



 **Ambertech** LIMITED
SOURCE SUPPLY SUPPORT

ANNUAL REPORT 2023



MISSION STATEMENT

Ambertech Limited is an acknowledged leader in the identification, supply and distribution of advanced technologies for the Professional and Consumer audio/visual markets within the Oceania region.

Our purpose is to add significant operational value by developing and strengthening customer relationships, expanding horizons of opportunity and delivering strong and continuous financial growth to stake holders through our proven ability to integrate, implement and commercialise existing and emerging technologies.

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CHAIRMAN'S LETTER

On behalf of the Board of Ambertech I am pleased to present you with your Annual Report for 2023, a year that has been significant in the ongoing transformation of our business. With continued commitment to our strategic vision, we have navigated through challenges whilst capitalising on market opportunities and positioning Ambertech for a prosperous future.

In the face of a dynamic economic backdrop and shifting market landscapes, our business has demonstrated resilience and agility. I am delighted to report that our financial position remained strong throughout the year. Revenues increased to \$84.2m, an increase of 9.4% over the prior year, which was a pleasing result.

It is important to note that this was accompanied by an increase in costs as we expanded our capabilities, enhanced our infrastructure, increased our market presence, and solidified our workforce to position ourselves for future growth. These strategic investments were essential in bolstering our competitive edge and ensuring that we are well prepared to take advantage of future opportunities.

Dividends to shareholders relating to the financial year totaled 1.5 cents per share fully franked. With that, the Board maintained its target payout ratio of a minimum of 50% of the reported net profit after tax. At this point in time, it remains the intent of the Board to continue this target payout.

In conclusion, I extend my deepest gratitude to our shareholders, employees, customers, and partners for their support and trust. Together, we have laid a strong foundation for future growth and success. I am excited about the journey that lies ahead and confident in our collective ability to achieve our shared vision.

On behalf of the Board of Ambertech Limited



Peter Wallace
Chairman



BUSINESS OVERVIEW AND UPDATE

In recent years the team at Ambertech has been focused on consolidating the financial position of the business, completing the strategy that had been put in place to turn around the results after a few tough financial years. The key to this strategy has been to focus the business in areas where we can leverage our full-service distribution model. We don't just shift boxes, we are highly respected for our ability to source innovative product, design custom solutions, provide engineering support, market brands, and support our dealer network post sale.

In executing that strategy, the business undertook and has integrated four acquisitions, each designed to significantly add to our existing business units. The addition and integration of these acquisitions successfully increased the scale our business required adding prestigious brands, quality personnel and leveraging the infrastructure investment that had already been made in the Ambertech business.

The 2023 financial year was somewhat of a transitional year as we embark on a new growth strategy for the business. It was pleasing that we were able to maintain our growth trajectory, but the real key to future success has been the investment in face-to-face interactions with key stakeholders during the year.

By engaging in trade shows and industry conferences we have been able to strengthen business relationships and explore new business collaborations. Through targeted campaigns, business development activities, and product roadshows we have been able to position our business as a supplier of choice. By investing in our people, we have been able to provide establish a competitive advantage and foster a motivated and engaged workforce.

By making these investments, we are well positioned to drive revenue growth and maximise shareholder value. There remains significant opportunity for the business to grow with our existing brand portfolio. As international suppliers continue to consolidate through merger and acquisition, or expand their offering across various markets, the ability of our business to operate in multiple market segments becomes a genuine strength.



Our brand portfolio is often sold across multiple markets in which Ambertech operates. This remains a strong competitive advantage over many of our competitors who are more narrowly focused.

The history of this business is one that began in the professional and broadcast (media systems) areas, but we have evolved as the technology of our supply partners and the solutions required by our customers have changed over the last 36 years.

OPERATIONAL HIGHLIGHTS

The operations team has been very busy during the year with several projects that are critical to our business strategy. The upgrade of our Pronto ERP system is allowing us to improve the quality of access to and timeliness of business reporting for critical business decisions. We expect to see greater collaboration, superior business intelligence and enhanced productivity and decision making as we continue to leverage this investment.

We also moved our team in Victoria to new premises during the year. Historically a sales-based team, in recent times we have added brand management and business development resources to the team. The new facility is cost competitive to the arrangement that predated it, whilst establishing an additional base for product demonstration and training for our dealers located in this area.

Additionally, one of our General Managers, Richard Neale, retired during the financial year. Richard remains a strong supporter of Ambertech and was instrumental in the selection and induction of his successor Nathan Brady, providing us with an appropriate transition period in which we were able to ensure business continuity.

CORPORATE GOVERNANCE

We are conscious of the growing emphasis on sustainability and Environmental, Social and Governance (ESG) factors in Corporate Governance. We are a member of the Australian Packaging Covenant Organisation (APCO), reflecting our commitment to sustainable packaging practices and environmental responsibility.

We are proud to represent brands such as Universal Electronics in Australia and New Zealand with their One For All brand. As a major global manufacturer of remote controls their commitment to creating a more sustainable future is highlighted in product design and packaging innovations that we challenge all our suppliers to match.

Post year end we have also undertaken a review of Board diversity and business wide succession planning. The management team are excited to see what new skills, perspectives and ideas Janine Rolfe can bring to the decision-making process of the business and we welcome her to the business. We also thank David Swift for his many years of guidance to the organisation.

We continue to look to grow and better inform our shareholder base. To assist with providing clarity around our strategy, we have recently engaged investor relations professionals. We hope that this will lead to a greater understanding of our competitive advantage, and of our investment narrative for all types of market investors.

STRATEGY

One of the main keys to the future success of Ambertech is the ability to achieve growth without a decline in focus. As an independent value add distributor of international brands, we are very conscious that each of these brands needs to see the focus of the brand owner themselves. We have developed a structure that can continue to support our growth ambitions in this way.

Much of our strategy centers on the importance of representing brands with clear positioning and differentiation. We often conduct brand reviews and work collaboratively with our partners to ensure success in the market.

We regularly identify brands outside of our portfolio which are market leaders or have significant market potential. This is where we focus our business development activities, and adding these brands may come through acquisition of a business, by presenting ourselves as an alternative to current distribution arrangements, or by finding new technologies from emerging companies around the world. Prioritising opportunities in the current market environment is also important, and we have a clear and disciplined M&A strategy that targets adding further scale to our business in a sustainable manner.

We are currently evaluating opportunities across several of our market segments and in aligned markets that we can successfully address.

FUTURE OUTLOOK

The first half of the new financial year began with a major highlight for the business as we were awarded the contract for the supply of Solid State Logic audio consoles to the Sydney Opera House. The range of console models deployed signifies a significant upgrade to the venues within the Sydney Opera House in its 50th year of operation and is being supplied across the first half of the financial year and is valued at approximately \$3.0m.

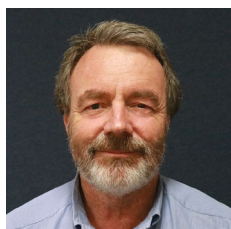
The Network 10 news and production systems contract continues to see milestones with around \$4.0m in revenue expected during this financial year. Revenue for this contract will continue to flow in coming years via a multi-year subscription and support services contract.

Completion of several Defence industry supplies of Silvus radios has also boosted trading during this period and we continue to see major ongoing opportunities in this market. We are also confident in our offering in the Emergency Services space.

With a strong and dedicated team in place we are confident in our business strategy. We want to thank each of them for their contributions this year, and we know their focus will lead to success in the future.



Peter Amos
Managing Director



Robert Glasson
Chief Operating Officer



OUR BUSINESS

Our business segments operate across both the Australian and New Zealand markets.

INTEGRATED SOLUTIONS SEGMENT

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

- **RESIDENTIAL INSTALLATIONS**
Audio visual and infrastructure brands for home cinema, multi room AV and more.
- **COMMERCIAL INSTALLATIONS**
Audio visual and infrastructure brands for commercial custom installation projects.
- **SPECIALIST HI FI**
Renowned hi-fidelity brands for personal audio devices, advanced home audio components and digital accessories.

PROFESSIONAL SEGMENT

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**
From content creation and acquisition, delivery, processing and asset management, Amber Technology can offer turnkey packages for creating, delivering and managing all types of media content.
- **DEFENCE, LAW ENFORCEMENT AND SECURITY**
Specialised data communications and video technology for defence, law enforcement and security.
- **PROFESSIONAL PRODUCTS**
Amber's Professional Products group has a strong reputation as a preferred supplier of high technology equipment for live sound in many different industry segments, including touring artists, live stage shows, film and television productions, broadcast news and sports, through to smaller sound installations in education facilities, houses of worship and smaller venues.
- **MUSICAL INSTRUMENTS**
Guitars, instrument and music technology for musicians of all levels.

RETAIL SEGMENT

Our focus is on offering a comprehensive selection of high end audio visual and accessory brands for end users.

The Major Retail division works with home electronics retailers nationally, mass market retail chains and independent specialist outlets to supply home entertainment solutions for consumers in the residential market.

OUR BRANDS

AC Infinity	Dell EMC	LP Morgan	Silvus Technologies
Accent Visual	Denon Pro	Mark Levinson	Solid State Logic
Acrovista	Digital Projection	MC2	Sonance
Advanced Network Telemetry	DNH	MP Antennas	Sonitus
Aja	DPA Microphones	NAD Electronics	Soundsphere
Amadeus Acoustics	Dynaudio Professional	Neutrik	Spectra Logic
Ambertec Cables	Embrionix	Newline Interactive	Strymon
Araknis	Emotion Systems	Newtek	SurgeX
Arista	Embrace	Nexidia	Teenage Engineering
ASL	Evoko	NTi Audio	Telestream
Ateme	EVS	One For All	Troll Systems
Australian Monitor	Framus Guitars	One Systems	Van Damme
Autoscript	GB Labs	Optoma	Videssence
AVer	Grandview Screens	Pakedge	Vinten
Avid	Haivision	Panasonic	Vipranet
Barix	HDAnywhere	Peterson	Walla Walla Guitars
BATS Wireless	Hotone	Philips Projection	Wampler
BirdDog	ICE Cables	Plura	Warwick Basses
Black Mountain	iPort	Primacoustic	Wasabi
Blue Lucy	ISO Acoustics	Pro Control	Wattbox
Bluesound	James Loudspeaker	PSB Speakers	Well AV
Bluesound Professional	James Tyler Guitars	Radial Engineering	Williams AV
Breedlove	Jays	Rean	WolfVision
Canare	JBL	Renkus Heinz	Woody Technologies
Chiayo Electronics	JBL Synthesis	Revel	WyreStorm
Cioks	JTS Microphones	Rockboard	Xilica Audio Design
CP Cases	KASTA	Rock-n-Roller	XTA Electronics
DAI	LEA Professional	Roland	Yamaha Revolabs
David Horn Communications	Liberty AV	RTI	
	Litepanels	Sadowsky Guitars	



AMBERTECH LIMITED
AND CONTROLLED ENTITIES
ACN 079 080 158

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2023

2023

The directors present their report together with the financial statements of the consolidated entity consisting of Ambertech Limited and its controlled entities, ("company" or "consolidated entity" or "economic entity") for the year ended 30 June 2023 and the auditor's report thereon.

