

Ambertech LIMITED

SOURCE SUPPLY SUPPORT



1ST HALF RESULTS FY 2022
INVESTOR UPDATE - FEBRUARY 2022

ASX: AMO

1st Half Highlights



First half revenue in line with guidance despite some project delays.



EPS of 2.6 cents, all tax losses recouped FY21.



EBITDA and NPAT results ahead of guidance.



Working Capital up 45.3% from 30/06/21



Interim dividend of 1.5 cents, fully franked



Annualised Return on equity of 22.8%

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.
- Successful acquisition and integration of Noise Toys Imports MI business raising profile and reputation in MI market.
- Recent acquisition (1 Nov) of Connected Media Australia expands offering to include control and automation ecosystem for residential and commercial installations.



Structure

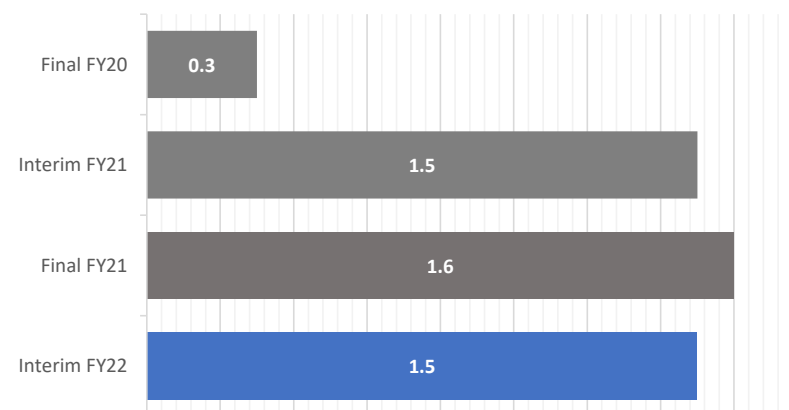
| Capital Structure | |
|--------------------------------|----------------|
| Share price (24 February 2022) | \$0.31 |
| 52 week range | \$0.19/\$0.475 |
| Shares on Issue | 93.0M |
| Options on Issue | 1.4M |
| Market capitalisation | \$28.8M |
| Net cash (31 December 2021) | \$1.7M |
| Enterprise Value | \$27.1M |

| Substantial Shareholders (21 February 22) | % |
|-------------------------------------------|--------------|
| Appwam Pty Limited | 29.8% |
| Wavelink Systems | 7.8% |
| Amos Super Fund | 5.6% |
| Sub-total | 43.2% |
| Top 20 | 70.3% |

Dividends

- Interim dividend 1.5 cents per share
- AMO full tax paying this FY
- DRP suspended for interim dividend
- Dividend payout ratio of 65% of NPAT

Dividend Cents per Share



- Board target payout ratio of min 50% 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

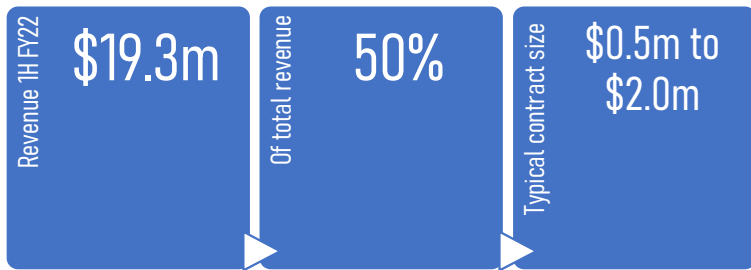
Exclusive brand representation in areas where product differentiation is clear in capability and value.




