Etherstack

Update – more wins & solid industry data points

Summary: NATO Waveform wins & UK add-on contracts

Key point: Modern first responder communications is increasingly important

- Etherstack has recently announced that its Australian subsidiary has entered into its first contract to supply its world-leading NATO Narrowband Waveform technology to an offshore defence wireless equipment manufacturer.
- The contract is below the materiality threshold (~5% or less of annual sales) and is for initial evaluation purposes. This contract could be a precursor to further, larger contracts in this space.
- Etherstack has spent over a decade researching and developing this technology.
- Etherstack is bullish about the prospects for future contract awards.
- This announcement follows the late August announcement of an extra scope being added to the UK project of US$500k with the main impact in 1H27.
- We also reviewed recent results from Streamwide and AT&T FirstNet, which support the view that the industry ecosystem is thriving and that FirstNet is fully "live" and signing up subscribers.
- Outlook commentary from both Streamwide and Frequentis is positive on the UK emergency system rollout, FirstNet (AT&T) going live, and strong interest in upgraded critical communication systems.
- We also believe demand is not related to macroeconomic activity.

Valuation/Recommendation – Buy

- We have not changed our forecasts, preferring to be conservative, but we believe upside momentum is clear and present.
- We rate Etherstack a Buy. In our view, the complexity of its technology is not fully reflected in its valuation. Further contract wins and successful execution will help to materially improve investor interest.
- We might add – Etherstack is much less complex than AI stocks and data centres and doing the work now to understand Etherstack should be very well rewarded.

Risks – include (but are not limited to): evaluation may not convert to a licence, defence procurement timing, competing waveform implementations (including Europe's ESSOR programme), export controls, project delays, exchange rates, client concentration, security risks, cybersecurity, talent retention, loss of contracts, IP disputes.

ESK.ASX BUY

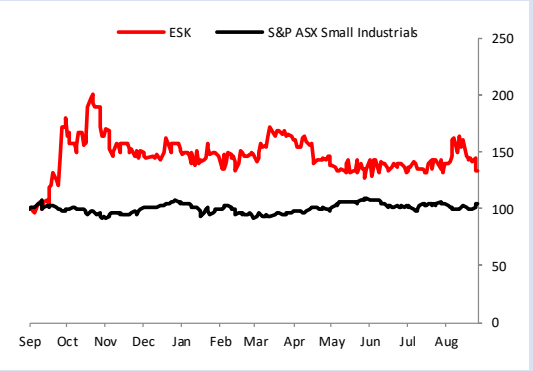
Wednesday, 14 October 2026

Share Price (A$)	$0.54
Price Target (A$)	$0.91
Valuation Method	DCF, EV/EBITDA & EV/ARR
Market capitalisation (A$)	$76.4m
Enterprise value (A$)	$77.3m
GICS Sector	Packaged Software
12 month price range (A$)	$0.36 - $0.82
Ave.vol - 250 days	85,333
Shares On Issue (m)	141.5
Top 20 holders	79%
Previous rating	Buy

Year ended Dec. 31		FY25	FY26E	FY27E	FY28E
Sales	US$m	10.1	18.2	25.0	32.0
Growth	%	70.1	80.4	37.1	28.3
EBITDA (norm)	US$m	2.0	5.7	7.7	10.6
Margin (norm)	%	20.0	31.1	31.0	33.0
NPAT (norm)	US$m	(0.6)	2.6	4.6	7.3
EPS (norm)	A¢ps	(0.7)	2.7	4.6	7.3
CFPS	A¢ps	3.2	6.0	8.2	7.4
FCFPS	A¢ps	(0.7)	1.2	3.3	2.7
PER	x	N/A	20.4	11.7	7.4
EV/ARR	x	14.6	9.8	7.1	5.2
EV/EBITDA	x	26.7	9.6	7.0	5.1
Net Cash	US$m	(0.6)	0.6	3.9	6.6
Book value per share	A¢ps	9.2	11.5	16.1	23.4

***All figures in this report are in US Dollars unless specified**

Etherstack vs. ASX Small Industrials



Source: Factset, Veritas

Etherstack is a communications technology and software company specialising in developing and licensing mission-critical radio technologies for wireless equipment manufacturers and network operators around the globe.

