



23 August 2022

ASX Announcement
ETHERSTACK PLC
("Etherstack" or the "Company")

RESULTS FOR THE HALF YEAR 30 JUNE 2022

Key highlights

All amounts are in thousands of USD, unless otherwise specified.

- **Revenue growth:** revenue is \$4,857 up 13% on the prior corresponding period ("pcp"), driven by increased project revenues
- **EBITDA growth:** EBITDA is \$2,216 up 53% over the pcp
- **Statutory net profit after tax growth:** Statutory net profit after tax is \$1,654 an increase of 107% over the pcp
- **Significant progress made on major projects:** the Group has delivered the scheduled milestones on the LMR-IWF deployment with Samsung for the AT&T Firstnet project and the scheduled milestones on the Australian Department of Defence project announced in December 2020.
- **Significant product developments launched:** in the half year the Group launched 2 major intellectual property developments:
 - NATO NBWF (Narrowband Waveform) standard waveform software implementation, framework and simulation tools for use by NATO member nations
 - Carrier grade MCX IWF (Mission Critical Push-To-Talk InterWorking Function)
- **Strategic business development:** in the half year, and up to the date of this report, the Group:
 - Received two further contracts totalling AUD \$1.8m with a major iron ore producer in Western Australia
 - Continued to pursue and develop opportunities for our MCX IWF product in conjunction with Samsung
 - Continued to pursue and develop opportunities within the Australian defence sector

David Deacon, Etherstack's Chief Executive Officer, commented: "This half has been a strong half with really pleasing progress on our major projects which has translated into strong financial results. At the same time, we have announced major product launches and key strategic business developments. These are the building blocks positioning Etherstack for a bright future"

Authorised for release by David Carter, Company Secretary

English Registered Company No. 07951056 | ARBN 156 640 532

Sydney (GMT+10) . P: +61 2 8399 7500 . E: info-au@etherstack.com
London (GMT) . P: +44 207 734 0200 . E: info-eu@etherstack.com
Yokohama (GMT +9) . P: +81 45 342 9050 . E: info-jp@etherstack.com
New York (GMT-5) . P: +1 917 661 4110 . E: info-na@etherstack.com






Enquiries

Etherstack
David Carter, Chief Financial Officer
T: +61 2 8399 7500
investor-relations@etherstack.com

Investor Relations:
Melanie Singh
T: +61 439 748 819
melanie@nwrcommunications.com.au

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 Reading, Sydney, New York and Yokohama.

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Sydney (GMT+10) . P: +61 2 8399 7500 . E: info-au@etherstack.com
London (GMT) . P: +44 207 734 0200 . E: info-eu@etherstack.com
Yokohama (GMT +9) . P: +81 45 342 9050 . E: info-jp@etherstack.com
New York (GMT-5) . P: +1 917 661 4110 . E: info-na@etherstack.com

**Etherstack plc
and controlled entities**

Appendix 4D
Half Year report under ASX listing Rule 4.2A.3
Half Year ended on 30 June 2022

ARBN 156 640 532

Previous Corresponding Period: Half
Year ended on 30 June 2021

Results for Announcement to the market				USD\$'000
Revenue from ordinary activities	Increased	13%	to	4,857
EBITDA ¹	Increased	53%	to	2,216
Profit from ordinary activities after tax attributable to members	Increased	107%	to	1,654
Net Profit attributable to members	Increased	107%	to	1,654
Notes 1 - EBITDA is a non-IFRS measure used by management of the company to assess the operating performance of the business. Non-IFRS measures are not subject to audit or review. A reconciliation of EBITDA to Net profit after tax is included in the Directors report.				

Dividends

There were no dividends declared or paid during the period (30 June 2021: \$nil) and the Directors do not recommend any dividend be paid.

	30 June 2022 US cents	30 June 2021 US cents
Net tangible assets per share		
Net tangible assets per share	0.9	0.4

Explanation of Results

A detailed review and analysis of operations and financial results is set out within the Directors' Report.

The unaudited condensed consolidated interim financial report for the half year ended 30 June 2022 dated 23 August 2022, forms part of and should be read in conjunction with this Half Year Report (Appendix 4D). The unaudited condensed consolidated interim financial report has been prepared in accordance with UK adopted IAS 34 Interim Financial Reporting.