DIRECTORS

The qualifications, experience and special responsibilities of each person who has been a director of the Company at any time during or since the end of the financial year are listed below, together with the details of the company secretary as at the end of the financial year. All directors were in office during the whole of the financial year and up to the date of this report unless otherwise stated.

Information on directors

Peter Francis Wallace

Chairman - Non Executive Director

Member of the Audit and Risk Management Committee and Chairman of the Remuneration and Nomination Committee.

Peter Wallace is the founder and Managing Director of Endeavour Capital Pty Limited, an independent corporate advisory firm. Prior to establishing Endeavour Capital Pty Limited in 1998, he was an Investment Director with private equity company Hambro-Grantham. Mr Wallace has been a non-executive director of over 30 groups of companies. He was a non-executive director of the listed entities THC Global Limited until 15 March 2018 and Range International Limited until 14 April 2020.

Mr Wallace has a Bachelor of Commerce degree from the University of New South Wales and a Master of Business Administration degree from Macquarie University. He is a member of Chartered Accountants Australia and New Zealand, and a fellow of the Australian Institute of Company Directors.

Mr Wallace has been a director of Ambertech's Group companies since February 2000 and Chairman of Ambertech Limited since October 2002.

Peter Andrew Amos

Managing Director

Peter Amos graduated from Sydney Technical College (now University of Technology, Sydney) with a Radio Trade Certificate and from North Sydney Technical College with an Electronics Engineering Certificate. He joined Rank Electronics, the Company from which Ambertech was formed via a management buyout, as a technician in the mid 1970s, rising from Senior Technician to Service Manager. Upon the formation of Ambertech Limited, Mr Amos became Technical Director of the Ambertech Group. He also served in a senior role as Marketing Director of Quantum Pacific Pty Ltd, another company owned by Ambertech Limited, until it was sold in the mid 1990s.

Mr Amos has served as Managing Director of Ambertech Limited since 1995 and presided over the growth of the Company since that date. Mr Amos has been a director of Ambertech's Group companies since 1987.

Thomas Robert Amos

Non-Executive Director

Chairman of the Audit and Risk Management Committee.

Tom Amos founded telecommunications consultancy Amos Aked Pty Limited in the early 1980s. His career in telecommunications and media spans over 30 years, during which time he has been involved in all facets of the industry. An engineer by profession, Mr Amos holds a B.E. (Electrical Engineering) degree from Sydney University.

Mr Amos has also been prominent in the telecommunication deregulation debate over a period of 15 years as a (former) director and Vice Chairman of Australian Telecommunications Users Group Limited ("ATUG") and as an industry commentator. He is a director of Wave Link Systems Pty Limited and a non executive director of listed entity Big Tin Can Holdings Limited.

Mr Amos has been a director of Ambertech's Group companies since June 1997.

Santo Carlini
Non-Executive Director

Mr Santo Carlini was appointed to the Board as a Non-Executive Director effective 1 March 2020.

Mr Carlini brings to the Ambertech Board key Audio-Visual industry experience in the major professional and installation market segments, with over 20 years dedicated to achieving the best product and service outcomes for customers. Mr Carlini is General Manager at WES Alliance Pty Ltd (WES). The company was founded in 1984 and since 1995 he has successfully grown, first as part of the team and then as General Manager, the WES business from a specialist supplier of Electronic Parts to a leading supplier of audio, visual products and solutions to the domestic and commercial installation market.

Mr Carlini has strong international products and supply experience. This expertise has been built from a business need to match the continuous domestic market demands by sourcing products from around the world that are the best fit audio and visual products to meet the demands of the competitive and evolving Australian marketplace.

David Rostil Swift
Non-Executive Director

Member of the Remuneration and Nomination Committee.

David Swift, who holds a B.E. (Electrical Engineering) degree from the University of NSW, has extensive experience in both the telecommunications and professional electronics industries. Mr Swift, a co-founder of Amos Aked Swift Pty Ltd and the founder of AAS Consulting Pty Ltd, is currently an independent telecommunications management and technology consultant operating in the Australasian Pacific region.

Mr Swift was a Director and the Chairman of the Australian Telecommunications Users Group Limited (ATUG) and a Director of Amos Aked Swift (NZ) Limited. In addition to his consulting experience he has had significant management experience through senior positions with both Westpac Banking Corporation and Telecom Australia. Mr Swift has been a director of Ambertech's Group companies since June 1997.

Company Secretary and Chief Operating Officer

The following person held the position of Company Secretary at the end of the financial year: **Robert John Glasson**

Robert Glasson joined Ambertech Limited on 1 July 2002 and also holds the position of Chief Operating Officer. He previously held the position of Chief Financial Officer up until 30 June 2015. He has a Bachelor of Business degree from the University of Technology, Sydney, and is a member of Chartered Accountants Australia and New Zealand. He was appointed to the role of Company Secretary on 1 November 2004.

CORPORATE INFORMATION**Nature of operations and principal activities**

The principal activities of the economic entity during the financial year were the import and distribution of high technology equipment to the professional broadcast, film, recording and sound reinforcement industries; the import and distribution of home theatre products to dealers; distribution and supply of custom installation components for home theatre and commercial installations to dealers and consumers, and the distribution of projection and display products with business and domestic applications.

There have been no significant changes in the nature of these activities since the end of the financial year.

Employees

The economic entity employed 131 employees as at 30 June 2023 (2022: 124 employees).

REVIEW AND RESULTS OF OPERATIONS

The consolidated profit of the economic entity after providing for income tax for the financial year was \$1,930,000 (2022: \$3,681,000). The reduction in profit from the prior year is essentially a result of the investment in a growth plan for the future of the business, with the increased spend on marketing, employment costs and travel expected to provide economic benefit to the business in future periods. Total revenues for the financial year increased by 9.4% to \$84,226,000 (2022: \$76,997,000).

Further information on the operations, including the success of the acquisition during the reporting period, is included in the Chairman's and Managing Director's Report section of the Annual Report, and in the ASX Appendix 4E.

FINANCIAL POSITION

The directors believe the economic entity is in a reasonably strong and stable financial position with the potential to expand and grow its current operations. At 30 June 2023 the economic entity had kept its working capital and net tangible asset ratios steady, whilst continuing to show positive operating cash flow during the financial year.

The economic entity's working capital, being current assets less current liabilities, decreased by \$1,082,000 to \$19,683,000 as at 30 June 2023 (2022: \$20,765,000). The net assets of the economic entity have increased by \$186,000 to \$22,460,000 as at 30 June 2023 (2022: \$22,274,000).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the economic entity during the financial year.

MATERIAL BUSINESS RISKS

The material risks faced by the economic entity that are likely to have an effect on the financial prospects of the economic entity are outlined below:

Market and Industry Risks:

Market Competition: Ambertech operates in a competitive distribution industry, which could lead to price pressures, reduced margins, and loss of market share.

Technological Disruption: Technological advancements could render existing distribution methods and systems obsolete, affecting our ability to meet customer demands and preferences.

Economic Conditions: Fluctuations in economic conditions, such as recessions or economic downturns, could impact consumer spending, leading to reduced demand for our products in certain markets.

Supply Chain and Operational Risks:

Supply Disruptions: Interruptions in our supply chain, including transportation delays, production issues, or raw material shortages, could result in inventory shortages and impact our ability to fulfill orders.

Regulatory Compliance: Non-compliance with regulatory requirements, such as import/export regulations or safety standards, could lead to fines, legal liabilities, and reputational damage.

Financial Risks:

Credit and Counterparty Risk: Exposure to credit risk from customers or suppliers facing financial difficulties could result in bad debts or supply disruptions.

Currency Fluctuations: Ambertech sources from multiple regions, exposing us to foreign exchange rate fluctuations that could impact revenue and profitability.

Legal and Regulatory Risks:

Data Security and Privacy: Breaches in data security and privacy could lead to legal actions, reputational damage, and loss of customer trust.

EVENTS SUBSEQUENT TO REPORTING DATE

On 31 July 2023, the economic entity entered into an agreement with Octet finance Pty Ltd in relation to extending its finance facilities for a further 12 months. The facilities include an invoice discounting facility with approval up to \$12,000,000 and a business transaction facility with a limit of \$2,000,000.

On 17 August 2023 the Directors resolved to pay a dividend of 1.0 cents per share.

There were no other matters that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations or state of affairs of the economic entity in future financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The 2023-24 financial year has begun well, and as a result the Board of Ambertech Limited ("the Board") is optimistic that it can deliver on business strategies, which continue to focus on growth and returning positive results for investors in the short term. At this early stage the Board is unable to provide guidance on potential results with any certainty; however expects to be able to update investors by the time of holding the company's AGM.

The board and management remain focused on utilising the traditional strengths of the Ambertech business as a technical distributor to bring new products and brands to market and to redefine the methods and channels in which the business operates. We are continuing to progress these initiatives which are the key drivers of future revenue and profit growth.

ENVIRONMENTAL REGULATION

The company is subject to regulation by the relevant Commonwealth and State legislation. The nature of the company's business does not give rise to any significant environmental issues.

REMUNERATION REPORT (AUDITED)

The information provided below includes remuneration disclosures that are required under the *Corporations Act 2001* and its regulations. The disclosures contained within the remuneration report have been audited.

In recent years the remuneration policy of the company has had to take into account competing interests. On one hand, shareholder returns are inadequate, while Directors, faced with their responsibilities to the Company, need to retain an experienced, expert Board and executive management team. Directors are aware that these staff may have opportunities to pursue their careers in less challenging environments with prospects of greater remuneration.

For the 2023 financial year, staff remuneration increases were on average consistent with increases in the cost of living, except where roles and responsibilities changed.

Remuneration Strategy

Non-Executive Director Remuneration

Remuneration of non-executive directors is determined by the Remuneration and Nomination Committee. In determining payments to non-executive directors, consideration is given to market rates for comparable companies for time, commitment and responsibilities. The Remuneration and Nomination Committee reviews the remuneration of non-executive directors annually, based on market practice, duties and accountability.

Remuneration of non-executive directors comprises fees determined having regard to industry practice and the need to obtain appropriately qualified independent persons. Fees do not contain any non-monetary elements. Until recently the financial performance of the company had not justified an increase to the remuneration of non-executive directors.

Executive Remuneration

Managing Director and Chief Operating Officer

Remuneration of the Managing Director and the Chief Operating Officer (COO) is determined by the Remuneration and Nomination Committee. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility. Remuneration comprises salaries, bonuses, contributions to superannuation funds and options.

The Managing Director and COO receive an incentive element of their salary which is based on achievement of Key Performance Indicators (KPIs) relevant to their responsibilities. This includes a component that is based on the company's profit targets. The total incentive amounts payable are capped at a fixed rate rather than as a percentage of total remuneration, however if paid on target these incentives would have represented approximately 24% of total salary for the Managing Director and 21% of total salary for the COO.

