Etherstack plc
(ASX:ESK)
AGM Shareholder Presentation

23 June 2014

2014 Significant Improvement

NB: Etherstack year end is 31 December, all figures quoted in USD$

Revenue Up ~70%

- Expected revenues for H1 2014 (30 June 2014) increase 70%
- H1 2014 expected to be greater than $3m vs H1 2013 $1.78m

Costs Down $2m+

- $1.3m (annualised) of costs removed from business in H2 2013
- Further $0.7m costs (annualised) reduced in H1 2014

Royalty growth

- Royalty revenue for H1 2014 ahead of comparable period in 2013
- Further royalty growth foreseen in H2 2014 from new royalty streams

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2013 Comparison

2013 ESK Review

- Reduced US govt spending in 2012/2013 caused industry wide impact and contraction
- Delay in commencement of major contract and unexpected loss of established US defence client project contributed to an unusually poor year for Etherstack
- FY2013 revenue $5.2m (loss $4.5m)

2014 to date

- Improvements in long term royalty streams and increased product sales have seen significant improvement (~70%+ revenue increase) over corresponding period (2013 H1)
- Substantial cost reductions undertaken by company will deliver savings in FY2014
- Positive outlook for H2 orders, prospects and increased royalty streams

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Networks Division

Existing Clients

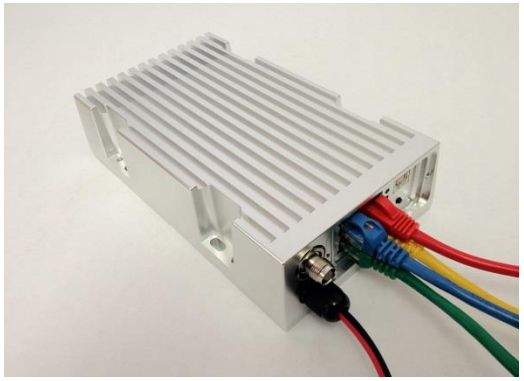
- Strong revenue for networks division from upgrades to existing networks in Australia and North America
- Continued support revenue growth
- Further expansion on five digital radio networks in Australia, US & Canada expected in H2 2014 (three utilities, two public safety)

New Clients H1 2014

- Networks technology licensed by Israeli defence company Elbit Systems for US DHS project

New Networks

- Substantial bid activity underway for new digital radio network systems in Australia and North America



Etherstack RMU25 P25 Data Modem as used in utilities networks

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Networks Division

New Products

- Etherstack to undertake first commercial pilots of LTE25 “push to talk over cellular” (PoC) technology for public safety using LTE (4G) networks in Q3 2014
- Etherstack’s PoC technology currently being evaluated by public safety agencies in US, Australia & UK

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Protocols Division

Protocols Division

- Core R&D group of Etherstack
- New wireless technologies under continual development
- Licensed to 3rd parties and used by other Etherstack groups for development of other Etherstack products

New Products Available & Deployed

- ETSI DMR Tier 2 & 3 Mobile Stack
- ETSI DMR Tier 2 & 3 Base Stack
- APCO Ph II Mobile Stack
- APCO Ph II Base Stack

New Major Royalty Stream Q3 2014

- Delivered by Etherstack Japan group
- First royalty receipts expected Q3 2014
- Will propel further royalty growth in H2 2014 and expected to provide royalties from this source for ~10 years

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New Tactical Network – Go Box

SFFR-6 Transportable Basestation "Go Box"

- Tactical base station allowing ad-hoc networks to be rapidly created for public safety, military, utilities and resource sectors
- Production commenced Q1 2014
- Joint project between Etherstack RF Group (UK) and Networks Division
- Currently in use by Australian & US law enforcement agencies
- New distribution channels being established globally for the product
- New revenue stream for the company will assist growth in H2 2014 & FY 2015

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Etherstack Japan

Existing Customer Base Support

- Continued support of existing Japanese manufacturer client base
- Delivery of new technologies to this client base
- Working with Etherstack Protocols Division, delivered successfully new technology in H1 2014 to existing client that will see royalty growth in H2 2014 and future years

New Product Developments

- Key contributions of new cryptographic and LTE PoC technologies

Japanese Client Base Expansion

- Will leverage long term establishment in Japan and track record of repeat business and references from existing Japanese manufacturer client base

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Other Highlights & Summary

Highlights

- Significant interest in new Etherstack products (LTE & Go Box)
- Proven repeat business from existing network clients
- First orders with Australian Federal Police
- First Israeli defence company order
- New APCO Phase II protocol technology demand and growth
- Canadian technology deal signed June 2014

Summary

- 2014 substantial improvement on tough 2013
- Revenues up substantially, significant cost reductions
- Royalty growth continuing
- Strong interest in Etherstack new technologies
- Management will continue to reduce costs and focus on revenue growth to achieve return to profit as soon as possible

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