etherstack
wireless innovation

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FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

Etherstack plc

AND CONTROLLED ENTITIES
COMPANY REGISTRATION NUMBER 07951056
ARBN 156 640 532

Authorised for release by David Deacon, CEO and Adam Hoey, CFO

Etherstack is a wireless technology company specialising in developing, manufacturing and licensing mission critical radio technologies.

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.

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About Etherstack

WHAT DOES ETHERSTACK TECHNOLOGY DO?

Etherstack is a leading licensor of innovative wireless technology and solutions provider for mission-critical communications

Etherstack technology enables push-to-talk (PTT) communications for essential services, within and across advanced digital land mobile radio (LMR), cellular and satellite networks

Features of the business:



Etherstack leverages our innovative technology and IP that is adaptable across key platforms; Digital Land Mobile Radio (LMR), Missional Critical Push-to-talk (MCPTX) over cellular and Satellite PTT networks as well as across multiple customers

etherstack **PTT TECHNOLOGY**

Digital Land Mobile Radio (LMR) networks	Mission Critical Push to Talk (MCPTX) over cellular networks (4G & 5G)	Satellite Push to Talk (PTT) networks
Digital wireless terrestrial communication networks, technology licensing to equipment vendors, cryptographic and defence solutions	Mission Critical Push to Talk (MCPTX) over LTE for new 4G & 5G networks	Developing secure wireless communications software for Satellite over past 3 years
• Increasing number of network deployments • SaaS-like high margins • Long term support contracts driving recurring revenues	• Targeting 25+ contract wins over the medium term • SaaS-like high gross margin revenues	• Opportunity to incorporate Etherstack technology into satellite communication suppliers • Falling satellite tariff costs the catalyst for change in the communications sector

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Strategic Report

2025 HIGHLIGHTS

(All amounts are in USD unless otherwise stated)



Revenue of US $10.1m up 70% vs FY2024: through combined growth in support revenues and additional project revenues primarily driven by the AT&T project in USA and deliveries to Rio Tinto projects, with US $2.02m EBITDA (FY24 loss of US $1.17m).



Continued Support Revenue Growth: a KPI for the Company, these long term revenue streams (typically 10+ year) continue to grow with every new mission critical communications network that's deployed. Recurring support revenues grew to almost US$4.0m from just over US$2.0m in FY24.



Positive Operating Cashflow: Net positive operating cashflow of US$3.2m, eighth consecutive year of positive operating cashflows.



Solid cash receipts: Cash receipts grew to US$12.04m (FY25) from US$7.77m (FY24), a 55% gain.



Continued R&D Spend: totalling $2.6m primarily in the Company's emerging MCX/IWF solution products, spend is in line with $2.6m (FY24). The company balanced continued significant R&D spend with project revenues based on management's visibility of future cash receipts and expected contractual revenue from existing customers as well as contracts signed late in 2025 from the likes of the UK Home Office, Ergon, and the Commonwealth of Australia.



Repeat Strategic Customer Orders: From AT&T, electric utility networks, Rio Tinto related projects and the Commonwealth of Australia.



Outlook: Group is very well positioned for 2026 and beyond with guidance already disclosed to the market targeting 60% revenue growth from FY25 to FY26.

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Etherstack Activities and Differentiation

The principal activities of the Group are design, development and deployment of wireless communications software, products and networks.

Specifically, Etherstack develops software for use in transceivers which enable the transceiver to communicate with a radio network and other transceivers. Additionally, Etherstack develops network softswitching software that allows network services to be deployed in data centres such as those used by telecommunications carriers.

Etherstack also licenses its software and designs to companies who manufacture telecommunication equipment primarily for government public safety agencies and utilities.

From these activities, Etherstack derives revenues from::

- **Mission critical radio products and networks;** these products may carry Etherstack brands or be sold as "white labelled" equipment (where customer puts its own brand on and sells under its own brand).
- **Specialised tactical communications equipment.**
- **Technology licences and royalties;** where Etherstack licenses its software and designs to companies who manufacture telecommunication equipment primarily for government public safety agencies and utilities.
- **System solution sales;** where Etherstack sells its products and software and then provides ongoing support services.
- **Customisation and Integration services;** and
- **Ongoing Support services** provided to the customer.

While the underlying core intellectual property is largely common, Etherstack's technology can be used in different types of wireless networks, as illustrated on page 3.

Etherstack has invested over $36 million into our suite of intellectual property assets over an extended period and has developed a substantial intellectual property portfolio that generates a diverse range of revenue streams from multiple technology areas, clients and regions, and from a mix of mature, new and emerging product lines.

Etherstack seeks to differentiate our offerings by:

- Focussing on specific industry sectors where our technology has a track record of uninterrupted performance such as government public safety services, electric utilities and mining & resources
- Providing local support in the Americas, Asia and Europe with global back up
- Ongoing investment in developing new capabilities such as LMR-IWF products aimed at public safety markets
- Identifying and supplying market "gaps" where our products offer a competitive edge in terms of features, functions or price
- Leveraging small company agility to be first to market with innovative products

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CEO Review

Revenue

(All amounts are in USD and $000 unless otherwise indicated)

FY 2025 Revenue is $10,091. This is a 70% increase over FY 2024 revenue of $5,932. Project related revenues increased to pre FY 2024 levels and were augmented by increased Support revenues. Royalty revenues are the smallest component and increased from $52 in FY2024 to $150:

	2025	2024	
Projects	6,229	3,587	▲
Support	3,712	2,293	▲
Royalties	150	52	▲
	10,091	**5,932**	▲

Project Revenues

Project revenues comprising License fees, installation/integration and supply of wireless communications technology were $6,229 in FY 2025 compared to $3,587 in FY 2024, increase of $2,642 or 74%.

The main project revenues in 2025 were derived from our key US project and deployments connected with the resources sector in Australia.

Late in the year there were also small project revenues from the Commonwealth of Australia and the UK Home Office. Into 2026 these two customers will be strong project revenue contributors. The AT&T contract in hand will predominantly provide recurring revenues FY26 onwards.

Recurring Revenues

Aggregate recurring revenues comprising royalties and support revenue streams are $3,862 for FY 2025 compared to $2,345 for FY 2024. Within this aggregate recurring revenue amount:

- Support revenues increased from $2,293 in FY 2024 to $3,712 in FY 2025. This is a $1,419 or 62% increase; and.
- Royalty revenues increased from $52 in FY 2024 to $150 in FY 2025.

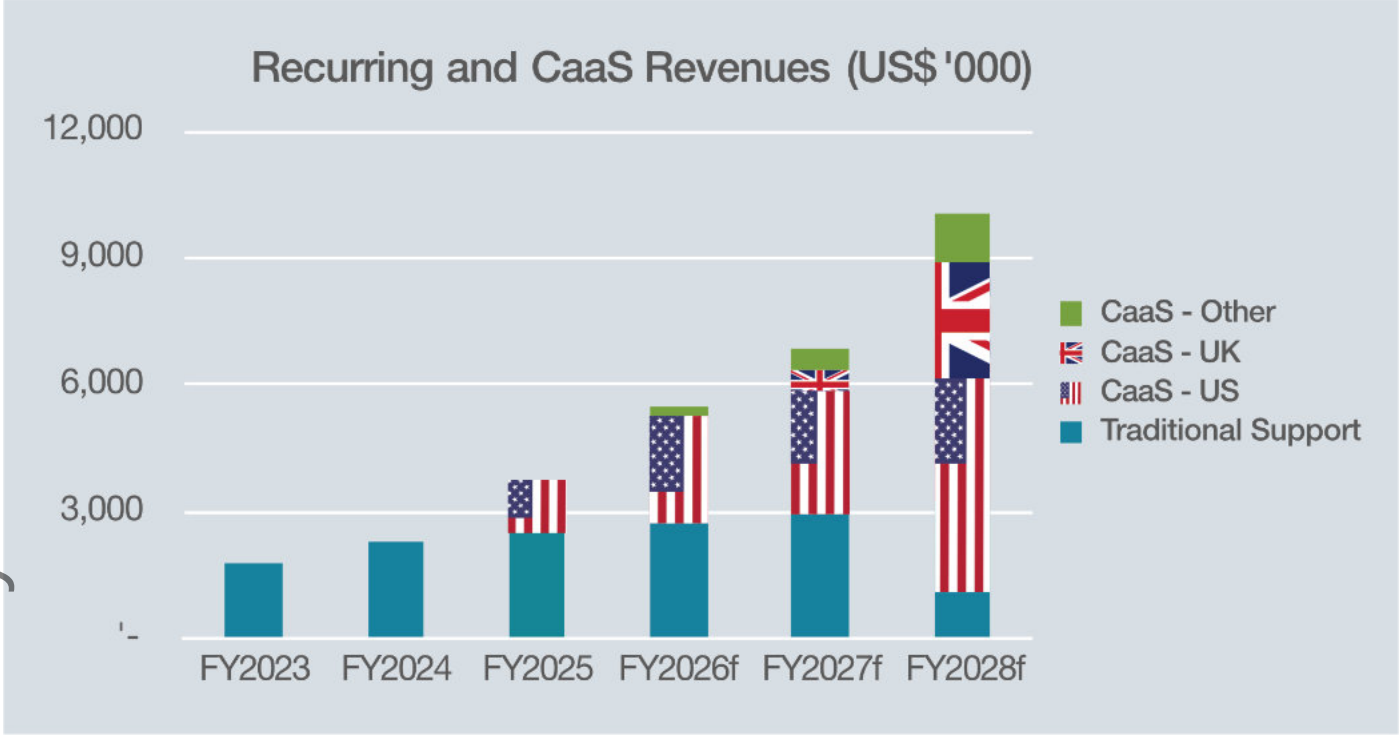
Recurring revenues reduce both overall revenue volatility and cash flow volatility. Furthermore, they reduce dependence upon a small number of large contracts where timing of revenue recognition is difficult to accurately forecast given the scale and nature of the projects and end users.

Support Revenues

Support Revenues increased in FY 2025 to 3,712 from 2,293 in FY 2024. The net increase is due to additional network deployments leading to additional supported networks. In addition there are CPI increases applied to support agreements on renewal and additional devices added onto existing customers supported networks.

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Result for 2025

Statutory loss after income tax is $700 compared to a loss after income tax of $3,894 in FY 2024.

The FY 2025 decrease in statutory loss after tax is $3,194 predominantly due to increased revenues which increased by $4,159.

In addition, there are other factors contributing to the reduced loss:

- Gross margin increased from 24% in FY 2024 to 49% in FY 2025. Gross margin can vary significantly depending on the mix of Etherstack hardware, software and services content, which are at a higher margin, and third-party products where the margins are lower. In FY 2025:
  - » Increased support revenues translate into significant increases in gross margin as the incremental cost to provide support is low. The cost of sales in 2025 is $5,134 compared to $4,531 an increase of $603 which reflects strong leverage as revenue increased by $4,159 over the same period. Cost of sales includes the amortisation charge on the intangible assets. In FY 2025 the amortisation charge decreased from $1,994 in FY 2024 to $1,968 – a decrease of $26 - thereby slightly decreasing the gross margin percentage (Etherstack amortises intangibles over a 6 year straight line basis).
  - » The increase in project revenues has a variable impact on gross margin depending on the specific project. Some projects are more OPEX heavy whereas as others can largely be absorbed into the existing engineering cost base.
- Other costs increased slightly as a result of inflationary impacts or modest increases in capability.
  - » Sales and Marketing Costs have decreased by $283 to $1,125 in FY 2025 over FY 2024.
  - » Administrative costs increased in FY 2025 by $548 or 14.7% to $4,284 due to increased sales and admin headcount.
- The Etherstack group has operations in Australia, Europe, Japan, United Kingdom and the United States, as a consequence is exposed to gains and losses from foreign currency fluctuations between the reporting currency, USD, and the other currencies in which transactions are undertaken; Australian dollar, Yen, Euro and GBP. In FY 2025 there was a currency loss of $57 compared to a loss of $48 in FY 2024.
- Reduced income tax benefits mainly as the criteria have changed for eligibility for the Research and Development incentives in the United Kingdom.

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EBITDA (Note 1)

The Company considers EBITDA to be a useful measure of performance as it excludes the significant non-cash amortisation expense.

EBITDA has increased to a profit of $2,022 from loss of $1,172 in FY 2024. The key reasons for the increased EBITDA being reduced revenues and changed gross margin are summarised above.

	2025	2024
Statutory profit/(loss) after tax	(700)	(3,894)
After tax effect of:		
Depreciation	154	237
Depreciation of right-of-use assets	217	200
Amortisation	1,968	1,994
Interest and other finance cost	236	206
Income tax	147	85
EBITDA	**2,022**	**(1,172)**

Note 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.

Sustained investment into Intellectual property assets

Etherstack continued to invest significant funds into its portfolio of intellectual property assets. In FY2025, the Company invested $2,641 (FY2024 $2,606) into developing and enhancing the intellectual property assets which produce future revenues. This is the largest investment Etherstack plc has made in a financial year and is driven by the MCX-IWF programme. To date, Etherstack has now invested over US $ 36 m in intellectual property assets.

Financial Position

At 31 December 2025, the group has net assets of $9,099 an increase of $2,781 over the prior year primarily reflecting capital raising in November 2025, raising AUD$5.66 million before costs. The major movements in the year within the consolidated financial position were:

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- Increased cash balance and increased Property, plant and equipment due capitalisation of Data centre costs
- Intangible assets have increased to $9,441 as a consequence of sustained investment in Etherstack's technology assets (as noted above) offset by the amortisation charge for those projects which have reached commercial readiness

In addition, there are some lesser variations within the balance sheet position which reflect the different projects underway at 31 December 2025 and different project status compared to the projects underway at 31 December 2024.

Key Performance Indicators

The primary performance indicator for the Group continues to be revenue. Current year consolidated revenue is $10,091 compared to $5,932 in 2024. The major reasons for the increase have been outlined above.

The second key performance indicator is recurring revenues representing royalty revenues and revenues from support contracts. These revenues are important as they reduce reliance on project-based revenues which, although significant, can be volatile in nature.

- Support revenues have increased from $2,293 in 2024 to $3,712 in 2025. This is a $1,419 or 62% increase. Support revenues over the last 5 years are set out above in the graph on page 7.
- Royalty revenues increased from $52 in 2024 to $150 in 2025.

The Group expects support income will continue to increase sharply over the coming three years as a result of the signing of significant contracts with AT&T and the UK Home Office and a growing installed base of supported customer networks.

Another key performance indicator for the Group is the investment in the development of intellectual property assets. Etherstack invested $2,641 (2024 $2,606) representing 26% (2024: 44%) of its revenue into intellectual property development in 2025. This is a significant investment in the Groups' most important revenue generating asset.

2025 Overall and 2026 Outlook

The revenue result reflects a strong rebound from FY2024. The strong result was a combination of a strong project pipeline and strong growth in support revenues. Etherstack has invested heavily in its global team in 2025 and this should enable a strong start to 2026 enroute to another record year.

Etherstack is generating positive operating cash and is demonstrating the ability to generate positive economic results over the longer term and its ability to balance cash resources, debt and investment spending within tight boundaries.

The financial metrics of the business remain vulnerable to some volatility given the dependence on a small number of individually large projects, however with a healthy opportunity pipeline, sustained investment in our intellectual property portfolio and highly skilled engineering and sales teams, management believe the Company is poised for further growth in FY 2026 and beyond.

Management has already seen strong cash receipts and project revenues in Q1 2026.

New CaaS Revenue Streams: During FY2026, Etherstack will launch CaaS (Communications as a Service) to existing and potential customers.

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Principal Risks and uncertainties

The management of the business and the execution of the Group's strategy expose it to a number of risks. These risks are formally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them.

Key business risks affecting the Group are set out below.

- **Dependence on key contracts**

Etherstack is dependent on a number of key contracts. Growing the total revenue of the Group will reduce the significance of individual contracts or projects relative to the Groups total revenue. In addition, growth of royalty revenue streams stemming from products reaching commercial maturity and growth of support revenue streams reduces dependence on individually significant contracts. However, the impact of individually significant contracts remains in existence at the balance sheet date.

- **Technology risk**

Etherstack relies on its ability to develop and further commercialise its technology. Etherstack's operations include the design and delivery of products for secure communication, homeland security, defence and aerospace related markets. This is a fast-moving industry and there can be no assurance that future products and systems introduced into the market by the Group will be profitable and cash generative.

To manage this risk, Etherstack closely monitors the markets for our products and is a member of industry associations and Standards Committees. Successfully managing this technology risk and identifying product innovations is a key part of Etherstack operations and receives the appropriate resources to manage the risks.

