



# Ambertech LIMITED

SOURCE SUPPLY SUPPORT

1<sup>ST</sup> HALF RESULTS FY 2023  
INVESTOR UPDATE - FEBRUARY 2023

ASX: AMO

# 1<sup>st</sup> Half Highlights



Revenue growth of 5.8% on previous corresponding period.



EPS of 0.8 cents.



First half results in line with market guidance.



Working Capital remains strong



Interim dividend of 0.5 cents, fully franked



Ongoing dividend payout commitment

# 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.
- Continuing success driven by the adoption of AV technology accelerated by COVID-19 across its key markets.
- Delivering on clear strategy for growth via business and agency acquisition.
- Recent successful acquisition and integration of Hills AV business (Nov 19), Noise Toys Imports MI business (Sep 21) and Connected Media Australia (Oct 21).
- Recent acquisition of Convoy International business (Jan 23) to broaden product offering to specialist AV retailers and residential installer markets.



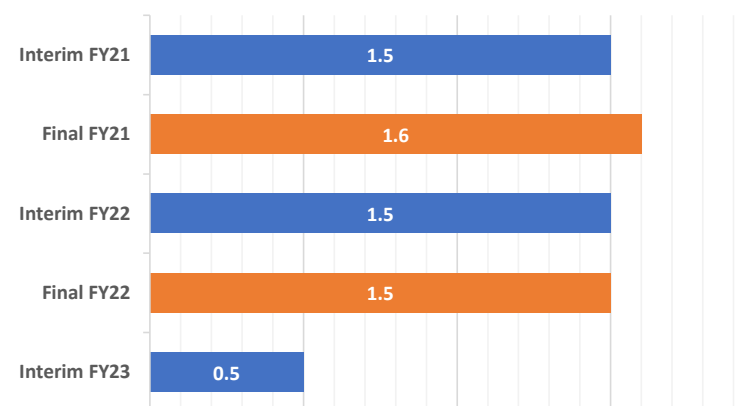
# Structure

Capital Structure	
Share price ( 17 February 2023)	\$0.315
52 week range	\$0.265/\$0.415
Shares on Issue	93.1M
Options on Issue	1.3M
Market capitalisation	\$28.9M
Net debt (31 December 2022)	\$2.6M
Enterprise Value	\$31.5M
Substantial Shareholders (17 February 23)	
	%
Appwam Pty Limited	29.8%
Wavelink Systems	7.8%
Amos Super Fund	5.6%
<b>Sub-total</b>	<b>43.2%</b>
<b>Top 20</b>	<b>70.3%</b>

## Dividends

- Interim dividend 0.5 cents per share
- DRP suspended for interim dividend
- Dividend payout ratio of 64% 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.



**SPECIALIST HI - FI**

Renowned high-fidelity brands for personal audio devices, advanced home audio components and digital accessories.



**RESIDENTIAL INSTALLATIONS**

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



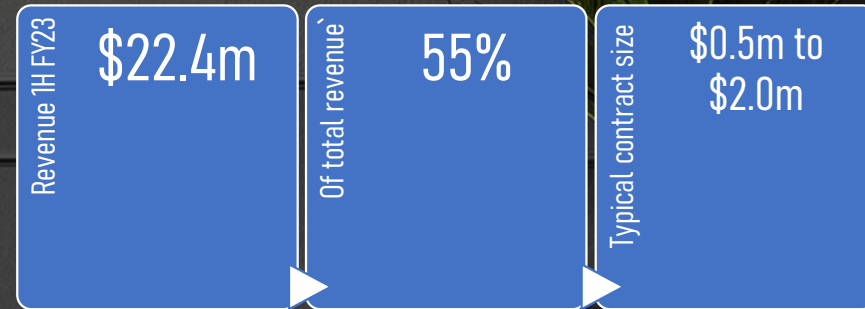
- Acquisition provides additional scale and allows for the creation of a new dedicated Specialist HiFi sales team.