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

Business Segments

Integrated Solutions

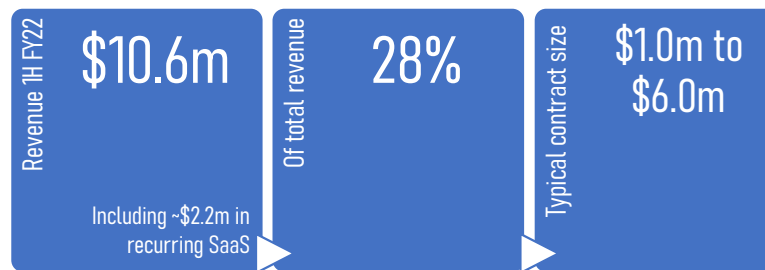


Key Customers

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



Professional

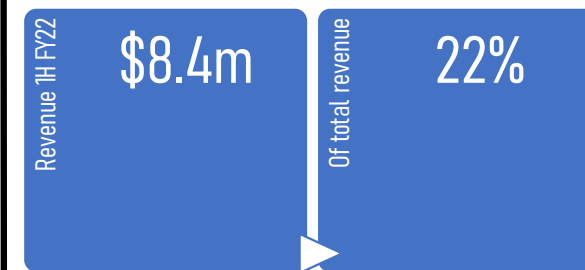


Key Customers

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

Financials

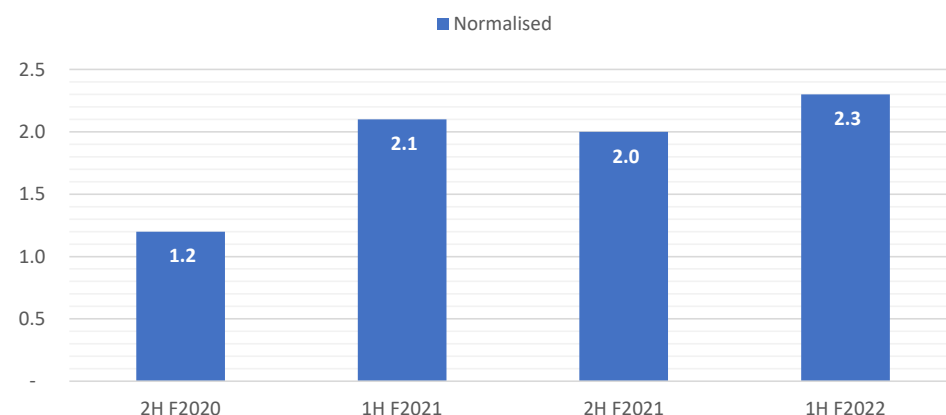


Financial Highlights

Commentary

- Underlying business results showing growth, some project timelines delayed by clients.
- Markets most impacted by COVID-19 continue to include live entertainment and tertiary education.
- Full impact of recent acquisitions (Noise Toys/Connected Media) not yet realised;
- Capacity for further organic and acquisition growth across all segments.

Normalised NPBT by Half Year (\$m)



- Normalised pre tax result up 9.5% on prior corresponding period (adjusted for Jobkeeper/Job saver).

| (A\$m) | 1H FY22 | 1H FY21 |
|--------------------------|--------------|--------------|
| Revenue | 38.3 | 38.9 |
| Cost of Goods | (24.6) | (26.7) |
| Gross Profit | 13.7 | 12.2 |
| <i>GP Margin (%)</i> | <i>35.7%</i> | <i>31.4%</i> |
| EBITDA | 4.1 | 4.6 |
| <i>EBITDA Margin (%)</i> | <i>10.7%</i> | <i>11.7%</i> |
| EBIT | 3.5 | 3.8 |
| <i>EBIT Margin (%)</i> | <i>9.1%</i> | <i>9.8%</i> |
| NPAT | 2.1 | 3.6 |
| EPS (cents) | 2.6 | 4.7 |
| DPS (cents) | 1.5 | 1.5 |

- Investors undertaking a comparison of NPAT should be aware that AMO was utilising tax losses in the prior period and is now full tax paying.

Balance Sheet

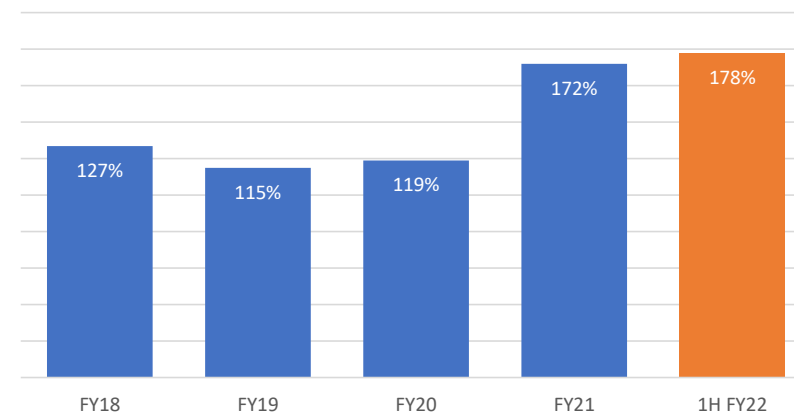
Balance Sheet Summary

| (A\$m) | 1H FY22 | FY21 |
|--------------------------------------------------|-------------|-------------|
| Current Assets | 35.4 | 29.5 |
| Current Liabilities | (15.2) | (15.6) |
| Working Capital | 20.2 | 13.9 |
| Adjusted Working Capital (excluding cash) | 18.2 | 12.1 |
| Non Current Assets | 10.1 | 10.3 |
| Non Current Liabilities | 8.1 | (8.8) |
| Net Assets | 22.2 | 15.4 |
| Intangibles | (4.5) | (4.2) |
| Net Tangible Assets | 17.7 | 11.2 |

- Working capital improvement during the half of 45.3%
- Net Tangible Assets increased to 19.1c per share.

| (A\$m) | 1H FY22 | FY21 |
|-----------|---------|------|
| Inventory | 17.8 | 12.9 |

Annualised GPROI (Average Inventory)



- Improvement in inventory Gross Profit Return On Investment (GPROI) despite holding greater stock to manage uncertain supplier delivery timeframes.