- **Intellectual property and know-how risk**

Securing rights to the intellectual property and the know-how behind the technologies is an integral part of the value of Etherstack's products. Etherstack ensures legal protection of our intellectual property is included in all customer and employee contracts and ensures that IT controls are in place to control access to sensitive intellectual property and associated documentation and information.

- **Economic and exchange rate risk**

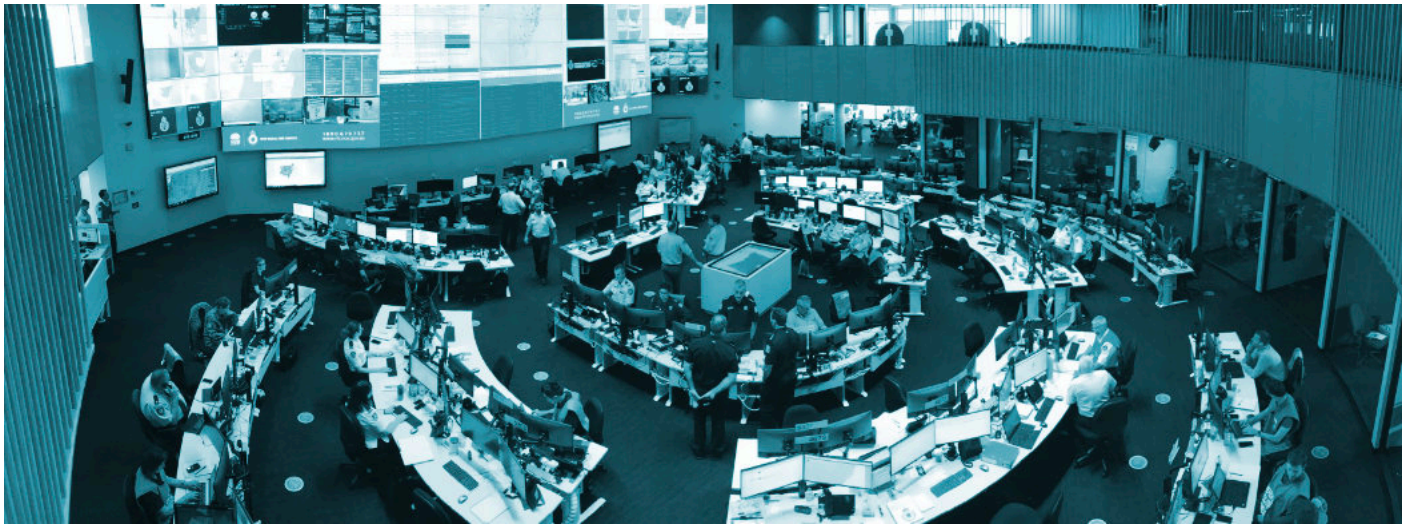
The Group operates in four different countries/regions each using their own currency, as a result, Etherstack is subject to currency and foreign exchange pricing swings, which may have a positive or negative effect on the performance of the Group. General economic conditions, geopolitical matters, movements in interest and inflation rates may have an adverse effect on the Group's activities, as well as on its ability to fund those activities. The Group creates natural hedges which reduce the exposure to currency fluctuations however not all risks can be naturally mitigated. Further information on these risks is set out in Note 17 to the financial statements.

- **Product liability**

The Group is exposed to potential product liability risks which are inherent in the research and development, manufacturing, marketing and use of its products and technologies. The Group has secured insurance to help manage such risks.

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- **Liquidity risk**

The Group aims to mitigate liquidity risk by managing cash generation by its operations. In the event additional risk mitigation is required the Group may supplement operating cash generation by debt funding or raising additional share capital. Investment is carefully controlled, with authorisation limits operating up to board level and cash payback periods applied as part of the investment appraisal process. In this way the Group aims to maintain a good credit rating to facilitate appropriate levels of working capital and when necessary to facilitate fund raising activities.

Section 172 Statement

The Board of Directors of Etherstack plc consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act) in the decisions taken during the year ended 31 December 2025.

The Board recognises that a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of Etherstack employees,
- the need to foster the Group's business
- relationships with suppliers, customers and others,
- the desirability of maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

The Board oversees the business in such a way to ensure the long-term success of the business. The key driver of the long-term success of the business is sustained appropriate investment into technology research and development activities.

In the current year, the Group has continued to invest in the intellectual property portfolio with investment of $2,641 compared to $2,606 in 2024. This is the largest investment Etherstack plc has made in a financial year and is driven by the MCX-IWF programme. Etherstack has now invested in excess of $36 million into its portfolio of intellectual property assets. The book value at 31 December 2025 is $9,441 (2024 $8,768).

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Details of stakeholders, primary methods of engagement and the reasons why the Board considers engagement to be important are detailed below:

Employees

The investment in technology research and development requires building and maintaining the skills of our employees who are fundamental to the success of the business. The health, safety and well-being of our employees is one of our primary considerations in the way we do business. The Board has established the Remuneration Committee which considers a wide range of employee related agenda items.

Customers

Determining which products to develop and where to invest in research and development requires extensive engagement with customers and end-users as well an engaging with the standard setting bodies responsible for developing the standards to which Etherstack technology complies. Due to the scale, complexity and geographic spread of our businesses, customer engagement and participation/contributions to industry associations and standard setting activities mostly takes place at an operational level and the Board is therefore reliant on management to help it fully understand the customer, industry and standards bodies inputs into the technology development and enhancement activities. Through this engagement, the Board is able to gain an understanding of their views, priorities and challenges.

Suppliers

An appropriate and positive relationship with suppliers and customers is a pre-requisite to the successful operation of the Group and exists in all areas of the business. Similarly, due to the scale and geographic spread of Etherstack's businesses, supplier and customer and engagement mostly takes place at an operational level and the Board is therefore reliant on management to help it fully understand the impact of the Group's operations on its suppliers and customers.

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Strategic Report



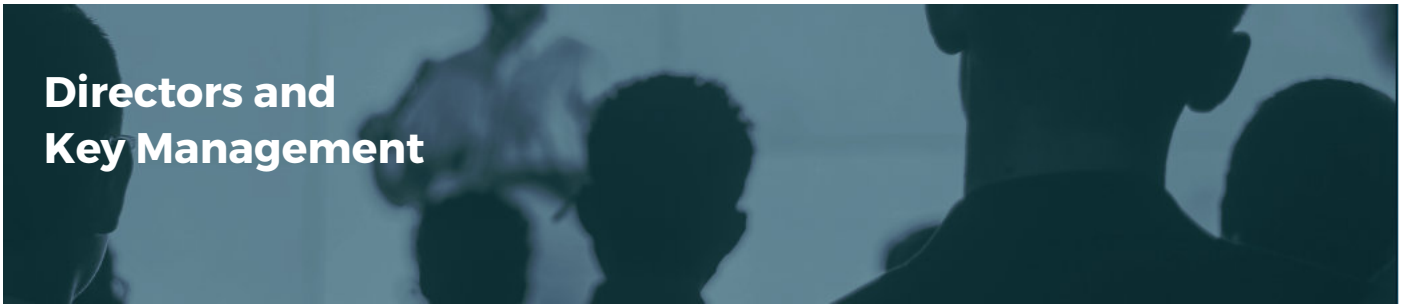
All stakeholders

The Board understands the need to act responsibly, to ensure compliance with Government regulations and to apply equal consideration to both shareholders and stakeholders. Furthermore, it understands that good governance includes maintaining a clear, effective, meaningful relationship with all relevant stakeholders, including its customers and colleagues, it's suppliers and the communities and environments in which it operates. In considering its stakeholders the Board takes both a current and long term view, to ensure that the Company's strategic goals continue to be achievable without disregarding the needs and wants of any of its stakeholders.

David Deacon
Chief Executive Officer
24 March 2026

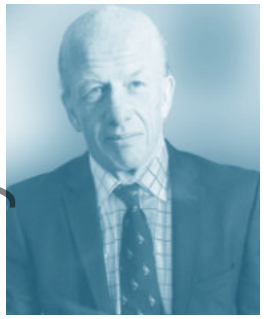
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Report of the Directors



Directors and Key Management

Peter Stephens – Non-Executive Chairman



Peter is currently Chairman of Etherstack, a director of various private companies and also runs a venture capital practice. He was previously Head of European Equities Sales at Salomon Brothers and Credit Lyonnais. He raised the initial funding for Tristel plc and remained a director of Tristel plc from flotation on London Stock Exchange's AIM market until 2013. He was Chairman of Getech on flotation on AIM until 2013 and remains a director. Peter was Chairman of True Luxury Travel, a long-haul holiday specialist currently focused on Africa having been Chairman and initial investor in Scott Dunn. He is also Chairman of Boisdale Canary Wharf, a Scottish themed restaurant, Chairman of Noble Rot Fine Wines and a director of ZeroWatt Homes.

He has an MA in Jurisprudence from University of Oxford and qualified and practised as a Barrister in 1978-82.

Peter has been on the board of Etherstack Wireless Limited since September 2007 and was appointed to the Board of Etherstack plc in 2012 as Chairman.

Paul Barnes, FCCA MCSI – Non-Executive Director



Paul has wide experience in venture development, financial strategy and management, small cap investment management and corporate governance.

Paul started his career with the City of London accounting firm Melman Pryke & Co (now part of Grant Thornton). Following qualification, he worked in both accountancy practice and commerce, specialising in developing businesses in a wide range of activities from software development and commercial property to regulated commodities brokers, taking senior management positions with a successful freight importer and a full-service executive jet aviation company.

Paul co-founded and raised funds for various successful "start-up" businesses telecommunication sectors and more recently in financial securities, healthcare and biomass renewable sectors.

Paul has been a key member of the teams in the development and admission to the London Stock Exchange's AIM market of both Tristel plc and Oxford Catalysts plc (now Velocys Technologies Limited) where he served as the Executive Finance Director, he was also the Chairman of Tristel plc between 2018 and 2019 and in the establishment of Amersham Investment Management Limited which is both authorised & regulated by the FCA as a BIPRU-50 Investment Management Firm.

Paul, an MSc, is also a Fellow of the Association of Chartered Certified Accountants and a member of the UK's Chartered Institute for Securities and Investment.

Paul joined Etherstack in 2002 as Finance Director and CFO, and held these positions throughout the development and expansion of Etherstack until December 2011. Paul was appointed a Director of Etherstack plc in February 2012.

Scott Minehane – Non-Executive Director



Scott is an international regulatory and strategy expert in the telecommunications sector and has been involved in advising investors, operators, Governments and regulators in Australia, Asia, the Pacific and Africa. His expertise extends to spectrum management and new generation fixed and mobile technologies including optical fibre, 4G/LTE and 5G services and telecommunications sector legislation.

Scott has a separate consultancy practice, through which he has advised a range of leading corporates and organisations including the Commonwealth, South Australian and Victorian Governments, Australian Mobile Telecommunications Association (AMTA), APEC Business Advisory Council, NBNCo, Macquarie Group, World Bank, International Telecommunications Union (ITU), Asian Development Bank (ADB), ASEAN, GSMA, Asia-Pacific

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Telecommunity (APT), Australian Competitive Carriers Coalition ('Commpete'), SDPPI (Indonesia's spectrum regulator), ARCIA, Malaysian Communications and Multimedia Commission (MCMC), National Broadcasting and Telecommunications Commission (Thailand), Pakistan Telecommunications Authority (PTA), TRA (UAE), KPMG, Telekom Malaysia, Axiata Group, edotco Group, and Telkom South Africa. He is also an telecommunications expert witness in international arbitrations.

In 2024, he authored the GSMA's Roadmaps for Accelerating 5G and 5G-Advanced in Vietnam and Thailand. He was also a presenter at the 10th Asia-Pacific Spectrum Management Conference in Jakarta in April 2024 on *Innovative spectrum sharing strategies in the future connectivity ecosystem* and three presentations on various spectrum related issues at the APT Spectrum Symposium held in Dhaka, Bangladesh in February 2025.

Prior to this he was the principal author of the ITU Report Pandemic in the Internet Age: From second wave to new normal, recovery, adaptation, and resilience" (May 2021) and updated report on the partitioning of the 6 GHz band in Asia-Pacific (November 2022). He is the author, with Simon Molloy of a recently published ASEAN report titled *"Understanding the digital drivers of inbound investment in ASEAN's manufacturing and services industries"*.

Scott has a Bachelor of Economics and a Bachelor of Laws from the University of Queensland and holds a Master of Laws specialising in Communications and Asian Law from the University of Melbourne.

Scott joined the Board as an Independent Non-Executive Director in 2012 and became chairman of the Audit & Risk Management Committee in 2012. In 2016, Scott became chairman of the Remuneration and Nomination committees.

David Deacon – Chief Executive Officer, Executive Director



David has over 20 years' experience in the wireless communications industry. Prior to Etherstack, David founded and ran an Australian wireless technology company, Indian Pacific Communications Pty Ltd, for six years until it was sold to a public company in April 2000. Before this, David led software development teams involved in wireless research and development in Perth and Sydney.

David founded Etherstack in 2002 and has been Chief Executive Officer since that date. In this time, David has overseen Etherstack's growth into a global operation and the development of industry leading wireless communications technology assets.

Senior management

Adam Hoey – Chief Financial Officer and Company Secretary

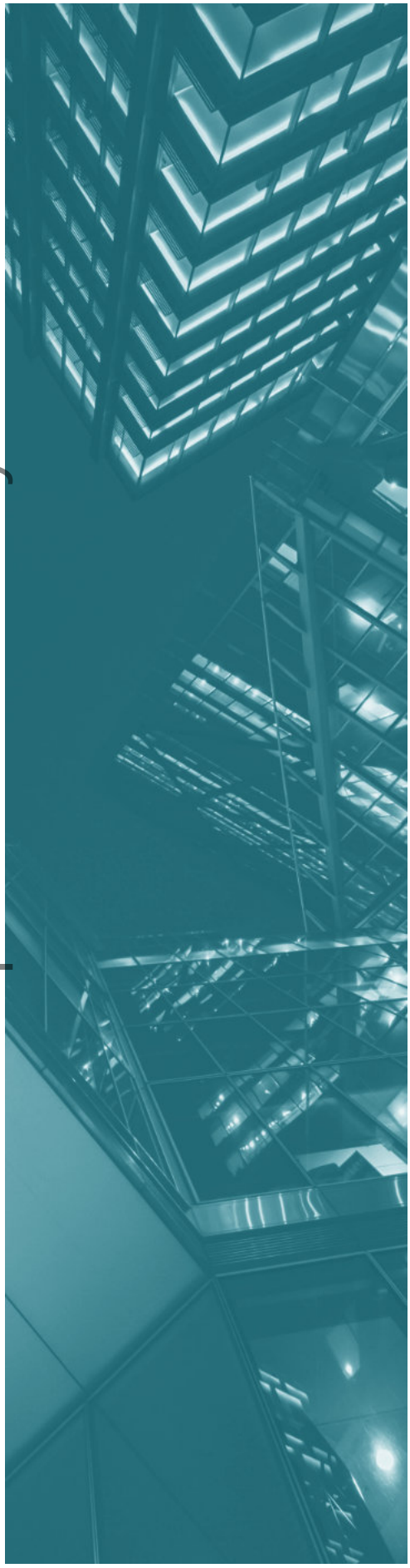


Adam has over 20 years' experience within commerce and industry across a broad gamut of sectors including FMCG, B2B, mining, real estate, and retail. Adam has worked at listed companies in London and Sydney and was Head of Finance at ASX listed retailer dusk prior to joining Etherstack as Chief Financial Officer and Company Secretary in June 2025.

Adam has a Bachelor of Commerce majoring in Accounting from Macquarie University and is a member of Certified Practising Accountants Australia.

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Company Directory



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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 Minehane (Non-Executive Director)

Company Secretaries

Paul Barnes FCCA (United Kingdom)

Adam Hoey (Australia)

United Kingdom Registered Office

Suite 12, The Blade, Abbey Square

Reading RG1 3BE

United Kingdom

Australian Office

64 Rose Street
Chippendale, NSW, 2008
Australia

Auditor

PKF Littlejohn LLP

15 Westferry Circus

Canary Wharf, London

E14 4HD

Statutory Auditor

Stock Exchange Listing

Australian Securities Exchange

(Code: ESK)

Share Registrars

Computershare Investor Services Pty Limited

46 Hope St, Ermington NSW 2115

Australia

Computershare Investor Services plc

The Pavilions, Bridgwater Road

Bristol BS99 6ZZ

United Kingdom

Website

www.etherstack.com

Report of the Directors



Directors Report

The Directors present their annual report with the statutory financial statements of the Group for the year ended 31 December 2025. All amounts are in USD $000 unless otherwise indicated.

This report should be read in conjunction with the Strategic Report on pages 4 to 13 which sets out commentary on future developments and intellectual property developments.

