



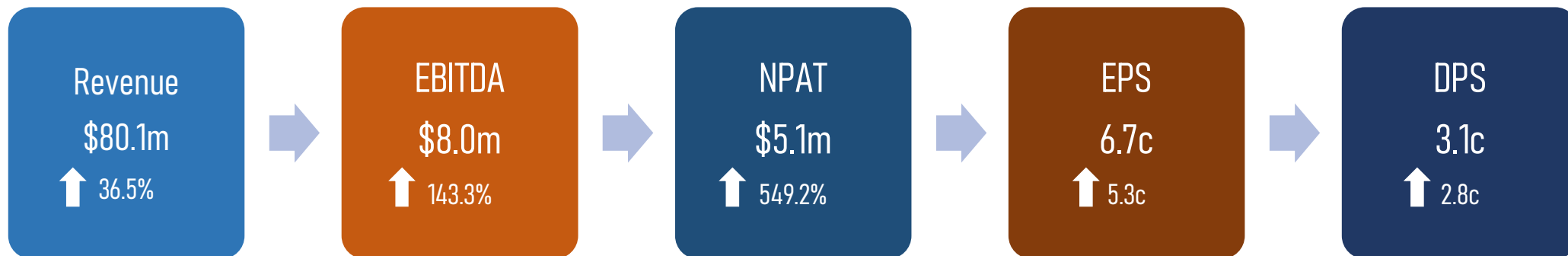
# Ambertech LIMITED

SOURCE SUPPLY SUPPORT

INVESTOR UPDATE - SEPTEMBER 2021

ASX: AMO

# FY2021 Highlights



Record full year sales and NPAT despite early impact of COVID-19



Strong cash generation, net debt reduced to \$0.9m



Earnings per share of 6.7 cents up 378%



Working Capital up 27.4%



Final dividend of 1.6 cents, total 3.1 cents



Return on equity of 37.6%

# Executive Summary

- Leading value-added distributor of high technology audio-visual (AV) and communications solutions.
- Distribution network of professional, commercial and residential installers, consumer electronics (CE) & musical instrument (MI) retailers, content creators, broadcasters, government and non-government users of communications infrastructure across Australia and NZ.
- Positioned to take advantage of the adoption of AV technology accelerated by COVID-19 across its key markets.
- Strong product and technology suite on which to build future growth through professional, commercial and residential dealer sales.
- Successful acquisition and integration of Hills AV business added scale, geographic spread, strengthened customer base and added owned IP.
- Recent acquisition (Sept '21) of Noise Toys Imports MI business raising profile and reputation in MI market.



# Structure

## Capital Structure

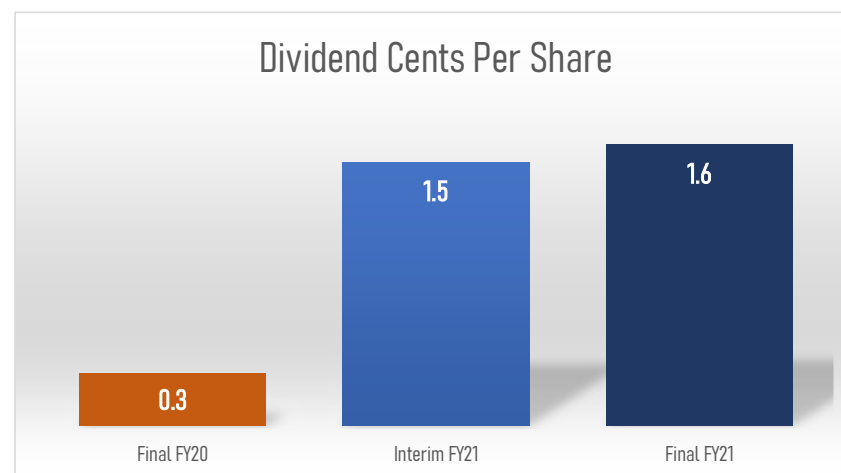
Share price (28 Sept 2021)	\$0.31
52 week range	\$0.10/\$0.365
Shares on Issue	76.9M
Options on Issue	1.8M
Market capitalisation	\$23.9M
Net debt (30 June 2021)	\$0.9M
Enterprise Value	\$24.8M