Cash Flow and Net Debt

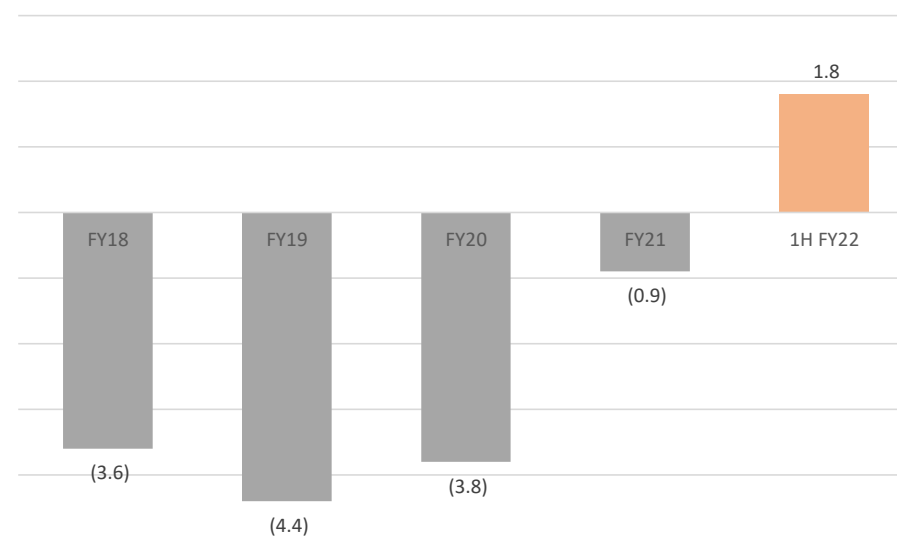
Cash Flow Summary

| (A\$m) | 1H FY22 | 1H FY21 |
|-----------------------------------------------|------------|------------|
| Cash provided by Operating Activities | 0.8 | 1.5 |
| Cash used in Investing Activities | (1.3) | (0.1) |
| Cash used in/provided by Financing Activities | 0.7 | (1.0) |
| Net increase in cash | 0.2 | 0.4 |

| (A\$m) | 1H FY22 | FY21 |
|------------------------|------------|--------------|
| Total Finance Debt | (0.2) | (2.7) |
| Cash | 2.0 | 1.8 |
| Net Cash/(Debt) | 1.8 | (0.9) |

- Cash flow remains strong with further debt reduction
- Operating cash flow reduced by tax payments as losses all recouped.

Net Cash/(Debt) (\$m)



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

Growth Strategy and Outlook



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"> Expanded our reach into more system sales where we take the role of a complete supplier. Recent examples being the ABC project and Ausbiz. Focused on increasing our recurring services model where multi year support contracts are entered into. |
| | Integrated Solutions | <ul style="list-style-type: none"> 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. Increasing our own IP capability with the acquisition of Australian Monitor. The R&D for new product development has seen the successful release of new products. |
| | Retail | <ul style="list-style-type: none"> Further market expansion of our range of low cost LED based projectors. Introduction of personalised Headphone brand Nura. |
| Inorganic | Acquisition | <ul style="list-style-type: none"> Completed the acquisition of the MI business of Noise Toys Imports – a strategic addition to grow our reach and reputation in the MI market. Completed the acquisition of Connected Media Australia – a strategic addition of a key brand (RTI) and expertise in the residential and commercial automation control space. Actively looking at further acquisitions, with a number already identified in each area of the business. We have a disciplined framework for approaching relevant acquisition opportunities. |

2H FY22 Outlook

- Interim Dividend of 1.5 cents per share fully franked, noting company used up all tax losses in FY21. Represents pay out ratio of 65% of NPAT.
- Board have confirmed its intention to target a dividend pay-out ratio of at least 50% for the full year.
- Early sales results in the second half have been strong with pent up demand for recently arrived shipments. Our forward order book continues to grow.
- The diversity of our business remains a strength as we manage project timelines delayed by some clients.
- 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 full year results, the second half has commenced with results meeting targets. We will keep shareholders updated as the year progresses

Appendix



Recent Contract Wins and Agency Gains

Projects

- Awarded a contract with Leonardo to upgrade the RAN Anzac fleet with Silvus radio solutions. Final phase is now scheduled for delivery over the coming 6-12 months.
- EVS studio upgrades at Network 10.
- Supply of Blue Lucy asset management system on SaaS model to Australian Professional Leagues.

New Agencies

During the year:

- Nura Heaphones
- ICE Cables
- Strymon
- Hotone
- Richter Straps
- Walla Walla Guitars
- Evoko
- RTI
- Bluesound Professional

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