1. Board of Directors and Officers of the company

The names of the Directors who held office during the 2025 year and to the date of this report are:

Director Name	Position	Appointed
Peter Stephens	Non-Executive Chairman	2 May 2012
Paul Barnes, FCCA	Non-Executive Director	15 February 2012
David Deacon	Executive Director and CEO	15 February 2012
Scott Minehane	Non-Executive Director	2 May 2012

The joint company secretaries are Paul Barnes and Adam Hoey.

2. Results

The Group recorded a loss after tax for the year of $700 (2024 $3,894).

3. Going Concern

The Directors have prepared cash flow forecasts in order to assess going concern. In addition, the Directors have undertaken sensitivity testing of the forecasts including consideration of changes to the amount and timing of receipt of cashflows. The Directors have also considered the mitigating actions and alternative sources of funding that could be taken in the event there are significant delays in the receipt of these forecasted cashflows. The scenarios considered include a scenario where key contract signings are excluded or delayed by up to six months, however this scenario, is considered unlikely.

Based on existing cash resources, and current and forecasted performance, including consideration of the impacts of macroeconomic uncertainties relevant to the key markets in which Etherstack operates, and a range of mitigating actions that are available, including financial support commitments from Directors, the Directors reasonably expect there to continue to be sufficient cash resources to be able to pay liabilities as they fall due for at least 12 months from the date of approval of these financial statements. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

4. Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: $nil).

5. Directors' indemnity insurance

The Group has arranged appropriate Directors' and Officers' insurance to indemnify the Directors against liability in respect of proceedings brought about by third parties. Such provisions remain in place at the date of this report.

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Report of the Directors



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6. Auditor

PKF Littlejohn LLP were appointed as auditors of Etherstack plc by the Board of Directors on 2 October 2024. This appointment was formally ratified at the 2025 Annual General Meeting. They remain the company's auditor at the date of this report.

7. Disclosure of information to auditors

For each of the persons who are directors at the time when the report is approved, the following applies:

a. as far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

b. the director has taken all of the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information..

8. Financial risk management objectives

The Group's financial risk management objectives and policies and exposures to risk are outlined in Note 17 to the financial statements.

9. Rounding of amounts and presentational Currency

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. The Group financial statements are presented in US Dollars ("$") which is the Group's presentational currency.

10. Future Developments

Likely future developments in the Etherstack business are outlined in the Strategic report.

11. Post Balance Date events

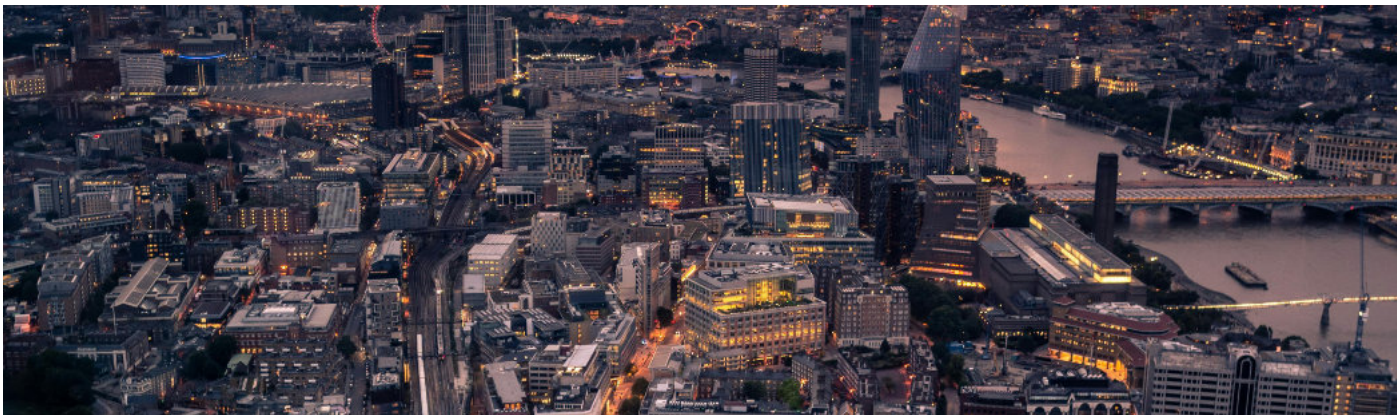
There are no post balance date events.

On behalf of the Board

Paul Barnes FCCA

Director

Report of the Directors



The Board of Directors is responsible for the overall strategy, governance and performance of the Etherstack plc Group of companies (the Group). The Group is a wireless communications technology provider whose strategy is to create value through the design, development and deployment of products for radio communication networks used by governments, such as those used by defence and police forces, public safety departments, such as ambulance and fire, and radio networks used by utilities, such as electricity companies and resource companies. The Board has adopted a corporate governance framework, based upon ASX Corporate Governance Principles, which it considers to be suitable given the size and strategy of the Group and its operating environment.

Further details relating to the Company's corporate governance practices can be found on the Company's website at www.etherstack.com in the "Investor" section under "Corporate Governance".

Principle 1: Lay solid foundations for management and oversight

The Board of Directors is responsible for the overall strategy, governance and performance of the Company.

Board Charter

The Board has adopted a formal Board Charter which clearly details its functions and responsibilities and delineates the role of the Board from that of the senior executives. The Board's function and responsibilities include strategy and planning, corporate governance, appointment of the Chief Executive Officer (CEO), remuneration, capital expenditure and financial reporting, performance monitoring, risk management, audit and compliance, developing and monitoring diversity policies and objectives.

Executive Directors are provided with executive contracts of employment and Non-Executive Directors are provided with service agreements setting out the key terms and conditions relative to that appointment.

The Board Charter is available on the website in the "Investors" section under "Corporate Governance".

The Company Secretary is responsible for supporting the effectiveness of the Board and is directly accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Principle 2: Structure the board to be effective and add value

Structure of the Board

The Board currently consists of four directors comprising, a Non-executive Chairman, two Independent Non-Executive Directors and one Executive Director:

Peter Stephens, Chair – Non-Executive Director

Paul Barnes – Independent, Non-Executive Director

Scott Minehane – Independent, Non-Executive Director

David Deacon – Chief Executive Officer and Executive Director

The term of office held by each Director is set out in the Directors Report.

The skills, experience and expertise of each Director are set out on pages 14 and 15. At all times, the Board is to have a complementary mix of financial, industry and technical skills. The Board believes the current members have the necessary knowledge and experience to direct the Group. A summary of Board members skills is set out below.

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Report of the Directors



Experience and skills	Number of directors
International business	4
Strategy and innovation	4
Management and leadership	4
Accounting, finance and banking	2
Equity, capital markets, mergers and acquisitions	4
Corporate governance	2
Regulatory and compliance	2
IT/Technology	4
Legal	2
Chief Executive Officer, Chief Financial Officer or Chief Operating Officer experience	4

Chairman's responsibilities and independence

The Board Charter provides that the Chairman of the Board is responsible for the leadership of the Board, ensuring the Board is effective, setting the agenda of the Board, conducting Board meetings and conducting shareholder meetings.

The Chairman of the Board, Peter Stephens, is a Non-Executive Director.

In 2016, following participation in the Entitlement issue and shortfall offer in which Peter Stephens increased his shareholding, Peter Stephens is no longer considered an independent director. Peter Stephens was an independent director from the date of his appointment in 2012 through to 2016. Peter Stephens remains as Chairman of the Board of Directors of Etherstack plc.

Board independence

An independent Director, in the opinion of the Board, must be independent of management and have no business or other relationship that could materially interfere with – or could reasonably be perceived materially to interfere with – the independent exercise of that director's judgement. Any independent Director will meet the definition of what constitutes independence as set out in the ASX Recommendations. The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

At this time, there are two Directors the Board has classified as independent - Paul Barnes and Scott Minehane. Accordingly, the Board does not have a majority of independent Directors however the Board composition is considered appropriate for the Company in its current circumstances.

As a result of the November 2025 capital raise Paul Barnes is no longer a significant shareholder. His shareholding has been diluted from 5.2% of the issued capital of Etherstack plc to 4.8% and the Board is of the opinion this shareholding does not compromise Paul Barnes' independence. The Board has formed this view on the basis of Paul Barnes ability to demonstrate the judgements required of an independent director.

The Board Charter states that the Board aims to have at all times a Board of directors with at least two independent Non-Executive Directors and having the appropriate mix of skills, experience, expertise and diversity relevant to the Group's businesses and the Board's responsibilities.

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Report of the Directors

Board committees

To assist the Board in carrying out its functions, the Board has established:

- an Audit and Risk Management Committee (refer Principle 4 summary);
- a Remuneration Committee (refer Principle 8 summary); and
- a Nomination Committee.

Each Committee is established according to a Charter that is approved by the Board. Each Committee is entitled to the resources and information it requires to discharge its responsibilities, including direct access to senior executives, employees and advisers as needed. Terms of reference of each committee, explaining its role and the authority delegated to it by the Board, are available on the Etherstack website. The committee chairmen report regularly to the whole board and are required to confirm that the committees have sufficient resources to undertake their duties.

Nomination Committee

The Nomination Committee must have a majority of independent Directors. Peter Stephens, Scott Minehane, and Paul Barnes are members of this committee. Scott Minehane acts as Chairman of the committee. When appointing members of each committee, the Board shall take account of the skills and experience appropriate for that committee as well as any statutory or regulatory requirements. The responsibilities of the committee include assessing the skills, diversity and necessary industry, technical or functional experience required by the Board, recommending directors for re-election and conducting searches for new Board members when required.

Director selection process and Board renewal

The composition of the Board is reviewed regularly to ensure the appropriate mix of skills, diversity and expertise is present to facilitate successful strategic direction.

As detailed in the Board Charter, in appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Group. Consideration will also be given to achieving a Board with a diverse range of backgrounds.

The process used for selecting new members for the Board, as set out in the Board Charter, may be assisted by the use of external search organisations as appropriate. An offer of a Board appointment will be made by the Chairman of the Board only after having consulted all Directors. Detailed background information in relation to a potential candidate is provided to all Directors.

Board, Committee and Director performance evaluation

The Board undertakes ongoing self-assessment. The review process in 2025 included an assessment of the performance of the Board, the Board Committees, and each Director. The review:

- compared the performance of the Board and each Committee with the requirements of its Charter;
- critically reviewed the composition of the Board; and
- reviewed the Board and each Committee Charter to consider whether any amendments to the Charters were deemed necessary or appropriate.

The Board discussed the results of the review and follow up actions on matters relating to Board process and priorities.

Induction

The Company Secretary facilitates an induction program for new Directors. The program will include meetings with senior executives, briefings on the Group's strategy and operations, provision of all relevant corporate governance material and policies and discussions with the Chairman and other Directors.

Continuing education

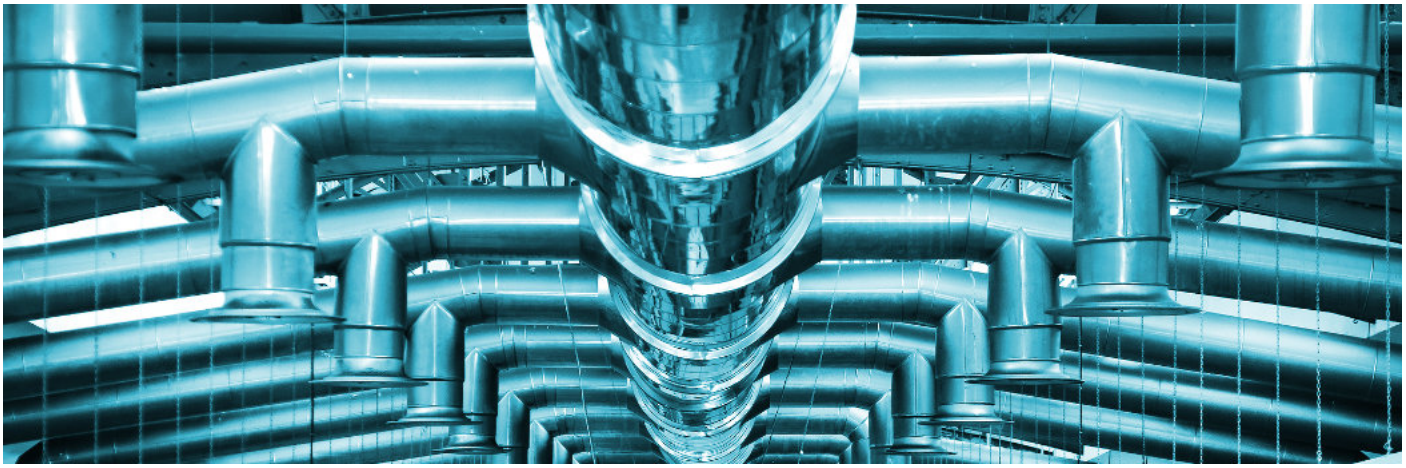
Directors are provided with continuing education opportunities to update and enhance their skills and knowledge. This consists of regular updates for the Board from management, separate to Board meetings to ensure Non-Executive Directors are well-informed of the Group's operations and any recent developments.

Access to information, indemnification and independent advice

The Company Secretary provides assistance to the Board and Directors also have access to senior executives at any time to request any relevant information. The Board Charter provides that:

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Report of the Directors



- all Directors have unrestricted access to company records and information except where the Board determines that such access would be adverse to the Company's interests;
- all Directors may consult management and employees, as required, to enable them to discharge their duties as Directors; and
- the Board, Board Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

Conflicts of interest

The Constitution and Code of Business Conduct and Ethics sets out the obligations of Directors in dealing with any conflicts of interest. Pursuant to the Constitution and the Code of Business Conduct and Ethics, Directors are obliged to:

- disclose to the Board any actual or potential conflicts of interest which may exist as soon as they become aware of the issue;
- take any necessary and reasonable measures to resolve the conflict; and
- comply with all laws in relation to disclosure of interests and restrictions on voting.

Unless the Board determines otherwise, a Director with any actual or potential conflict of interest in relation to a matter before the Board, does not:

- receive any Board papers in relation to that matter; and
- participate in any discussion or decision making in relation to that matter.

Operation of the Board

The Board met 4 times during the year. The agenda for each meeting allows an opportunity for the Chairman and Non-Executive Directors to meet without executives present. The agenda and relevant briefing papers are distributed by the company secretary on a timely basis.

The following table summarises the number of board and committee meetings held during the year and the attendance record of each director:

	Board meetings		Audit and Risk Committee		Remuneration Committee		Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Peter Stephens	4	3	4	4	1	1	1	1
Paul Barnes	4	4	4	4	1	1	1	1
David Deacon	4	4	-	-	-	-	-	-
Scott Minehane	4	4	4	4	1	1	1	1

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Report of the Directors

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Corporate Code of conduct

The Company has implemented a corporate Code of Business Conduct and Ethics (the Code) which applies to Directors and employees. The Code provides a framework for decisions and actions for ethical conduct. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The Code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from Directors and employees.

Employees are encouraged to raise any matters of concern in good faith with the head of their business unit without fear of retribution. Where the matter is inappropriate to be raised with the head of their business unit, employees are able to raise the matter with the CEO or CFO as appropriate.

The CFO reviews and reports directly to the Board on any material breaches of the Code. The Audit and Risk Committee oversees procedures for whistleblower protection.

A copy of the Code is available on the Company's website in the "Investor" section under "Corporate Governance".

Dealings in securities

The Company has a Securities Trading Policy which covers dealings in the Company's securities by its Key Management Personnel (Directors and those employees reporting to the CEO). The Securities Trading Policy sets out the guidelines for trading in the Company's securities, including closed periods, exceptions and approval and notification requirements.

A copy of the Securities Trading Policy is available on the Company's website in the "Investor" section under "Corporate Governance".

Diversity

The Company has implemented a Diversity Policy.

The Company considers that the gender ratio of employees reflects the gender ratio of the qualified engineer pool. The Company does not, therefore, believe that establishing measurable objectives for achieving gender diversity would provide any benefit above that already achieved via the Diversity Policy.

At the date of this report, the gender ratio is as follows:

- 4 Board members: all male,
- Workforce (excluding executive directors); 62 Employees: 5 female, 57 male

The Diversity Policy is available on the Company's website in the "Investor" section under "Corporate Governance".

Principle 4: Safeguard the integrity of corporate reports

Audit and Risk Management Committee

The Board has established an Audit and Risk Management Committee governed by the Audit and Risk Committee Charter, which is available on the Company's website in the "Investor" section under "Corporate Governance".

The objective of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance. The Audit and Risk Management Committee's responsibilities include:

- Oversee the Company's relationship with the external auditor and the external audit function generally;
- Oversee the preparation of the financial statements and reports;
- Oversee the Company's financial controls and systems;
- Review, monitor and approve risk management policies, procedures and systems; and
- Manage the process of identification and assessment of any material financial and nonfinancial risks (including enterprise risks and risks in relation to occupational health and safety) that may impact the business.

