



# Ambertech LIMITED

SOURCE SUPPLY SUPPORT

EQUITY CAPITAL RAISING PRESENTATION - OCTOBER 2021

ASX: AMO

# Important Notice and Disclaimer



## Overview

This investor presentation (“Presentation”) has been prepared by Ambertech Limited (ACN 079 080 158) (“Ambertech” or “Company”) and is dated 20 October 2021. This Presentation has been prepared in relation to a proposed capital raising (“Capital Raising”) comprising an institutional placement of new Ambertech ordinary shares (“New Shares”) to certain ‘sophisticated’ and ‘professional’ investors (as defined in the Corporations Act (Cth)) (“Placement”) and a share purchase plan offer of New Shares.

## Summary Information

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## Financial data

Except where otherwise mentioned, all dollar values are in Australian dollars (“A\$”).

# Important Notice and Disclaimer



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

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# Executive Summary



- Ambertech Limited (ASX:AMD) is a leading value-added distributor of high technology audio-visual (AV) and communications solutions
- Distribution network of professional, commercial and residential installers, consumer electronics (CE) & musical instrument (MI) retailers, content creators, broadcasters, government and non-government users of communications infrastructure across Australia and NZ
- Achieved the following key FY21 financial highlights:
  - FY21 revenue of \$80.1m (36.5% growth) and EBITDA of \$8.0m (36.5% growth)
  - NPAT of \$5.1m (549.2% growth), EPS of 6.7c and total dividend of 3.1 cents
- Ambertech has a strategy for revenue and margin growth across the following market segments through organic growth and acquisition initiatives:
  - Integrated Solutions: Commercial & Residential Installations
  - Professional: Media Systems, Defence, Law Enforcement and Security (**DLES**), Musical Instruments (**MI**) and Professional Products
  - Retail: Home Entertainment
- Board have reaffirmed its intention of target dividend pay-out ratio of 45% to 55% for FY22

# Executive Summary



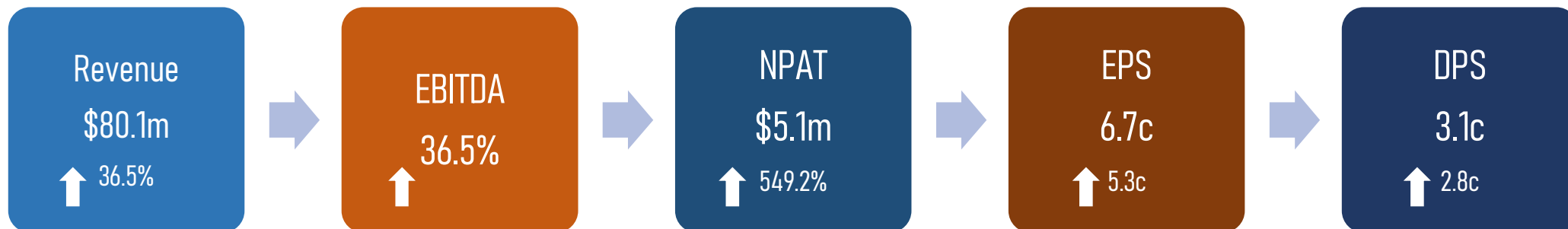
- Ambertech is implementing its strategy for revenue and margin growth across each of our market segments through the following M&A initiatives:
  - Successful acquisition (Sept '21) of Noise Toys Imports MI business raising profile and reputation in MI market:
    - Independent distribution business of key products including guitar effects pedals, guitars and guitar accessories
    - Purchased the assets of Noise Toys Imports for circa \$560,000
    - Adds \$1.2-\$1.5m in annual revenue and circa \$0.4m in Gross Profit
  - Ambertech is well progressed to acquire another smaller business in one of our existing markets and is evaluating other acquisition opportunities that fit the Company's acquisition criteria
  - Both acquisitions fit strategically, build further scale in target markets and are EPS accretive
  - Strong track record through successful acquisition and integration of Hills AV business added scale, geographic spread, strengthened customer base and added owned IP
  - Hills AV acquisition refreshed Ambertech's acquisition criteria, M&A infrastructure and ability to successfully integrate complementary businesses
- Ambertech is conducting an equity capital raising of ~\$5.5m via a \$4.5m placement (within ASX LR 7.1 capacity) followed by a Share Purchase Plan to raise approximately \$1m (capped at \$2.0m) at \$0.40 per share. Gross capital raising proceeds will be used to fund executed acquisitions, debt repayment, other acquisition opportunities, working capital and transaction costs