David Deacon, Director
23 August 2022

Etherstack plc AND CONTROLLED ENTITIES

ARBN 156 640 532

INTERIM CONDENSED FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2022



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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 in radio communications equipment used in the most demanding situations. The company has R&D facilities in London, Sydney, New York and Yokohama.

DIRECTORS' REPORT

The directors present the interim condensed consolidated financial report of Etherstack plc (the "Company" or "Etherstack") and its controlled entities (together referred to as "the Group") for the half year ended 30 June 2022. All amounts are in thousands of USD, unless otherwise specified.

Directors

The names of the Company's directors in office during the half year and until the date of this report are set out below. Directors were in office for the entire period:

- Peter Stephens Non-Executive Chairman
- David Deacon Executive Director and Chief Executive Officer
- Paul Barnes Non-Executive Director
- Scott W Minehane Non-Executive Director

2022 First Half Highlights

- **Revenue growth:** revenue is \$4,857 up 13% on the prior corresponding period ("pcp"), driven by increased **project** revenues offset by decreased support and royalty revenues.
- **EBITDA growth:** EBITDA is \$2,216 up 53% over the pcp
- **Net profit after tax growth:** Net profit after tax is \$1,654 an increase of 107% over the pcp
- **Significant progress made on major projects:** the Group has delivered the scheduled milestones on the LMR-IWF deployment with Samsung for the AT&T Firstnet project. The Group has also delivered the scheduled milestones on the Australian Department of Defence project announced in December 2020.
- **Significant product developments launched:** in the half year the Group launched two major intellectual property developments:
 - NATO NBWF (Narrowband Waveform) standard waveform software implementation, framework and simulation tools for use by NATO member nations
 - Carrier grade MCX IWF (Mission Critical Push-To-Talk InterWorking Function)
- **Strategic business development:** in the half year, and up to the date of this report, the Group:
 - Received two further contracts totalling AUD \$1.8m with a major iron ore producer in Western Australia
 - Continued to pursue and develop opportunities for our MCX IWF product in conjunction with Samsung
 - Continued to pursue and develop opportunities within the Australian defence sector

DIRECTORS' REPORT Continued

Principal activities

The principal activities of the Group throughout the period were design, development and deployment of wireless communications software and products.

Etherstack has a substantial intellectual property portfolio that generates a diverse range of revenue from multiple technology areas and clients, and a mix of mature, new and emerging product lines.

Etherstack derives revenues from:

- Mission critical radio network products
- Specialised communications equipment
- Technology licences and royalties
- System solution sales, where Etherstack sells its products and software and then provides ongoing support systems
- Customisation and Integration services; and
- Ongoing Support services.

Etherstack licences innovative technology across three key platforms:



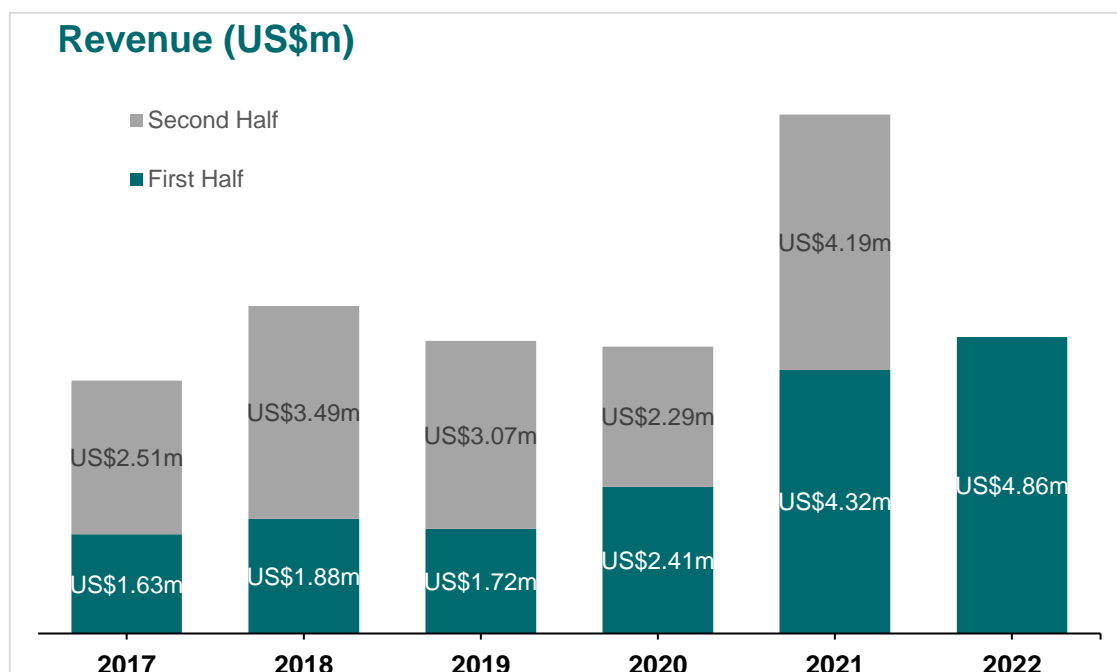
Etherstack seeks to differentiate our offerings by:	What this means for the customer
Leveraging small company agility to provide flexible and customised solutions	Superior flexibility, service and technology
Identifying and supplying market "gaps" where our products offer a competitive edge in terms of features, functions or price	Best of breed technology
Focusing on specific industry sectors where our technology has a track record of uninterrupted performance	Low risk
Providing local support in North America, Asia and Europe with global back up	Superior service
Ongoing investment in developing new capabilities	Best of breed technology

DIRECTORS' REPORT Continued

Review of operations and financial results

Revenues

Revenues for the half year are \$4,857 which is an increase of \$541 or 13% from the prior half year.



Graph 1: Etherstack Revenues 2017 to 2022 USD 000

Revenue comprising three key types of revenue:

	Half year ended 30 June 2022	Half year ended 30 June 2021	Increase/ (decrease)
Project revenues: comprising Licence fees, installation/integration and supply of wireless communications technology	3,815	2,951	864
Support Revenue	927	994	(67)
Royalty Revenue	115	371	(256)
Total revenue	4,857	4,316	541

The overall revenue increase is due to:

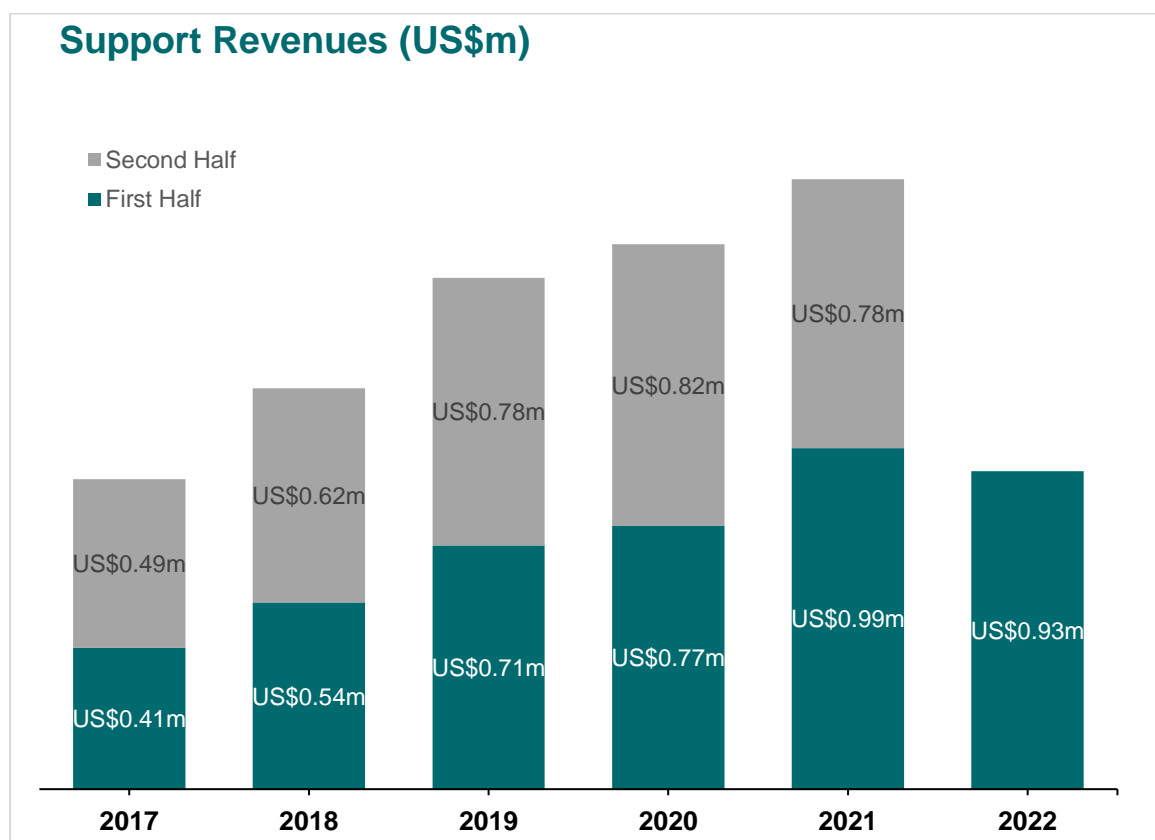
- Increased level of project activity:** in the first half of FY2022 resulting in project revenues of \$3,815 compared to \$2,951 for the pcp, a 29% increase. The nature of Etherstack's business means project revenues are typically driven by a small number of large contracts and can produce volatile revenues, depending upon project activity and deliveries, within a particular financial period.