Audit and Risk Management Committee composition

The Audit and Risk Management Committee consists only of Non-Executive Directors and the Chairman is not the Chairman of the Board. The members of the Audit and Risk Management Committee are Scott Minehane, Chair of the Committee, Peter Stephens and Paul Barnes. Both Scott Minehane and Paul Barnes are Independent Non-Executive Directors.

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Report of the Directors



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During the year, 4 meetings of the Committee were attended by the external audit partner and, by invitation, the Chief Executive Officer and the Chief Financial Officer attended 4 meeting and 4 meetings respectively.

The Board of Directors has received from the Chief Executive Officer and the Chief Financial Officer a declaration the financial information included in the annual report is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Etherstack's external auditor attends the Company's Annual General Meeting and is available to answer questions which shareholders may have about the conduct of the external audit for the relevant financial year and the preparation and content of the Audit Report.

Principle 5: Make timely and balanced disclosure

The Company is committed to ensuring:

- compliance with the requirements of the ASX Listing Rules, all relevant regulations and the ASX Recommendations;
- facilitation of an efficient and informed market in the Company's securities by keeping the market appraised through ASX announcements of all material information.

The Company has implemented a Disclosure Policy which is designed to support the commitment to a fully informed market in the Company's securities by ensuring that announcements are:

- made to the market in a timely manner, are factual and contain all relevant material information; and
- expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

The Disclosure Policy is available on the Company's website in the "Investor" section under "Corporate Governance".

Principle 6: Respect the rights of security holders

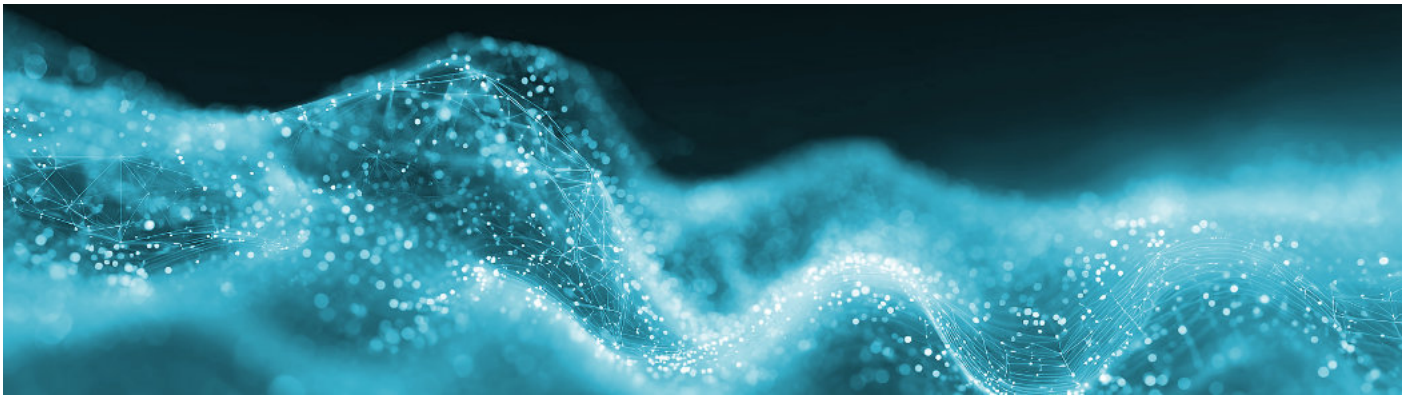
The Company has adopted a Communications Policy which aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders through:

- half yearly and annual reports;
- disclosures and announcements made to the Australian Securities Exchange (ASX);
- notices and explanatory memoranda of Annual General Meetings and Extraordinary General Meetings and addresses or presentations made at those meetings; and
- the Company's website.

The Board also encourages participation by shareholders at all shareholder meetings.

The Communications Policy is available on the Company's website in the "Investor" section under "Corporate Governance".

Report of the Directors



Principle 7: Recognise and manage risk

The Company is committed to ensuring that:

- its culture, processes and structures facilitate realisation of the Company's business objectives whilst material risks are identified, managed, monitored and wherever appropriate and possible, mitigated; and
- to the extent practicable, its systems of risk oversight, management and internal control comply with ASX Recommendations.

The Board determines the Company's risk profile and is responsible for overseeing and approving the Company's risk management strategy and policies, internal compliance and internal control.

The Board has delegated to the Audit and Risk Management Committee responsibility for implementing the risk management system and reporting to the Board. Key business risks affecting the Group have been outlined in the Strategic Report.

The Audit and Risk Committee reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound and such a review has taken place in relation to 2025.

The Company does not have an internal audit function. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report to the Audit and Risk Management Committee.

Etherstack does not have any material exposure to environmental and social sustainability risks.

A copy of the Company's risk management policy is available on the Company's website in the "Investor" section under "Corporate Governance".

Principle 8: Remunerate fairly and responsibly

The Board has established a Remuneration Committee, which is governed by the Remuneration Committee Charter. The Charter is available on the Company's website in the "Investor" section under "Corporate Governance".

The primary purpose of the Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:

- reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- recommending to the Board the remuneration of executive Directors;
- fairly and responsibly rewarding executives having regard to the performance of the Company, the performance of the executive and the prevailing remuneration expectations in the market;
- reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- reviewing and approving the remuneration of direct reports to the Chief Executive Officer, and as appropriate other senior executives and conducting an annual review of remuneration by gender; and
- reviewing and approving any equity based plans and other incentive schemes.

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Report of the Directors



A performance evaluation was undertaken in the year in accordance with the periodic performance evaluation process.

The Remuneration Committee consists only of Non-Executive Directors. The members of the Remuneration Committee are Peter Stephens, Paul Barnes and Scott Minehane, Chair of the Committee. Scott Minehane and Paul Barnes are Independent Non-Executive Directors.

There is no regulatory requirement, other than Companies Act 2006 disclosure requirements, for Etherstack plc to disclose information on the remuneration arrangements in place for Directors and Executives of Etherstack plc, however the Remuneration Committee is committed to good corporate standards and has disclosed information considered relevant to the shareholders.

Remuneration policy for Executive Directors

The remuneration policy for Executive Directors has been designed to ensure Executive Directors receive appropriate incentive and reward given their performance, responsibility and experience. When assessing this, the Remuneration Committee seeks to ensure the policy aligns the interests of the Executive Directors with those of the shareholders.

The Company's remuneration policy for Executive Directors is to:

- Consider the individuals experience and the nature and complexity of their work in order to set a competitive salary that attracts and retains management of the highest quality;
- Link individual remuneration packages to the Group's long term performance through both bonus schemes and share option plans; and
- Provide post-retirement benefits through payment into pension schemes.

Remuneration package for Executive Directors

Executive Directors' remuneration packages are considered annually by the Remuneration Committee in line with Company policy, with a view to attracting, retaining and motivating Executive Directors of the calibre necessary to deliver the strategic milestones of the Board. Remuneration packages comprise a number of elements as follows:

Base salary

The base salary is reviewed annually. Within the review process, which is undertaken by the Remuneration Committee, regard is given to the profitability and on-going development of the Group and the contribution that each individual makes. Consideration is also given to the need to retain and motivate individuals, with reference made to available information on salary levels in comparable organisations as well as that of the wider workforce of the company. To assist in this process the Remuneration Committee may draw on the findings of external salary surveys and undertakes its own research.

Annual performance incentive

The Executive Directors are eligible to receive, at the discretion of the Remuneration Committee, an annual bonus. The Remuneration Committee considers the implementation of bonus awards based upon both corporate and personal performance targets and measures, which align to the long term interests of shareholders.

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Report of the Directors

Pensions and other benefits

The Group does not operate a Group pension scheme; instead individuals receive contributions to their private pension plans.

Share options/performance rights

Executive Directors may, at the discretion of the Remuneration Committee, be awarded share options or performance rights.

The performance of Executive Directors is evaluated by the Remuneration Committee on an annual basis with a view to ensuring that there is a sufficiently strong link between performance and reward. The results of performance evaluations are taken into consideration as part of the annual remuneration review.

Remuneration policy for Non-Executive Directors

Non-Executive Directors are paid a fixed annual fee for acting as a Director of Etherstack plc which is paid for services rendered as a Director. Additionally, under the Articles of Association, a Director may also be paid such special or additional remuneration as the Directors decide, if the Director performs extra services or makes special exertions for the benefit of the company. Such amounts do not form part of the aggregate remuneration permitted under the Articles of Association (the current aggregate remuneration may not exceed $300,000 per annum).

The remuneration of the Non-Executive Directors is determined by the Board as a whole, based on a review of current practices in other equivalent companies. The Non-Executive Directors each have service agreements that are reviewed annually by the Board.

Directors' remuneration (All amounts are in USD $000 unless otherwise indicated).

The Directors earned the remuneration outlined in the table below:

2025	Salary/fees	Long-term benefits Superannuation	Total
Executive Directors			
David Deacon	275	32	307
	275	32	307
Non-Executive Directors			
Peter Stephens	81	-	81
Paul Barnes	84	-	84
Scott Minehane	53	6	59
	218	6	224
TOTAL	**493**	**38**	**531**

Directors' interests

The Directors' interests in shares and other securities in Etherstack plc are set out below:

	31 December 2025		31 December 2024	
Director	**Ordinary Shares**	**Performance rights**	**Ordinary Shares**	**Performance rights**
David Deacon	48,561,850	0	48,501,780	0
Peter Stephens	10,721,838	0	10,622,593	0
Paul Barnes	6,850,000	0	6,850,000	0
Scott Minehane	81,875	0	81,875	0

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Report of the Directors



Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

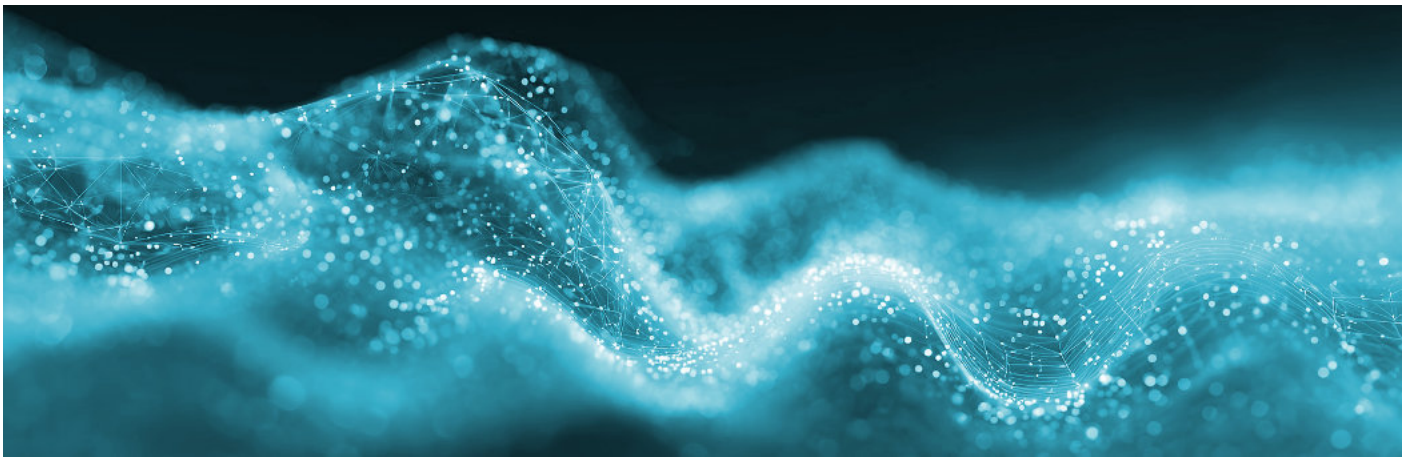
Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have to prepare the financial statements in accordance with UK-adopted International accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Report of the Directors



The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Paul Barnes FCCA, Director

24 March 2026

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Independent auditor's report to the members of Etherstack plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Etherstack Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2025 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's and parent company's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included;

- An understanding of the future plans for the Group;
- Reviewing cashflow forecasts for the 12 month period ending 31 March 2027, and challenging management on the key operating assumptions;
- Reviewing all the key inputs into the cash flow forecast to ensure they are appropriate, and no evidence of management bias exists;
- Challenging management on non-committed expenditures which can be deferred to help sustain healthy cash balances;
- Testing the integrity of the forecast model by checking the accuracy and completeness of the model, including challenging the appropriateness of estimates and assumptions;
- Reviewing the company and group's management accounts to assess if material matters have been reflected in the underlying assumptions to the forecasts;
- Performing sensitivity analysis on the forecasts provided; and
- Review the going concern disclosure within the financial statements for appropriateness.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

IThe scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the group and parent company financial statements was as follows:

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Independent auditor's report to the members of Etherstack plc

	Group	Company
Materiality	$151,000 (2024: $91,000)	$75,500 (2024: $45,500)
Performance materiality	$105,700 (2024: 63,000)	$52,850 (2024: $31,500)
Triviality	$7,550 (2024: $4,500)	$3,775 (2024: $2,250)
Basis for determining materiality	1.5% of total revenue	2% total assets (capped at 50% group materiality)

We consider the key benchmark in determining materiality for the group to be total revenue. The Group assesses revenue as a key performance indicator of the group. The revenue is deemed the most stable benchmark in comparison to other metric consideration.

We consider the key benchmark in determining materiality for the group to be gross assets. Gross assets have been determined due holding investments being the primary purpose for the Parent. The materiality has been capped at 50% of the group's materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use materiality in determining the scope of our audit and the nature and extent of our audit procedures. In determining performance materiality, we considered the following factors:

- Our cumulative knowledge of the group and its environment, including industry specific trends; and
- The level of judgement required in respect of the key accounting estimates.

Whilst materiality for the financial statements as a whole was set at $151,000, each significant component of the group was audited to a performance materiality of between $48,000 and $85,400, performance materiality is set at between 50%-80% of overall materiality.

We agreed to report to the audit committee any corrected or uncorrected identified misstatements exceeding $7,550 for the group and $3,775 for the parent company, in addition to other identified misstatements that warranted reporting on qualitative controls.

We applied the concept of materiality both in planning and performing the audit, and in evaluating the effect of misstatement. No significant changes have come to light during the audit which required a revision of our materiality for the financial statements as a whole.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. These areas included:

- Going concern;
- Revenue recognition for bespoke long term contracts;
- Carrying value and capitalisation of intangible assets;
- Share based payments; and
- Carrying value of the investment in subsidiaries and intercompany loans.

We also addressed the risk relating to management override of internal controls, including evaluating whether there was evidence of bias in respect of significant accounting estimates by the directors that represented a risk of material misstatement due to fraud.

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Independent auditor's report to the members of Etherstack plc

Key audit matters

IKey audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed the matter
Valuation and capitalisation of internally-generated intangible assets (Group) Refer to the accounting policy and further details in note 9	
The Group develops bespoke software which results in the recognition of internally-generated intangible assets (IAS 38). The valuation of these assets is dependent on the recoverable amount. The amount of intangible assets as at 31 December 2025 was $9,441k. There is a risk that costs being capitalised have not met the criteria under IAS 38 to be capitalised. There is also a risk that the intangible assets held by the Group are stated at more than their recoverable amount and may be impaired (IAS 36).	Our work in this area included: • Updating and documenting our understanding of the system in relation to the ongoing capitalisation of staff time and performing a walkthrough of the system; • Considering the basis for valuation of intangible assets. Ensuring consistency with previous periods and accounting policies; • Testing the capitalised costs and ensuring this is in line with IAS 38 – Intangible Assets; • Obtaining managements impairment assessment over the intangible assets. We reviewed this assessment to understand the basis for recognising / not recognising any impairments in the year; • Where the intangible assets balance involves material accounting estimates, perform the work required under ISA (UK) 540; and • Reviewing the financial statements to ensure appropriate disclosures have been made with regards to the key judgement. We have no matters to report.
Revenue recognition (Group) Refer to the accounting policy and further details in note 2	
Under ISA (UK) 240, there is a rebuttable presumption that revenue recognition is a significant fraud risk. As at 31 December 2025, revenues recorded were $10,091k. Part of the entity's revenue during the period consists of long term contracts for bespoke projects. This is deemed to be a key audit matter given it is driven by contracts which have multiple performance obligations, spanning over multiple years. Given the bespoke nature of these contracts, the long term contracts are to be assessed under IFRS 15 individually, there is significant judgement with determining the performance obligation and allocating a transaction price. There are also complexities within these with regards to determining the contract assets and liabilities and the timings of these release of	Our work in this area included: • Updating our understanding of the information system and related controls relevant to each material income stream; • Evaluating the appropriateness of the information system and the effectiveness of the design and implementation of the related controls; • Performing substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at the year-end to ensure in accordance with the underlying contracts and IFRS 15; • Reviewing of post-year end receipts to ensure completeness of income recorded in the accounting period;

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these. With the above points there is a greater risk to material misstatement.