## Substantial Shareholders (15 Sept 21)

	%
Appwam Pty Limited	34.1%
Wavelink Systems	9.4%
Amos Super Fund	6.4%
<b>Sub-total</b>	<b>49.9%</b>
<b>Top 20</b>	<b>77.1%</b>

## Dividends

- Final dividend 1.6 cents per share
- Full year dividend 3.1 cents per share (interim 1.5 cents)
- Final dividend record date 20 September, payment 5 October
- DRP to operate at 3% discount
- Dividend payout ratio of 47% of NPAT



- Board confirmed target payout ratio of 45%-55% of NPAT

# Business Segments

## Integrated Solutions

Supporting our dealer network with world class product solutions and support.



**COMMERCIAL INSTALLATIONS**

Audio visual and infrastructure brands for commercial custom installation projects.



**RESIDENTIAL INSTALLATIONS**

Audio visual and infrastructure brands for home cinema, multi room AV and more.

## Professional

Supporting a strong dealer network and a range of media and communications users with world class product solutions and ongoing support including SaaS.



**MEDIA SYSTEMS**

Content creation, acquisition, delivery, processing, asset management for broadcast and new media.



**MUSICAL INSTRUMENTS**

Guitars, instruments and music technology for musicians of all levels.



**DEFENCE, LAW ENFORCEMENT AND SECURITY (DLES)**

Specialised data communications and video technology for Defence, Law Enforcement and Security.



**PROFESSIONAL PRODUCTS**

Pro audio equipment for live sound productions, recording studios and post production.

## Retail

Exclusive brand representation in areas where product differentiation is clear in capability and value.

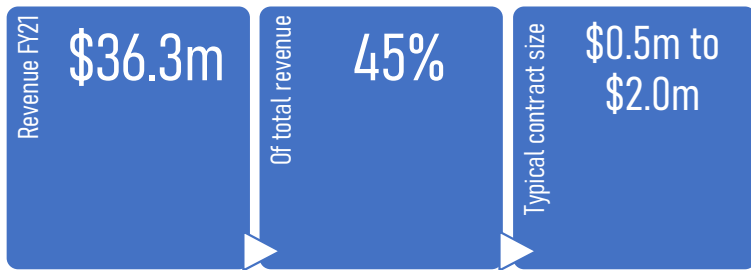


**HOME ENTERTAINMENT**

High-end audio visual and accessory brands for the home.

# Business Segments

## Integrated Solutions

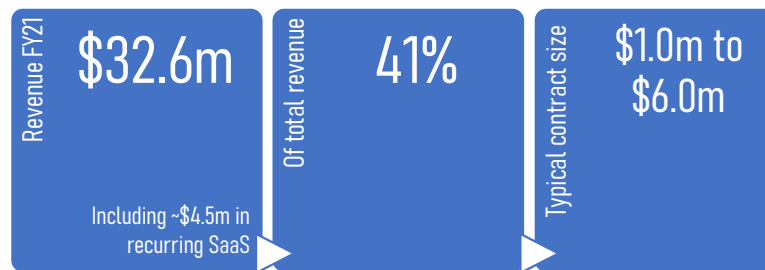


### Key Customers

- One Diversified
- Fredon Technology
- Programmed Electrical
- Vizcom Technologies
- Electronic Living
- AV Australia
- Concept AV
- Pro Av Solutions



## Professional

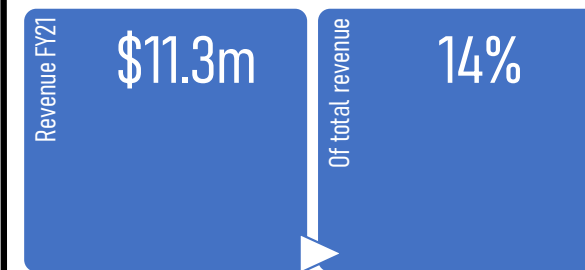


### Key Customers

- Department of Defence
- Royal Australian Navy
- ABC
- Fox Sports
- Seven, Nine, Ten Networks
- Soundbay
- Factory Sound
- Sounds Easy



## Retail



### Key Customers

- JB Hi-Fi
- Harvey Norman
- Big W
- The Good Guys
- The Warehouse
- Noel Leeming
- Electus Distribution