# Ambertech Snapshot



# FY2021 Highlights



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



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



Earnings per share of 6.7 cents up 378%



Working Capital up 27.4%



Final dividend of 1.6 cents, total 3.1 cents



Return on equity of 37.6%



FY21 EV/EBITDA ~4.6x, P/E of ~6.0x and gross dividend yield of ~10%\*

\*Based on capital raising price of \$0.40 per share

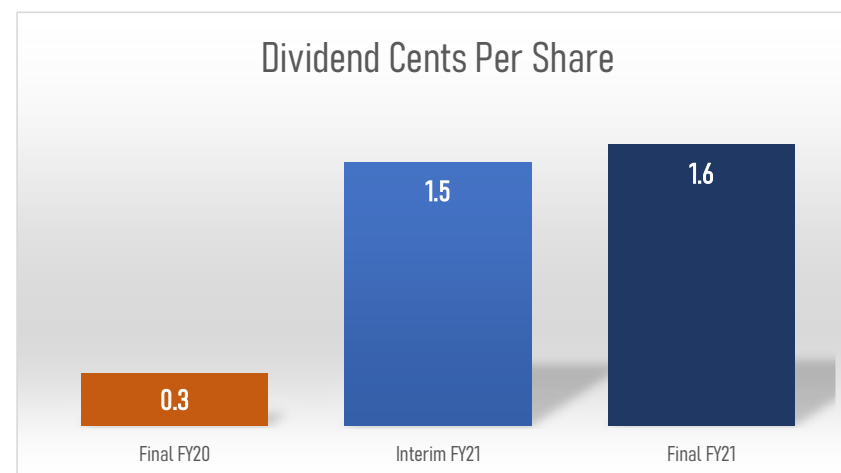
# Capital Structure

Capital Structure (ASX:AMO)	
Share price (19 October 2021)	\$0.475
52 week range	\$0.10/\$0.475
Shares on Issue	79.0M
Options on Issue	1.8M
Market capitalisation	\$37.5M
Net debt (30 June 2021)	\$0.9M
Enterprise Value	\$38.4M

Substantial Shareholders (19 October 21)	%
Appwam Pty Limited	35.0%
Wavelink Systems	9.2%
Amos Super Fund	6.2%
<b>Sub-total</b>	<b>50.4%</b>
<b>Top 20</b>	<b>77.2%</b>

## Dividends

- Final dividend 1.6 cents per share
- Full year dividend 3.1 cents per share (interim 1.5 cents)
- Final dividend paid 5 October
- DRP at 3% discount to VWAP
- Dividend payout ratio of 47% of NPAT



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



# Business Segments

## Integrated Solutions

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



  
**COMMERCIAL INSTALLATIONS**  
Audio visual and infrastructure brands for commercial custom installation projects.



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

## Professional

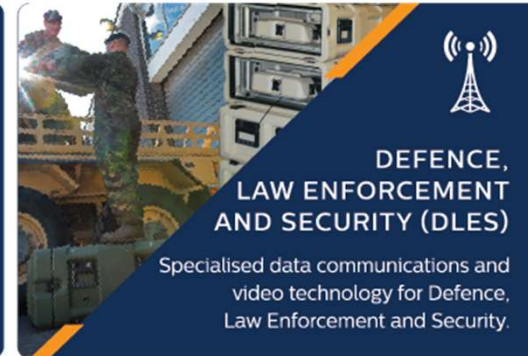
Supporting a strong dealer network and a range of media and communications users with world class product solutions and ongoing support including SaaS.




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



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



  
**DEFENCE, LAW ENFORCEMENT AND SECURITY (DLES)**  
Specialised data communications and video technology for Defence, Law Enforcement and Security.



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

## Retail

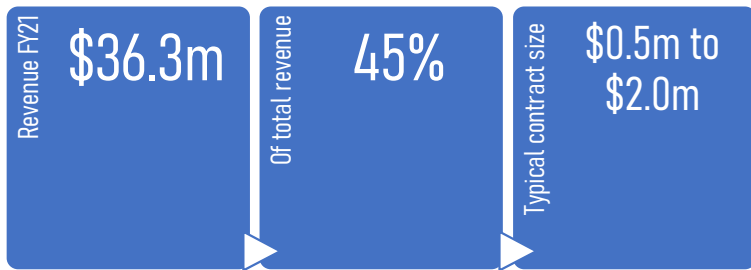
Exclusive brand representation in areas where product differentiation is clear in capability and value.