DIRECTORS' REPORT Continued

Key projects deliveries in the half year include:

- Deliverables under the contract with Samsung for the AT&T Firstnet deployment in North America as announced in July 2021
 - Deliverables for the Australian Department of Defence project announced in December 2020; and
 - Multiple Western Australian resources project follow-on orders.
- **Support revenue:** for first half of FY2022 was down 7% to \$927 compared to \$994 for the first half of FY2021. There were no major networks deployed in the half year and therefore no new support streams. While there were no losses of revenues or customers, the reported Support revenue declined slightly due to:
 - A catch up in H1 2021 contributing an additional \$18 to half year support revenues; and
 - Movement in exchange rates especially on material AUD denominated support revenues which remained relatively constant in AUD terms but declined by \$39 when translated and reported in USD.

Management expects support revenues to increase in H2 and the FY number to be in excess of FY2021. Additionally, management expects FY2023 support to increase significantly based on carrier support revenue pull through from projects delivered in H2 2022.



Graph 2: Support Revenues for each half year 2017 to 2022 USD 000

- **Royalty revenues:** royalty revenues for the first half of FY2022 are \$115 compared to \$371 for pcp. The decrease resulted from higher sales achieved by licensed manufacturers and two new royalty agreements which include minimum guaranteed royalties in H1 2021 – there were no new royalty agreements with minimum guarantees in FY2022. Etherstack expects such royalty revenue fluctuations from year-to-year and half-to-half.

DIRECTORS' REPORT Continued

EBITDA and Statutory Net profit after tax

	30 June 2022	30 June 2021
Statutory Net profit/(loss) after tax	1,654	799
Pre tax effect of:		
Depreciation	199	152
Amortisation	408	599
Interest expense	52	89
Embedded derivatives revaluation and amortisation (net)	-	8
Income tax	(97)	(196)
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	<u>2,216</u>	<u>1,451</u>

The key drivers of the result for the half year were:

- Increased revenues, as outlined above
- The increased gross margin of \$3,752 in H1 2022 vs \$3,292 H1 2021 was attributed to the increased revenue, however, Etherstack continues to highlight that gross margin fluctuates between periods based on the revenue mix – in particular the value of low-margin third-party hardware relative to the high-margin Etherstack software products. In the current half year there has not been any significant change in the revenue mix and as a result gross margins, in % terms, did not change significantly.
- Amortisation costs connected with Etherstack's portfolio of intellectual property assets has decreased. There were a number of assets which were fully amortised in prior periods and while still used, there are no ongoing amortisation charges. In the half year, the Group launched two major new intellectual property developments and amortisation on these developments commenced.
- There has been increases in salary and recruitment costs in line with generating and delivering increased revenues as well as market conditions for engineering skillsets. Other costs, notably travel and marketing costs have returned to pre Covid 19 levels in the current half year.
- The Group is exposed to foreign currency fluctuations resulting in a foreign exchange gain of \$318 in the period compared to a loss of \$496 in the pcp.
- The net income tax credit arising from Research & Development incentives has decreased notwithstanding similar levels of investment as increased profitability in the half year limits the amount of the claim.