# Competitive Landscape

	Integrated Solutions	Professional	Retail
Market Opportunity	<ul style="list-style-type: none"> <li>Streaming audio/video</li> <li>Home entertainment</li> <li>Commercial AV</li> </ul>	<ul style="list-style-type: none"> <li>Communications IP radio</li> <li>Automation of TV, Post-Production</li> <li>Music Production</li> </ul>	<ul style="list-style-type: none"> <li>Demand for small portable projection</li> <li>Requirement for portable sound</li> </ul>
Key Products	<ul style="list-style-type: none"> <li>Streaming technologies</li> <li>Supporting technologies (speakers, displays)</li> <li>Amplifiers and speakers</li> <li>Higher spec systems</li> </ul>	<ul style="list-style-type: none"> <li>MIMO mesh radios</li> <li>Studio robotics</li> <li>USB based audio interfaces</li> <li>Studio monitor systems</li> <li>Musical instruments and components</li> </ul>	<ul style="list-style-type: none"> <li>Personal projectors from lost cost and size (micro) to higher cost and size</li> <li>Headphones with technology point of difference</li> </ul>
Competitors	<ul style="list-style-type: none"> <li>More competitors in this segment</li> <li>Larger market</li> </ul>	<ul style="list-style-type: none"> <li>Limited competition</li> <li>Specialist markets</li> </ul>	<ul style="list-style-type: none"> <li>Low cost no name brands</li> </ul>

# Financials



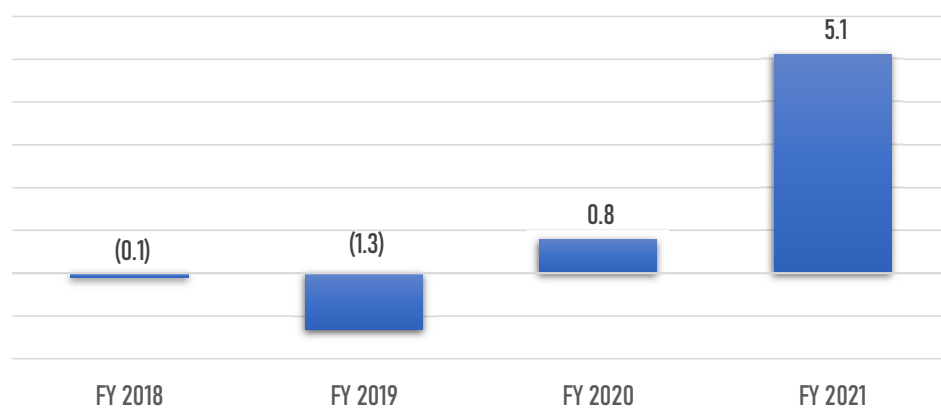


# Financial Highlights

## Commentary

- Revenue up 36.5% with growth across all reporting segments.
- Markets most impacted by COVID-19 include live entertainment and tertiary education.
- Hills AV acquired brands contributed \$21.0M in revenue (FY20 \$9.5M);
- Positive JobKeeper impact on profit of \$1.1M in both years.
- Capacity for further organic and acquisition growth across all segments.

### NPAT (\$m)



(A\$m)	FY21	FY20
Revenue	80.1	58.7
Cost of Goods	(54.4)	(40.5)
Gross Profit	25.7	18.2
<i>GP Margin (%)</i>	<i>32.1</i>	<i>31.0</i>
<b>EBITDA</b>	<b>8.0</b>	<b>3.3</b>
<i>EBITDA Margin (%)</i>	<i>10.0</i>	<i>5.6</i>
EBIT	6.4	1.9
<i>EBIT Margin (%)</i>	<i>8.0</i>	<i>3.2</i>
<b>NPAT</b>	<b>5.1</b>	<b>0.8</b>
EPS (cents)	6.7	1.4
DPS (cents)	<i>3.1</i>	<i>0.3</i>