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

# Business Segments

## Integrated Solutions

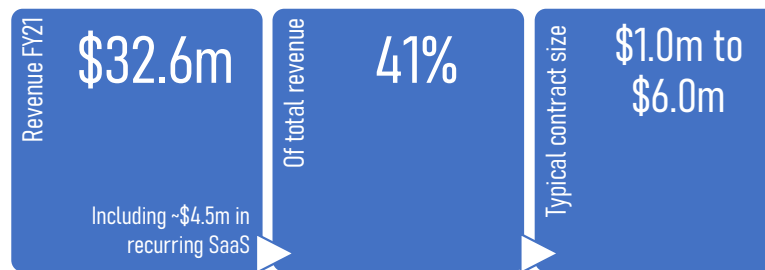


### Key Customers

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



## Professional

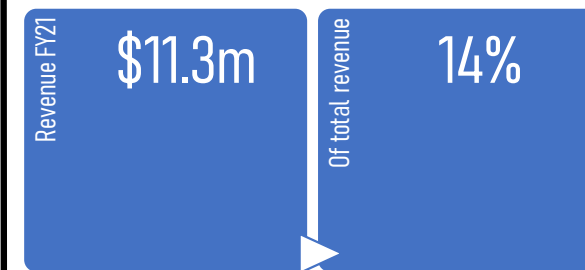


### Key Customers

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



## Retail



### Key Customers

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





# Acquisitions



# Acquisitions – Noise Toys Imports

<b>Overview</b>	<ul style="list-style-type: none"> <li>Noise Toys Imports was an independent distribution business in the MI market.</li> <li>AMO identified the opportunity to add leading key brands and an industry recognised and respected resource capable of assisting in the further growth of its business in this market segment.</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>Guitar effects pedals</li> <li>Guitars</li> <li>Guitar accessories (straps, picks)</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Musical Instrument resellers including Soundbay, Deluxe Guitars, Mega Music and Deringers Music.</li> </ul>
<b>Combined Business</b>	<ul style="list-style-type: none"> <li>New agencies to provide \$1.2-\$1.5m in ongoing revenue pa.</li> <li>The acquisition is at contribution margin level – no additional costs required other than the ongoing employment of one key person. Expected to add circa \$400k to ongoing Gross Profit pa (first year 10 months).</li> <li>NB: Noise Toys Imports and other acquisitions not included in FY21 financial results</li> </ul>
<b>Transaction Overview</b>	<ul style="list-style-type: none"> <li>Purchased the assets of Noise Toys Imports for circa \$560,000, including saleable inventory of \$370,000, other identifiable assets of \$25,000 and goodwill of \$165,000.</li> </ul>

Product Offering	Brands
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**strymon**  
**HOTONE**



(A\$m unaudited)	FY21	FY20
Revenue	1.2	1.2
Gross Profit	0.3	0.4
Normalised profit contribution	0.1	0.2

## Other Acquisitions

- Ambertech is well progressed to acquire a smaller business in one of our existing markets and is evaluating other acquisition opportunities that fit the Company's acquisition criteria:
  - ✓ Market segment fit
  - ✓ Product fit
  - ✓ Brand fit
  - ✓ EPS accretive
- Hills AV acquisition refreshed Ambertech's acquisition criteria, M&A infrastructure and ability to successfully integrate complementary businesses



# FY21 Financials

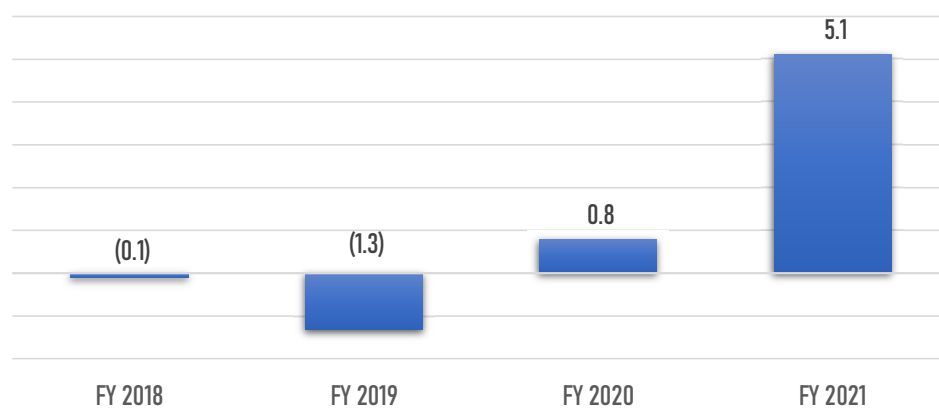


# Financial Highlights

## Commentary

- Revenue up 36.5% with growth across all reporting segments.
- Markets most impacted by COVID-19 include live entertainment and tertiary education.
- Hills AV acquired brands contributed \$21.0M in revenue (FY20 \$9.5M);
- Positive JobKeeper impact on profit of \$1.1M in both years.
- Capacity for further organic and acquisition growth across all segments.
- NB: Noise Toys Imports and other acquisitions not included in FY21 financial results