## Key Brands

- Australian Monitor - Sonance - Williams AV - RTI - Bluesound - NAD - Aver - Grandview - Newline

## Key Customers

- One Diversified - Fredon Technology - Programmed Electrical - Vizcom Technologies - Electronic Living - AV Australia - Concept AV - Pro AV Solutions - Melbourne HiFi - Harvey Norman Commercial



## Strategic Acquisitions

- Hills AV (Nov '19) - Connected Media Australia (Oct '21) - Convoy International (Jan '23)

# Business Segments

## Professional



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



**PROFESSIONAL PRODUCTS**

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



**MUSICAL INSTRUMENTS**

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



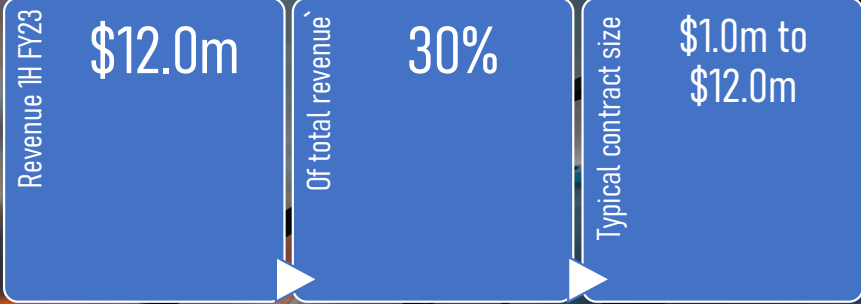
**MEDIA SYSTEMS**

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



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

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



### Key Brands

- EVS - Telestream - Avid - Solid State Logic - Silvus - Neutrik - Canare - Radial - Strymon - Warwick Guitars

### Key Customers

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

### Strategic Acquisitions

- Noise Toys (Sep '21)

# Business Segments

Retail

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



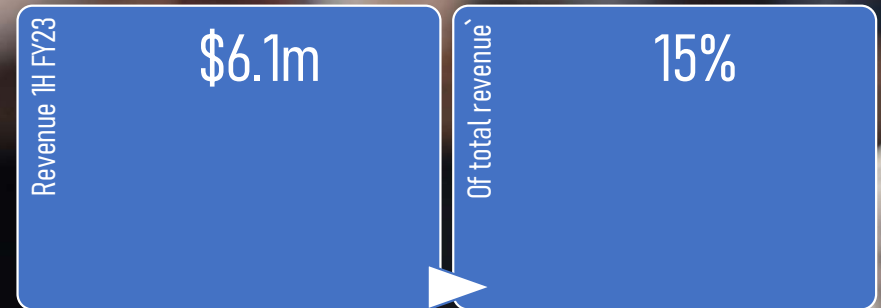
**HOME ENTERTAINMENT**  
High-end audio visual and accessory brands for the home.

## Key Brands

- One For All - Philips - Nura

## Key Customers

- JB HiFi - 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> <li>Automation control</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 low 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

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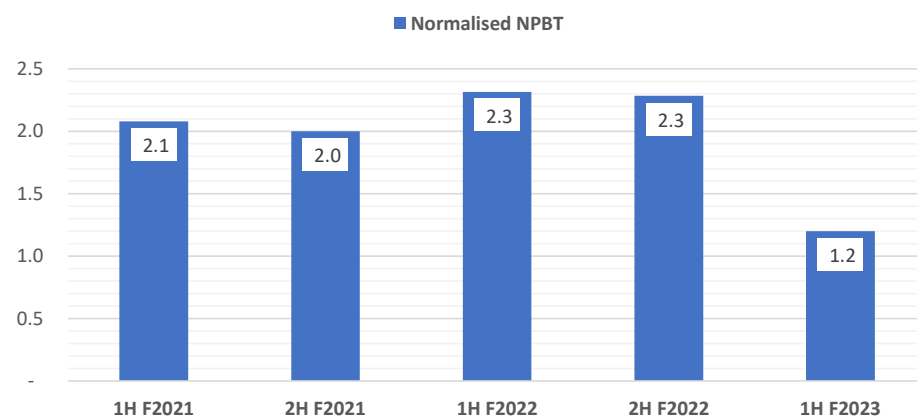


# Financial Highlights

## Commentary

- Underlying business growing, delayed project timelines now easing.
- Stock availability had impact on margins. This issue has now receded.
- Capacity for further organic and acquisition growth across all segments.
- Reduced result primarily in Retail segment (stock availability) and Media Systems (project delays).