- Reviewing the key underlying revenue contracts to ensure revenue is being recognised in accordance with the underlying performance obligations and price of the contract;
- For each stage, ascertaining the standalone selling price for each deliverable and whether the milestones have been achieved as per the signed agreement as well as evidencing the software meeting these milestones;
- Ascertaining sales value of after-sales support and ensuring this is calculated and deferred or unwound appropriately in the year; and
- Reviewing the IFRS 15 assessment prepared for sales regarding bespoke software with multi-element performance obligations and ensuring the accounting policies are in line with the appropriate standards.

We have no matters to report.

Recoverability of related party loans (Company)

Refer to the accounting policy and further details in note 13

There are significant loan balances held between the parent company and subsidiaries, as at 31 December 2025 the loans to subsidiaries totalled $23,979k (before impairment).

Management is required to assess these balances for impairment periodically in line with IFRS 9. Given that the investments held in these entities have been fully impaired there is a risk that the related party loan balances are also overstated in Etherstack plc.

Our work in this area included:

- Obtaining documentation to confirm the continued ownership of the subsidiaries at the year end;
- Obtaining management forecasts and budgets to support the investment value, and reviewing management's assessment of the valuation as at 31 December 2025. This included challenging the key inputs to forecasts and performing a sensitivity over the key inputs;
- Reviewing accounting policies and disclosures in the financial statements;
- Understanding the nature of the related parties and transactions, together with the process followed for identification of related parties and transactions by management, including key controls;
- Assessing reasonableness of the cash generating unit identification as well as reviewing and stress testing associated forecasts; and
- Obtaining management's assessment of recoverability of related party loans and challenging their assumptions, including a review against the group entities performance.

Refer to note 13 for the impairment recognised by management. We have no other matters to report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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Independent auditor's report to the members of Etherstack plc

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from Companies Act 2006, ASX regulations, Australian local law and tax law, health an safety law and money laundering regulations.

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Independent auditor's report to the members of Etherstack plc

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - Enquiries of management of any instances of non-compliance;
  - Reviewing of board minutes and RNS announcements for evidence of non-compliance;
  - Reviewing legal expenses ledgers for any evidence of non-compliance; and
  - Obtaining written representations from management.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to both the estimates and judgements in relation to going concern, revenue recognition for bespoke long term contracts, carrying value and capitalisation of intangible assets, accounting for the convertible loan notes, share based payments; and carrying value of the investment in subsidiaries and intercompany loans. We addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate and ensuring that there were adequate disclosures included in the respective notes including the disclosures within critical accounting estimates; and
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Hannes Verwey (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

24 March 2026

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Consolidated Statement of Comprehensive Income

for the year ended 31 December 2025

	Note	2025 $'000	2024 $'000
Revenue from Contracts with Customers	2,3	10,091	5,932
Cost of sales		(5,134)	(4,531)
Gross Profit		4,957	1,401
Other income	2	192	188
Sales and Marketing expenses		(1,125)	(1,408)
Other administrative expenses		(4,284)	(3,736)
Net foreign exchange losses		(57)	(48)
Group operating loss from continuing operations		(317)	(3,603)
Net finance expense	7	(236)	(206)
Loss before taxation		(553)	(3,809)
Income tax expense	8	(147)	(85)
Loss after taxation for the year attributable to the equity holders of the parent		(700)	(3,894)
Other comprehensive (loss)/income			
Items that may be classified subsequently to profit and loss:			
Exchange differences on translation of foreign operations		(164)	69
Total comprehensive loss for the year attributable to the equity holders of the parent		**(864)**	**(3,825)**
		Cents	Cents
Basic loss per share	23	(0.53)	(2.95)
Diluted loss per share	23	(0.53)	(2.95)

The accompanying notes form an integral part of the financial statements.

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Consolidated Statement of Financial Position

as at 31 December 2025

	Note	2025 $'000	2024 $'000
Current assets			
Cash and cash equivalents		2,259	136
Trade and other receivables	13	2,471	3,325
Inventories	12	203	237
		4,933	3,698
Non-current assets			
Property, plant and equipment	11	1,285	248
Trade and other receivables	13	212	412
Intangible assets	9	9,441	8,768
Right-of-use assets	18	610	627
		11,548	10,055
TOTAL ASSETS		16,481	13,753
Current liabilities			
Trade and other payables	14	1,227	1,658
Current tax liabilities		166	219
Employee entitlements	15	878	714
Unearned revenue	16	1,484	1,145
Lease liabilities	18	295	192
Borrowings	19	-	197
		4,050	4,125
Non-current liabilities			
Employee entitlements	15	69	40
Unearned revenue	16	432	352
Lease liabilities	18	366	475
Borrowings	19	2,465	2,443
		3,332	3,310
TOTAL LIABILITIES		**7,382**	**7,435**
NET ASSETS		**9,099**	**6,318**
Capital and reserves			
Share capital	20	802	752
Share premium account	21	19,398	16,042
Other equity		84	84
Merger reserve	21	3,497	3,497
Share based payment reserve		1,175	936
Foreign currency translation reserve	21	(2,993)	(2,829)
Retained earnings		(12,864)	(12,164)
TOTAL EQUITY		**9,099**	**6,318**

The financial statements of Etherstack plc (company registration 07951056) were approved by the Board of Directors and authorised for issue on 24 March 2026. Signed on behalf of the Board of Directors by:



Paul Barnes FCCA, Director

The accompanying notes form an integral part of the financial statements

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Company Statement of Financial Position

as at 31 December 2025

	Note	2025 $'000	2024 $'000
Current assets			
Cash and cash equivalents		2	-
Trade and other receivables	13	75	88
		77	88
Non-current Assets			
Investments in subsidiaries	10	-	-
Trade and other receivables	13	15,133	11,036
		15,133	11,036
TOTAL ASSETS		**15,210**	**11,124**
Current Liabilities			
Trade and other payables	14	302	293
Borrowings	19	-	152
		302	445
Non-current liabilities			
Borrowings	19	2,465	2,443
		2,465	2,443
TOTAL LIABILITIES		**2,767**	**2,888**
NET ASSETS		**12,443**	**8,236**
Capital and reserves			
Share capital	20	802	752
Share premium account	21	19,398	16,042
Other equity		84	84
Merger reserve	21	6,742	6,742
Share-based payment reserve		1,175	936
Retained earnings		(15,758)	(16,320)
TOTAL EQUITY		**12,443**	**8,236**

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As permitted by section 408 of the Companies Act 2006, the income statement of the parent company, Etherstack plc, is not presented as part of the financial statements. The parent company's profit for the financial year was of $562 (2024 loss of $6,963).

The financial statements of Etherstack plc (company registration number 07951056) were approved by the Board of Directors and authorised for issue on 24 March 2026.

Signed on behalf of the Board of Directors

Paul Barnes FCCA, Director

The accompanying notes form an integral part of the financial statements

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Consolidated Statement of Changes in Equity

At 31 December 2025

	Share Capital	Share Premium Account	Other Equity	Merger Reserve	Share Based Payment Reserve	Foreign Currency Reserve	Retained Earnings	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2024	**751**	**16,042**	**84**	**3,497**	**1,131**	**(2,898)**	**(8,780)**	**9,827**
Profit for the year	-	-	-	-	-	-	(3,894)	(3,894)
Other comprehensive income	-	-	-	-	-	69	-	69
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**69**	**(3,894)**	**(3,825)**
Issue of Share Capital	1	-	-	-	-	-	-	1
Cancellation of performance rights	-	-	-	-	(510)	-	510	-
Share based payments	-	-	-	-	315	-	-	315
Transactions with owners	**1**	**-**	**-**	**-**	**(195)**	**-**	**510**	**316**
Balance at 31 December 2024	**752**	**16,042**	**84**	**3,497**	**936**	**(2,829)**	**(12,164)**	**6,318**
Loss for the year	-	-	-	-	-	-	(700)	(700)
Other comprehensive loss	-	-	-	-	-	(164)	-	(164)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**(164)**	**(700)**	**(864)**
Issue of Share Capital (Net of placement cost)	50	3,356	-	-	-	-	-	3,406
Share based payments	-	-	-	-	239	-	-	239
Transactions with owners	**50**	**3,356**	**-**	**-**	**239**	**-**	**-**	**3,645**
Balance at 31 December 2025	**802**	**19,398**	**84**	**3,497**	**1,175**	**(2,993)**	**(12,864)**	**9,099**

The accompanying notes form an integral part of the financial statements.

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Company Statement of Changes in Equity

	Share capital $'000	Share premium account $'000	Other Equity $'000	Merger Reserve $'000	Share based payment reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2024	**751**	**16,042**	**84**	**6,742**	**1,131**	**(9,867)**	**14,883**
Loss for the year	-	-	-	-	-	(6,963)	**(6,963)**
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(6,963)**	**(6,963)**
Issue of Share Capital	1	-	-	-	-	-	1
Cancellation of performance rights	-	-	-	-	(510)	510	-
Share based payments	-	-	-	-	315	-	315
Transactions with owners	**1**	**-**	**-**	**-**	**(195)**	**510**	**316**
Balance at 31 December 2024	**752**	**16,042**	**84**	**6,742**	**936**	**(16,320)**	**8,236**
Profit for the year	-	-	-	-	-	562	**562**
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**562**	**562**
Issue of Share Capital (Net of placement cost)	50	3,356	-	-	-	-	**3,406**
Share based payments	-	-	-	-	239	-	**239**
Transactions with owners	**50**	**3,356**	**-**	**-**	**239**	**-**	**3,645**
Balance at 31 December 2025	**802**	**19,398**	**84**	**6,742**	**1,175**	**(15,758)**	**12,443**

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 $'000	2024 $'000
Cash flows from operating activities			
Receipts from customers		12,041	7,764
Payments to suppliers and employees		(9,187)	(6,856)
Interest paid		(81)	(37)
Government grants and tax incentives		628	230
Income tax paid		(199)	(107)
Net cash generated from operating activities		**3,202**	**994**
Cash flow from Investing activities			
Additions to intangible assets	9	(2,641)	(2,606)
Payments for property, plant and equipment	11	(1,298)	(91)
Net cash used in investing activities		**(3,939)**	**(2,697)**
Cash flows Financing activities			
Proceeds from issue of shares		3,655	-
Share issue cost		(253)	-
Proceeds from loans		187	203
Principal element of lease payments		(236)	(239)
Repayments of loan		(391)	-
Interest paid		(171)	(163)
Net cash flow generated/ (used in) from financing activities		**2,791**	**(199)**
Net increase/(decrease) in cash and cash equivalents		**2,054**	**(1,902)**
Effect of foreign exchange rate changes		69	(23)
Cash and cash equivalents at 1 January		**136**	**2,061**
Cash and cash equivalents at 31 December		**2,259**	**136**

The accompanying notes form an integral part of the financial statements.

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Company Statement of Cash Flows

For the year ended 31 December 2025

	2025 $'000	2024 $'000
Cash flows from operating activities		
Intercompany receipts	459	486
Payments to suppliers and employees	(318)	(388)
Net cash generated from operating activities	**141**	**98**
Cash flows Financing activities		
Intercompany loan advances	(20)	(111)
Repayments of director's loan	(107)	-
Interest paid	(7)	-
Net cash flow (used in) financing activities	**(134)**	**(111)**
Net increase/ (decrease) in cash and cash equivalents	**7**	**(13)**
Effect of foreign exchange rate changes	(5)	(9)
Cash and cash equivalents at 1 January	**-**	**22**
Cash and cash equivalents at 31 December	**2**	**-**

The accompanying notes form an integral part of the financial statements.

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Notes to the Consolidated and Company Financial Statements

Section I: Basis of Accounting

Note 1: Basis of Accounting

Section II: Revenue and Expenses

Note 2: Revenue and Other income
Note 3: Segment information
Note 4: Group operating (loss)/ profit
Note 5-7: Expenses
Note 8: Taxation

Section III: Assets

Note 9: Intangible Assets
Note 10: Subsidiary undertakings
Note 11: Property, Plant and Equipment
Note 12: Inventories
Note 13: Trade and Other receivables

Section IV: Liabilities

Note 14: Trade and other payables
Note 15: Employee entitlements
Note 16: Unearned Revenue
Note 17: Financial Instruments
Note 18: Leases
Note 19: Borrowings

Section V: Share Capital

Note 20: Called up Share Capital
Note 21: Reserves
Note 22: Share based payments
Note 23: Earnings per Share

Section VI: Other Notes

Note 24: Related party transactions
Note 25: Reconciliation of financial liabilities and borrowings arising from financing activities
Note 26: Changes in accounting policy and disclosures

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Notes to the Consolidated and Company Financial Statements

Section I: Basis of Accounting

1 Basis of Accounting

1.1 General Information

The financial statements of Etherstack plc and its subsidiaries (the Group) for the year ended 31 December 2025 were authorised for issue by the Board of Directors on 24 March 2026 and the Statement of Financial Position was signed on the Board's behalf by Mr Paul Barnes. Etherstack plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares, when held as a Chess Depository Interest (CDI) and registered on the CDI register, are tradable on the Australian Securities Exchange (ASX). Ordinary shares on the UK share register cannot be traded on the ASX.

1.2 Basis of Preparation

The Group's financial statements have been prepared in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006 as they apply to the financial statements of the Group for the year ended 31 December 2025.

The Group and Company financial statements are presented in US Dollar ("$") which is the Group's presentational currency. The Group operates in international markets and the US Dollar provides the most comparable currency for peer companies.

The functional currency for the Company is USD.

All values are rounded to the nearest thousand dollars ($000) except where otherwise indicated.

1.3 Basis of consolidation

The Group financial statements consolidate the financial statements of Etherstack plc and the entities it controls (its subsidiaries) drawn up to 31 December each year.

Control is achieved over an entity when the Group is exposed to, or has rights to, variable returns from its involvement and has the ability to affect those returns through its power over the entity. Subsidiary undertakings' results are adjusted, where appropriate, to conform to group accounting policies.

1.4 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also further describes the Group's objectives, policies and processes for financial risk management, including dependence on key contracts, economic and exchange risk, and liquidity risk.

The Directors have prepared cash flow forecasts in order to assess going concern. In addition, the Directors have undertaken sensitivity testing of the forecasts including consideration of changes to the amount and timing of receipt of cashflows. The Directors have also considered the mitigating actions and alternative sources of funding that could be taken in the event there are significant delays in the receipt of these forecasted cashflows. The scenarios considered include a scenario where key contract signings are excluded or delayed by up to six months, however this scenario, is considered unlikely.

Based on existing cash resources, and current and forecasted performance, including consideration of the impacts of macroeconomic uncertainties relevant to the key markets in which Etherstack operates, and a range of mitigating actions that are available, including financial support commitments from Directors, the Directors reasonably expect there to continue to be sufficient cash resources to be able to pay liabilities as they fall due for at least 12 months from the date of approval of these financial statements. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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Notes to the Consolidated and Company Financial Statements

1.5 Foreign currency translation

US$ has been adopted as the presentational currency in these financial statements. The Directors have considered the appropriate functional currency for each individual operation.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Net exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

1.6 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

- Capitalisation of development costs
- Impairment of intangible assets
- Impairment of receivables
- Timing and measurement of revenue

These judgements and estimates are further explained in the applicable notes.

1.7 Material Accounting Policies

Material accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. In addition, changes to accounting policies are set out in Note 26.

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Notes to the Consolidated and Company Financial Statements

Section II: Revenue and Expenses

2. Revenue and Other income

An analysis of the Group's revenue and Other income is as follows:	2025 $'000	2024 $'000
Revenue from Contracts with Customers		
Supply of wireless communications technology	6,229	3,587
Support contracts	3,712	2,293
Royalties	150	52
	10,091	**5,932**
Other income		
Government grants– research and development incentives	192	188

Timing of revenue recognition	2025 $'000			2024 $'000		
	At a point in time	Over time	Total	At a point in time	Over time	Total
Revenue from Contracts with Customers						
Supply of wireless communications technology	6,229	-	**6,229**	3,587	-	**3,587**
Support services	-	3,712	**3,712**	-	2,293	**2,293**
Royalties	150	-	**150**	52	-	**52**
	6,379	**3,712**	**10,091**	**3,639**	**2,293**	**5,932**
Other income						
Government grants– research and development incentives	-	192	**192**	-	188	**188**

Revenue recognition accounting policies

The Group recognises revenue in accordance with IFRS 15 Revenue from Contracts with Customers.

Many of the Group's contracts comprise a variety of performance obligations including, but not limited to, supply of hardware, software licences including royalties, installation/integration services and support services.