Cash flows

Operating cash flows: Operating cash outflows are \$880 for the half year which is a decrease relative to the same period in 2021 (\$416 inflow) notwithstanding increased revenues. This is due to the timing of project revenues which were skewed toward the end of the half year.

Financing Cashflows: The only financing outflows in the half were lease payments connected to leasehold premises.

Investing cashflows: The Group has invested a further \$1,324 (H1 2021 \$1,399) into its suite of intellectual property assets in developing new assets and enhancing existing assets.

DIRECTORS' REPORT Continued

Strategic business development and contract wins

MCX-IWF: The first of these contracts was signed in July 2021 for deployment of the technology to AT&T Firstnet. This project is currently in progress. The Group has continued to pursue and develop opportunities for our MCX IWF product in conjunction with Samsung.

Defence and Government: The Group entered into a new agreement with an Australian Government department to deploy the Group's "Push-To-Talk over Satellite" IVX product as a pilot. If this pilot is successful there are significant follow-on opportunities.

While there were no other major new contract awards in the half year, the group has been active in the period in the sector and is pursuing a number of opportunities in particular opportunities generated by previous contracts and projects in this sector.

Resources: The Group won two further follow-on orders in the half year totalling AUD \$1.8 million delivering Etherstack technology to a major Western Australian iron ore mining company. The Group has now announced eight orders since May 2020 for this end user with aggregate orders of over AUD \$3million and more expected in the near term.

Product Developments: The Group announced the launch of two major intellectual property projects in the half year and two key market offerings arising from these developments:

- NATO NBWF (Narrowband Waveform) standard waveform software implementation, framework and simulation tools for use by NATO member nations and their defence radio manufacturers. This product is strategically significant as a result of the potential revenue opportunity.
- Etherstack launched its carrier grade MCX IWF (Mission Critical Push-To-Talk InterWorking Function). The MCX IWF is a telco network element that seamlessly bridges traditional public safety land mobile radio (LMR) networks with next generation MCPTX (mission critical push to talk) services that carriers are beginning to deploy for public safety agencies globally. Standards-based migration from existing LMR networks to carrier 4G/LTE & 5G MCX networks requires the use of an MCX IWF to enable secure and robust interoperability between the LMR & MCX domains. These hybrid LMR & MCX networks will be commonplace for at least another decade as traditional LMR users migrate to MCX.

Future developments

The Group has the following key future developments in progress:

- **Major Contracts in progress:**
 - Contract with Samsung for the AT&T Firstnet deployment - The Group has delivered on its obligations under this contract in the half year and expects to meet its further scheduled deliveries in H2 2022 and 2023.
 - Australian Department of Defence project: The Group has delivered under this contract in the half year and looks forward to completing the contract in the near term and then leveraging other project opportunities created by successfully completing this project.

The first of these contracts was signed in July 2021 for deployment of the technology to AT&T Firstnet is currently in progress.

DIRECTORS' REPORT Continued

- ***Opportunities generated from new products***
 - As noted above the Group has launched its NATO NBWF product and looks forward to developing revenue opportunities for this product in the medium term.
 - Etherstack is actively pursuing a number of opportunities in conjunction with Samsung, for the MCX IWF product
 - In the Land Mobile Radio market sector, the Company looks forward to leveraging its recent successes. In particular, the Western Australian iron ore end customer creates further opportunities over the medium and long term.

Consideration of Macro-economic factors

In forming the directors' conclusions and judgements, the Board has considered the inherent risks associated with the group's business model including effects arising from macro-economic uncertainties and analysed how those risks might affect the group's financial resources or ability to continue operations over the going concern period.

Rounding of amounts

Amounts in the Directors Report and the accompanying financial report have been rounded to the nearest thousand dollars, or in certain cases to the nearest dollar, unless otherwise expressly stated.