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Etherstack

Share Price: $0.54 ps **Valuation: $0.91 ps**

Financial Performance (US$m)

Year Ended December 31	FY25	FY26E	FY27E	FY28E
Sales	**10.1**	**18.2**	**25.0**	**32.0**
Operating Costs	(8.1)	(12.5)	(17.2)	(21.4)
EBITDA (Norm)	**2.0**	**5.7**	**7.7**	**10.6**
EBITDA (Reported)	**2.0**	**5.3**	**7.7**	**10.6**
Depreciation & Amortisation	(2.3)	(3.0)	(3.2)	(3.5)
EBIT	**(0.3)**	**2.7**	**4.5**	**7.1**
Net interest	(0.2)	(0.0)	0.0	0.2
Pre-tax Profit	**(0.6)**	**2.6**	**4.6**	**7.3**
Tax	(0.1)	0.0	0.0	0.0
NPAT (Norm)	**(0.6)**	**2.6**	**4.6**	**7.3**
One off items (post-tax)	(0.1)	(0.4)	0.0	0.0
NPAT (Reported)	**(0.7)**	**2.3**	**4.6**	**7.3**

Cash Flow Statement (US$m)

Year Ended December 31	FY25	FY26E	FY27E	FY28E
Operating EBITDA	**2.0**	**5.7**	**7.7**	**10.6**
Interest/Tax Paid/Other*	(2.6)	(3.0)	(3.2)	(3.3)
Working Cap & Other	3.8	3.3	3.6	0.1
Operating Cash Flow	**3.2**	**6.0**	**8.2**	**7.4**
Maintenance Capex	(1.3)	(1.9)	(2.1)	(1.9)
Acquisition(s)/R&D Cap.	(2.6)	(2.8)	(2.8)	(2.8)
Free Cash Flow	**(0.7)**	**1.2**	**3.3**	**2.7**
Dividends	0.0	0.0	0.0	0.0
Debt/other	(0.6)	(0.5)	(2.4)	0.0
Equity	3.4	0.0	0.0	0.0
Net increase/(decrease) cash	**2.1**	**0.8**	**0.9**	**2.7**
Cash at beginning	0.1	2.3	3.0	3.9
Cash at end	2.3	3.0	3.9	6.6

*Includes $0.628m UK R&D Incentive

Balance Sheet (US$m)

Year Ended December 31	FY25	FY26E	FY27E	FY28E
Cash	2.3	3.0	3.9	6.6
Receivables	2.5	3.3	4.7	7.4
Contract assets	0.2	0.2	0.2	3.0
Current Assets	**4.9**	**6.5**	**8.9**	**17.0**
PP&E	1.3	2.7	4.0	4.8
Intangibles	9.4	9.7	10.2	10.6
Other non current assets	0.8	1.2	1.6	2.1
Non Current Assets	**11.5**	**13.7**	**15.8**	**17.5**
Total Assets	**16.5**	**20.1**	**24.7**	**34.4**
Payables	1.2	2.0	2.7	3.5
Provisions	0.2	0.4	0.6	0.7
Borrowings	2.8	2.4	0.0	0.0
Other liabilities	3.1	4.0	5.4	7.0
Total Liabilities	**7.4**	**8.8**	**8.8**	**11.2**
Shareholder Funds	**9.1**	**11.4**	**15.9**	**23.2**

Directors & Key Management Personnel	Position	Shares	Holding
Mr Peter Stephens	Chair	10.8m	7.6%
Mr David Deacon	MD & CEO	48.6m	34.3%
Mr Paul Barnes	NED	6.9m	4.8%
Mr Scott Minehane	NED	0.1m	0.1%
Mr Adam Hoey	CFO		
Mr Ryan Burchnell	Group COO		

Major Shareholders	Shares	Holding
Mr David Deacon	48.6m	34.3%
Mr Peter Stephens	10.8m	7.6%
Mr Paul Barnes	6.9m	4.8%
Ms Veronica Stephens	3.5m	2.5%
Total	**69.7m**	**49.2%**