The Group evaluates the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if, in the context of a contract with a customer, both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it).

To determine whether to recognise revenue, the Group follows a 5-step process:

1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied

The Group enters into transactions involving a range of the Group's products and services, for example for the delivery of hardware, software and related services. In such cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

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Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as Unearned Revenue in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Licence fees and revenue from the sale of goods

Revenue from the sale of goods, including manufactured equipment sales and white labelled equipment sales, is recognised at a point in time when the performance obligations are satisfied.

Technology access licence revenues are recognised at a point in time on the same basis as the sale goods unless there are ongoing performance obligations associated with them. Revenue attributable any ongoing performance obligation is recognised as the ongoing performance is fulfilled.

Rendering of services

Services include wireless technology design, customisation and integration services.

Depending on the circumstances of the agreement and the performance obligations identified within the contract, revenue from these services may be recognised either on a time-and-materials basis as the services are provided or where the Group enters into a contract for a fixed fee, the related revenue will be recognised over time. Revenue is recognised over time as the asset does not have an alternative use and the Group has a right to receive payment for work to date. To determine when and to what extent revenue can be recognised on a fixed fee arrangement, the Group measures its progress towards satisfaction of the performance obligation by comparing actual time spent to date with the total estimated time.

Revenue from support contracts

Revenue from support contracts is recognised evenly over the period of the support contract as the customer receives and consumes the benefit as the Group performs support. The unearned support revenue liability is that portion of support revenue that Etherstack has not yet earned in profit or loss as it represents support services to be provided by Etherstack after the balance date.

Royalties

Royalties that are sales or usage based are recognised at a point in time at the later of when the sale or usage occurs or the performance obligation is satisfied. Minimum royalty commitments are recognised as Royalty revenue when licences are granted as these are not dependent on sales or usage. Royalty revenues are generated from licence agreements whereby equipment manufacturers pay Etherstack a licence fee per item manufactured, for the use of Etherstack technology in their products, such as digital radio base stations and radio handsets.

Government grants

Government grants are recognised over time when it is reasonable to expect that the grants will be received and that all related conditions will be met. Government grants in respect of capital expenditure are credited to a unearned income account and are released as income by equal annual amounts over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Key Judgements: revenue recognition

Judgement may be required in determining the timing and measurement across all revenue streams at contract commencement, including:

- unbundling revenues,
- determining the separable or distinct nature of performance obligations,
- determining the role as either principal or agent,
- assigning revenue to separate and distinct deliverables, and

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- determining stand-alone selling prices. For a particular project, judgements may be based upon comparisons with similar contracts (or proposals) or upon internal estimates of the engineering efforts required to deliver the projects.

3. Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group Chief Executive Officer, being the chief operating decision maker to allocate resources and to assess performance. The Group is operational in geographical locations including the United Kingdom, United States, Japan and Australia. The Group operates and reports as one operating segment and is not analysed by management in either separate functions or geographical regions, as due to the nature of the work and complexity of the software, there is a large degree of collaboration and integration across countries for any given project.

Geographical information

Revenue from external customers	**2025 $'000**	**2024 $'000**
Country of domicile		
United States of America	5,848	1,617
Canada	692	907
Australia	2,261	3,296
South Korea	900	-
Other	390	112
	10,091	**5,932**

Non-current assets	**2025 $'000**	**2024 $'000**
Country of domicile		
United States	1,524	561
Australia	537	646
United Kingdom	9,454	8,775
Other	33	73
	11,548	**10,055**

Revenues from a single customer amounting to more than 10% of Group revenue	**2025 $'000**	**2024 $'000**
Customer A	3,894	1,684
Customer B	900	715
Customer C	893	685
	5,687	**3,084**

Revenues from customers which do not amount to more than 10% of Group revenue in a particular period are not disclosed.

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4. Group operating (loss)/profit

This is stated after charging:

	2025 $'000	2024 $'000
Depreciation of property, plant and machinery	153	237
Depreciation of property, plant and machinery-Data Center (included in COS)	121	-
Depreciation of Right-of-use-assets	217	200
Rental expense	66	77
Inventory costs charged to costs of sales	406	748
Amortisation of intangible assets	1,968	1,994

5. Auditor's remuneration

The Group paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Group:

	2025 $'000	2024 $'000
PKF Littlejohn LLP		
Fees payable to the company auditors for the audit of the company's annual accounts	151	129
Fees payable to the company's auditors and its associates for other services		
Audit of the accounts of subsidiaries	42	42
Audit related assurance services	37	-
Tax compliance services	7	-
Grant Thornton UK LLP		
Fees payable to the company's auditors and its associates for other services		
Audit related assurance services	-	51
Tax compliance services	51	16
	288	**238**

6. Staff costs and Directors' emoluments

a) Staff costs (Excluding Directors' emoluments)	2025 $'000	2024 $'000
Wages and salaries	6,016	5,681
Social security costs	217	148
Pension costs	338	341
	6,571	**6,170**

$239 share-based payments included in wages and salaries for the current year (2024: $315).

The staff costs set out above include $2,081 (2024 $2,211) which have been capitalised in accordance with the accounting policies outlined in Note 9.

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The average number of employees during the year was:

	2025 Number	2024 Number
Executive Directors	1	1
Engineering	35	29
Management, sales & administrative	13	10
	49	**40**

b) Directors' emoluments	2025 $'000	2024 $'000
Remuneration	492	459
Pension costs	39	38
Deferred equity compensation (see Note 1 below)	-	250
	531	**747**

Note 1 Directors equity compensation – see also Directors Remuneration table in Directors' report

Deferred equity compensation plans comprise performance rights issued to the Directors in 2021. In 2024, all Directors performance rights plans were cancelled without compensation. Under IFRS 2 Share-based Payments, the company is required to recognise an expense of $250 being the expected future cost of the plan notwithstanding the plan has been cancelled and no performance rights will be issued to the Directors under the 2021 plan.

In respect of the highest paid director:		
Remuneration	275	281
Company contributions to pension schemes	32	32
Deferred equity compensation	-	192
	307	505

The number of directors who are accruing benefits under:	2025 Number	2024 Number
Defined contribution schemes	2	2

Employee benefits and retirement benefits - Accounting policies

Short-term employee benefits

The cost of short-term employee benefits, (those expected to be settled wholly within 12 months after the service is rendered, such as paid annual leave and sick leave, bonuses and non-monetary benefits), are recognised in the period in which the service is rendered and are not discounted.

Long-term employee benefits

Liabilities for long service leave expected to be settled within the next 12 months are recognised in the provision for long service leave and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for long service leave expected to be settled more than 12 months from the balance date are also recognised in the provision for long service leave and consider expected employee service periods, and salary increases and are measured at a discounted amount based upon estimated settlement dates.

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Employee benefit on-costs

A liability is also carried for related costs, including payroll tax and other insurances, in respect of provisions for certain employee benefits which attract these costs.

Payments to defined contribution retirement benefit schemes

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

7. Finance Costs

	2025 $'000	2024 $'000
Related party loans (Note 24)	7	2
Borrowings	184	181
Interest- Right-of-Use assets	76	33
Other interest	-	5
Interest income	(31)	(15)
	236	**206**

8. Taxation

Tax (credited)/charged in the statement of comprehensive income	**2025 $'000**	**2024 $'000**
Current income tax:		
UK corporation tax and income tax	(19)	(115)
Foreign tax	172	171
Current income tax expense	153	56
Amounts (over) / under provided in previous years	(6)	29
Tax expense in the statement of comprehensive income	**147**	**85**
The tax expense in the statement of comprehensive income is disclosed as follows:		
Income tax expense on continuing operations	147	85

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Reconciliation of the total tax (credit)	2025 $'000	2024 $'000
The tax benefit in the statement of comprehensive income varies from the prima facie tax charge based on the standard rate of corporation tax in the UK of 25% (2024 25%). The differences are reconciled below:		
Loss before income tax	(553)	(3,809)
Tax at the UK corporation tax rate of 25% (2024: 25%)	(138)	(952)
Expenses not deductible for tax purposes	52	81
Additional deductions for R&D expenditure	(16)	(148)
Surrendered tax losses for R&D tax credit refund	16	204
Tax losses not recognised in the current year	227	923
Difference in overseas tax rates	12	(52)
Amounts (over) / under provided in previous years	(6)	29
Total tax expense in the statement of comprehensive income	147	85

Accounting policies

The tax currently payable is based on taxable profit or loss for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all material taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

No deferred tax liabilities have been recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, as the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. The UK corporate income tax rate is 25% with effect from 2023. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity or when it relates to items in other comprehensive income, in which case it is recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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The Group is subject to income and other tax in the UK, USA, Australia, Japan and other countries. Judgement is required in determining the provision for income and other taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made. Deferred tax assets are recognised relating to tax losses only to the extent that it is probable future taxable profits will arise in that jurisdiction.

Unrecognised tax losses

The Group has tax losses in the United Kingdom of $8,849 (2024 $9,809) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. A deferred tax asset has been recognised in connection with these losses to the extent that deferred tax liabilities have arisen in connection with temporary differences. These deferred taxation balances are summarised below. No deferred tax asset has been recognised in respect of losses carried forward as it is not considered probable that these will reverse in the near future. No deferred tax liability is recognised on temporary differences relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences.

Income tax incentives

There has been a significant income tax benefit realised by the Group in 2023 and 2022 as a consequence of research and development activities by UK resident companies in the Group. The benefit is recognised in the year in which the research and development activities are undertaken. There may be judgement required in determining the likely benefit to be received. Eligible expenditure gives rise to enhanced tax deductions which has created tax losses. Under current legislation, a portion of these losses may be surrendered in return for cash refunds. The tax effect of losses surrendered in 2025 were $16 and in 2024 were $204.

Deferred taxation balances

Net deferred tax liabilities arise in connection with the following items:

	2025 $000	2024 $000
Deferred tax assets arising through temporary differences of:		
Employee entitlements	231	181
Other	26	46
Tax losses (Note 1)	2,103	1,965
Deferred tax liabilities arising through temporary differences of:		
Intangible assets	2,360	2,192
Net deferred tax liability	-	-
Reconciliation of deferred tax liabilities, net		
As of 1 January	-	-
Tax expense recognised in profit or loss:		
Intangible assets	(168)	(153)
Employee entitlements	50	13
Other	(20)	17
Benefit of tax losses not previously recognised (Note 1)	138	123
As at 31 December	-	-

Note 1 - Deferred tax assets have been recognised to the extent that deferred tax assets can be utilised against the deferred tax liabilities.

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SECTION III: ASSETS

9. Intangible assets (Group)

	Capitalised development costs $000	Engineering software $000	Total $000
Cost			
At 1 January 2024	30,007	842	30,849
Additions	2,531	75	2,606
At 31 December 2024	32,538	917	33,455
Additions	2,443	198	2,641
At 31 December 2025	34,981	1,115	36,096
Accumulated amortisation and impairment			
At 1 January 2024	22,075	618	22,693
Charge for the year	1,906	88	1,994
At 31 December 2024	23,981	706	24,687
Charge for the year	1,917	51	1,968
At 31 December 2025	25,898	757	26,655
Carrying amount			
At 31 December 2025	**9,083**	**358**	**9,441**
At 31 December 2024	**8,557**	**211**	**8,768**

Intangible assets accounting policies

Intangible assets comprise internal and external costs incurred on the development of intellectual property massets that meet the criteria under IAS 38 Intangible assets, Acquired customer relationship assets, goodwill and engineering software.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's intellectual property development is recognised if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- technical feasibility of completing the asset so that it will be available for use or sale;
- the Group intends to complete the asset and use or sell it;
- the Group has available adequate technical, financial and other resources to complete the
- development and to use or sell the asset;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

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These criteria are assessed on a project by project basis from the outset and continually through to project completion. This assessment requires management judgement to determine whether the criteria are met, which is often reliant on expectations of future events, in particular, potential customer contracts and technical feasibility assessments in project management reports.

Internally-generated intangible assets have a finite useful life, and are amortised on a straight-line basis over their useful life estimate. The useful life of these assets is estimated as the shorter of 6 years or the estimated product life. Where material research and development expenditure is incurred to increase the functionality or performance of an existing asset and thereby extend the useful commercial life of the existing asset, this additional expenditure is capitalised and amortised over the shorter of 3 years and the estimated useful life. Amortisation of the asset begins when development is complete and the asset is available for use, such that it can be deployed to customers. The amortisation charge is included in cost of sales. During the period of development, the asset is tested for impairment annually.

Engineering software

Purchased engineering software (including licences) is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight line basis over 5 years from the date the software is installed. The asset is tested for impairment where there are indicators of impairment.

Impairment testing of intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, a line by line assessment of individual assets is undertaken to identify assets that no longer meet the recognition criteria under IAS 38 or have been otherwise abandoned. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

As part of the impairment testing at each balance sheet date, the Group assesses the number of cash-generating units in operation. In 2025, all assets have been considered to be part of one cash-generating unit (CGU) (2024 one cash-generating unit).

Intangible Assets: Significant judgements

Capitalisation and recoverability of Development costs

During the year, the Group recognised internally-generated intangible assets totalling $2,443 (2024 $2,531) and there were $nil (2024 $nil) development costs expensed. Significant judgement is required in assessing whether development costs met the conditions for capitalisation as set out in the Group's accounting policy.

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Impairment Testing

As noted above, at balance date the Group reviewed the carrying value of intangible assets to determine whether any impairment indicators exist. The outcome of the review was that no impairment indicators exist.

In addition, the Group reviewed the carrying value of developments which have not been completed and the asset is not yet available for use, for any impairment indicators. The Group considers the intentions to proceed with planned and in progress developments amongst other factors when reviewing for indicators of impairment. The outcome of this 2025 review is a $nil (2024 $nil) impairment adjustment. Judgement is required in (a) forecasting future revenues from projects which are incomplete at the balance sheet date and (b) assessing the technical feasibility of the incomplete projects.

10. Subsidiary undertakings	**Company 2025**	**Company 2024**
	$000	**$000**
Subsidiary undertakings at cost	8,402	8,402
Less impairment provision	(8,402)	(8,402)
	-	-

The Company's investments at 31 December 2025 in the share capital of other companies comprises:

Subsidiary undertakings	Holding	Class of share	Country of incorporation	Registered Address
Etherstack Wireless Limited	100%	Ordinary	England and Wales	Suite 12, The Blade, Abbey Square, Reading RG1 3BE United Kingdom
Indian Pacific Nederland BV *	100%	Ordinary	Netherlands	Kerkstraat 408-1, 1017 JC Amsterdam, Netherlands
Etherstack Inc.*	100%	Ordinary	USA	16 Madison SQ W New York NY 10010 United States
Etherstack Pty Limited *	100%	Ordinary	Australia	64 Rose St, Chippendale NSW 2008 Australia
Auria Wireless Pty Limited*	100%	Ordinary	Australia	64 Rose St, Chippendale NSW 2008 Australia
Etherstack Japan Limited *	100%	Ordinary	Japan	12F Daiwa Jisho Building 74-1 Yamashita-cho Naka-ku Yokohama Kanagawa 231-0023 Japan

* These companies are owned via another Group entity, with Etherstack plc the ultimate parent company of the Group.

All of the companies in the Group develop and sell wireless software communications products.

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Accounting policies: Investments in subsidiaries

Investments are carried at their historic cost, and are reviewed annually for impairment. Any impairment losses are booked in the year that they arise.

Subsidiaries are consolidated from the date of their acquisition. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent company and are based on consistent accounting policies. All intra-Group balances and transactions, including unrealised profits arising from them, are eliminated in full.

Accounting policy: Translation differences arising on net investment in a subsidiary

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the consolidated financial statements that include the foreign operation and the reporting entity, such exchange differences are recognised in other comprehensive income.

Significant judgement: determining the items which form the net investment in a foreign operation

Judgement may be required in determining which items form the net investment in a foreign operation. Long term loans funding the operations of the foreign operations have been considered as part of the net investment.