REMUNERATION REPORT (continued)

KPIs are set annually by the Remuneration and Nomination Committee and based on company performance targets and vary according to the roles and responsibilities of the executive. At the same time, these KPIs are aligned to reflect the common corporate goals such as growth in earnings and shareholders' wealth, and achievement of working capital targets. Performance against the KPIs is assessed annually by the Remuneration and Nomination Committee and recommendations for payments determined following the end of the financial year.

Other Executives

Remuneration of other key executives is set by the Managing Director and Chief Operating Officer, with reference to guidelines set by the Remuneration and Nomination Committee. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility. Remuneration comprises salaries, bonuses, contributions to superannuation funds and options.

Approximately 5% of the aggregate remuneration of the senior sales executives comprises an incentive element which is related to the KPIs of those parts of the company's operations which are relevant to the executive's responsibilities. The senior sales executives may also receive a sales commission component, which will vary with the sales performance of those parts of the sales business for which they are responsible.

KPIs are set annually by the Remuneration and Nomination Committee, with a degree of consultation with executives to ensure their commitment. The measures are tailored to the areas of each executive's involvement and over which they have control.

They are based on company performance targets, and at the same time, these KPIs are aligned to reflect the common corporate goals such as growth in earnings and shareholders' wealth, and achievement of working capital targets. Performance against the KPIs is assessed annually by the Remuneration and Nomination Committee and recommendations for payments determined following the end of the financial year.

The table below sets out the economic entity's key shareholder indicators for the past 5 financial years:

	2023	2022	2021	2020	2019
Dividends paid (cents per share)	1.5	3.1	1.8	-	-
Closing share price at 30 June (\$)	\$0.23	\$0.27	\$0.225	\$0.055	\$0.10
Net profit/(loss) after tax (\$'000)	1,930	3,681	5,090	784	(1,332)

Details of Remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of the economic entity are set out in the following tables.

The key management personnel of the economic entity include the following:

Name	Position	Name	Position
P Wallace	Non-Executive Chairman	R Glasson	Group COO, Company Secretary
P Amos	Group Managing Director	R Neale	General Manager, Integrated Solutions (retired 23 rd December 2022)
T Amos	Non-Executive Director	R Caston	General Manager, Media Systems
D Swift	Non-Executive Director	N Brady	General Manager, Integrated Solutions (commenced 7 th November 2022)
S Carlini	Non-Executive Director		

Key management personnel are those directly accountable to the Managing Director and the Board and responsible for the operational management and strategic direction of the Company.

The nature and amount of each major element of the remuneration of each director of the economic entity and each of the key management personnel of the parent and the economic entity for the financial year are set out in the following tables.

REMUNERATION REPORT (continued)

Elements of Remuneration

2023	Short-term employment benefits		Post employment benefits	Long-term employment benefits	Share based payments	Total	% Performance Related	% Relating to Options
	Salary fees and leave	Cash Bonus	Superannuation	LSL accrued/ (taken)	Options			
Directors	\$	\$	\$	\$	\$	\$		
P Amos	348,847	119,000	27,501	23,156	7,068	525,572	22.6%	1.3%
P Wallace	68,182	-	7,159	-	-	75,341	0.0%	0.0%
T Amos	40,909	-	4,295	-	-	45,204	0.0%	0.0%
S Carlini	40,909	-	4,295	-	-	45,204	0.0%	0.0%
D Swift	17,709	-	27,495	-	-	45,204	0.0%	0.0%
	-	-	-	-	-	-	-	-
	516,556	119,000	70,745	23,156	7,068	736,525	16.2%	1.0%

Executives

R Glasson	195,304	42,172	26,283	7,930	4,241	275,930	15.3%	1.5%
R Caston	246,778	27,075	29,247	7,447	4,415	314,962	8.6%	1.4%
R Neale	124,098	40,541	18,819	-	4,241	187,699	21.6%	2.3%
N Brady	145,731	-	15,302	-	-	161,033	0.0%	0.0%
	711,911	109,788	89,651	15,377	12,897	939,624	14.1%	1.7%

- On 15 July 2022, a cash bonus of \$119,000 was paid to Mr P Amos relating to performance against KPIs. The bonus was 86% of the total available to Mr P Amos under his KPI scheme.
- On 15 July 2022, a cash bonus of \$42,172 was paid to Mr Glasson relating to performance against KPIs. The bonus was 82% of the total available to Mr Glasson under his KPI scheme.
- On 15 July 2022, a cash bonus of \$27,075 was paid to Mr Caston relating to performance against KPI's. The bonus was 90% of the total available to Mr Caston under his KPI scheme.
- On 15 July 2022, a cash bonus of \$30,541 was paid to Mr Neale relating to performance against KPI's. The bonus was 100% of the total available to Mr Neale under his KPI scheme. On 15 January 2023 a further cash bonus of \$10,000 was paid to Mr Neale relating to performance against KPI's. The bonus was 100% of the total available to Mr Neale under his KPI scheme.
- Cash bonuses in relation to performance against KPI's the year ended 30 June 2023 for Mr Amos, Mr Glasson, Mr Caston and Mr Brady had not yet been determined at year end and therefore have yet to be paid. The total amount for each is a maximum of \$130,000 for Mr Amos, \$60,000 for Mr Glasson, \$30,000 for Mr Caston, and \$16,000 for Mr Brady.

2022	Short-term employment benefits		Post employment benefits	Long-term employment benefits	Share based payments	Total	% Performance Related	% Relating to Options
	Salary fees and leave	Cash Bonus	Superannuation	LSL accrued/ (taken)	Options			
Directors	\$	\$	\$	\$	\$	\$		
P Amos	374,275	-	27,500	16,111	7,068	424,954	0.0%	1.7%
P Wallace	68,182	-	6,818	-	-	75,000	0.0%	0.0%
T Amos	40,909	-	4,091	-	-	45,000	0.0%	0.0%
S Carlini	40,909	-	4,091	-	-	45,000	0.0%	0.0%
D Swift	17,509	-	27,491	-	-	45,000	0.0%	0.0%
	541,784	-	69,991	16,111	7,068	634,954	0.0%	1.1%

Executives

R Glasson	195,712	-	20,000	960	4,241	220,913	0.0%	1.9%
R Caston	225,481	10,000	27,382	690	4,415	267,968	3.7%	1.6%
R Neale	271,921	20,000	26,525	-	4,241	322,687	6.2%	1.3%
	693,114	30,000	73,907	1,650	12,897	811,568	3.7%	1.6%

- On 13 August 2021, a cash bonus of \$10,000 was paid to Mr Caston relating to performance against KPI's. The bonus is 50% of the total available to Mr Caston under his KPI scheme.
- On 13 August 2021, a cash bonus of \$20,000 was paid to Mr Neale relating to performance against KPI's. The bonus is 50% of the total available to Mr Neale under his KPI scheme.
- Cash bonuses in relation to performance against KPI's the year ended 30 June 2022 for Mr Amos, Mr Glasson, Mr Caston and Mr Neale had not yet been determined at year end and therefore have yet to be paid. The total amount for each is a maximum of \$130,000 for Mr Amos, \$50,000 for Mr Glasson, \$20,000 for Mr Caston, and \$40,000 for Mr Neale.

REMUNERATION REPORT (continued)

Service agreements

An executive agreement exists between Peter Amos, the Managing Director, and Amber Technology Limited. This agreement provides that Mr Amos, for a period of 12 months from the date of termination, will not engage in activities in competition with the Amber Group. There is a notice period by either party of 12 months.

The agreement commenced on 31 May 1999 and continues indefinitely. In the event that the company was to exercise its right to terminate the contract, the current payout value would be \$435,000 (2022: \$417,500).

Other transactions with Key Management Personnel and their Related Parties

During the financial year, sales totaling \$371,203 to Wes Components Pty Ltd (director-related entity of Santo Carlini) were made. The current trade receivable balance as at 30 June 2023 is \$27,749. All transactions were made on normal commercial terms and conditions at market rates.

Share based compensation

The company has adopted an Employee Share Option Plan (ESOP). The Board of Directors may determine the executives and eligible employees who are entitled to participate in the ESOP.

The options issued under the ESOP will expire 5 years after the issue date, or earlier on any of the following events:

- a the eligible employee is dismissed with cause or has breached a restriction contained in his/her employment contract;
- b the eligible employee dies while in the employ of the Company;
- c the eligible employee is made redundant by the Company;
- d the eligible employee's employment with the Company is voluntarily terminated by the eligible employee; or
- e the eligible employee's employment terminates by reason of normal retirement.

The total number of shares reserved for issuance under the ESOP, together with shares reserved for issuance under any other Option Plan, shall not exceed 5% of the diluted ordinary share capital in the Company (comprising all Shares, all Options issued under the ESOP and under any other Option Plan, and all other convertible issued securities).

The ESOP provides the Board with the ability to determine the exercise price of the options, the periods within which the options may be exercised, and the conditions to be satisfied before the option can be exercised.

The ESOP provides for adjustments in accordance with ASX Listing Rules if there is a capital reconstruction, a rights issue or a bonus issue.

Options previously granted as remuneration which remain exercisable at year end are set out below.

	Balance at beginning	Balance at end of year
P Amos	-	-
R Glasson	-	75,000
R Neale	-	-
R Caston	62,500	125,000

During the financial year, 337,500 options vested with key management personnel (2022: 337,500). During the year 250,000 options were exercised (2022: 612,500), and 75,000 options were forfeited (2022: Nil).

In relation to bonus issues, each outstanding option confers on the option holder the right to receive, on exercise of those outstanding options, not only one share for each of the outstanding options exercised but also the additional shares the option holder would have received had the option holder participated in that bonus issue as a holder of ordinary shares.

REMUNERATION REPORT (continued)

Interests of Directors

At the date of this report the following interests were held by directors:

<u>Director</u>	<u>Ordinary Shares</u>	
	2023	2022
P Wallace	2,861,194	2,654,400
P Amos	5,322,555	5,197,555
T Amos	7,339,975	7,289,975
D Swift	3,352,703	3,161,735
S Carlini	29,886,239	29,720,872

Voting and Comments made at the Company's 2022 Annual General Meeting ('AGM')

The Company received 96% of "for" votes in relation to its remuneration report for the year ended 30 June 2022. No issues were raised with Directors concerning the Report.

This concludes the Remuneration Report which has been audited.

DIVIDENDS

On 18 August 2022 the Board of Ambertech resolved to pay a final dividend of 1.5 cents per share, fully franked. The record date for the dividend was 12 September 2022, with a payment date of 30 September 2022.

On 21 February 2023 the Board of Ambertech resolved to pay an interim dividend of 0.5 cents per share, fully franked. The record date for the dividend was 6 March 2023, with a payment date of 31 March 2023.

On 17 August 2023 the Board of Ambertech resolved to pay a final dividend of 1.0 cents per share, fully franked. The record date for the dividend is 29 September 2023, with a payment date of 17 October 2023. The Company's Dividend Reinvestment Plan will be active for this dividend, with a discount rate of 3% to the volume weighted average price of shares traded from 26 September 2023 to 29 September 2023.