Source: Company data, Veritas Securities Research

Valuation Metrics	Valuation	Premium
Price Target (ps) - AUD	$0.91	69%
Share Price (ps) - AUD	$0.54	
USD:AUD	0.70	
FY26 EV/EBITDA (x)	9.6	
Implied FY26 EV/EBITDA (x)	16.1	
Implied FY27 EV/EBITDA (x)	11.8	
Market Capitalisation (A$m)	76.4	
Enterprise Value (A$m)	77.3	
Share count (m)	141.5	

Valuation Multiples (A$)

Year Ended December 31	FY25	FY26E	FY27E	FY28E
P/E (x)	N/A	20.4	11.7	7.4
Price/Cash Flow (x)	16.7	9.0	6.6	7.3
EV/ARR	14.6	9.8	7.1	5.2
EV/Sales (x)	5.4	3.0	2.2	1.7
EV/EBITDA (x)	26.7	9.6	7.0	5.1
EV/EBIT (x)	N/A	20.3	11.9	7.6
Equity FCF yield (%)	(1.4)	2.3	6.1	5.0
Price to book value (x)	5.9	4.7	3.4	2.3

Per Share Data (A$)

Year Ended December 31	FY25	FY26E	FY27E	FY28E
EPS diluted (norm) (¢ps)	**(0.7)**	**2.7**	**4.6**	**7.3**
EPS diluted (¢ps)	(0.7)	2.3	4.6	7.3
Cash flow per share (¢ps)	3.2	6.0	8.2	7.4
Free cash flow per share (¢ps)	(0.7)	1.2	3.3	2.7
Cash (¢ps)	2.3	3.0	3.9	6.6
Book value (¢ps)	9.2	11.5	16.1	23.4
Shares on issue - avg. basic (m)	141.5	141.6	141.6	141.6
Shares on issue - avg. diluted (m)	141.5	141.6	141.6	141.6

Drivers (US$m)

Year Ended December 31	FY25	FY26E	FY27E	FY28E
Projects	6.2	12.5	17.1	21.3
Suppport	3.7	5.5	7.7	10.4
Royalties	0.2	0.2	0.2	0.3
Total revenue	**10.1**	**18.2**	**25.0**	**32.0**
Normalised EBITDA	**2.0**	**5.7**	**7.7**	**10.6**

Half Year Performance (US$m)

Half Ended June 30	1H25A	2H25A	1H26A	2H26E
Sales	6.1	4.0	8.5	9.7
EBITDA (reported)	2.5	(0.5)	2.1	3.2
NPAT (reported)	1.3	(2.0)	0.4	1.8

Performance Ratios

Year Ended December 31	FY25	FY26E	FY27E	FY28E
Change in sales (US$m)	4.2	8.1	6.8	7.1
Change in EBITDA (norm) (US$m)	3.4	3.6	2.1	2.8
Operating leverage (%)	80.7	44.8	30.8	40.1
EBITDA Margin (norm) (%)	19.8	31.1	31.0	33.0
ROE (%)	(7.7)	23.1	28.7	31.3

Balance Sheet Ratios

Year Ended December 31	FY25	FY26E	FY27E	FY28E
Net cash/(debt) (US$m)	(0.6)	0.6	3.9	6.6

Guidance Commentary

Date of guidance	Aug-26
FY26 revenue	US$17.2m-$18.9m

NATO Narrowband Waveform

Recently Etherstack announced that its Australian subsidiary has signed its first international contract to supply its NATO Narrowband Waveform (NBWF) technology to an offshore defence wireless equipment manufacturer.

What NBWF Is: A waveform is the "language" a radio uses to send voice and data. Allied armies have historically bought radios that speak different, proprietary languages. NBWF is NATO's common language for battlefield radios, letting troops from different nations talk directly (Figure 1).

The contract is below Etherstack's materiality threshold and is for initial technical evaluation, which may or may not lead to a material future award.