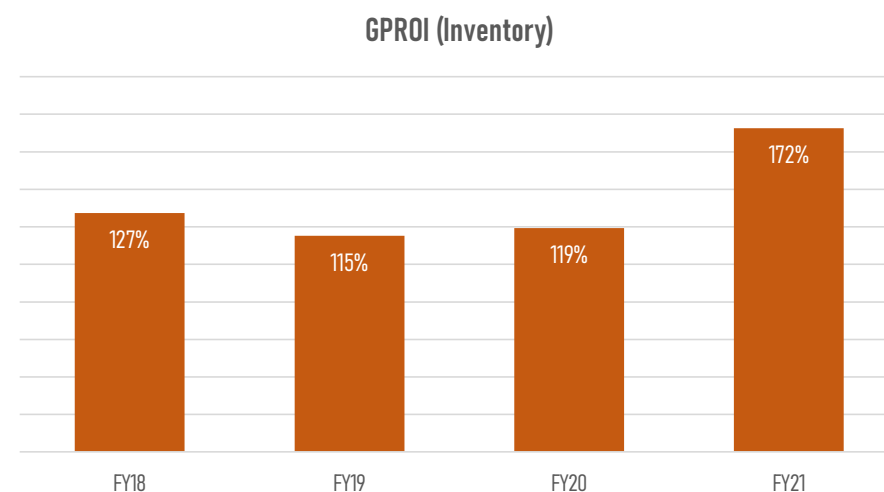
# Balance Sheet

## Balance Sheet Summary

(A\$m)	FY21	FY20
Current Assets	29.5	32.3
Current Liabilities	(15.6)	(21.7)
<b>Working Capital</b>	<b>13.9</b>	<b>10.6</b>
<b>Adjusted Working Capital (excluding cash)</b>	<b>12.1</b>	<b>9.6</b>
Non Current Assets	10.3	10.8
Non Current Liabilities	(8.8)	(9.7)
<b>Net Assets</b>	<b>15.4</b>	<b>11.7</b>
Intangibles	(4.2)	(3.7)
<b>Net Tangible Assets</b>	<b>11.2</b>	<b>8.0</b>

- Working capital improvement during the year of 31.1%
- Net Tangible Assets increased to 14.6c per share.

(A\$m)	FY21	FY20
Inventory	12.9	16.9



- Substantial improvement in inventory holding with focus on Gross Profit Return On Investment (GPROI) in average inventory holding by brand.

# Cash Flow and Net Debt

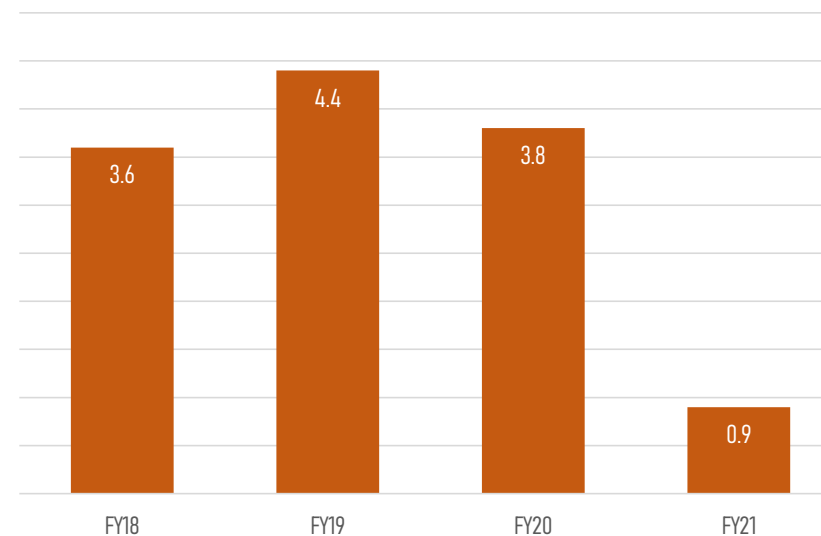
## Cash Flow Summary

(A\$m)	FY21	FY20
Cash provided by Operating Activities	5.5	1.3
Cash used in Investing Activities	(0.5)	(4.8)
Cash used in/provided by Financing Activities	(4.2)	3.3
<b>Net increase in cash</b>	<b>0.8</b>	<b>(0.2)</b>

(A\$m)	FY21	FY20
Total Finance Debt	2.7	4.8
Cash	(1.8)	(1.0)
<b>Net Debt</b>	<b>0.9</b>	<b>3.8</b>

- Strong operating cash flow of \$5.5m for FY21.
- Operating profits funded reduction in debt levels during the year.

