

23 February 2019

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

Trading Update – 27% Revenue Growth, US\$1.8m EBITDA & Positive Operating Cashflow

Etherstack is pleased to advise that the full year of FY2018 (year ended 31st December) has seen significantly improved financial results with strong revenue growth, positive EBITDA and positive operating cashflow. The FY2018 financial statements are currently in the process of audit and the following comments are based upon unaudited information.

Highlights of the full year ending 31st December 2018 include:

- **Revenue Increase:** FY2018 revenues of US\$5.36m, an increase of 27% over FY2017
- **Positive EBITDA:** the Group had a positive EBITDA of US\$1.86m, versus FY2017 EBITDA of US\$92k
- **Strong Positive Cashflow:** Operating cashflow in excess of US\$1.5m during FY2018, versus an outflow of US\$0.6m in FY2017, a turnaround in excess of US\$2.1m. Strong operating cashflow has continued into FY2019, with US\$1m in cash receipts in January 2019
- **Further Debt Reduction:** operating cashflows have been applied to further reducing borrowings in 2018
- **Increased Recurring Revenues:** continued double digit percentage growth in recurring revenues during FY2018 associated with long term support contracts on deployed networks as well as increased royalty payments from licensee manufacturers of both P25 and DMR radio equipment
- **New US Government Orders:** in addition to two sector contracts totalling US\$2.1m announced in mid-2018, the Company also won its first US Customs & Border Patrol (CBP) order which was successfully delivered in January 2019.

Etherstack has entered 2019 with a strong order book and new leads from State and Federal public safety agencies in North America and Australia with further awards expected in the next 90 days.

Etherstack CEO, David Deacon said, "Our North American and Australian government customer footprint continues to expand through the delivery of leading fixed and tactical communications solutions. We are expecting a significantly stronger 2019 based on orders in hand and negotiations currently underway."

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.