Anna Squires (Director, Defence and Waveforms) described the customer as "the first of multiple interested parties" to sign up for evaluation "to assess suitability for the end-market application".

CEO David Deacon said the milestone "*caps twenty years of significant long-term R&D"* and that *"we are bullish on future material awards".*

Defence radio makers test a waveform before licensing it into a product line, so an evaluation contract is the normal first step. The signal is the queue behind it: multiple manufacturers are assessing the same technology.

Etherstack sells IP to radio makers, not armies. A small group of allied tactical radio manufacturers (e.g. Thales, RTX, L3Harris, Codan) supplies most coalition forces, so each licence win could flow across national radio fleets with 10–15 year lives.

There is increasing desire to set a "standard" and have defence manufacturers deliver against it. This maintains competition, reduces dependence and prevents any one major player from "owning" the industry or standard. We believe this theme is a strength of Etherstack over the very large defence "primes" that seek to control the standard and deliver equipment tied to the standard they own.

The NBWF specification is the NATO-standard[1]and turning it into reliable radio software takes multiple years, if not decades. It is an extremely robust barrier to entry for other smaller payers to overcome. Etherstack offers a ready-built, tested version, which is faster and lower-risk for a manufacturer than an in-house build.

NBWF in Plain English

A waveform is the software rulebook a radio uses to turn voice and data into a signal and back again; two radios can only talk if they follow the same rulebook. Historically, each allied army used its own rulebook, so troops from different nations fighting side by side could not talk directly. NBWF (NATO standard STANAG 5630, ratified by 24 nations) is NATO's shared rulebook for battlefield radios.

"Narrowband" means a thin signal: too thin for video, but it carries voice and position data over tens of kilometres. NBWF radios also need no phone towers or satellites. Each radio acts as a mini tower, passing messages along the chain; if one drops out, the network reroutes around it.

[1] NATO seeks to standardise military equipment and technology so that any NATO force can use another NATO's equipment and technology (i.e. interoperable). The quintessential example is a 7.62mm NATO Bullet round – that fits any NATO small arms.

Figure 1: NBWF End-Market Applications

Application	What it is	Why NBWF matters
Soldier radios	Handheld and backpack radios for infantry	Soldiers from different nations talk directly
Vehicle radios	Radios in tanks, armoured vehicles, trucks	Long-range voice and position data across a convoy
Air-ground links	Ground forces talking to aircraft	Radio-based ID helps aircraft tell friend from foe
Signals intelligence	Kit that monitors enemy radio signals	Must understand a waveform to detect and analyse it
Drones (Veritas view)	Drones, robotic vehicles, remote sensors	Self-forming links where no towers exist
Coalition networks	NATO's shared coalition network (FMN)	Proposed for inclusion; preferred use from 2028–29

Source: Company announcements, NATO STO (MP-IST-203), DTIC, Veritas

Who buys the Narrowband NATO Waveform?

The buyer pool comprises a specialist group of allied advanced tactical radio manufacturers, including Thales, RTX (Raytheon, including Collins Aerospace), L3Harris and Codan, as well as approximately 5 more smaller ones. Etherstack's waveforms already run on L3Harris, Thales, Collins Aerospace and Codan radios, and Codan subsidiary Daniels Electronics placed a US$0.83m follow-on order in June 2026. Etherstack earns licence and integration fees up front, with royalties a separate line (nil in H1 FY26).

Why the barrier to entry is strong

Nobody owns the NBWF standard, so the value lies in a working, tested version. The specification is NATO-restricted, available only to approved nations and cleared industry, and turning it into software that runs reliably on small, battery-powered radios takes many years; Etherstack spent four years on its version before its 2022 launch. Each radio is built and programmed to the "standard", so any major change can make entire radio fleets obsolete. This is why, once the standard is in the field, it is extremely hard to change.

The main competitive watch-point is Europe's ESSOR programme: six European radio makers, including Thales, Leonardo and Rohde & Schwarz, were contracted in July 2026 to build their own NBWF version. Part of the buyer pool may build rather than buy; Etherstack's best prospects sit outside that group. As we have described, Etherstack is well placed to provide an independent standard to a multitude of radio/communication manufacturers and service providers.

