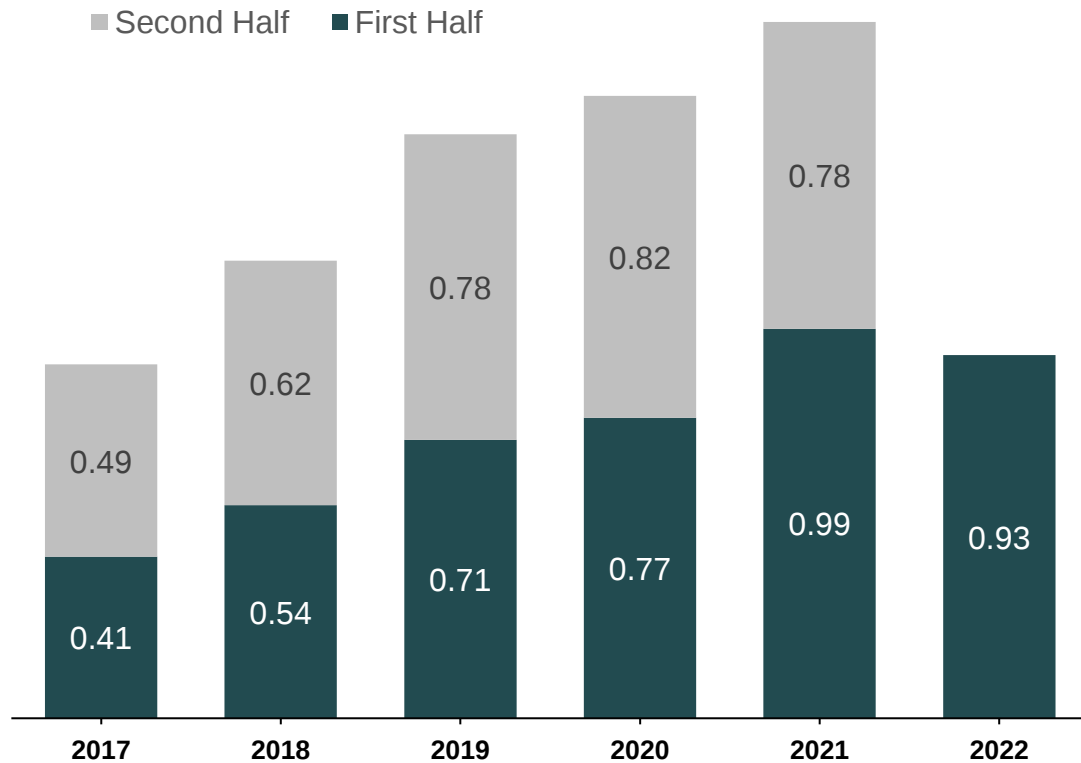


Multiple growth drivers have delivered strong revenue growth in FY21 and H1 2022

- 81% growth in FY 2021 followed by 13% growth in H1 2022
- Strong project revenues
 - Aust DoD
 - Samsung
 - WA resources
- Land and expand strategy has been effective
- Mix of revenue from traditional LMR business as well as MCPTX revenues (Samsung \$1.7 m).
- Within LMR there are diverse customers defence, mining, electric utilities, system integrators

Recurring revenue remains a core focus for Etherstack

Support Revenues (US\$m)



Recurring Support Revenues

- Sustained increase since 2014 driven by:
 - New networks
 - Incremental growth to existing networks
 - High customer retention rates
- 7% decrease in H1 2022 over H1 2021 due to:
 - Fx movement on AUD denominated revenues
 - Support “catch up” in H1 2021
 - No networks entering support in H1
- Additional support agreements and revenues expected to commence in H2

Cash and receivables

- Cash at 30 June 2022 was \$571 vs \$3,038 as at 31 December 2021, a decrease of \$2,467
- Receivables at 30 June were \$4,353 vs \$2,439 as at 31 December 2021, an increase of \$1,914
- Etherstack historically has zero bad debt due to the nature of the customer base (government backed and large multinationals) and collects in a timely manner from its clients
- In H1 2022 there was a skewing of invoicing towards the end of the half (e.g. annual support agreements). As a consequence:
 - the cash balance is down
 - The receivables balance is up
- The decrease in Cash is driven by **timing issues** which will reverse/have reversed in H2.

