



**Ambertech**  
LIMITED



**Amber**  
TECHNOLOGY

ANNUAL REPORT



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## 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.



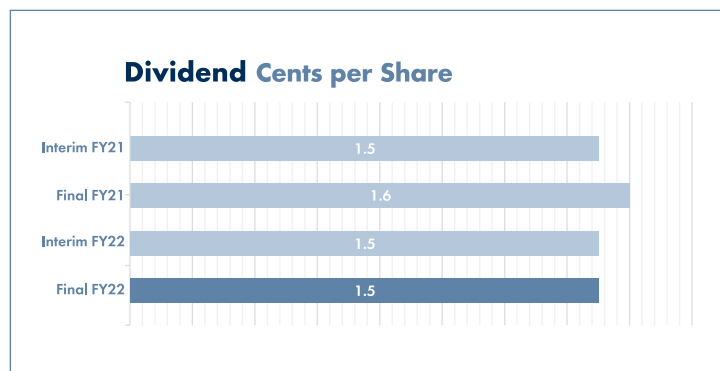
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## CHAIR REVIEW

On behalf of the Board and management of Ambertech I would like to present you with our 2022 Annual Report. It is rewarding to once again reflect on a successful year in which the company strengthened its balance sheet, reported a strong profit result, and sustained returns to shareholders.

Whilst the COVID-19 pandemic restrictions on our everyday lives are subsiding, businesses are still confronted with having to navigate a variety of challenges. Disrupted trading patterns and supply chain efficiencies; illness-related absenteeism; workplace flexibility and adjusting to new ways of working; resetting of business relationships and contracting terms; and removal of “covid crisis” government support included.



Our ability to create shareholder value in this context is greatly aided by clarity of purpose and maintaining a value creation focus balancing short and longer-term objectives. The Ambertech team maintains a very clear strategy of providing each of our markets with the supply and support of marketing leading brands and solutions. Our short and long-term growth objectives are aligned, and we are well positioned to deliver on those expectations.

From an investor relations perspective we continue to improve our engagement with the market. We look forward to welcoming as many of you as possible to our AGM in November where we will provide a further update on trading for the current year.

In closing, I would like to acknowledge the work and commitment of our Board. We are fortunate to have a strong, experienced team who have leaned into the challenge of returning Ambertech to financial strength and growth. To our shareholders, thank you for your continuing support.

On behalf of the Board of Ambertech Limited



Peter Wallace  
Chairman



## MANAGING DIRECTOR REVIEW

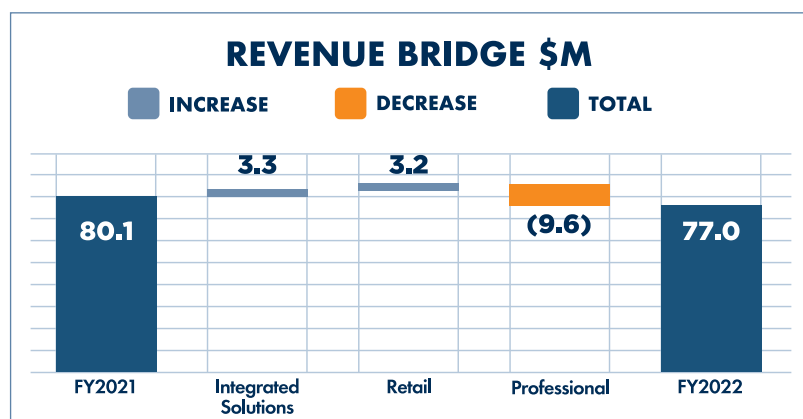
Reflecting on the last twelve months, it has been energising and fulfilling to see the business delivering on strategy and following a formula for sustained long-term growth. Much has been made of the challenges for businesses in the current business climate, and whilst these challenges do exist, there are also significant opportunities for Ambertech to grow in this environment through strategic acquisition and the development of our brands and solutions in each of our chosen markets.

We continue to pursue market opportunities, and this has been rewarding, with the successful integration of the Noise Toys and Connected Media Australia teams into Ambertech this year. This continued our strategy of identifying strong brands represented by quality people that filled a need for our business. The capability to embrace these new teams into our business speaks volumes for the strong culture that we have developed.

In October 2021 we raised funds from the market. The primary intent of this raising was to fund executed acquisitions, to reduce debt, and to position the business for further acquisition opportunities.