Ratification of a second edition, due to start in Q4 2026, could prompt manufacturers to commit.

Follow the Defence Budget

Defence equipment spending broadly divides between weapons (missiles, munitions and firearms) and the communications and intelligence systems that find targets and connect forces. Put simply, a missile is only as useful as the network that tells it where to go. Etherstack sits in the second category, the fastest-growing part of European defence spending (known as C4ISR), as NATO budgets move towards 3.5% of GDP.

We also note that Etherstack already works in defence and has contracts with the Australian Department of Defence (refer to previous announcements).

Streamwide

Streamwide

Streamwide (ALSTW-FR, mkt cap €191m), and Etherstack, are involved in the rollout and deployment of FirstNet.

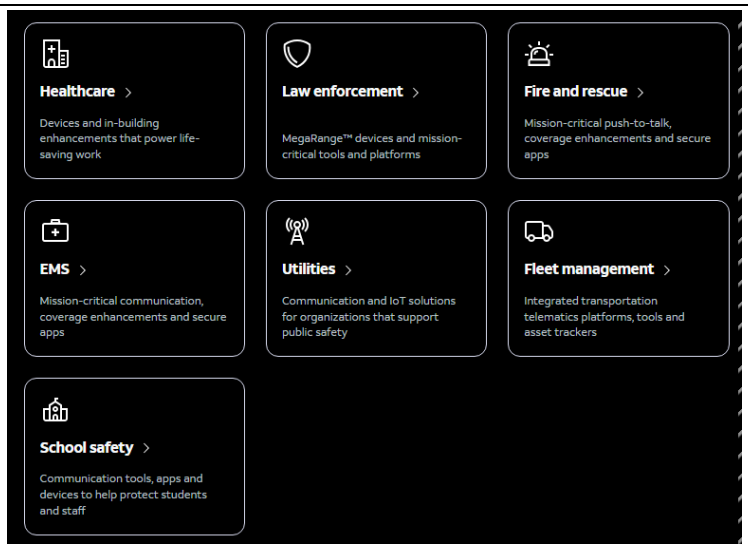
FirstNet is a major modernisation of the entire US critical first responders' communications system. FirstNet is AT&T's US public safety broadband network dedicated ONLY to first responders, such as police, fire and ambulance crews. FirstNet is a standalone system (not linked to others) that provides high-quality communications solutions to the emergency services within America. It is not available to the general public, only to workers in relevant agencies.

FirstNet is currently being rolled out in the US. AT&T is the lead project, and both Streamwide and Etherstack are involved in the rollout.

The FirstNet Authority announced in mid-September sees further investment in 220 new cell sites to expand capacity and capability, which are being rolled out over time and will help drive relevance and adoption in new geographic areas. Individual cell sites are being mobilised and lit up with local press releases and ribbon-cutting activities. FirstNet hopes to bring satellite functionality into play in mid-2027, and we believe this will spark another wave of interest and further subscription growth.

AT&T now carries live subscription information on their website. This system is "stood up" and now live for first responders to sign up. FirstNet is also building a library of first responder use cases covering storms, fires, lost people and accidents for potential subscribers and local authorities to consider. The FirstNet 5G core network has been available for subscribers since July 2026.

Figure 2: AT&T FirstNet "authorised" markets



Source: AT&T (FirstNet) website

Note: We do not cover Streamwide, Frequentis or Codan.

FirstNet website relevant quotes:

"FirstNet, built with AT&T, is the only 5G network built with and for public safety. Created to address the communications challenges on 9/11, FirstNet provides reliable 5G connectivity for first responders and essential workers that never competes with commercial traffic."*

"FirstNet is the only provider mandated never to throttle speeds for first responders. First responders get always-on priority and pre-emption for calls, texts and data – not just in declared emergencies."

"FirstNet supports the entire emergency ecosystem, including first responders, healthcare and other critical personnel on one secure platform for seamless coordination. FirstNet is available to every first responder in the country – career or volunteer; federal, state, local or tribal; and urban, suburban or rural – and those who support them."