11. Property, plant and equipment (Group)

Cost	Leasehold improvements $'000	Furniture & equipment $'000	Computer equipment $'000	Data centre $'000	Total $'000
At 1 January 2024	390	385	602	-	1,377
Additions	-	43	48	-	91
Exchange differences	(36)	(14)	(27)	-	(77)
At 31 December 2024	354	414	623	-	1,391
Additions	-	83	123	1,092	1,298
Exchange differences	27	11	25	-	63
At 31 December 2025	381	508	771	1,092	2,752
Accumulated depreciation					
At 1 January 2024	237	223	503	-	963
Charge for the year	123	56	58	-	237
Exchange differences	(29)	(9)	(19)	-	(57)
At 31 December 2024	331	270	542	-	1,143
Charge for the year	21	69	63	121	274
Exchange differences	26	6	18	-	50
At 31 December 2025	378	345	623	121	1,467
Carrying amount					
At 31 December 2025	**3**	**163**	**148**	**971**	**1,285**
At 31 December 2024	**23**	**144**	**81**	**-**	**248**

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Accounting policy:

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised so as to write-off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvements	over 5 years (or the length of the lease, whichever is shorter)
Computer equipment	over 3 years
Furniture and equipment	over 5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

12. Inventories

	2025 $'000	2024 $'000
Work in Progress	203	237
	203	**237**

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

13. Trade and Other receivables

	Group		Company	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Current				
Trade debtors	683	1,953	-	-
Contract assets	326	426	-	-
Other debtors	1,443	644	75	88
Research and development incentives	19	302	-	-
	2,471	**3,325**	**75**	**88**
Non-current				
Contract asset	212	412	-	-
Amounts receivable from Group undertakings	-	-	23,979	19,594
Less: Impairment	-	-	(8,846)	(8,558)
	212	**412**	**15,133**	**11,036**

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

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Accounting policy

Trade receivables disclosed above are classified as financial assets at amortised cost.

Contract assets from contracts in progress represents income derived from contracts in progress at the end of the period.

No interest is charged on the receivables for the first 30 days from the date of the invoice. Thereafter, the Group reserves its right to charge interest at various rates on the outstanding balance. The Group recognises, where appropriate, an allowance for expected credit losses. Before accepting a new customer, the Group assesses the likely credit risk of the potential customer principally by reference against the complexity and nature of the project.

There are 5 (2024: 3) customers who each represent more than 5 per cent of the total balance of trade receivables.

Expected credit losses: Trade and other debtors

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. There is no history of credit losses from Trade and Other debtors. The expected loss rates are based on the payment profiles of sales over a period of 48 months before 31 December 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Expected credit losses: Amounts receivable from Group undertakings

Similarly, the Company applies the IFRS 9 simplified approach to measuring expected credit losses. The expected loss rates are based on the forecast ability of Group undertakings to generate future cashflows and the cash position of the Group undertakings at year end. There are no historical losses as repayment of the Amounts receivable from Group undertakings has not been sought. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors in particular the profitability of the Group undertakings in 2023 and 2024.

Significant judgement: Impairment adjustment

There is an impairment adjustment in 2025 of $288 (2024 $ 7,623). The Directors have considered:

- the book value of the loans made to subsidiary companies and the net assets available for the subsidiary companies to repay the loans; and
- the net asset position of Etherstack plc is greater than the consolidated net asset position,

and, on this basis, has made the judgement to impairment the amount recorded as receivable from Group undertakings.

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SECTION IV: LIABILITIES

14. Trade and other payables

	Group		Company	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Current				
Trade payables	743	837	128	130
Directors' payable	-	223	-	-
Accruals	472	479	169	159
Other taxes and social security costs	12	119	5	4
	1,227	**1,658**	**302**	**293**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade and other payables approximates their fair value.

15. Employee Entitlements

	Group		Company	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Current				
Leave entitlements	736	604	-	-
Retirement benefits	125	83	-	-
Other	17	27	-	-
	878	**714**	-	-
Non-current				
Leave entitlements	69	40	-	-
	69	**40**	**-**	**-**

16. Unearned Revenue

	Group	
	2025 $'000	2024 $'000
At 1 January	1,497	1,337
Deferred during the year	7,766	4,540
Released to the income statement during the year	(7,347)	(4,380)
At 31 December	**1,916**	**1,497**
Current	**1,484**	**1,145**
Non-current	**432**	**352**

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Notes to the Consolidated and Company Financial Statements

17. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Financial assets at amortised cost'. The Group's financial assets comprise of trade and other receivables which are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provisions for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and fixed-term deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash.

Other financial liabilities

Other financial liabilities, including trade and other payables, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders. The Group has funded itself through share issues, convertible note issues, short term related party loans and cash generation from the business. The capital structure of the Group consists of equity attributable to equity holders of the Parent, comprising issued capital, reserves and retained profits as disclosed in Notes 20 and 21 and the Statement of Changes in Equity.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

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Notes to the Consolidated and Company Financial Statements

Categories of financial instruments

	Group: Carrying value		Company: Carrying value	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Financial assets at amortised cost				
Cash and cash equivalents	2,259	136	2	-
Trade debtors	683	1,953	-	-
Contract assets	538	838	-	-
Other debtors	1,392	644	75	88
Receivable from Group undertakings	-	-	23,979	18,659
	4,872	**3,571**	**24,056**	**18,747**
Financial liabilities at amortised cost				
Borrowings at amortised cost	2,465	2,640	2,465	2,595
Lease liabilities	661	667	-	-
Trade payables	743	837	128	130
Related party loans	-	223	-	-
Accruals	472	479	169	159
	4,341	**4,846**	**2,762**	**2,884**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on undiscounted payments:

Group: Year ended 31 December 2025	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables and accruals	-	743	-	-	-	743
Other payables	-	472	-	-	-	472
Borrowings at amortised cost	-	-	-	2,465	-	2,465
Lease liabilities	-	50	246	365	-	661
	-	**1,265**	**246**	**2,830**	**-**	**4,341**

Group: Year ended 31 December 2024	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables and accruals	-	837	-	-	-	837
Other payables	-	702	-	-	-	702
Borrowings at amortised cost	-	-	197	2,443	-	2,640
Lease liabilities	-	49	143	475	-	667
	-	**1,588**	**340**	**2,918**	**-**	**4,846**

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Company: Year ended 31 December 2025	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables and accruals	-	128	-	-	-	128
Other payables	-	169	-	-	-	169
Borrowings at amortised cost	-	-	-	2,465	-	2,465
	-	**297**	**-**	**2,465**	**-**	**2,762**

Company: Year ended 31 December 2024	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables and accruals	-	130	-	-	-	130
Other payables	-	159	-	-	-	159
Borrowings at amortised cost	-	-	152	2,443	-	2,595
	-	**289**	**152**	**2,443**	**-**	**2,884**

Group and Company Financial risk management objectives

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk evaluations which analyse exposure by degree and magnitude of risks. These risks include market risk, including currency risk, credit risk and liquidity risk.

The Group may use derivative financial instruments to hedge these risk exposures although no derivatives were used in 2025 (2024 $nil). The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

A sensitivity analysis has been prepared for foreign currency exchange rates in the foreign currency risk section.

Credit risk management

Credit risk refers to the risk a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure is continuously monitored.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December, as summarised below:

	2025 $'000	2024 $'000
Trade and other debtors - Current (Note 13)	2,075	2,597
- Non-Current (Note 13)	-	-
Cash and cash equivalents	2,259	136
	4,334	2,733

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Trade receivables consist of a number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and at year end the trade receivables are assessed on an individual basis for any expected credit losses. The expected credit loss for trade and other receivables is $Nil (2024 $33).

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company's exposure to credit risk is limited to the amounts advanced to subsidiary companies $23,979 (2024 $19,594). The Company assesses the recoverability of these receivables by reference to the cash flow forecast prepared for assessing the recoverable amount of the intangible assets and judgements of the probability of defaults and the loss in the event of default. The Company considers a range of possible scenarios and outcomes over the timeframe likely to be required for the subsidiaries to generate the cash to repay the loans and from this range of reasonably likely outcomes selects a conservative position for balance date.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking (cash) facilities, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Foreign currency risk

The Group operates in the United Kingdom, Europe, North America, Australia, and Japan and has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The Group and Company also have trade and other receivables (including intergroup balances) and trade and other payables (including intergroup balances) denominated in foreign currencies; and also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group closely monitors foreign currency risk and enters into hedging transactions when deemed necessary. No hedging transactions were entered into in 2025 (2024 nil).

The Group's and Company's currency exposure is as follows:

Foreign currency sensitivity
The following tables demonstrate the sensitivity to a reasonably possible change in the US Dollar and Pound sterling and Australian dollar exchange rates, with all other variables held constant for the Group. The impact on the Group's and the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's and Company's exposure to foreign currency changes for all other currencies is not considered material.

	Change in USD/GBP rate	Effect on profit before tax $000	Effect on other components of equity $000
2025	+10%	9	-
	-10%	(9)	-
2024	+10%	1	-
	-10%	(1)	-
	Change in USD/AUD rate	**Effect on profit before tax $000**	**Effect on other components of equity $000**
2025	+10%	240	85
	-10%	(240)	(85)
2024	+10%	388	(122)
	-10%	(388)	122

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Notes to the Consolidated and Company Financial Statements

18. Leases

Right-of-use assets

Right-of-use assets are presented in the statement of financial position as follows:

Office Buildings	Group	
	2025	2024
	$'000	$'000
At 1 January	**1,132**	**700**
Additions	265	649
Disposals	(544)	(158)
Exchange Differences	54	(59)
At 31 December	**907**	**1,132**
Depreciation		
At 1 January	**(505)**	**(512)**
Charge for the year	(276)	(200)
Disposals	505	158
Exchange Differences	(21)	49
At 31 December	**(297)**	**(505)**
Carrying amount 31 December	**610**	**627**

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	Group	
	2025	2024
	$'000	$'000
Current	295	192
Non-current	366	475
Total	**661**	**667**

With the exception of short-term leases and leases of low-value underlying assets, leases are reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases of office buildings, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group

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must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	Number of Right-of-use assets leased	Range of remaining lease term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Office building	3	1-2.5 years	1.67 years	3	-	2	-
Data center	3	2-2.5 years	2.33 years	NA	-	-	-

The lease liabilities are secured by the related underlying assets. Future minimum lease payments are as follows:

	Within 1 year	1-2 years	After 2 years
31 December 2025			
Lease payments	351	333	57
Interest charges	(56)	(24)	-
Net present values	295	309	57

	Within 1 year	1-2 years	After 2 years
31 December 2024			
Lease payments	295	253	260
Interest charges	(71)	(49)	(21)
Net present values	224	204	239

Additional information on the right-of-use assets is as follows:

	Carrying amount	Depreciation expense	Impairment
31 December 2025			
Office buildings	404	217	-
Data center	206	59	-
31 December 2024			
Office buildings	627	200	-

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Notes to the Consolidated and Company Financial Statements

19. Borrowings

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Current				
Borrowings at amortised cost **(Note a)**	-	197	-	152
Non-current				
Borrowings at amortised cost **(Note b)**	2,465	2,443	2,465	2,443
	2,465	**2,640**	**2,465**	**2,595**

a) Related party short term borrowings
Borrowing from directors. Key terms are as follows:

- Unsecured;
- 6% interest payable; and
- repayable on demand or at Etherstack's option.

b) Borrowings
Borrowings are a funding agreement which commenced on 29 June 2023. Key terms are as follows:

- Principal is USD 2,500;
- Unsecured;
- 6.5% interest payable quarterly in arrears;
- Maturity date is 29 June 2027;
- Associated option agreement allows the lender, at any time prior to maturity, to exercise the option for the issue of 6,491,228 fully paid ordinary Etherstack plc shares in full settlement of the debt; and
- Etherstack may repay the debt in full at any time prior to maturity on 30 days written notice to the lender.

Accounting treatment

The funding agreement entered into by the Company includes an option for the lender to convert the loan into equity. The initial fair value of the liability portion of the borrowings was determined using a market interest rate for an equivalent non-convertible borrowing at the issue date. This interest rate is a Level 3 input and was estimated to be 7.5% based on rates applicable to comparable loans without conversion rights. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity as the Value of Conversion Rights, and not subsequently remeasured.

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Notes to the Consolidated and Company Financial Statements

SECTION V: SHARE CAPITAL

20. Called up share capital

	Company 2025 $'000	2024 $'000
Issued, allotted and fully paid		
141,549,695 (2024; 132,162,002) ordinary shares of 0.4p each	802	752

In 2025, there was 9,387,693 share issues.

- On 17 January 2025, 10,000 fully paid ordinary shares were issued as a result of the exercise of performance rights.
- On 18 July 2025, 400,000 fully paid ordinary shares were issued as a result of the exercise of performance rights.
- On 22 July 2025, 40,000 fully paid ordinary shares were issued as a result of the exercise of performance rights.
- On 6 August 2025, 100,000 fully paid ordinary shares were issued as a result of the exercise of performance rights.
- On 24 Sept 2025, 100,000 fully paid ordinary shares were issued as a result of the exercise of performance rights.
- On 1 October 2025, 10,000 fully paid ordinary shares were issued as a result of the exercise of performance rights.
- On 25 November 2025, 8,538,462 fully paid ordinary shares were issued as a result of the capital raise via placement.
- On 5 December 2025, 169,231 fully paid ordinary shares were issued as a result of the capital raise via placement.
- On 5 December 2025, 20,000 fully paid ordinary shares were issued as a result of the exercise of performance rights.

In 2024, the company conducted a unmarketable parcel buyback. Under the ASX Listing Rules, any holding valued at less than AUD$500.00 is considered to be an "unmarketable parcel". Under the buyback the Company bought back 293,118 Chess Depositary Interests (CDIs) from 211 holders for total proceeds of $42. These CDIs were subsequently placed with independent investors for the same consideration. As a consequence, there is no change in issued share capital.

The Company has one class of ordinary shares which carry no rights to fixed income. Each ordinary share carries the right to a vote at Shareholder meetings, rights to dividends and a right to participate in any surplus on the winding up of the Company.

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Notes to the Consolidated and Company Financial Statements

21. Reserves

Details of movements in reserves are included in the Consolidated and Company Statements of changes in equity respectively.

Merger Reserve

A merger reserve was originally created upon the acquisition of a commonly controlled entity in 2006 and increased as part of the Group reorganisation on 19 March 2012.

Share Premium Account

The share premium account is used to record the premium of the issue price for new issues of shares over the par value of those shares. The share premium account also records the costs directly attributable to the issue of new shares.

Foreign currency translation reserve

The Group foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

22. Share based payments

The Group has an equity settled share option scheme. Details of the share options outstanding are as follows:

	2025		2024	
	Number of share options	Weighted average exercise price (AUD)	Number of share options	Weighted average exercise price (AUD)
Outstanding at beginning of year	1,500,000	0.10	1,500,000	0.10
Exercised during the year	0		0	
Outstanding at end of year	1,500,000	0.10	1,500,000	0.10
Exercisable at end of year	1,500,000		1,500,000	

During the year, nil (2024: Nil) options were exercised.

There were 3,000,000 options issued on 10 August 2016 with an exercise price of AUD$0.10 and expiring on 10 August 2026.

The options outstanding at 31 December 2025 had a weighted average exercise price of AUD 0.10 (2024 AUD 0.10), and a weighted average remaining contractual life of 0.6 years (2024: 1.6 years).

In addition, the Group operates the Etherstack Long Term Incentive plan under which performance rights are granted.

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Notes to the Consolidated and Company Financial Statements

Set out below are summaries of performance rights granted under the Etherstack Long term Incentive plan

Grant Date	Expiry Date	Balance at start of year	Granted	Vested	Expired/ forfeited/ other	Balance at end of year
4 March 2022	31 December 2025	10,000	-	(10,000)	-	-
5 September 2022	5 September 2026	15,000	-	(15,000)	-	-
3 November 2022	30 June 2026	60,300	-	-	-	60,300
6 March 2023	6 March 2027	15,000	-	(15,000)	-	-
12 July 2023	31 December 2026	90,000	-	(90,000)	-	-
25 September 2023	30 September 2027	20,000	-	(20,000)	-	-
18 October 2023	31 October 2026	10,000	-	-	-	10,000
8 Jan 2024	7 Jan 2028	15,000	-	-	-	15,000
12 August 2024	12 August 2028	30,000	-	-	-	30,000
13 June 2025	30 June 2027	-	100,000	(100,000)	-	-
13 June 2025	1 July 2027	-	400,000	(400,000)	-	-
13 June 2025	1 July 2027	-	20,000	-	-	20,000
13 June 2025	30 June 2028	-	20,000	-	-	20,000
13 June 2025	1 July 2027	-	10,000	(10,000)	-	-
13 June 2025	12 June 2029	-	10,000	-	-	10,000
13 June 2025	12 June 2030	-	10,000	-	-	10,000
13 June 2025	1 July 2027	-	10,000	(10,000)	-	-
13 June 2025	12 June 2028	-	25,000	-	-	25,000
13 June 2025	12 June 2028	-	19,000	-	-	19,000
13 June 2025	12 June 2029	-	25,000	-	-	25,000
13 June 2025	12 June 2029	-	19,000	-	-	19,000
13 June 2025	12 June 2029	-	10,000	-	-	10,000
13 June 2025	12 June 2030	-	10,000	-	-	10,000
27 June 2025	2 October 2027	-	15,000	-	-	15,000
27 June 2025	14 September 2028	-	15,000	-	-	15,000
27 June 2025	5 March 2029	-	15,000	-	-	15,000
27 June 2025	29 April 2029	-	15,000	-	-	15,000
27 June 2025	30 June 2028	-	50,000	-	-	50,000
27 June 2025	22 June 2029	-	75,000	-	-	75,000
29 August 2025	29 August 2027	-	20,000	-	-	20,000
29 August 2025	29 August 2027	-	10,000	(10,000)	-	-
29 August 2025	31 August 2028	-	20,000	-	-	20,000
29 August 2025	31 August 2029	-	26,000	-	-	26,000
1 September 2025	31 August 2029	-	15,000	-	-	15,000
23 September 2025	22 September 2025	-	50,000	-	-	50,000

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7 October 2025	6 October 2029	-	60,000	-	-	60,000
14 October 2025	14 October 2027	-	20,000	-	-	20,000
14 October 2025	30 December 2028	-	20,000	-	-	20,000
1 December 2025	30 November 2029	-	40,000	-	-	40,000
		265,300	**1,154,000**	**(680,000)**	**-**	**739,300**

	2025		2024	
	Number of performance rights	Weighted average exercise price (AUD)	Number of performance rights	Weighted average exercise price (AUD)
Outstanding at beginning of year	265,300	0.007	2,575,300	0.007
Granted during the year	1,154,000		60,000	
Forfeited/Lapsed during the year	-		(15,000)	
Exercised during the year	(680,000)		(255,000)	
Cancelled during the year	-		(2,100,000)	
Outstanding at end of year	739,300	0.008	265,300	0.008
Exercisable at end of year	145,300		85,300	

The performance rights outstanding at 31 December 2025 had a weighted average exercise price of AUD 0.008 (2024 AUD 0.008), and a weighted average remaining contractual life of 2.9 years (2024: 2.1 years).