### NPAT (\$m)



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

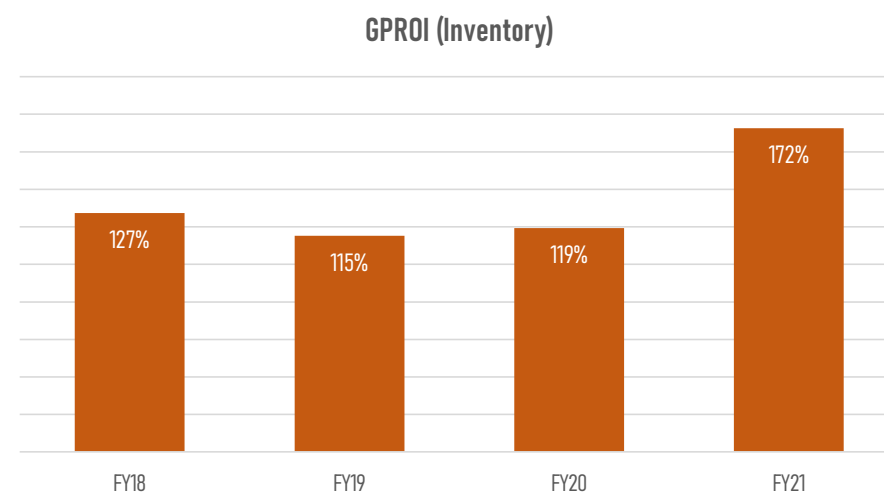
# Balance Sheet

## Balance Sheet Summary

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

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

(A\$m)	FY21	FY20
Inventory	12.9	16.9



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

# Cash Flow and Net Debt

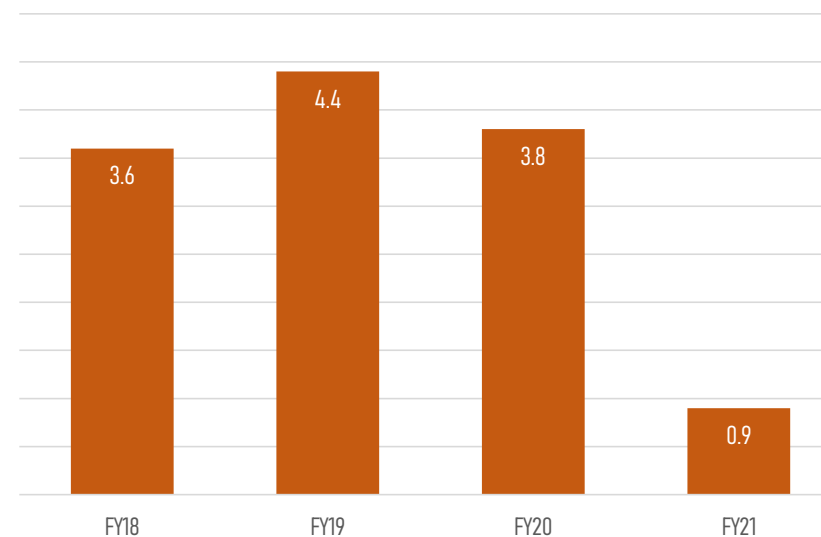
## Cash Flow Summary

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

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

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

Net Debt (\$m)