Signed in accordance with a resolution of the directors



David Deacon, Director
23 August 2022

Independent auditor's review report on Interim Financial Information to Etherstack plc

Conclusion

We have reviewed the condensed set of financial statements in the half-yearly financial report of Etherstack plc (the 'company') and its subsidiaries (the 'group') for the six months ended 30 June 2022 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cashflows and related notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting'.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) (ISRE (UK)) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted IFRSs. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE UK, however future events or conditions may cause the entity to cease to continue as a going concern. In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's business model including effects arising from macro-economic uncertainties, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's financial resources or ability to continue operations over the going concern period.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's review report on Interim Financial Information to Etherstack plc Continued

Auditor's Responsibilities for the review of the financial information

Our responsibility is to express a conclusion to the company on the condensed set of financial statements in the half-yearly financial report based on our review.

Our conclusion, including our Conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

This report is made solely to the company, as a body, in accordance with ISRE (UK) 2410. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company as a body, for our review work, for this report, or for the conclusion we have formed.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

23rd August 2022

**Consolidated Statement of Comprehensive Income
For the period ended 30 June 2022**

	Note	Half year 30 June 2022 USD \$'000 (unaudited)	Half year 30 June 2021 USD \$'000 (unaudited)
Revenue from Contracts with Customers	6	4,857	4,316
Direct costs		(1,105)	(1,024)
Gross Profit		3,752	3,292
Other income; research & development & government incentives		62	55
Amortisation and impairment of intangible assets	5	(408)	(599)
Other administrative expenses		(2,115)	(1,552)
Net foreign exchange gains / (losses)		318	(496)
Group operating profit from continuing operations		1,609	700
Embedded derivatives revaluation		-	(8)
Finance expense-borrowing costs		(52)	(89)
Net finance expense		(52)	(97)
<i>Profit before taxation</i>		1,557	603
Income tax benefit		97	196
<i>Profit after taxation for the period attributable to the equity holders of the parent</i>		1,654	799
<i>Other comprehensive (loss)/income</i>			
Items that may be classified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		(351)	388
Total comprehensive /income for the period attributable to the equity holders of the parent		1,303	1,187
		Cents	Cents
Basic earnings per share		1.27	0.62
Diluted earnings per share		1.23	0.61

The results above relate to continuing operations.

**Consolidated Statement of Financial Position
As at 30 June 2022**

	Note	30 June 2022 USD \$'000 (unaudited)	31 December 2021 USD \$'000 (audited)
Current assets			
Cash and bank balances		571	3,038
Trade and other receivables		4,353	2,439
Inventories		389	320
Right-of-use assets		174	210
		<u>5,487</u>	<u>6,007</u>
Non-current assets			
Property, plant and equipment		593	619
Trade and other receivables		255	276
Intangible assets	5	6,274	5,358
Right-of-use assets		241	296
		<u>7,363</u>	<u>6,549</u>
TOTAL ASSETS		<u>12,850</u>	<u>12,556</u>
Current liabilities			
Trade and other payables		2,229	2,584
Current tax liabilities		100	110
Deferred revenue		1,355	2,047
Employee entitlements		513	477
Lease liabilities		197	239
		<u>4,394</u>	<u>5,457</u>
Non-current liabilities			
Deferred revenue		211	168
Employee entitlements		25	14
Lease liabilities		334	405
		<u>570</u>	<u>587</u>
TOTAL LIABILITIES		<u>4,964</u>	<u>6,044</u>
NET ASSETS		<u>7,886</u>	<u>6,512</u>
Capital and reserves			
Share capital		745	745
Share premium account		15,686	15,686
Merger reserve		3,497	3,497
Share based payment reserve		747	676
Foreign currency translation reserve		(2,920)	(2,569)
Retained Earnings		(9,869)	(11,523)
TOTAL EQUITY		<u>7,886</u>	<u>6,512</u>