Streamwide's Fusion software is linked to the rollout of software instances (seat/users), while Etherstack provides the middleware (backbone) layer between agencies and users. Streamwide's software runs its Fusion push-to-talk service (walkie-talkie style calls over mobile phones), and Etherstack supplies Fusion Link. This bridge lets those phones talk to the traditional radios that agencies already carry.

Streamwide reported in July that the guaranteed minimum monthly subscription commitment was nearly met after a few weeks of the trial rollout. Final acceptance of the project and the FirstNetFusion software was granted in mid-July. Streamwide also noted that subscriber volumes are expected to increase and that several projects involve Streamwide's fusion (FirstNet) project. Streamwide's general industry commentary is also upbeat, particularly in Asia Pacific, and builds on AT&T FirstNet and the "referenceability" that it creates. Given they are in the same ecosystem as Etherstack, we view this as corroborative evidence of a strong industry outlook for Etherstack.

Streamwide reported 1H26 revenue (to 30 June 2026) of €12.8m (+12%, against a strong comparative period). Sales were driven by the US and APAC divisions, and EBITDA was €6.2m (EBITDA margin of 49%). Streamwide is reinvesting to build capacity (especially in the US) ahead of future demand.

Streamwide also commented that since FirstNet went live, it is tracking to expectations, and first billings above the guaranteed minimum are expected in A$ (Oct-Dec 2026). Streamwide also noted, in addition to the subscription revenue quote:

"Several multi-year projects and budgets could materialise over time to complement and further develop the SaaS offering, opening up significant new revenue opportunities in the coming months."

Streamwide's profile differs from Etherstack's and is more subscriber-based. It is, however, in the same ecosystem, and we view project commentary as bullish for both Streamwide and Etherstack.

Frequentis

Public Safety & Transport

- Mission-Critical Services – MCX: Frequentis expands its MissionX ecosystem:
  - Participation in European Critical Communication System Initiative
  - Increase of stake in Spanish MCX specialist Nemergent to 51% (from 25%)
- Investments in MCX and FRMCS[1)]
- UK's first cloud-based emergency control room deployed for West Yorkshire Fire and Rescue Service

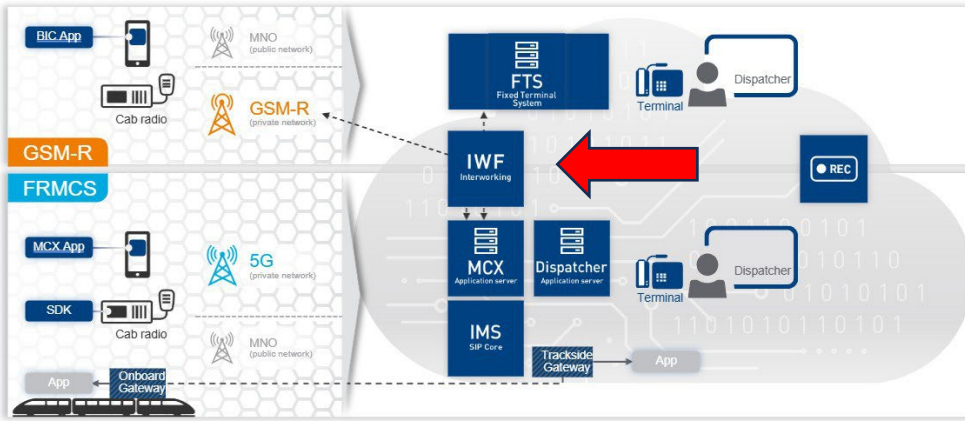
Frequentis (FQT-AT, mkt cap €879m) operates in high-tech solutions for Air Traffic Management, supporting both civil and military air traffic control organisations, as **well as mission-critical communications in Public Safety and Transport sectors, where police, emergency rescue services, fire brigades, railways, coastguards, and port authorities use Frequentis.** Frequentis is very strong within Europe, with its products designed for upcoming standards (NG112) and a future dedicated mission-critical network.