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



# Growth Strategy and Outlook

FD-5707-FBPT  
flightdeck solutions.com



# Executing Growth Strategy

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

Organic	Professional	<ul style="list-style-type: none"> <li>Expanded our reach into more system sales where we take the role of a complete supplier. Recent examples being the ABC project and Ausbiz.</li> <li>Focused on increasing our recurring services model where multi year support contracts are entered into.</li> </ul>
	Integrated Solutions	<ul style="list-style-type: none"> <li>Increasing sales by further developing existing brand opportunities. In particular, video conferencing and streaming products have significant ongoing growth potential due to the high demand resulting from the work force working from home.</li> <li>Increasing our own IP capability with the acquisition of Australian Monitor. The R&amp;D for new product development has seen the successful release of new products.</li> </ul>
	Retail	<ul style="list-style-type: none"> <li>Further market expansion of our range of low cost LED based projectors.</li> <li>Introduction of personalised Headphone brand Nura.</li> </ul>
Inorganic	Acquisition	<ul style="list-style-type: none"> <li><b>Recently completed the acquisition of the MI business of Noise Toys Imports – a strategic addition to grow our reach and reputation in the MI market.</b></li> <li>Noise Toys adds \$1.2-1.5m in annual revenue and circa \$0.4m in Gross Profit to the business</li> <li>Ambertech is well progressed to acquire a smaller business in our existing markets and is evaluating other acquisition opportunities that fit the Company’s acquisition criteria</li> <li>Actively looking at further acquisitions, with a number already identified in each area of the business.</li> <li>We have a disciplined framework for approaching relevant acquisition opportunities.</li> </ul>

# FY22 Outlook

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



# Capital Raising



# Equity Capital Raising Overview

<p><b>Offer Size and Type</b></p>	<ul style="list-style-type: none"> <li>• Approximately \$5.5m (~13.8m shares) via the following:             <ul style="list-style-type: none"> <li>• Placement to raise approximately \$4.5m through the issue of ~11.8m fully paid ordinary shares to professional and sophisticated investors under the Company's ASX Listing Rule 7.1 capacity</li> <li>• Share Purchase Plan<sup>1</sup> to existing shareholders. Eligible shareholders will be offered the opportunity to subscribe for up to \$30,000 worth of shares at the Offer Price (same price as the Placement) to raise ~\$1.0m (2.5m shares). The Board will reserve the right to scale back total applications under the SPP to ~\$2.0m (<i>collectively, the Offer</i>)</li> </ul> </li> </ul>
<p><b>Offer Price</b></p>	<ul style="list-style-type: none"> <li>• Offer price of A\$0.40 per New Share represents a:             <ul style="list-style-type: none"> <li>• 15.8% discount to the last closing price of A\$0.475 per share; and</li> <li>• 7.3% discount to the 5 day Volume Weighted Average Price (<b>VWAP</b>) of A\$0.431 per share</li> </ul> </li> </ul>
<p><b>Ranking</b></p>	<ul style="list-style-type: none"> <li>• Pari passu with existing fully paid ordinary shares on issue</li> </ul>
<p><b>Use of Proceeds</b></p>	<ul style="list-style-type: none"> <li>• Use of funds to be split between:             <ul style="list-style-type: none"> <li>• Executed acquisitions: \$2.0m</li> <li>• Debt repayment: \$1.0m</li> <li>• Other acquisition opportunities, working capital and transaction costs: \$2.5m</li> </ul> </li> </ul>
<p><b>Lead Manager</b></p>	<ul style="list-style-type: none"> <li>• Henslow Pty Ltd</li> </ul>

1. Further information regarding the SPP will be provided in the ASX announcement and SPP booklet

## Sources and Uses of Funds

Sources of Funds	Amount (A\$m)
Placement	~\$4.5m
Share Purchase Plan (capped at \$2m)	~\$1.0m
<b>Total Sources of Funds</b>	<b>\$5.5m</b>

Uses of Funds	Amount (A\$m)
Executed acquisitions	~\$2.0m
Debt repayment	~\$1.0m
Other acquisition opportunities, working capital & transaction costs	~\$2.5m
<b>Total Uses of Funds</b>	<b>\$5.5m</b>



# Equity Capital Raising Timetable

Event	Time (AEDT) / Dates (2021)
Trading halt and placement launch	20 October
SPP Record Date	7.00pm (AEDT) 20 October
Announce completion of placement and SPP Offer	21 October
Trading halt is lifted and trading resumes on “ex-entitlement” basis	21 October
Settlement of New Shares issued under the Placement	26 October
Allotment and normal trading of New Shares issued under the Placement	27 October
SPP offer	To be advised

NB. The above timetable is indicative only and subject to change.

# International Offer Restrictions



## International Offer Restrictions

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- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### Hong Kong

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No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

# International Offer Restrictions



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This document has been given to you on the basis that you are (i) an existing holder of Ambertech's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## United Kingdom

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Appendix

# Recent Contract Wins and Agency Gains

## Projects

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

## New Agencies

### During the year:

- Jays Heaphones
- Rock n Roller
- Breedlove Guitars

### Since year end:

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



# Competitive Landscape

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