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are:

<u>Director</u>	<u>Board Meetings</u>		<u>Audit and Risk Management Committee Meetings</u>		<u>Nomination and Remuneration Committee</u>	
	Attended	Held	Attended	Held	Attended	Held
P Wallace	9	9	3	3	2	2
P Amos	9	9	-	-	-	-
T Amos	9	9	3	3	-	-
D Swift	9	9	-	-	2	2
S Carlini	9	9	-	-	-	-

OPTIONS

Shares under option

There were 1,050,000 unissued ordinary shares of Ambertech Limited under option at the date of this report which have a weighted average exercise price of 22 cents and a weighted average remaining contractual life of 3.5 years.

Shares issued on the exercise of options

There were 250,000 ordinary shares of Ambertech Limited issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options previously granted.

NON-AUDIT SERVICES

BDO Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

It is the economic entity's policy to employ BDO Audit Pty Ltd and their respective related entities (BDO) for assignments additional to their annual audit duties, when BDO's expertise and experience with the economic entity are important. During the year these assignments comprised primarily tax compliance assignments. The Board of Directors is satisfied that the auditors' independence is not compromised as a result of providing these services because:

- All non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- None of the services undermines the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditors' own work, acting in a management or decision-making capacity for the company, acting as an advocate for the company or jointly sharing economic risks and rewards.

During the year fees that were paid or payable for services provided by the auditor of the parent entity and its related practices are disclosed at note 29.

The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

INDEMNIFICATION OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

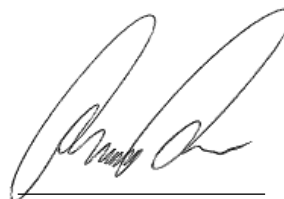
ROUNDING

The company is of a kind referred to in *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that *Corporations Instrument* to the nearest thousand dollars, or in certain cases, the nearest dollar. Signed in accordance with a resolution of directors.



Director:

P F Wallace



P A Amos

Dated this 23rd day of August 2023
Sydney

DECLARATION OF INDEPENDENCE BY MARTIN COYLE TO THE DIRECTORS OF AMBERTECH LIMITED

As lead auditor of Ambertech Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ambertech Limited and the entities it controlled during the period.



Martin Coyle
Director

BDO Audit Pty Ltd

Sydney, 23 August 2023

INDEPENDENT AUDITOR'S REPORT

To the members of Ambertech Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ambertech Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 3, the Group recognised revenue of \$84,224,000 during the financial year ended 30 June 2023 (2022: \$76,995,000).</p> <p>Due to the overall significance of revenue to the Group as a key performance indicator, and the judgement involved in assessing the performance obligations in respect to project based revenue, we considered this area to be a key audit matter.</p>	<p>To determine whether revenue was appropriately accounted for and disclosed within the financial statements, we performed, amongst others, the following audit procedures:</p> <ul style="list-style-type: none">• Reviewed a sample of large, open contracts at year end and ensured revenue had been recognised in line with AASB 15: <i>Revenue from Contracts with Customers</i>;• Tested the operating effectiveness of internal controls surrounding the existence of revenues;• Substantively tested a sample of revenue transactions during the year and deferred revenue balance at year end and ensured they had been appropriately recognised and aligned with the goods and services supplied per the terms of the respective customer orders / agreements;• Performed detailed cut-off testing to ensure that revenue transactions around the year end had been recorded in the correct period including testing of post year-end credit notes; and• Performed substantive analytical procedures over gross margins by segment in comparison to the prior period, budget and our expectations.



Valuation of inventory

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 7, the Group held inventory with a carrying value of \$23,070,000 as at 30 June 2023 (2022: \$17,360,000) which represented approximately 44% of the Group's total assets.</p> <p>Inventory valuation was considered a key audit matter due to the significant value of these assets in the Consolidated Statement of Financial Position and the key estimates and judgements applied by management in assessing the net realisable value ('NRV') of inventory due to the nature of the industry in which the Group operates in.</p>	<p>Our audit procedures for addressing this key audit matter included, but were not limited to, the following:</p> <ul style="list-style-type: none">• Reviewed the inventory obsolescence policy and assessed the assumptions applied by management in determining the provision for obsolescence;• Observed the cyclical inventory count procedures performed by management and assessed, by inspection, whether there was any evidence of damaged or obsolete inventory;• Tested a sample of inventory items on hand at year end and as at the date of acquisition of Convoy International to ascertain whether these balances were being recognised at the lower of cost and net realisable value;• Obtained supplier invoices for a sample of inventory items on hand to determine whether the pricing was accurate; and• Performed various analytical procedures in relation to inventory including analysing inventory turnover by product group and gross margin in comparison to prior periods and our expectations.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Directors' Report (excluding the audited Remuneration Report section) for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report to Shareholders, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Annual Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.



Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Ambertech Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Martin Coyle
Director

Sydney, 23 August 2023

AMBERTECH LIMITED AND CONTROLLED ENTITIES
ACN 079 080 158
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
Revenues	3	84,224	76,995
Cost of sales	4	(55,495)	(49,995)
Gross Profit		28,729	27,000
Other income	3	2	283
Employee benefits expense	4	(17,256)	(15,197)
Distribution costs		(1,868)	(1,775)
Marketing costs		(1,085)	(647)
Premises costs		(762)	(716)
Travel costs		(678)	(235)
Depreciation and amortisation expense	4	(1,112)	(1,260)
Finance costs	4	(1,085)	(925)
Other expenses		(2,152)	(1,263)
Profit before income tax		2,733	5,265
Income tax expense	5	(803)	(1,584)
Profit after income tax for the year		1,930	3,681
Other comprehensive income			
Exchange differences on translation of foreign operations		30	(64)
Total comprehensive income for the year		1,960	3,617
Earnings per share			
Basic earnings per share (cents)	27	2.1	4.2
Diluted earnings per share (cents)	27	2.1	4.2

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached notes.

AMBERTECH LIMITED AND CONTROLLED ENTITIES
ACN 079 080 158
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
CURRENT ASSETS			
Cash and cash equivalents	25	1,568	2,225
Trade and other receivables	6	18,061	15,576
Inventories	7	23,070	17,360
Current tax assets	5	246	-
TOTAL CURRENT ASSETS		42,945	35,161
NON-CURRENT ASSETS			
Plant and equipment	9	436	341
Right-of-use assets	10	4,251	4,726
Intangible assets	11	2,144	1,532
Deferred tax assets	5	2,534	2,759
TOTAL NON-CURRENT ASSETS		9,365	9,358
TOTAL ASSETS		52,310	44,519
CURRENT LIABILITIES			
Trade and other payables	12	8,852	6,817
Financial liabilities	14	6,324	1,255
Contract Liabilities	13	4,230	2,169
Lease liabilities	15	1,438	1,247
Provisions	16	2,418	2,570
Current tax liabilities	5	-	338
TOTAL CURRENT LIABILITIES		23,262	14,396
NON-CURRENT LIABILITIES			
Contract liabilities	13	90	346
Provisions	16	291	281
Lease liabilities	15	6,050	7,098
Deferred tax liabilities	5	157	124
TOTAL NON-CURRENT LIABILITIES		6,588	7,849
TOTAL LIABILITIES		29,850	22,245
NET ASSETS		22,460	22,274
EQUITY			
Share capital	17	21,837	21,781
Reserves	18	24	(37)
Retained earnings		599	530
TOTAL EQUITY		22,460	22,274

The above Consolidated Statement of Financial Position is to be read in conjunction with the attached notes.

AMBERTECH LIMITED AND CONTROLLED ENTITIES
ACN 079 080 158
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Share Capital	Foreign Currency Translation Reserve	Share Based Payments Reserve	Retained earnings/ (Accumulated losses)	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2021	15,947	(10)	-	(525)	15,412
Profit for the year	-	-	-	3,681	3,681
Exchange differences on translation of foreign operations	-	(64)	-	-	(64)
Total comprehensive income for the year	-	(64)	-	3,681	3,617
Transactions with equity holders:					
Share issue net of transaction cost	5,078	-	-	-	5,078
Shares issued on exercised options	160	-	-	-	160
Costs of share based payments	-	-	37	-	37
Dividends declared, paid and reinvested as part of the Dividend Reinvestment Plan (note 28)	596	-	-	(2,626)	(2,030)
Balance as at 30 June 2022	21,781	(74)	37	530	22,274
Balance as at 1 July 2022	21,781	(74)	37	530	22,274
Profit for the year	-	-	-	1,930	1,930
Exchange differences on translation of foreign operations	-	30	-	-	30
Total comprehensive income for the year	-	30	-	1,930	1,960
Transactions with equity holders:					
Shares issued on exercised options	56	-	-	-	56
Costs of share based payments	-	-	31	-	31
Dividends declared and paid (note 28)	-	-	-	(1,861)	(1,861)
Balance as at 30 June 2023	21,837	(44)	68	599	22,460

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the attached notes.

AMBERTECH LIMITED AND CONTROLLED ENTITIES
ACN 079 080 158
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		93,420	83,824
Receipts from government grants		-	770
Payments to suppliers and employees		(84,920)	(74,731)
Interest received		2	2
Interest and other costs of finance paid		(1,085)	(924)
Goods and services tax remitted		(5,865)	(5,503)
Income tax remitted		(1,127)	(1,588)
Net cash from operating activities	25	425	1,850
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(240)	(160)
Payment for intangible assets		(11)	(49)
Payment for the acquisition of businesses, net of cash acquired		(2,803)	(1,824)
Net cash used in investing activities		(3,054)	(2,033)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		5,411	1
Repayment of borrowings		(342)	(1,412)
Repayment of leases		(1,290)	(1,199)
Proceeds from share issue, net of transaction costs		55	5,238
Dividends paid to shareholders	28	(1,861)	(2,030)
Net cash provided by financing activities		1,973	598
Net (decrease)/increase in cash and cash equivalents held		(656)	415
Cash and cash equivalents at beginning of period		2,225	1,788
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies at the beginning of the financial year		(1)	22
Cash and cash equivalents at end of period	25	1,568	2,225

The above Consolidated Statement of Cash Flows is to be read in conjunction with the attached notes.

NOTE 1: INTRODUCTION

The financial statements cover the economic entity consisting of Ambertech Limited and its controlled entities. Ambertech Limited is a company limited by shares, incorporated and domiciled in Australia.

Operations and principal activities

Ambertech Limited is a distributor of high technology equipment to the professional broadcast, film, recording and sound reinforcement industries and of consumer audio and video products in Australia and New Zealand.

Currency

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency. All financial information presented in Australian dollars has been rounded to the nearest one thousand, unless otherwise stated.

Registered office

Unit 1, 2 Daydream Street, Warriewood NSW 2102.

Authorisation of financial statements

The financial statements were authorised for issue on 23 August 2023 by the Directors. The company has the power to amend the financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Overall Policy

The principal accounting policies adopted in the preparation of these consolidated financial statements are stated in order to assist in a general understanding of the financial statements. These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*, as appropriate for profit oriented entities. The financial statements have been prepared under the historic cost convention.

Statement of Compliance

The financial statements comply with Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the economic entity comply with International Financial Reporting Standards (IFRS).