Normalised NPBT by Half Year (\$m)



(A\$m)	1H FY23	1H FY22
Revenue	40.5	38.3
Cost of Goods	(26.4)	(24.6)
Gross Profit	14.1	13.7
<i>GP Margin (%)</i>	<i>34.8%</i>	<i>35.7%</i>
<b>EBITDA</b>	<b>2.0</b>	<b>4.1</b>
<i>EBITDA Margin (%)</i>	<i>4.9%</i>	<i>10.7%</i>
EBIT	1.5	3.5
<i>EBIT Margin (%)</i>	<i>3.7%</i>	<i>9.1%</i>
<b>NPAT</b>	<b>0.7</b>	<b>2.1</b>
EPS (cents)	0.8	2.6
DPS (cents)	0.5	1.5

- Investors undertaking a comparison of results should take into account \$0.8m in Covid support payments received in the comparative period.

# Balance Sheet

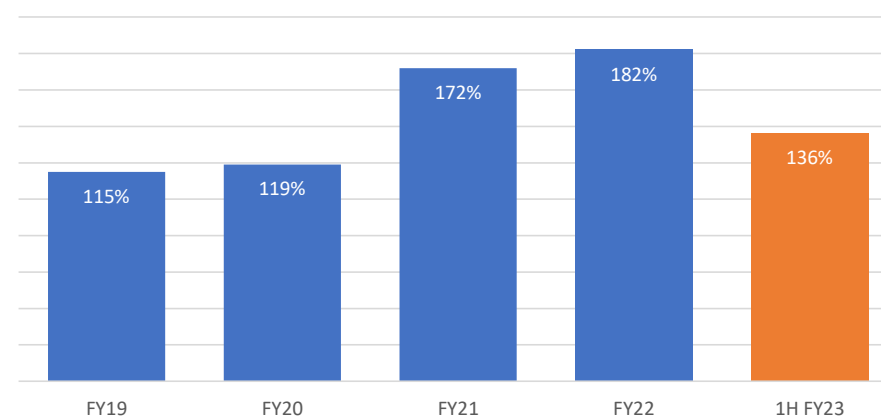
## Balance Sheet Summary

(A\$m)	1H FY23	FY22
Current Assets	43.5	35.1
Current Liabilities	23.5	14.4
<b>Working Capital</b>	<b>20.0</b>	<b>20.7</b>
<b>Adjusted Working Capital (excluding cash)</b>	<b>18.0</b>	<b>18.5</b>
Non Current Assets	8.9	9.4
Non Current Liabilities	7.2	7.9
<b>Net Assets</b>	<b>21.7</b>	<b>22.2</b>
Intangibles	(4.1)	(4.3)
<b>Net Tangible Assets</b>	<b>17.6</b>	<b>17.9</b>

- Working capital and NTA steady during the period, with second half growth expected.

(A\$m)	1H FY22	FY22
Inventory	17.2	15.6

Annualised GPROI (Average Inventory)



- Significant stock arrivals late December due to late deliveries and upcoming project requirements.
- Expect improved numbers in second half of the year.