Net Debt (\$m)



- Cash flow provided substantial reduction in net debt.
- Significant headroom available across funding facilities.



# Growth Strategy and Outlook

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# Executing Growth Strategy

- Ambertech has a strategy for revenue and margin growth across each of our market segments. These include the following key initiatives:

Organic	Professional	<ul style="list-style-type: none"> <li>Expanded our reach into more system sales where we take the role of a complete supplier. Recent examples being the ABC project and Ausbiz.</li> <li>Focused on increasing our recurring services model where multi year support contracts are entered into.</li> </ul>
	Integrated Solutions	<ul style="list-style-type: none"> <li>Increasing sales by further developing existing brand opportunities. In particular, video conferencing and streaming products have significant ongoing growth potential due to the high demand resulting from the work force working from home.</li> <li>Increasing our own IP capability with the acquisition of Australian Monitor. The R&amp;D for new product development has seen the successful release of new products.</li> </ul>
	Retail	<ul style="list-style-type: none"> <li>Further market expansion of our range of low cost LED based projectors.</li> <li>Introduction of personalised Headphone brand Nura.</li> </ul>
Inorganic	Acquisition	<ul style="list-style-type: none"> <li><b>Recently completed the acquisition of the MI business of Noise Toys Imports – a strategic addition to grow our reach and reputation in the MI market.</b></li> <li>Actively looking at further acquisitions, with a number already identified in each area of the business.</li> <li>We have a disciplined framework for approaching relevant acquisition opportunities.</li> </ul>

## FY21 Outlook

- Final Dividend of 1.6 cents per share for FY21. DRP in place for final dividend.
- Board have reaffirmed its intention of target dividend pay-out ratio of 45% to 55% for the full year.
- COVID-19 related lock-downs have led to inconsistent early sales results in some markets. Despite this our forward order book continues to grow.
- The diversity of our business remains a strength.
- Opportunities for growth via acquisition continue to emerge and we are active in this space.
- Whilst it is too early to provide guidance for the half year results, the year has commenced with results meeting targets. We expect to update the market further at the time of the AGM.

A black, ruggedized mobile device with a prominent heat sink is mounted on a tactical vest. The device has the brand name "SILVUS" printed on its side. The vest features a camouflage pattern and a mesh-like texture. A blue rectangular box is overlaid on the left side of the image, containing the word "Appendix" in white text. An orange horizontal bar is located at the top left of the image, and a white horizontal line is at the bottom left.

# Appendix

# Recent Contract Wins and Agency Gains

## Projects

- Awarded a contract with Leonardo to upgrade the RAN Anzac fleet with Silvus radio solutions. Phase 2 is scheduled for delivery over the coming 12 months leaving one phase to be completed on the current contract.
- Awarded a contract with the ABC TV for the supply of acquisition and playout servers for their television operations. The deal is valued at \$4.9m, including a \$1.4m support contract over a five-year period. AMO recognized \$2.8m in revenue for FY21.
- AMO was awarded a multimillion-dollar contract for Silvus radio solutions with the Department of Defense which was supplied as per contract and recognized in FY21.
- Other contract wins delivered in FY21:
  - Supply of display technology into a major tertiary education facility.
  - Supply and support of communications equipment into a law enforcement facility.
  - Supply and support of a transcode farm to Parliament House Canberra for use within their broadcast facility.
  - Supply and support of Vinten robotics systems for two commercial broadcasters.
  - Supply and support for a communication system to the emergency services.

## New Agencies

### During the year:

- Jays Heaphones
- Rock n Roller
- Breedlove Guitars

### Since year end:

- Nura Headphones
- ICE Cables
- Strymon
- Hotone
- Richter Straps
- Walla Walla Guitars



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This Presentation contains certain “forward looking statements”. Forward looking statements can generally be identified by the use of forward looking words such as, “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target” “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of Ambertech, the outcome and effects of the Offer and the use of proceeds, including the impact of the acquisition. The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Ambertech, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the risks section of this Presentation for a summary of certain general and Ambertech specific risk factors that may affect Ambertech. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this Presentation. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures. The forward looking statements are based on information available to Ambertech as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), Ambertech undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

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