Going Concern

The consolidated financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

For the year ended 30 June 2023, the consolidated entity recorded profit after income tax of \$1,930,000 (2022: \$3,681,000) and net operating cash inflows of \$425,000 (2022: \$1,850,000).

The Directors believe that there are reasonable grounds to conclude that the Group will continue as a going concern, after consideration of the following factors:

- Management have prepared forecasts for the 12 months following date of approval of the financial report, which indicate that the Group can continue to pay its debts as and when they become due and payable;

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- The group continues to have available significant debt headroom on the primary business finance facilities with limits of up to \$12,000,000 in invoice discounting and \$2,000,000 in trade finance as disclosed in note 14;

(B) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(C) Government Grants

Government grants are recognised as income when it is reasonably certain that the Group will comply with the conditions attached to them and when the right to receive payment is established. The Group has elected to recognise grant income as an offset to the directly attributable expenditure in the financial statements.

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no material impact on the financial statements from the adoption of these new accounting standards.

New Accounting Standards and Interpretations not yet mandatory or early adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted

NOTE 3: REVENUE

	Economic Entity	
	2023	2022
Revenue	\$'000	\$'000
- Sale of goods	80,827	72,784
- Rendering of services	3,397	4,211
	84,224	76,995

Revenue Recognition

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of goods and services to entities outside the economic entity.

Sale of goods

Revenue from the sale of goods is recognised at a point in time when control transfers to the customer. In most cases this coincides with the transfer of legal title, or the passing of possession to the customer. In arrangements whereby the consolidated entity is required to meet contractually agreed upon specifications, control over the goods generally occurs when the customer has confirmed acceptance.

Rendering of services

Revenue from the rendering of services is recognised at the point in time in which the service is provided to the customer. Maintenance and support contracts extend for between one and five years. Revenue in respect to these services are generally recognised overtime as the customer simultaneously receives and consumes the benefits of the services as the Group provides the services. Where amounts are invoiced before revenue is earned, a deferred revenue liability is brought to account. These contract liabilities reflect the consideration received in respect of unsatisfied performance obligations.

Interest revenue

Interest revenue is recognised as it accrues using the effective interest method.

Other income

Net Foreign exchange gains	-	281
Interest received	2	2
	2	283

NOTE 4: EXPENSES

Additional information on the nature of expenses

A) Inventories

Cost of sales	55,495	49,995
Movement in provision for inventory obsolescence	(344)	(966)

B) Employee benefits expense

Salaries and wages*	15,883	13,996
Defined contribution superannuation expense	1,373	1,201
	17,256	15,197

* There were no Government grants received during FY23 relating to the COVID-19 pandemic (FY22: \$769,782).

NOTE 4: EXPENSES (continued)

	Economic Entity	
	2023 \$'000	2022 \$'000
C) Depreciation		
Plant and equipment	118	125
Furniture and fittings	2	1
Leasehold improvements	25	133
Leased property plant and equipment	-	7
Buildings right-of-use assets	849	838
Plant and equipment right-of-use assets	80	76
	1,074	1,180
D) Amortisation		
Website costs	8	25
Customer/Supplier Relationships	30	55
	38	80
E) Bad debts and expected credit losses	10	31
F) Rental expense on operating leases:		
Minimum lease payments	-	-
G) Finance costs		
Interest and finance charges paid/payable on borrowings	591	352
Interest and finance charges paid/payable on lease liabilities	494	573
	1,085	925

NOTE 5: INCOME TAX
A) Major components of income tax

Current year	545	1,115
Deferred tax	258	469
Income tax expense	803	1,584

B) Reconciliation between income tax and prima facie tax on accounting profit/(loss)

Profit before income tax	2,733	5,265
Tax at 30% (2022:30%)	820	1,580
Tax effect of non deductible expenses/non assessable income		
• Entertainment	23	9
• Other items	12	20
Recognition of movements in deferred tax	(63)	(53)
Previous tax return adjustments	11	111
Unused tax losses not recognised as deferred tax assets	-	(83)
Income tax expense	803	1,584

NOTE 5: INCOME TAX (continued)

C) Applicable tax rate

The applicable tax rate is the national tax rate in Australia of 30%.

	Economic Entity	
	2023	2022
	\$'000	\$'000
D) Analysis of deferred tax assets		
Employee benefits	798	773
Plant and equipment	324	359
Right-of-use assets	(1,274)	(1,418)
Lease Liability	2,246	2,503
Accrued expenses	35	29
Provision for impairment of receivables	13	8
Provision for obsolescence	230	333
Provision for warranty	3	67
Inventory	125	76
Other	34	29
	2,534	2,759
E) Analysis of deferred tax liabilities		
Unrealised foreign currency gain	93	75
Plant and equipment	61	47
Other	3	2
	157	124

F) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTE 5: INCOME TAX (continued)

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

G) Tax consolidated group

Ambertech Limited and its Australian wholly owned controlled entities have implemented the tax consolidation legislation. The head entity, Ambertech Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a 'stand-alone taxpayer' in its own right.

Current tax liabilities/assets and deferred tax assets arising from unused tax losses and tax credits are immediately transferred to the head entity. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement will be recognised as either a contribution by, or distribution to the head entity.

NOTE 6: TRADE AND OTHER RECEIVABLES

	Economic Entity	
	2023	2022
Current	\$'000	\$'000
Trade receivables	14,890	13,696
Allowance for expected credit losses	(44)	(27)
	14,846	13,669
Other receivables	1,473	1,472
Prepayments	1,742	435
	18,061	15,576

- A) Current trade receivables are non-interest bearing, generally received between 30 and 60 day terms. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any expected credit loss.
- B) An allowance for expected credit losses (ECLs) is required when a difference arises between the contracted cashflows and the amount expected to be received, discounted at the original effective interest rate. For trade receivables, a simplified approach is applied in calculating the ECLs. Loss allowances recognised are based on lifetime ECLs at each reporting date. This is established from historical credit losses, adjusted for forward looking factors specific to the receivable.
- C) Movement in the allowance for expected credit losses is as follows:
- | | | |
|--------------------------------|------|-------|
| Current trade receivables | | |
| Opening balance | 27 | 216 |
| (Reversal)/charge for the year | 40 | (158) |
| Amounts written off | (23) | (31) |
| Closing balance | 44 | 27 |
- D) The economic entity's exposure to credit risk and impairment losses related to trade and other receivables is disclosed at note 26.

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NOTE 7: INVENTORIES

	Economic Entity	
	2023	2022
Current	\$'000	\$'000
Finished goods	21,881	16,523
Stock in transit	1,960	1,952
	23,841	18,475
Provision for obsolescence	(771)	(1,115)
	23,070	17,360

A) Inventories

Inventories include finished goods and stock in transit and are measured at the lower of weighted average cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

B) Provision for impairment of inventories

Movement in the provision for obsolescence is as follows:

Opening balance	1,115	2,080
Charge for the year	174	380
Amounts written off	(518)	(1,345)
Closing balance	771	1,115

Key Estimate and Judgement: Provision for Obsolescence

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

NOTE 8: CONTROLLED ENTITIES

Entity

	Country of Incorporation	Percentage Owned	
		2023	2022
Parent Entity			
• Ambertech Limited	Australia		
Subsidiaries of Ambertech Limited	Australia	100%	100%
• Amber Technology Limited			
Subsidiaries of Amber Technology Limited			
• Alphan Pty Limited	Australia	100%	100%
• Connected Media Australia	Australia	100%	100%
• Amber Technology (NZ) Limited	New Zealand	100%	100%

A controlled entity is any entity controlled by Ambertech Limited. Control exists where Ambertech Limited is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity so that the other entity operates with Ambertech Limited to achieve the objectives of Ambertech Limited.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

NOTE 9: PLANT AND EQUIPMENT

Non-Current

A) Carrying amounts

	Cost		Accumulated depreciation		Net carrying amount	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Economic Entity						
Plant and equipment	1,760	1,660	(1,523)	(1,434)	237	226
Furniture and fittings	959	941	(938)	(936)	21	5
Leasehold improvements	1,640	1,547	(1,462)	(1,437)	178	110
Leased plant and equipment	112	112	(112)	(112)	-	-
Total plant and equipment	4,471	4,260	(4,035)	(3,919)	436	341

B) Reconciliation of carrying amounts

	Plant and equipment	Furniture and fittings	Leasehold improvements	Leased plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Balance at the beginning of the year	226	5	110	-	341
Additions	129	18	93	-	240
Disposals	-	-	-	-	-
Depreciation and amortisation expense	(118)	(2)	(25)	-	(145)
Carrying amount at the end of the year	237	21	178	-	436
2022					
Balance at the beginning of the year	221	6	208	7	442
Additions	132	-	35	-	167
Disposals	(2)	-	-	-	(2)
Depreciation and amortisation expense	(125)	(1)	(133)	(7)	(266)
Carrying amount at the end of the year	226	5	110	-	341

C) Recognition and measurement

Plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

D) Depreciation of property, plant and equipment

Plant and equipment is depreciated over its estimated useful life taking into account estimated residual values. The straight line method is used.

Plant and equipment is depreciated from the date of acquisition or, in respect of leasehold improvements, from the time the asset is completed and ready for use.

NOTE 9: PLANT AND EQUIPMENT (continued)

D) Depreciation of property, plant and equipment (continued)

The depreciation rates used for each class of plant and equipment remain unchanged from the previous year and are as follows:

Class of Asset	Useful life
Plant and equipment	3-8 years
Furniture and fittings	3-8 years
Leasehold improvements	Term of the lease
Leased plant and equipment	Term of the lease

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the plant and equipment or cash generating units to which the plant and equipment belong are written down to their recoverable amount.

NOTE 10: RIGHT-OF-USE ASSETS

	Economic Entity	
	2023	2022
Non-Current	\$'000	\$'000
Land and buildings - right-of-use	7,478	7,152
Less: Accumulated amortisation	(3,364)	(2,516)
	4,114	4,636
Plant and equipment - right-of-use	308	180
Less: Accumulated amortisation	(171)	(90)
	137	90
	4,251	4,726

	Land and buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000
Balance at 30 June 2022	4,636	90	4,726
Additions	327	127	454
Amortisation	(849)	(80)	(929)
Balance at 30 June 2023	4,114	137	4,251

Land and buildings – right-of-use

The land and buildings right of use asset related to a lease for the consolidated entities property lease for its premises at Unit 1, 2 Daydream Street, Warriewood NSW 2102. The lease has a lease term of 5 years commencing 14 January 2023 with rent payable monthly. An option exists to renew the lease at the end of this time for an additional term of 5 years with a final expiry date being 13 January 2033. The lease has rent increases of at least 3.0% (capped at 4.5%) each year.

NOTE 10: RIGHT-OF-USE ASSETS (continued)

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Key Estimate and Judgement: Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date.