# Cash Flow and Net Debt

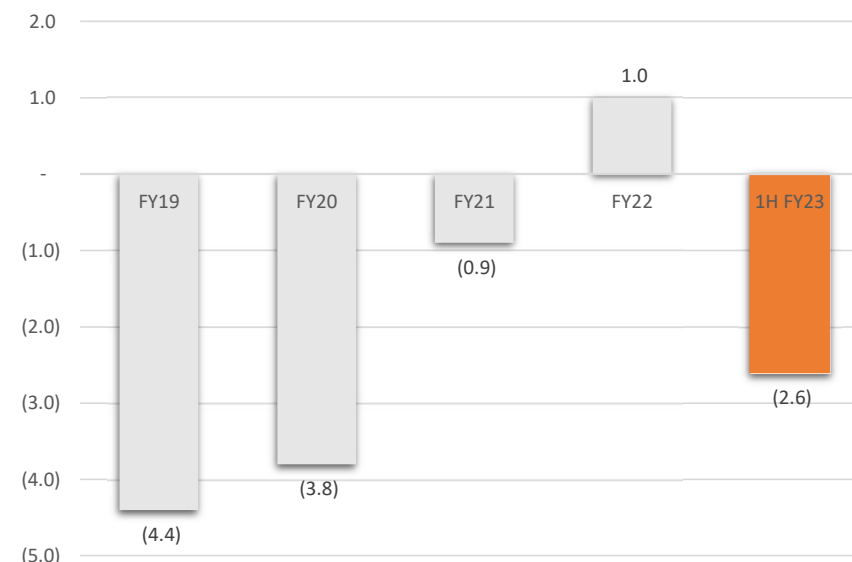
## Cash Flow Summary

(A\$m)	1H FY23	1H FY22
Cash provided by Operating Activities	(1.5)	0.8
Cash used in Investing Activities	(0.3)	(1.9)
Cash provided by Financing Activities	1.6	1.3
<b>Net increase in cash</b>	<b>(0.2)</b>	<b>0.2</b>

(A\$m)	1H FY23	FY22
Total Finance Debt	(4.6)	(1.2)
Cash	2.0	2.2
<b>Net Cash/(Debt)</b>	<b>(2.6)</b>	<b>1.0</b>

- Usage of Octet facility higher at balance date to manage inventory flows, including project deliveries.

Net Cash/(Debt) (\$m)



- Temporary increase in inventory levels increased usage of debt facilities at balance date.
- Finance debt usage now peaked, should return below \$2.0m by end of FY23.
- Significant headroom remains 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. Network 10 a good example.</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. Expanding international presence.</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>Completed the acquisition of the business of Convoy International – a strategic development of a key relationship with Lenbrook International (NAD, Bluesound). Provides additional scale in the residential and specialist Hi-fi markets.</li> <li>Ongoing assessment of 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>

## 2H FY23 Outlook

- Interim Dividend of 0.5 cents per share fully franked. Represents pay out ratio of 64% of NPAT.
- Strong start to second half and Board has confirmed its intention to target a dividend pay-out ratio of at least 50% for the full year.
- The challenges of timely product supply during the first half are receding and stock arrivals in late December are now providing stronger margins and a continuation of the revenue growth achieved in the first half of the year.
- Project milestones now beginning to see delivery and revenue recognition.
- Opportunities for growth via acquisition continue to emerge and we are active in this space. Consolidation of Convoy International acquisition is a focus for the second half.

# Appendix





# Acquisition Summary – Convoy International



BLUESOUND



## Summary

- Acquisition completed 31 January 2023.
- Purchase price circa \$2.8m (subject to final adjustments) funding from existing cash reserves.
- Annualized revenue of \$4.5m with significant growth opportunity due to Amber's wider reach across the residential installer base.
- Strategic relationship with Canadian manufacturer Lenbrook Industries.



## About Convoy International

- Established in 1965 as a leading importer, distributor and marketer of a wide range of:
  - High-fidelity loudspeakers
  - Amplifiers
  - Media players
  - Headphones
  - Speakers for personal audio devices
  - Advanced home audio components
  - Audio-video digital accessories

# Recent Contract Wins and Agency Gains

## Projects

- Awarded a major, multi year contract with Network Ten to replace news and production systems. Revenue in the order of \$12m over 5 years with \$1.3M due in the second half of FY2023.
- Major law enforcement agency contract for \$2.2M.
- Several upgrades with national broadcasters.

## New Agencies

During the year:

- ☐ Breedlove Guitars
- ☐ Kasta Technologies
- ☐ James Tyler Guitars
- ☐ LEA Professional
- ☐ NAD
- ☐ Bluesound
- ☐ ISO Acoustics

## Acquisition

Convoy International (Jan '23)

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