There were no performance rights issued in the current year with market based vesting conditions. Vesting of all performance rights issued in 2024 and 2025 are based upon non market based conditions. All performance rights issued in 2024 and 2025 were issued with GBP 0.4p exercise price.

Vesting of these rights is based upon service conditions, such as retention periods and project related goal achievement and therefore the fair value of these performance rights is based upon the ASX market price at the date of grant.

2,100,000 performance rights granted in 2021 included Market based performance conditions, the valuation inputs used to determine the fair value at the grant date are as follows:

Grant Date	Expiry Date	Fair value at grant date	Market based performance condition	Other inputs where applicable
16 June 2021	31 December 2026	AUD 0.39	AUD $2.00 share price	These performance rights vest upon a market-based performance condition. Inputs are the market price and volatility of Etherstack plc CDIs as traded on the Australian Securities exchange (ASX) and assumptions of (i) nil dividends and (ii) 0.7% per annum as the risk free interest rate.
16 June 2021	31 December 2026	AUD 0.32	AUD $3.00 share price	

The above performance rights which included Market based performance conditions were cancelled in 2024 for no consideration. A share-based payments expense of $269 was recognised on cancellation of the rights.

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The performance rights vest once the holder of the right has satisfied various performance conditions set out in the offer letter. The performance conditions may include one or more of:

(i) service to the Company of a minimum period of time;

(ii) achievement of specific performance conditions by the participant and/or by the Company;

(iii) a vesting period following satisfaction of performance conditions before the Performance Rights vest; or

(iv) such other performance conditions as the Board may determine and set out in the Offer.

The Board in its absolute discretion determines whether performance conditions have been met.

The Group recognised total expenses of $239, (2024 $315 including the expense of $269 relating to the cancellation of the performance rights containing Market based performance conditions) relating to equity-settled share-based payment transactions.

Share-based payments accounting policy

Equity-settled share-based compensation benefits are provided to employees including employees directly employed by controlled entities. Equity-settled transactions are awards of shares, performance rights or options over shares that are provided to employees in exchange for the rendering of services.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

Where performance rights vest upon market based conditions, fair value is determined using a Monte Carlo simulation that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Where performance rights vest upon non market based conditions such as such as retention periods and project related goal achievement, the fair value is based upon the market price of Etherstack plc shares at the date of the grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification. If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Where Equity-settled share-based compensation benefits are provided to employees employed by controlled entities then expenses and any subsequent adjustments determined in accordance with the above policy are transferred to the entity employing the person receiving the Equity-settled share-based compensation benefits.

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23. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent (before deducting interest on the convertible shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Reconciliation of earnings used in the calculation of earnings per share	2025 Basic $'000	2025 Diluted $'000	2024 Basic $'000	2024 Diluted $'000
Net (loss) profit attributable to equity holders of the parent	**(700)**	**(700)**	**(3,894)**	**(3,894)**
	'000	'000	'000	'000
Weighted average number of ordinary shares for basic earnings per share	133,321	133,321	132,063	132,063
Options*	-	1,230	-	2,493
Weighted average number of ordinary shares adjusted for the effect of dilution	**133,321**	**134,551**	**132,063**	**134,556**
Earnings per share (cents)	**(0.53)**	**(0.53)**	**(2.95)**	**(2.95)**

* options have been excluded from the calculation of diluted earnings per share where they are anti-dilutive.

There are no ordinary share transactions or potential ordinary share transactions occurring after the year end but before the financial statements are authorized for issue that would significantly change the ordinary shares or potential ordinary shares outstanding if those transactions had occurred before the end of the year.

Section VI: Other Notes

24. 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.

Remuneration of key management personnel

The remuneration of the Directors and Chief Financial Officer, who are the key management personnel of the Group and the Company, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2025 $'000	2024 $'000
Short-term employee benefits	778	654
Post-employment benefits (defined contribution schemes)	72	60
Deferred Equity Compensation	35	269
	885	**983**

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Notes to the Consolidated and Company Financial Statements

Loans to/ from related parties

The Company has provided its subsidiaries with loans at 5% (2024 5%) interest rates. The Company provided loans to its subsidiaries and, at balance date, an amount of $23,979 (2024 $19,595) was receivable. From time to time, operating expenses of Etherstack plc are settled by Group companies and the cost passed back to Etherstack plc. During the year $432 (2024 $641) of operating expenses were paid for by Group companies.

Directors and Director-related entities

David Deacon is a director of the company. During the year:

- A short-term loan of $Nil (2024 $45) was advanced and $45 (2024 $Nil) was repaid
- Interest of $1 (2024 $Nil) was accrued on short-term loan and $2 (2024 $Nil) was repaid
- Repayments of $156 (2024 $Nil) unsecured deferred wages and expenses were made by the company

At 31 December 2025, $Nil (2024 $201) is owing to David Deacon.

The amount due being represented by:

- $Nil unsecured deferred wages and expenses, not subject to specific repayment terms and interes free and;
- $Nil short-term loan is unsecured, not subject to specific repayment terms and bears interest is at 6% pa

Peter Stephens is a director of the company. During the year:

- A short-term loan of $192 (2024 $126) was advanced and $317 (2024 $Nil) was repaid.
- Interest of $5 (2024 $1) was accrued on short-term loan and $6 (2024 $Nil) was repaid
- Repayments of $66 (2024 $17) deferred wages and expenses were made by the company

At 31 December 2025, $Nil is owing to Peter Stephens (2024 $192).

The amount due being represented by:

- $Nil unsecured deferred wages and expenses, not subject to specific repayment terms and interes free and;
- $Nil short-term loan is unsecured, not subject to specific repayment terms and bears interest is at 6% pa

Paul Barnes is a director of the company. During the year:

- A short-term loan of $Nil (2024 $25) was advanced and $25 (2024 $Nil) was repaid
- Interest of $1k (2024 $Nil) was accrued on short-term loan and $1 (2024 $Nil) was repaid
- Repayments of $1 (2024 $67) unsecured deferred wages and expenses were made by the company

At 31 December 2025, $Nil (2024 $26) is owing to Paul Barnes.

The amount due being represented by:

- $Nil unsecured deferred wages and expenses, not subject to specific repayment terms and interest free and;
- $Nil short-term loan is unsecured, not subject to specific repayment terms and bears interest is at 6% pa

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Notes to the Consolidated and Company Financial Statements

Other related parties

QFDJG LLP, an incorporated Limited liability partnership registered in the UK of which Paul Barnes is a director and shareholder has provided certain payroll support services to the Group in the year. The services totalled $5 (2024 $5) and were provided under arm's length terms and conditions. At 31 December 2025 $Nil (2023 $3l) was due to QFDJG LLP.

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Notes to the Consolidated and Company Financial Statements

25. Reconciliation of financial liabilities and borrowings arising from financing activities

Group	Short term borrowings $'000	Long term borrowings $'000	Lease liabilities $'000	Total $'000
At 1 January 2025	**197**	**2,443**	**667**	**3,307**
Cash-flows				
Principal elements of lease payments	-	-	(236)	(236)
Proceeds from borrowings	187	-	-	187
Repayments of borrowings	(391)	-	-	(391)
Interest paid	(9)	-	-	(9)
Non-cash				
Interest on borrowings	7	-	-	7
Amortisation of conversion rights	-	22	-	22
Addition to lease liabilities	-	-	194	194
Exchange difference	9	-	36	45
At 31 December 2025	**-**	**2,465**	**661**	**3,126**
At 1 January 2024	**-**	**2,425**	**273**	**2,698**
Cash-flows				
Principal elements of lease payments	-	-	(239)	(239)
Proceeds from borrowings	203	-	-	203
Non-cash				
Interest on borrowings	1	-	-	1
Amortisation of conversion rights	-	18	-	18
Addition to lease liabilities	-	-	679	679
Exchange difference	(7)	-	(46)	(53)
At 31 December 2024	**197**	**2,443**	**667**	**3,307**

Company	Short term borrowings	Long term borrowings	Lease liabilities	Total
At 1 January 2025	**152**	**2,443**	**-**	**2,595**
Cash-flows				
Repayments of borrowings	(107)	-	-	(107)
Interest paid	(7)	-	-	(7)
Non-cash				
Proceeds from borrowings (Received by Group Company(s))	187	-	-	187
Repayments of borrowings (Paid by Group Company(s))	(237)	-	-	(237)
Interest on borrowings	6	-	-	6
Amortisation of conversion rights	-	22	-	22
Exchange difference	6	-	-	6
At 31 December 2025	**-**	**2,465**	**-**	**2,465**
At 1 January 2024	**-**	**2,425**	**-**	**2,425**
Cash-flows				
Interest paid	-	-	-	-
Non-cash	**-**	**-**	**-**	**-**
Proceeds from borrowings (Received by Group Company(s))	155	-	-	155
Repayments of borrowings (Paid by Group Company(s))	-	-	-	-
Interest on borrowings	1	-	-	1
Amortisation of conversion rights	-	18	-	18
Exchange difference	(4)	-	-	(4)
At 31 December 2024	**152**	**2,443**	**-**	**2,595**

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Notes to the Consolidated and Company Financial Statements

26. Changes in accounting policy and disclosures

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published. None of these Standards or amendments to existing Standards have been adopted early by the Group. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

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ASX ADDITIONAL INFORMATION

Shareholdings

The issued capital of the Company as at 5 March 2026 is 141,549,695 fully paid ordinary shares.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

Range	Total Holders	Number of shares	% of Issued capital
1 - 1,000	44	14,522	0.01%
1,001 - 5,000	475	1,033,306	0.73%
5,001 - 10,000	138	1,129,395	0.80%
10,001 - 100,000	237	7,388,898	5.22%
100,001 and over	86	131,983,574	93.24%
Total	**980**	**141,549,695**	**100.00%**

As at 5 March 2026 there were 39 shareholders holding less than a marketable parcel of AUD $500.

Shareholdings

There were 2 shareholders who held a substantial shareholding within the meaning of the Corporations Act. A person has a substantial holding if the total votes that they or their associates have relevant interests in is five per cent of more of the total number of votes.

Range	Number of shares	% of Issued capital
MR DAVID DEACON	48,561,850	34.3
MR PETER STEPHENS	10,721,838	7.6

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TOP 20 SHAREHOLDERS AS AT 5 MARCH 2026

		No of shares	% of issued capital
1	MR DAVID ANDREW DEACON	48,561,850	34.3%
2	CITICORP NOMINEES PTY LIMITED	14,073,682	9.9%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,779,050	6.2%
4	MR PAUL BARNES	6,850,000	4.8%
5	BOND STREET CUSTODIANS LIMITED <DD9-D91730 A/C>	5,487,229	3.9%
6	VERONICA STEPHENS	3,500,000	2.5%
7	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	3,468,718	2.5%
8	LLANKROF PTY LTD <FORKNALL SUPER FUND A/C>	3,313,414	2.3%
9	LACHMAC PTY LTD	2,406,951	1.7%
10	MR ANDREW SCOTT	2,231,670	1.6%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED -A/C 2	2,028,076	1.4%
12	GIGA PALACE LIMITED	1,909,994	1.3%
13	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,452,900	1.0%
14	INTERPRAC FINANCIAL PLANNING PTY LTD	1,420,806	1.0%
15	MR PETER STEPHENS	1,290,323	0.9%
16	MR DAVID ROBERT CARTER	1,235,000	0.9%
17	MATT CORP WA PTY LTD <J G MATTHEWS FAMILY A/C>	1,184,615	0.8%
18	HARLUND INVESTMENTS PTY LTD <HART FAMILY SUPER FUND A/C>	1,110,000	0.8%
19	MR GARRY CROLE	1,013,373	0.7%
20	MR JEREMY JON DAVIES	909,000	0.6%

Limitations on the Acquisition of Securities

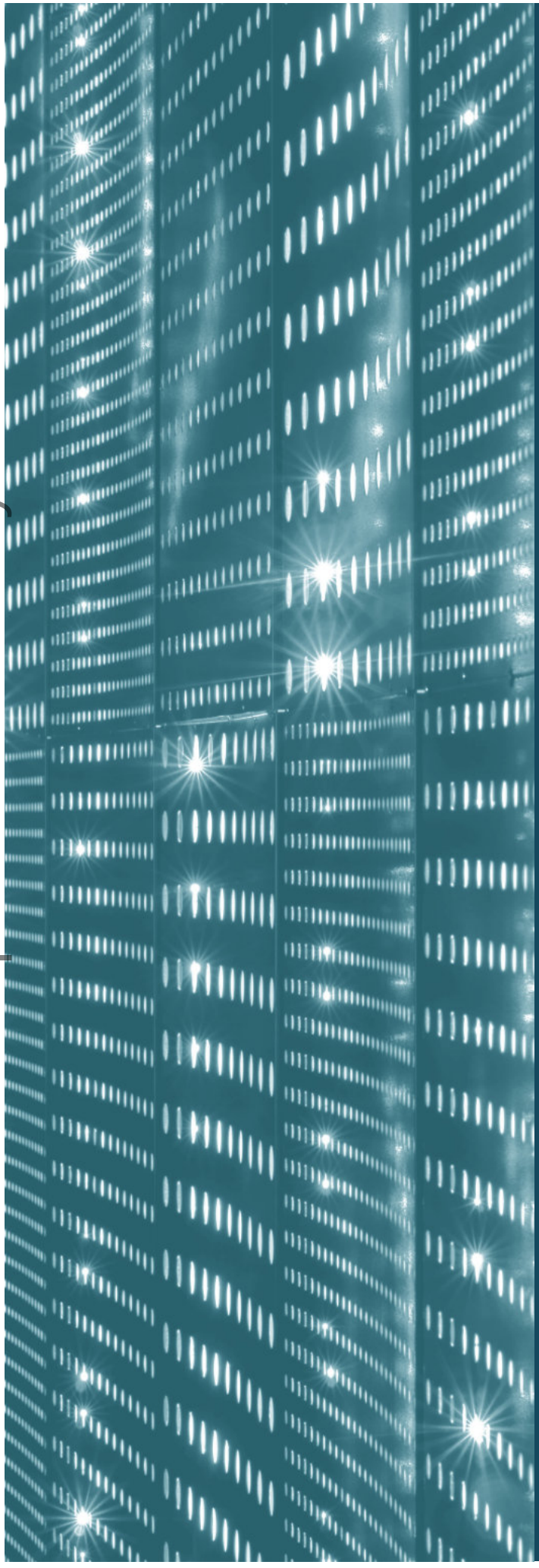
Etherstack plc is subject to the City Code on Takeovers and Mergers (the Code) as a public company incorporated in England and Wales.

Australian law similarly permits compulsory acquisition by persons holding a 90% interest in the relevant securities.

Etherstack plc is not subject to the provisions of the Corporations Act relating to changes in control and takeover of public companies.

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etherstack
wireless innovation

Etherstack plc
64 Rose Street
Chippendale, NSW 2008

Phone: +61 2 8399 7500

ASX :ESK

www.etherstack.com