Factors considered may include the importance of the asset to the Groups operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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NOTE 11: INTANGIBLE ASSETS

	Economic Entity	
	2023 \$'000	2022 \$'000
Non-Current		
Net carrying amounts and movements during the year		
Goodwill at cost	4,766	4,136
Less impairment	(2,971)	(2,926)
	1,795	1,210
Website at cost	94	94
Less accumulated amortization	(94)	(86)
	-	8
Brand name	100	100
Less impairment	-	-
	100	100
Customer/Supplier relationships	230	175
Less accumulated amortisation	(131)	(101)
	99	74
Research & Development	375	365
Less accumulated amortisation	(225)	(225)
	150	140
	2,144	1,532

Reconciliation of written down values:	Goodwill	Website	Brand name	Customer/Supplier relationships	Research Development	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2022	1,210	8	100	74	140	1,532
Additions (note 31)	585	-	-	55	10	650
Amortisation expense (note 4)	-	(8)	-	(30)	-	(38)
Closing balance at 30 June 2023	1,795	-	100	99	150	2,144

Recognition and measurement

A) Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment. Goodwill is allocated to cash generating units and is not subject to amortisation, but tested annually for impairment.

Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised.

NOTE 11: INTANGIBLE ASSETS (continued)**B) Impairment of Assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

The consolidated entity determined the recoverable amount of assets based on a value-in-use calculation, using cash flow projections based on financial budgets approved by management covering a five-year period. The following assumptions have been applied by management in the 30 June 2023 calculation of value-in-use based on past performance and expectations for the future:

- Annual sales growth of between 11% to 19% over the three-year forecast period
- Terminal value factor of 2.07
- Post-tax discount rate of 15.67%

Management have performed sensitivity analysis and assessed reasonable changes for key assumptions and have not identified any instances that could cause the carrying amount of the consolidated entity's assets to exceed its recoverable amount.

If there is evidence of impairment for any of the company's assets, the loss is measured as the difference between the asset's carrying amount and the recoverable amount. The loss is recognised in the statement of profit or loss and other comprehensive income.

C) Website Costs

Significant costs associated with website costs are deferred and amortised on a straight-line basis over the period of their expected benefit, being a finite life of 5 years.

D) Customer/Supplier Relationships

Significant costs associated with customer/supplier costs on acquisition are deferred and amortised on a straight-line basis over the period of their expected benefit, being a finite life of 5 years.

E) Brand Names

Brand names have an indefinite useful life and are not subject to amortisation but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

F) Research & Development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and the intent to complete the development; and its costs can be measured reliably.

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NOTE 12: TRADE AND OTHER PAYABLES

	Economic Entity	
	2023	2022
	\$'000	\$'000
Current		
Trade accounts payable	6,331	3,994
Other accounts payable	2,521	2,823
	8,852	6,817

These amounts represent liabilities for goods and services provided to the economic entity prior to the end of financial year which are unpaid. Due to their short- term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Amounts payable in foreign currencies:

Trade accounts payable:		
- US Dollars	4,256	2,227
- British Pounds	78	39
- Euro	495	195
- Swiss Francs	0	34
- New Zealand Dollars	109	309
	4,938	2,804

NOTE 13: CONTRACT LIABILITIES

Current		
Deferred Revenue	4,230	2,169
Non Current		
Deferred Revenue	90	346
	4,320	2,515

NOTE 14: FINANCIAL LIABILITIES

Current		
Debtor finance	5,930	927
Business transaction facility	394	328
	6,324	1,255

Details of the economic entity's exposure to interest rate changes on financial liabilities is outlined in note 26. The fair value of the financial liabilities approximates their carrying value.

A) Debtor finance

On 31 July 2023, the economic entity entered into an agreement with Octet finance Pty Ltd in relation to extending the invoice discounting solution for a further 12 months. The facility has approval of a limit of up to \$12,000,000 (2022: \$9,000,000).

The economic entity did not breach any covenants during the financial year.

B) Business transaction facility

On 10 June 2022 the economic entity entered into an agreement with Octet Finance Pty Ltd to extend the Business Transaction Facility with a limit of \$1,000,000 with no fixed term. During the year this limit was increased to \$2,000,000. As at 30 June 2023, the amount drawn under this facility was \$390,571 (2022:Nil). Additionally, there is a Scottish Pacific Business Finance facility held in New Zealand with no fixed term and a limit of \$1,209,865. As at 30 June 2023 the amount drawn under this facility was \$3,000 (2022:\$328,000).

C) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is

NOTE 14: FINANCIAL LIABILITIES (continued)

recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed.

NOTE 15: LEASE LIABILITIES

	Economic Entity	
	2023	2022
	\$'000	\$'000
Current		
Lease liabilities	1,438	1,247
Non Current		
Lease liabilities	6,050	7,098

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index, or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Key Estimate and Judgement: Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

NOTE 16: PROVISIONS

Current		
Service warranty	45	274
Employee benefits	2,373	2,296
	2,418	2,570
Non Current		
Employee benefits	291	281
	291	281

A) Service warranty

Provision is made for the estimated warranty claims in respect of products sold which are still under warranty at balance date. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

NOTE 16: PROVISIONS (continued)

In determining the level of provision required for warranties, the economic entity has made judgements in respect of the expected performance of the product, expected customer claims and costs of fulfilling the conditions of warranty. The provision is based on estimates made from historical warranty costs associated with similar products.

Movements in provisions, other than employee benefits are set out below:

	Service warranty
	\$'000
Opening balance at 1 July 2022	274
Reduction due to reduced warranty requirements	(228)
Reductions resulting from payments	(1)
Closing balance at 30 June 2023	45

B) Employee benefits

Short term employee benefits are employee benefits (other than termination benefits and equity compensation benefits) which fall due wholly within 12 months after the end of the period in which employee services are rendered. They comprise wages, salaries, commissions, social security obligations, short-term compensation absences and bonuses payable within 12 months and non-mandatory benefits such as car allowances.

The undiscounted amount of short-term employee benefits expected to be paid is recognised as an expense.

Other long-term employee benefits include long-service leave payable 12 months or more after the end of the financial year.

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

C) Amounts not expected to be settled within the next twelve months:

The current provisions for annual leave and long service leave include all unconditional entitlements where employees have completed the required period of service. The entire amount is presented as current, since the economic entity does not have an unconditional right to defer settlement. However, based on past experience, the economic entity does not expect all employees to take the full amount of accrued leave or require payment within the next twelve months.

The following amounts reflect leave that is not expected to be taken within the next twelve months:

	Economic Entity	
	2023	2022
	\$'000	\$'000
Current annual leave obligation expected to be settled after 12 months	484	419
Current long service leave obligation expected to be settled after 12 months	291	435

NOTE 17: SHARE CAPITAL

	Economic Entity		Economic Entity	
	2023	2022	2023	2022
	Shares	Shares	\$'000	\$'000
A) Ordinary Shares fully paid (no par value)	93,244,819	92,994,819	21,837	21,781

Movements in share capital	Shares No.	Issue Price \$	Total \$'000
Balance at the start of the financial year	92,994,819		21,781
Shares issued on exercise of Options	250,000	0.22	56
Balance at the end of the financial year	93,244,819		21,837

B) Voting Rights

On a show of hands, one vote for every registered shareholder, and for a poll, one vote for every share held by a registered shareholder.

C) Options

At reporting date, there were 1,050,000 ordinary shares reserved for issue under the Employee Share Option Plan (2022: 1,375,000).

D) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the year but not distributed at balance date.

NOTE 18: RESERVES

	Economic Entity	
	2023 \$'000	2022 \$'000
Foreign currency translation reserve	(44)	(74)
Share base payments reserve	68	37
	24	(37)

For an explanation of movements in reserve accounts refer to the Statement of Changes in Equity.

Nature and purpose of reserves

Foreign currency translation reserve

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the exchange rates prevailing at the dates of the transactions.

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

Share Base Payments Reserve

The share based payments reserve is used to recognise the fair value of options issued but not exercised.

NOTE 19: CAPITAL

Capital Commitments

The economic entity had no commitments for capital expenditure as at 30 June 2023 (2022: Nil).

NOTE 20: CONTINGENT LIABILITIES

	Economic Entity	
	2023 \$'000	2022 \$'000
Estimates of the maximum amounts of contingent liabilities that may become payable:		
- Bank guarantee by Amber Technology Limited in respect of Sydney property lease	718	612
	718	612

No material losses are anticipated in respect of any of the above contingent liabilities.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

On 31 July 2023, the economic entity entered into an agreement with Octet finance Pty Ltd in relation to extending its finance facilities for a further 12 months. The facilities include an invoice discounting facility with approval up to \$12,000,000 and a business transaction facility with a limit of \$2,000,000.

The Directors have resolved to pay a dividend of 1.0 cents per share.

Other than the above, there were no matters that have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations or state of affairs of the economic entity in future financial years.

NOTE 22: RELATED PARTY TRANSACTIONS

Key management personnel compensation

Key management personnel comprises directors and other persons having authority and responsibility for planning, directing and controlling the activities of the economic entity.

	Economic Entity	
	2023	2022
Summary		
- Short term employee benefits	1,457,255	1,264,898
- Post-employment benefits	160,396	143,898
- Long term employee benefits	38,533	17,761
- Share-based employee benefits	19,965	19,965
	1,676,149	1,446,522

Key Management Personnel transactions

The following transactions occurred with related parties:

- Sale of goods to Wes Components Pty Ltd (director-related entity of Santo Carlini)	371,203	298,910
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The following balances are outstanding at the reporting date in relation to transactions with related parties:

- Sale of goods to Wes Components Pty Ltd (director-related entity of Santo Carlini)	27,749	32,228
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NOTE 23: SHARE BASED PAYMENT ARRANGEMENTS

On 18 December 2020, 2,100,000 share options were granted under the Ambertech Limited Executive Share Option Scheme to take up ordinary shares at an exercise price of \$0.22 each. The options are exercisable on or before 18 December 2025. The options hold no voting or dividend rights and are not transferable.

These options vest as follows:

- I. Three quarters of the options have vested (tranche 1, tranche 2 and tranche 3) and
- II. One quarter of the options vest on 30 September 2024.

Vesting subsequent to grant date is also subject to Key Management Personnel (KMP) meeting specified performance criteria. Further details of these options are provided in the directors' report. The options hold no voting or dividend rights but have been listed. The options lapse when a KMP ceases their employment with the Group. During the financial year 337,500 options vested with KMPs (2022: 337,500).

The consolidated entity established the Ambertech Limited Employee Share Option Plan on 5 November 2004 as a long-term incentive scheme to strive for improved group performance. The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group. The number available to be granted is determined by the Board and is based on performance measures including profitability, return on capital employed and dividends.

The options are issued with a strike price representing a discount of 6% to the average market price of the underlying shares determined at the time the shares were granted.

NOTE 23: SHARE BASED PAYMENT ARRANGEMENTS (continued)

A summary of the movements of all options issued is as follows:

	Number	Weighted Average Exercise Price
Options outstanding as at 1 July 2022	1,375,000	\$0.22
Granted	-	-
Forfeited	75,000	-
Exercised	250,000	\$0.22
Expired	-	-
Options outstanding as at 30 June 2023	1,050,000	\$0.22
Options exercisable as at 30 June 2023	600,000	\$0.22
Options exercisable as at 30 June 2022	325,000	\$0.22

NOTE 23: SHARE BASED PAYMENT ARRANGEMENTS (continued)

The weighted average remaining contractual life of options outstanding at year-end was 3.5 years. The exercise price of outstanding shares at the end of the reporting period was \$0.22.

