

28th June 2017

ASX Announcement

ETHERSTACK PLC [ASX:ESK]

("Etherstack" or the "Company")

FY2017 & FY2018 REVENUE GUIDANCE

(Etherstack plc reports in US Dollars with a 31 December financial year end)

Summary

The Company provides the following guidance in regards to 2017 and 2018 full year revenues and performance:

- **FY2017 Revenue:** Expected to be between US\$6.4m - \$6.9m (FY 2016, US\$6.1m)
- **FY2017 Margins:** COGS savings of ~US\$700k due to higher margin product mix this year
- **FY2017 Cash:** Expected to provide increased positive cashflow over FY16 positive result
- **FY2017 Costs:** Overheads and R&D expenditure estimated to be similar to FY2016 numbers
- **FY2017 Amortisation:** (Non-cash) charge to be similar to FY2016 (US\$2.48m)

- **FY2018 Revenue:** Expected to be between US\$7.3m - \$7.8m
- **FY2018 Margins:** Similar to FY17
- **FY2018 Cash:** Expected to provide increased positive cashflow over FY17 positive result
- **FY2018 Costs:** Overheads and R&D expenditure to be in line with FY2017 numbers
- **FY2018 Amortisation:** (non-cash) charge in FY2018 to be *significantly* lower (~US\$1.3m)

Further Detail: FY2017 Guidance

Based on the first five months' revenues, orders currently under fulfilment, expected expansion orders, ongoing support contracts and estimated royalty rates for the remainder of the year based on historical data, Etherstack management provides full year revenue guidance of between US\$6.4m and US\$6.9m, not including any further significant new product orders or technology access fees that may be recognised as revenue in the following six months to the financial year end.

The timing of project deliveries, and therefore revenue recognition, on complex digital radio network deployments is often outside of control of the company due to 3rd party delays (e.g. site preparation) which in some instances may affect timing of revenues into the following year.

Enquiries

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About Etherstack plc (ASX:ESK):

Etherstack is a wireless technology company specialising in developing, manufacturing and licensing mission critical radio technologies for wireless 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 and solutions can be found in radio communications equipment used in the most demanding situations. The company has R&D facilities in London, Sydney, New York and Yokohama.