Frequentis is headquartered in Vienna, Austria. Frequentis is a global player with about 2,900 full-time equivalent employees and has a worldwide network of companies in over 50 countries. Its products, services, and solutions are used in around 150 countries.

In 2025, revenues were €580 million and EBIT was €47 million. For 1H26, the company reported strong group revenue growth of +44.8% to €342.9m. Revenue in Public Safety (the Etherstack segment) saw growth of 11.2%, and the second half is expected to be stronger. It has a strong order book and cash position. In FY25, Frequentis recorded €179m in Public Safety revenue. Frequentis is also involved in the UK rollout of Mission Critical for over 300,000 personnel. Frequentis also said it continues to invest in the mission-critical services segment ahead of strong emerging demand. Revenue across the business is forecast to increase 15%.

Frequentis both uses and operates within the same industry ecosystem as Etherstack. We have positioned Etherstack as a provider of the Interworking function (middleware) for phones/radio/control rooms between public and private networks.

Figure 3: Frequentis rail mission-critical solution – The red arrow marks Etherstack's main genre – the interworking function (IWF)



Source: Frequentis Future railway mobile communications system - building blocks – bridging legacy and next-generation rail communications

Figure 4: Frequentis Ecosystem

Source: Frequentis Investor Presentation

Built on 5G and IP-based, broadband mission-critical communication services, namely MCX and FRMCS will unlock new levels of flexibility, data exchange and connectivity according to Frequentis.

Strategic Review

On October 5, Etherstack released the initial outcome of the strategic and capital management review it announced in July 2026, and the main result is a proposed reorganisation of its share capital.

- **Capital Reorganisation:** Etherstack will cancel its share premium account and move the balance into a new distributable reserve. This doesn't change the share count or net assets, and no capital is returned for the time being.
- **Approvals & Timing:** Needs shareholder approval at a General Meeting and UK Court approval. The Notice of Meeting will set out the resolutions and an indicative timetable.
- **Path To Capital Returns:** Once complete, Etherstack could pay dividends and/or buy back shares. The Board will assess these after the FY26 result and is still looking at wider strategic opportunities.

Peers

Figure 5: Peer valuation

	Code	Price	Mkt Cap	EV	EV/EBITDA (x)				EBITDA Margins (%)			
Australian		LC	$m	$m	FY25A	FY26A/E	FY27E	FY28E	FY25A	FY26A/E	FY27E	FY28E
Aussie Broadband Ltd.	ABB-ASX	4.05	1,238	1,381	8.4	6.6	5.7	5.2	13.9	16.2	15.2	14.6
Superloop Ltd.	SLC-ASX	2.39	1,231	1,379	11.2	9.1	7.8	6.9	22.3	22.9	22.0	22.1
Electro Optic Systems Holdings	EOS-ASX	9.12	2,022	1,932		65.5	25.1	16.5		22.4	20.4	19.4
Codan Limited	CDA-ASX	63.28	11,537	11,544	40.0	27.4	24.9	22.0	42.8	48.1	41.6	42.3
Smart Parking Limited	SPZ-ASX	0.66	277	259	8.4	6.9	5.6	4.6	39.8	29.6	31.5	34.0
Catapult Sports Ltd.	CAT-ASX	3.10	980	909	26.1	18.4	13.6	9.8	19.3	24.9	28.5	34.1
Average					**18.8**	**22.3**	**13.8**	**10.8**	**27.6**	**27.4**	**26.5**	**27.7**
Median					**11.2**	**13.7**	**10.7**	**8.4**	**22.3**	**23.9**	**25.2**	**28.0**
Etherstack	**ESK-ASX**	**$ 0.54**	**76**	**77**	**26.7**	**9.6**	**7.0**	**5.1**	**19.8**	**31.1**	**31.0**	**33.0**