The fair value of the options granted to key management personnel is considered to represent the value of the employee services received over the vesting period.

Options issued over ordinary shares are valued using the Black-Scholes pricing model which takes into account the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, the expected dividends on the underlying share, the current market price of the underlying share and the expected life of the option.

The value of the options is recognised in an option reserve until the options are exercised, forfeited, or expire.

The weighted average fair value of options granted during the year was \$Nil (2022: Nil). These values were calculated using the Black-Scholes option pricing model applying the following inputs:

- Weighted average exercise price:	\$0.22
- Weighted average life of the option	5 Years
- Expected share volatility	50%
- Risk free interest rate	1.20%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

These shares were issued as compensation to key management personnel and other executives of the Group. Further details relating to key management personnel are provided in the directors' report.

NOTE 24: SEGMENT REPORTING

(a) Description of segments

Management has determined the operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The economic entity comprises the following operating segments:

Retail	Distribution of home entertainment solutions to dealers.
Integrated Solutions	Distribution and supply of custom installation components for home theatre and commercial installations to dealers and consumers, and the distribution of projection and display products with business and domestic applications.
Professional	Distribution of high technology equipment to professional broadcast, film, recording and sound reinforcement industries.

(b) Segment information

	Retail	Integrated Solutions	Professional	Eliminations	Economic Entity
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Revenue					
- Total segment revenue	11,389	43,598	29,237	-	84,224
- Inter-segment revenue	-	-	-	-	-
Revenue from external customers	11,389	43,598	29,237	-	84,224
Result					
- Segment Contribution	701	3,404	1,842		5,947
- Unallocated / corporate result					(1,017)
- EBITDA					4,930
- Depreciation and amortisation					(1,112)
- EBIT					3,818
- Interest and finance costs					(1,085)
- Profit before income tax					2,733
- Income tax expense					(803)
- Profit for the year					1,930
Assets					
- Segment Assets	8,795	23,981	14,918	-	47,694
- Unallocated/corporate assets					4,616
- Total assets					52,310
Liabilities					
- Segment liabilities	2,017	5,462	7,866	-	15,345
- Unallocated/corporate liabilities					14,505
- Total liabilities					29,850
Other					
- Acquisition of non current segment assets	36	108	96	-	240
					240

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NOTE 24: SEGMENT REPORTING (continued)

2022	Retail \$'000	Integrated Solutions \$'000	Professional \$'000	Eliminations \$'000	Economic Entity \$'000
Revenue					
- Total segment revenue	14,408	39,602	22,985	-	76,995
- Inter-segment revenue	-	-	-	-	-
Revenue from external customers	14,408	39,602	22,985	-	76,995
Result					
- Segment Contribution	2,286	3,497	1,635	-	7,418
- Unallocated / corporate result					32
- EBITDA					7,450
- Depreciation and amortisation					(1,260)
- EBIT					6,190
- Interest and finance costs					(925)
- Profit before income tax					5,265
- Income tax expense					(1,584)
- Profit for the year					3,681
Assets					
- Segment Assets	6,249	20,565	12,647	-	39,461
- Unallocated/corporate assets					5,058
- Total assets					44,519
Liabilities					
- Segment liabilities	2,264	4,595	4,727	-	11,586
- Unallocated/corporate liabilities					10,659
- Total liabilities					22,245
Other					
- Acquisition of non current segment assets	25	75	67	-	167

NOTE 24: SEGMENT REPORTING (continued)

(c) Segment information on geographical region

Geographical Location	Segment Revenues from Sales to External Customers		Carrying Amount of Segment Non Current Assets		Acquisition of Non- Current Assets	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
- Australia	78,986	71,460	6,740	6,532	228	160
- New Zealand	5,240	5,535	92	67	12	7
	84,224	76,995	6,832	6,599	240	167

Carrying amount of segment non current assets

These amounts include all non current assets other than deferred tax assets located in the country of domicile.

(d) Other segment information

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenues and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories and property, plant and equipment and goodwill. All remaining assets of the economic entity are considered to be unallocated assets. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings.

Segment assets and liabilities do not include income taxes.

Intersegment Transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity. These transfers are eliminated on consolidation.

Major Customers

During the year ended 30 June 2023, \$5,518,776 or 6.2% (2022: \$8,142,385 or 11%) of the consolidated entity's external revenue was derived from sales to a major Australian retailer through the Major Retail segment.

NOTE 25: CASH FLOW INFORMATION

	Economic Entity	
	2023 \$'000	2022 \$'000
(i) Cash and cash equivalents		
Cash and cash equivalents included in the statement of cash flows comprise the following amounts:		
Cash on hand	2	3
At call deposits with financial institutions	1,566	2,222
Total cash and cash equivalents	1,568	2,225
(ii) Reconciliation of net cash provided by operating activities to profit after income tax		
Profit for the year	1,930	3,681
Adjustments for:		
Depreciation and amortization	1,112	1,260
Foreign exchange loss/(gain)	23	(281)
Net loss on sale of plant and equipment	-	10
Non-cash share based payments	31	37
Changes in operating assets and liabilities (net of business combinations):		
(Increase) in trade and other receivables	(403)	(924)
(Increase)/decrease in prepayments	(1,553)	1,153
(Increase) in inventories	(4,235)	(3,626)
Increase/(Decrease) in trade and other payables	2,015	(633)
Increase contract liabilities	1,805	913
(Decrease)/Increase in provisions	(220)	264
(Decrease) in income taxes payable	(338)	(473)
Decrease in deferred taxes	258	469
Net cash provided by operating activities	425	1,850

(iii) Non Cash Financing and Investing Activities

There were no non-cash financing or investing activities during the financial year.

(A) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits at call with banks or financial institutions, investments in money market instruments maturing within three months, and bank overdrafts.

NOTE 26: FINANCIAL RISK MANAGEMENT

The economic entity's financial risk management policies are established to identify and analyse the risks faced by the business, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the economic entity's activities.

The economic entity's activities expose it to a wide variety of financial risks, including the following:

- credit risk
- liquidity risk
- market risk (including foreign currency risk and interest rate risk)

This note presents information about the economic entity's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and how the economic entity manages capital.

Liquidity and market risk management is carried out by a central treasury function (Group Treasury) in accordance with risk management policies. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board, through the Audit and Risk Management Committee, oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks.

The economic entity uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. Derivatives are used exclusively for hedging purposes. The economic entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

A) Credit Risk

Credit risk is the risk of financial loss to the economic entity if a customer or the counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the economic entity's receivables from customers. The maximum exposure to credit risk is the carrying amount of the financial assets.

Trade and other receivables

Exposure to credit risk is influenced mainly by the individual characteristics of each customer. The customer base consists of a wide variety of customer profiles. New customers are analysed individually for creditworthiness, considering credit ratings where available, financial position, past experience and other factors. This includes major contracts and tenders approved by executive management. Customers that do not meet the credit policy guidelines may only purchase using cash or recognised credit cards. The general terms of trade for the economic entity are between 30 and 60 days.

In monitoring credit risk, customers are grouped by their debtor ageing profile. Monitoring of receivable balances on an ongoing basis minimises the exposure to bad debts.

Expected credit loss allowance

The expected credit loss allowance relates to specific customers, identified as being in trading difficulties, or where specific debts are in dispute. The expected credit loss allowance does not include debts past due relating to customers with a good credit history, or where payments of amounts due under a contract for such customers are delayed due to works in dispute and previous experience indicates that the amount will be paid in due course.

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NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

The ageing of trade receivables at the reporting date was:

	Economic Entity	
	2023 \$'000	2022 \$'000
Not past due	9,596	7,301
Past due up to 30 days	3,919	4,979
Past due 31-60 days	254	784
Past due 61 days and over	1,077	605
Total trade receivables not impaired	14,846	13,669
Trade receivables impaired	44	27
Total trade receivables	14,890	13,696

The economic entity does not have other receivables which are past due (2022: Nil).

The consolidated entity increased its monitoring of debt recovery as there was an increased probability of customers delaying payment or being unable to pay, due to the current economic environment. At this time this concern has not materialized with credit losses only marginally increased.

B) Liquidity Risk

Liquidity risk is the risk that the economic entity will not be able to meet its financial obligations as they fall due. The economic entity's policy for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity (cash reserves and finance facilities) to meet its liabilities when due, under both normal and stressed conditions. The objective of the policy is to maintain a balance between continuity of funding and flexibility through the use of finance facilities.

The economic entity monitors liquidity risk by maintaining adequate cash reserves and financing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below summarises the maturity profile of the economic entity's financial liabilities based on contractual undiscounted payments:

2023	Contractual Cash Flows			
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
Financial liabilities due for payment				
Trade payable	6,331	-	-	6,331
Other accounts payable	2,521	-	-	2,521
Financial liabilities	6,324	-	-	6,324
Lease liability	1,784	6,512	-	8,296
Total expected outflows	16,960	6,512	-	23,472
Financial assets - cash flows realisable				
Trade receivables	14,890	-	-	14,890
Total anticipated inflows	14,890	-	-	14,890
Net inflow / (outflow) on financial instruments	(2,070)	(6,512)	-	(8,582)

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

2022	Contractual Cash Flows			
	Within 1 Year \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
Financial liabilities due for payment				
Trade payable	3,994	-	-	3,994
Other accounts payable	2,823	-	-	2,823
Financial liabilities	1,255	-	-	1,255
Lease liability	1,739	8,190	-	9,929
Total expected outflows	9,811	8,190	-	18,001
Financial assets - cash flows realisable				
Trade receivables	13,669	-	-	13,669
Total anticipated inflows	13,669	-	-	13,669
Net inflow/(outflow) on financial instruments	3,858	(8,190)	-	(4,332)

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short term nature.

The fair value of debtor finance and lease liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

C) Market Risk

Market risk is the risk that changes in market prices will affect the economic entity's income or the value of its holdings of financial instruments. The activities of the economic entity expose it primarily to the financial risks of changes in foreign currency rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the returns.

Foreign Currency Risk

The following table demonstrates the impact on the profit and equity of the economic entity, if the Australian Dollar weakened/strengthened by 10%, which management consider to be reasonably possible at balance date against the respective foreign currencies, with all other variables remaining constant:

	Weakening of 10%		Strengthening of 10%	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Impact on profit	(101)	(311)	83	255
Impact on equity	(101)	(311)	83	255

NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

Interest Rate Risk

The economic entity has a debtor financing facility. The use of the facility exposes the economic entity to cash flow interest rate risk.