**Consolidated Statement of Changes in Equity
For the period ended 30 June 2022**

	Share Capital USD \$'000	Share Premium Account USD \$'000	Merger Reserve USD \$'000	Share Based Payment Reserve USD \$'000	Foreign Currency Translation Reserve USD \$'000	Retained Earnings USD \$'000	Total Equity USD \$'000
<i>For the half-year ended 30 June 2020</i>							
Balance at 1 January 2021	739	15,212	3,497	609	(2,983)	(12,978)	4,096
Conversion of convertible notes to Share Capital	2	237	-	-	-	-	239
Share based payment charge	-	-	-	21	-	-	21
Transactions with owners	2	237	-	21	-	-	260
Profit for the period	-	-	-	-	-	799	799
Other comprehensive income for the period	-	-	-	-	388	-	388
Total comprehensive income for the period	-	-	-	-	388	799	1,187
Balance at 30 June 2021 (unaudited)	741	15,449	3,497	630	(2,595)	(12,179)	5,543
<i>For the half-year ended 30 June 2022</i>							
Balance at 1 January 2022	745	15,686	3,497	676	(2,569)	(11,523)	6,512
Share based payment charge	-	-	-	71	-	-	71
Transactions with owners	-	-	-	71	-	-	71
Profit for the period	-	-	-	-	-	1,654	1,654
Other comprehensive income for the period	-	-	-	-	(351)	-	(351)
Total comprehensive income for the period	-	-	-	-	(351)	1,654	1,303
Balance at 30 June 2022 (unaudited)	745	15,686	3,497	747	(2,920)	(9,869)	7,886

**Consolidated Statement of Cash Flows
For the period ended 30 June 2022**

	Six months 30 June 2022 USD \$'000 (unaudited)	Six months 30 June 2021 USD \$'000 (unaudited)
	Note	
Cash flows from operating activities		
Receipts from customers	2,365	2,874
Payments to suppliers and employees	(3,172)	(2,455)
Interest paid	(52)	(60)
Government grants and tax incentives	-	94
Income tax (paid) refunded	(21)	(37)
	<hr/>	<hr/>
Net cash generated from operating activities	(880)	416
Cash flow from Investing activities		
Additions to intangible assets	5 (1,324)	(1,399)
Payments for property, plant and equipment	(73)	(439)
	<hr/>	<hr/>
Net cash flow (used in) investing activities	(1,397)	(1,838)
Cash flows Financing activities		
Share issue cost	-	(2)
Principal element of lease payments	(145)	(77)
Repayments of loan	-	(201)
Interest paid	-	(2)
	<hr/>	<hr/>
Net cash flow (used in) financing activities	(145)	(282)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(2,422)	(1,704)
Effect of foreign exchange rate changes	(45)	(48)
Cash and cash equivalents at 1 January	3,038	4,180
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Cash and cash equivalents at end of period	571	2,428
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Notes to the Condensed Consolidated Financial Statements

1. General information

Etherstack plc is a public company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The registered office is 3rd Floor South 30-31 Friar Street Reading, Berkshire RG1 1DX, UK.

The condensed consolidated interim financial report of the Company as at and for the six months ended 30 June 2022 comprises the Company and its subsidiaries (together referred to as 'the Group'). The principal activities of the Group throughout the period were design, development and deployment of wireless communications software and products. The principal activity of Etherstack plc (the "Company") is that of a holding company. These financial statements are presented in US\$ because the Group operates in international markets and the US\$ provides the most comparable currency for peer companies. All amounts are in USD and \$000 unless otherwise indicated.

2. Basis of preparation

The condensed consolidated interim financial report has been prepared in accordance with UK adopted IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2021.

This condensed consolidated interim financial report does not include all the information required for full financial statements prepared in accordance with International Financial Reporting Standards, (IFRS) as adopted by the UK and should be read in conjunction with the consolidated financial statements at 31 December 2021. The condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 23 August 2022.

2.1 Financial reporting period

The interim financial information for the period from 1 January 2022 to 30 June 2022 is unaudited. In the opinion of the Directors, the interim financial information for the period presents fairly the financial position, and results from operations and cash flows for the period in accordance with IAS 34. The accounts incorporate comparative figures for the interim period 1 January 2021 to 30 June 2021 and the audited financial year to 31 December 2021. The financial information contained in this interim report does not constitute statutory accounts as defined by section 435 of the Companies Act 2006.

The comparatives for the full year ended 31 December 2021 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified.

