

20 April 2016

## **ASX Announcement**

**ETHERSTACK PLC**  
[ASX:ESK]  
("Etherstack" or the "Company")

### **Material increase in Royalty revenues and update on significant contract with blue chip US utility company**

Etherstack is pleased to announce the following two items of news.

#### **Royalty revenues**

Review of first quarter royalty report data from the Company's technology licensees has shown a material increase (~55%) in royalty based revenues on per unit sales compared to previous projections which were based on reported data from the client base.

The significant increase is primarily driven by a marked jump in unit sales of an emerging digital radio standard known as DMR, for which Etherstack licenses technology to wireless equipment manufacturers for use in their products.

The Company also notes that North American royalties in particular have increased in the past quarter, potentially indicating an expected recovery in this market segment after several years of poor performance.

#### **Additional contract information**

On 4 April 2016 the company announced a new contract with a North American customer and is now able to provide additional information.

Etherstack's customer is New Jersey based electric utility Jersey Central Power & Light (JCP&L), part of the FirstEnergy electric utility group.

Etherstack will deploy a digital radio communications network for JCP&L operations and maintenance employees covering thirteen counties within the State of New Jersey. As previously advised, the contract value is US \$2.46 million (approximately AUD \$3.2 million) and the associated revenue is expected to be recognised in full in the current financial year ending 31 December 2016.

In addition, it is expected there will be support revenues for 10 years following completion of the project, which in aggregate over the life of the contract, will be a further US\$ 2.9 million (AUD \$3.7 million). The JCP&L deployment is expected to be completed this calendar year with the full value, A\$3.3M (US\$2.5M), of the deployment contract recognised in this year. It is expected that an additional US\$2.9M (A\$3.8M) in follow on support and equipment refresh will be generated via ongoing support of the network, which typically spans 10 to 15 years in life.

JCP&L is Etherstack's third major electric utility win in North America, and fifth large scale digital radio network in the US & Canadian markets.

JCP&L is the second electric utility within the FirstEnergy group to deploy an Etherstack digital trunked radio network conforming to the APCO P25 standard, with Allegheny Energy currently operating an Etherstack network spanning the States of Pennsylvania and Maryland. The existing wide area Allegheny Energy network was deployed in 2012 and has operated flawlessly since

deployment, including providing full service during the Hurricane Sandy disaster and immediate aftermath.

The JCP&L award is one of three large scale network awards/upgrades that the Company expects to announce in 2016 from the utility and public safety market segments. The procurement and planning process for such networks can often exceed 12 months prior to contract award and announcement.

**About Etherstack plc (ASX:ESK):**

Etherstack is a wireless technology company specialising in licensing mission critical radio technologies to equipment manufacturers and network operators around the globe. With a particular focus in the public safety, defence, utilities, transportation and resource sectors, Etherstack's technology can be found radio communications equipment used in the most demanding situations. The company has R&D facilities in London, Sydney, New York and Yokohama.

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