Cash + Receivables

	30-Jun-22		31-Dec-21	
	USD \$'000		USD \$'000	
Current assets				
Cash and bank balances	571	} 4,924	3,038	} 5,477
Trade and other receivables	4,353		2,439	
Inventories	389		320	
Right-of-use assets	174		210	
	5,487		6,007	



Growth strategy

Sustained growth via key customer wins - LMR

Currently targeting network contracts valued between US\$0.5 – 20.0m in upfront revenues

2022



2023



2024



2025



2026

Etherstack has historically won 1-2 customer networks per year

Organic growth



Continued growth from internal global sales team. Add significantly to upfront license fee and long-term support revenues

Captured customers



Likely growth from 'captured' customers. Add significantly to upfront license fee and long-term support revenues

Mid-lifecycle refresh and ad-hoc revenue



Expected mid-lifecycle refresh and ad-hoc revenue from existing customer. Additional revenues beyond upfront license fee and long-term support revenues

Growth through acquisition



Potential to increase % win on tendered networks via strategic acquisition of other network element suppliers

Samsung global teaming partnership drives additional growth

Status update

First mover advantage



Samsung's clients will be the first carriers to roll out a 5G network incorporating Etherstack's MCPTX technologies

Upfront & recurring revenues



Each network provides upfront licensing and deployment revenues, as well as long term support revenue tails

Strong pipeline



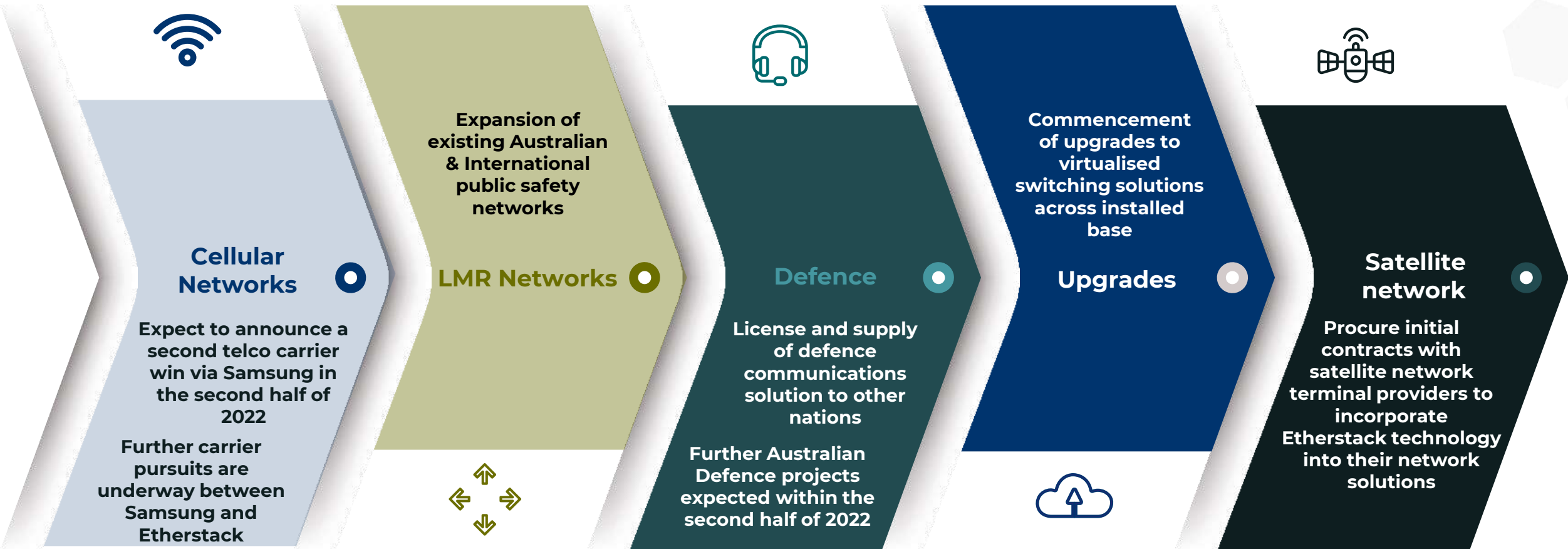
Etherstack and Samsung are actively involved in multiple carrier pursuits globally

AT&T confirms Samsung-Etherstack "world first"



AT&T/Firstnet project is progressing well:
<https://urgentcomm.com/2022/08/13/firstnet-ptt-technical-progress-highlighted-by-att-at-apco-2022/>

Strong outlook driven by focus on key strategic initiatives



Questions





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