3. Judgements and estimates

The preparation of these condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2021.

4. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2021.

Notes to the Condensed Consolidated Financial Statements

5. Intangible assets

Intangible assets comprise costs incurred on the development of specific products that meet the criteria set out in IAS 38 Intangible Assets. The amortisation period for development costs incurred on the Group's intellectual property developments is over the useful life estimate of 3 to 6 years. Amortisation does not take place until the asset is fully completed. Engineering software is amortised over its expected useful life of 5 years.

	Capitalisation of development costs USD \$'000	Engineering software USD \$'000	Acquired Customer relationship USD \$'000	Goodwill USD \$'000	Total USD \$'000
Cost:					
At 1 January 2021	22,221	431	881	353	23,886
Additions	1,174	225	-	-	1,399
Exchange differences	-	-	(21)	-	(21)
At 30 June 2021	23,395	656	860	353	25,264
At 1 January 2022	24,898	656	830	353	26,737
Additions	1,324	-	-	-	1,324
Exchange differences	-	-	(42)	-	(42)
At 30 June 2022	26,222	656	788	353	28,019
Accumulated amortisation					
At 1 January 2021	18,777	412	828	353	20,370
Charge for the period	542	4	53	-	599
Exchange differences	-	-	(21)	-	(21)
At 30 June 2021	19,319	416	860	353	20,948
At 1 January 2022	19,739	457	830	353	21,026
Charge for the period	367	41	-	-	408
Exchange differences	-	-	(42)	-	(42)
At 30 June 2022	20,106	498	788	353	21,392
Carrying amount					
At 30 June 2022	6,116	158	-	-	6,274
At 31 December 2021	5,159	199	-	-	5,358

Notes to the Condensed Consolidated Financial Statements

6. Revenue

	Half year ended 30 June 2022	Half year ended 30 June 2021
Project revenues: comprising Licence fees, installation/integration and supply of wireless communications technology	3,815	2,951
Support Revenue	927	994
Royalty Revenue	115	371
Total revenue	4,857	4,316

7. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in these financial statements.

David Deacon is a director of the company.

At 30 June 2022, \$110 remains owing to David Deacon (31 December 2021 \$156). The amount due is represented by deferred wages is unsecured interest free and is not subject to specific repayment terms.

Peter Stephens is a director of the company.

At 30 June 2022, \$231 (31 December 2021 \$257) is owing to Peter Stephens. The amount due is represented by deferred wages is unsecured, not subject to specific repayment terms and interest free.

Paul Barnes is a director of the company.

At 30 June 2022, \$165 (31 December 2021 \$184) is owing to Paul Barnes. The amount due is represented by deferred wages is unsecured, not subject to specific repayment terms and interest free.

Directors Declaration

In the opinion of the Directors:

- (a) The interim financial statements and notes of Etherstack plc and its subsidiaries (the Group) set out on pages 11 to 17 are in accordance with the Corporations Act 2001, and:
 - (i) comply with International Accounting Standard IAS 34 Interim Financial Reporting as adopted by the UK and the Corporations Regulations 2001;
 - (ii) give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the six months ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.



David Deacon
Director

23 August 2022

Corporate Information

Company Registration No. 07951056

ARBN 156 640 532

Directors

Peter Stephens (Non-Executive Chairman)
David Deacon (Executive Director and Chief Executive Officer)
Paul Barnes FCCA (Non-Executive Director)
Scott W. Minehane (Non-Executive Director)

Company Secretaries

Paul Barnes FCCA (United Kingdom)
David Carter (Australia)

United Kingdom Registered Office

3rd Floor South
30-31 Friar Street
Reading Berkshire RG1 1DX
United Kingdom

Australian Registered Office

64 Rose Street
Chippendale, NSW, 2008
Australia

Auditor

Grant Thornton UK LLP
Statutory Auditor
London, United Kingdom

Stock Exchange Listing

Australian Securities Exchange
(Code: ESK)

Share Registrars

Computershare Investor Services Pty Limited

452 Johnston Street
Abbotsford, VIC, 3067
Australia

Computershare Investor Services plc

The Pavilions, Bridgwater Road
Bristol BS99 6ZY
United Kingdom

Website

www.etherstack.com