As at the reporting date, the economic entity had the following fixed and variable rate borrowings:

	Note	Weighted average interest rate		Balance	
		2023	2022	2023	2022
		%	%	\$'000	\$'000
Debtor finance	14	5.80%	6.20%	5,930	927
Business transaction facility	14	5.80%	6.20%	394	328
Financial liabilities		5.80%	6.20%	6,324	1,255

The following table demonstrates the impact on the profit and equity of the economic entity if the average interest rate on the borrowing facility had either increased or decreased by 1%, which management consider to be reasonably possible over the whole year ending 30 June 2023, with all other variables remaining constant:

	Increase of 1% of average interest rate		Decrease of 1% of average interest rate	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Impact on profit	(38)	(13)	38	13
Impact on equity	(38)	(13)	38	13

D) Net Fair Values

The net fair values of assets and liabilities approximate their carrying values. No financial assets or liabilities are readily traded on organised markets.

E) Capital Management

The Board's aim is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Total capital is defined as shareholders' equity. The Board monitors the return on capital, which is defined as net operating income divided by total shareholders' equity. The Board also establishes a dividend payout policy which is targeted as being greater than 50% of earnings, subject to a number of factors, including the capital expenditure requirements and the company's financial and taxation position. Dividends paid or reinvested as part of the Dividend Reinvestment Plan during the year ended 30 June 2022 were \$1,861,000 (2022: \$2,626,000).

There were no changes to the economic entity's approach to capital management during the financial year.

NOTE 27: EARNINGS PER SHARE

	Economic Entity	
	2023 \$'000	2022 \$'000
A) Basic earnings per share (cents)	2.1	4.2
Weighted average number of ordinary shares (number)	93,106,394	87,694,207
Earnings used to calculate basic earnings per share (\$)	1,930,000	3,681,000

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

B) Diluted earnings per share (cents)	2.1	4.2
Weighted average number of ordinary shares (number)	93,712,490	88,114,892
Earnings used to calculate diluted earnings per share (\$)	1,930,000	3,681,000

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 28: DIVIDEND

	Economic Entity	
	2023 \$'000	2022 \$'000
Final Dividends		
Final dividend for the year ended:		
- 30 June 2022, 1.5 cents per share, fully franked paid on 30 September 2022	1,395	-
- 30 June 2021, 1.6 cents per share, fully franked paid on 5 October 2021	-	1,231
Paid in Cash	1,395	635
Reinvested as part of the Dividend Reinvestment Plan	-	596
Interim Dividends		
Interim dividend for the year ended:		
- 30 June 2023, 0.5 cents per share, fully franked, paid on 31 March 2023	466	-
- 30 June 2022, 1.5 cents per share, fully franked, paid on 31 March 2022	-	1,395
Paid in Cash	466	1,395
Total Dividends	1,861	2,626
Franking credits available for subsequent financial years at the 30% corporate tax rate after allowing for tax payable in respect of current year's profit and tax rules	5,972	6,475
Dividends not recognised at year end		
Since year end, the Directors have declared a fully franked final dividend of 1.0 cents per share. The total amount of the dividend expected to be paid on the 17 October 2023 out of retained profits, but not recognised as a liability at year end;	932	1,395

NOTE 29: AUDITORS' REMUNERATION

The disclosures include amounts received or due and receivable by BDO Audit Pty Ltd and their respective related entities.

Audit services

	2023	2022
	\$	\$
BDO Audit Pty Ltd		
Audit and review of financial reports under the <i>Corporations Act 2001</i> .	145,186	136,771
Total remuneration for audit services	145,186	136,771

Non-audit services

BDO Services Pty Ltd		
Tax compliance services, including review of company income tax returns	20,240	21,480
Other practices - BDO Auckland		
Tax compliance services, including review of company income tax returns	5,322	6,742
Total remuneration for non-audit services	25,562	28,222

It is the economic entity's policy to employ BDO on assignments additional to their statutory audit duties where BDO's expertise and experience with the economic entity are important. These assignments are principally tax compliance assignments.

NOTE 30: PARENT ENTITY INFORMATION

Information relating to Ambertech Limited (parent entity):

	Parent Entity	
	2023	2022
	\$'000	\$'000
Current Assets	23,085	21,865
Total Assets	27,642	26,422
Current Liabilities	3,067	1,674
Total Liabilities	3,067	1,674
Share capital	21,837	21,782
Share issue cost reserve	68	37
Retained earnings	2,943	2,929
(Loss)/Profit of the parent entity	(272)	2,584
Total comprehensive income of the parent entity	(272)	2,584

Contingent Liabilities

The parent entity had no contingent liabilities as at 30 June 2023 (2022: Nil).

Capital Commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 (2022: Nil)

Significant Accounting Policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1 and throughout the notes.

NOTE 31: BUSINESS COMBINATIONS

- On 1 February 2023, Ambertech Limited acquired the assets of Convoy International Pty Ltd, a specialist Hi-Fi distributor.

	Total
	Fair Value \$'000
Consideration	
- Cash on completion	2,422
- Cash on final settlement	368
Total asset purchase/investment	<u>2,790</u>
Transaction costs	<u>20</u>
Total Consideration	<u>2,810</u>
Net identifiable assets acquired	
- Supplier Relationships	35
- Customer Relationships	20
- Trade and Other receivables	775
- Inventories	1,475
- Employee Entitlements	(79)
Total net identifiable assets acquired	<u>2,226</u>
Goodwill on acquisition	<u>584</u>
Outflow of cash used to acquire businesses	<u>2,810</u>

Convoy International - Impact of acquisition on the results of the Group

AASB 3 Business Combinations requires disclosure of both the revenue and profit and loss of the acquired business from the date of acquisition, and disclosure of revenue and profit and loss for the current reporting period as though the acquisition date had been as of the commencement of the financial period. Since the acquisition date;

- Convoy International Brands have contributed \$1,170,000 of revenue to the group.

Management has however determined that disclosure of the profit and loss of the acquired business from date of acquisition is impracticable, given it has now consolidated with the existing business of Ambertech Limited.

Management has also determined that it is impractical to determine the revenue and profit and loss of the entity for the current reporting period as though the acquisition date occurred at the beginning of the reporting period. This is due to the consolidation of the acquired business into the existing business of Ambertech Limited during the year and the cessation of various lines of business previously undertaken by the business of the acquiree.

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date.
2. The company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations by the chief executive officer and chief operating officer required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to section 295(5)(a) of the *Corporations Act 2001*, and is signed for and on behalf of the directors by:



P F Wallace
Director



P A Amos
Director

Dated this 23rd day of August 2023
Sydney

SHAREHOLDERS INFORMATION

The following information is required by the Australian Securities Exchange Limited.

DISTRIBUTION OF EQUITY SECURITY BY SIZE OF HOLDING:

			Number of Shareholders	Number of Ordinary Shares	% of Total Capital
1	-	1,000	107	57,929	0.06
1,001	-	5,000	256	724,353	0.78
5,001	-	10,000	115	911,627	0.98
10,001	-	100,000	308	11,666,009	12.51
100,001	and	over	92	79,884,901	85.67
Total			878	93,244,819	100.00

The number of security investors holding less than a marketable parcel of 2,381 securities is 216 and they hold 247,108 securities.

EQUITY SECURITY HOLDERS

The twenty largest shareholders as at 10 October 2023 were:

Rank	Twenty largest holders	Number of shares	% of total capital
1	Appwam Pty Limited	27,923,724	29.95
2	Crowton Pty Ltd (Amos Super Fund A/C)	5,322,555	5.71
3	Wavelink Systems Pty Ltd (Employee Super Fund)	4,455,350	4.78
4	Mr Nathan Carlini	3,635,514	3.90
5	Wygrin Pty Ltd (Wygrin Pension Fund)	3,352,703	3.60
6	Horrie Pty Ltd (Horrie Superannuation)	3,075,000	3.30
7	Mr Edwin Goodwin & Ms Julia Griffith (EFG Investments)	2,883,556	3.09
8	Wavelink Systems Pty Ltd	2,784,625	2.98
9	Wallace Capital Pty Ltd (Super Fund)	2,600,000	2.79
10	SI Corporation Pty Ltd (Santo Carlini DT)	1,640,182	1.76
11	Martini Super Pty Ltd (Martini Super Fund)	1,000,000	1.07
12	R&B Invest Pty Ltd	1,000,000	1.07
13	Mrs Gail Sharron Rubino	887,067	0.95
14	Terry Morris Pty Ltd (Morris Family Super A/C)	722,632	0.77
15	Hillmorton Custodians Pty Ltd (The Lennox Unit)	686,000	0.74
16	Mr Michael Carman & Mrs Alisha Carman (M Carman Investment Fund)	614,023	0.66
17	BNP Paribas Noms Pty Ltd (DRP)	597,521	0.64
18	Finclear Pty Ltd (Superhero Securities A/C)	490,308	0.52
19	Mr Robert Douglas Lewin	472,991	0.51
20	Breuer Investments Pty Ltd (Mark Breuer Family)	455,000	0.49
		64,598,751	69.28

Source: Boardroom Pty Limited

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders with a relevant interest of 5% or more of total issued shares, based on notifications provided to the company under the Corporations Act 2001 include:

Shareholder	Number of shares	% of total capital
Appwam Pty Limited	27,923,724	29.95
Wavelink Systems Pty Ltd	7,289,975	7.82
Crowton Pty Limited	5,322,555	5.71
Greig and Harrison Pty Ltd	4,980,000	5.47

UNQUOTED SECURITIES

There are a total of 1,050,000 unquoted securities on issue as follows:

Description	Number of Options	Number of holders
Options over ordinary shares	1,050,000	7

ON-MARKET BUY BACK

On 2 September 2005, the company lodged an Appendix 3C announcing an on-market buy-back of up to 1,543,150 ordinary shares on issue. On 28 September 2006 the company lodged an Appendix 3D amending the buy-back duration to unlimited. The company has not lodged an Appendix 3F to finalise the buy back as at 10 October 2023.

The buy back is a part of the company's capital management and is designed to improve shareholder returns. During the year ended 30 June 2023 no shares were bought back by the company.

VOTING RIGHTS

On a show of hands, one vote for every registered shareholder, and for a poll, one vote for every share held by a registered shareholder.

CORPORATE DIRECTORY

Directors

Peter Wallace

Chairman

Peter Amos

Managing Director

Tom Amos

David Swift

Santo Carlini

Company Secretary

Robert Glasson

Share Registry

Boardroom Pty Limited

GPO Box 3993

Sydney NSW 2001

Or

Level 12, 255 George Street

Sydney NSW 2000

T: +61 2 9290 9600 or

T: 1300 737 760

Web

www.ambertech.com.au

Corporate Governance Statement

www.ambertech.com.au/investors/corporate-governance

Financiers

Octet

Level 3, 10-14 Waterloo St

Surry Hills NSW 2010

T: +61 2 9356 6300

Auditors

BDO Audit Pty Ltd

Level 11, 1 Margaret Street

Sydney NSW 2000

T: + 61 2 9251 4100

ASX Listing

AMO

Registered Office

Unit 1, 2 Daydream Street

Warriewood NSW 2102

T: +61 2 9998 7600

Melbourne

Ground Floor

737 Burwood Road

Hawthorn VIC 3122

T: +61 2 9998 7600

Auckland

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Glenfield, Auckland 0672

New Zealand

T: + 64 9 443 0753



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