	Code	Price	Mkt Cap	EV	EV/EBITDA (x)				EBITDA Margins (%)			
International		LC	LCm	LCm	FY25A	FY26A/E	FY27E	FY28E	FY25A	FY26A/E	FY27E	FY28E
Frequentis AG	FQT-WBO	66.2	879	824	12.3	11.4	9.8	8.7	13.9	12.5	12.4	12.6
StreamWIDE	ALSTW-FR	68.0	191	180	11.4	25.3	22.0		74.8	27.0	43.0	0.0
Icom Incorporated	6820-JP	3610.0	53,609	25,931					0.0	0.0		
ViaSat, Inc.	VSAT-US	66.9	9,216	14,409	9.3	9.2	8.8	8.4	34.3	33.6	33.6	33.8
OKI Electric Industry Company	6703-JP	2666.0	232,522	296,300		8.5	7.4	6.1	0.0	8.3	9.1	10.8
Vistance Networks, Inc.	COMM-US	0.0	0	0								
EZconn Corp.	6442-TW	1630.0	133,363	128,330	52.7							
Truecaller AB Class B	TRUE.B-SE	23.7	6,270	5,359	9.1	11.2	7.9	6.7	31.5	25.1	40.6	41.2
Big Technologies PLC	BIG-LON	0.9	3	-88					48.9	51.6	51.1	51.2
TomTom NV	TMOAF-USA	4.3	535	274	8.5	5.6	4.0	3.5	5.6	8.8	13.1	14.3
LINK Mobility Group Holding ASA	LINK-OSL	24.5	6,971	8,596	10.5	7.9	7.2	6.6	11.7	15.3	14.4	14.7
Average					**16.3**	**11.3**	**9.6**	**6.7**	**24.5**	**20.2**	**27.2**	**22.3**
Median					**10.5**	**9.2**	**7.9**	**6.6**	**13.9**	**15.3**	**24.0**	**14.5**

Source: Veritas Estimates/FactSet

Risks

Risks – include (but are not limited to): evaluation may not convert to a licence, defence procurement timing, competing waveform implementations (including Europe's ESSOR programme), export controls, project delays, exchange rates, client concentration, security risks, cybersecurity, talent retention, loss of contracts and IP disputes.

Summary

We retain our Buy rating and see substantial valuation upside with a price target of $0.91ps.

1. AT&T FirstNet and UK Home Office — the world's first two national-scale IWF deployments — are live, on time, and generating revenue.
2. Governments must replace ageing radio networks — this isn't discretionary IT spend; it's mandated critical infrastructure. We also believe that spending in this area is not cyclical but is linked to long-dated government (approved) programs.
3. We have left our conservative forecasts unchanged but believe upside is starting to emerge.
4. We are increasingly seeing critical communications intersect with defence needs. A well-connected police/fire/ambulance is crucial to addressing domestic (and international) terror/espionage/sabotage threats.
5. EBITDA shifts significantly from a US$1.2m loss in FY24 to US$5.1m in FY26.
6. Management's guided FY26 revenue of US$17.2m–$18.9m is majority underpinned by a signed order book — any new wins are pure upside to forecasts. Recent add-on work is also helpful for FY26 and in particular FY27.
7. Etherstack's dual-standard reference deployments are many years ahead of competitors and extremely difficult to replicate given that the standards are embedded in thousands of radio, switches, systems and software applications currently in the field.
8. Operating leverage is significant with approximately US$33m of sunk R&D that can be redeployed per jurisdiction at near-zero incremental cost.
9. Trading at a 9.6x FY26E EV/EBITDA with 30% forecasted margins - the market prices Etherstack as a micro-cap project business rather than a recurring revenue software compounder.

Disclaimer and Rating Information

RATING

BUY – anticipated stock return is greater than 10%

SELL – anticipated stock return is less than -10%

HOLD – anticipated stock return is between -10% and +10%

SPECULATIVE – high risk with stock price likely to fluctuate by 50% or more.

Speculative stocks have a high risk/high return profile. While the investment may have strong capital appreciation, there is also a significant risk of capital loss. All stock investments involve some risk. We recommend that investors read and consider the risks section of our report(s) and whether these risks are suitable for their profile.

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Stephen Scott and his family own shares in Etherstack.

Miles Crowe and his family do not own shares in Etherstack.

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