Consolidation at manufacturer, supplier and competitor level will continue to present opportunities for us to further add to our portfolio. We continue to have significant capacity to grow across several markets without significant brand conflict, which remains extremely important as a leading value add distributor in Australia and New Zealand across audio-visual, musical instrument and communications solutions. Our goal is to continue to grow without compromising the quality of our brand representation or the support for our customers.

During the year we achieved solid growth in revenue across our dealer network. In project supply, however, we faced delays in manufacturing, freight delays, and customer inability to commence contracted projects. As these impediments gradually ease, revenue from these projects will be realised in the coming periods.



We have enduring enthusiasm surrounding our Australian Monitor range, with the launch of new product this year creating interest both domestically and internationally. Significant opportunity remains for this brand internationally, and we have invested in resources to expand our global reach through the development of a committed dealer network.

I want to thank all staff for their commitment and hard work over the last year. Our financial performance would not be possible without your hard work and desire, an approach evident across the entire business. Thanks also to our loyal dealers for your continued support.



Peter Amos  
Managing Director



## KEY TAKEAWAYS



Successful acquisition and integration of Noise Toys Imports business into our MI team.



Successful acquisition and integration of Connected Media Australia into our Integrated Solutions team.



Successful launch of new range of Australian Monitor product to global and domestic markets.



Ongoing recognition by industry of our reputation in key markets through trade magazine Connected Home+Business. We have now won these awards for three consecutive years.

## CHIEF OPERATING OFFICER REVIEW

The 2022 financial year results reflected a consolidation period for the Ambertech business, despite the many challenges for the markets that Ambertech supplies. With two acquisitions during the year the finance and operations teams of the business were once again called upon to analyse and complete these transactions and assist the new staff with their integration into the team.

### FINANCIAL RESULTS

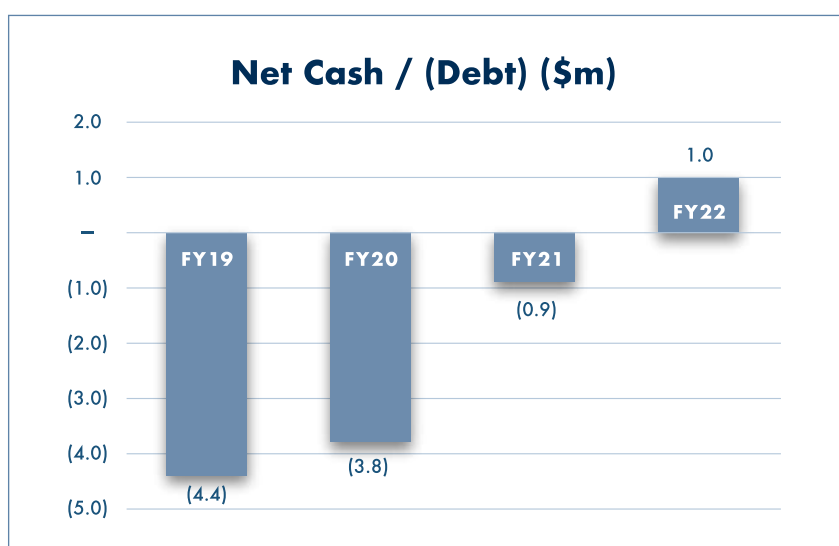
Sales revenue and contribution margin from the professional segment to the result for the year were diminished by the inability to deliver and fulfil firm orders across both the Media Systems and DLES customer base of business.

Despite this, we reported a profit before tax in line with the prior financial year. As the business has utilised all previous tax losses and is now full tax paying, this translated to a reduce profit after tax. The Board determined to retain similar levels of return to shareholders this year, however similar returns moving forward would therefore require further growth in the business from achieving strategic goals.

| Results for the year ended 30 June | 2022    | % of Sales | 2021    | % of Sales |
|------------------------------------|---------|------------|---------|------------|
| Sales Revenue                      |         |            |         |            |
| Integrated Solutions               | \$39.6m | 51%        | \$36.3m | 45%        |
| Professional                       | \$23.0m | 30%        | \$32.5m | 41%        |
| Retail                             | \$14.4m | 19%        | \$11.3m | 14%        |
| Total                              | \$77.0m |            | \$80.1m |            |
| EBITDA                             | \$7.5m  | 10%        | \$8.0m  | 10%        |
| EBIT                               | \$6.2m  | 8%         | \$6.4m  | 8%         |
| Net Profit before tax              | \$5.3m  | 7%         | \$5.3m  | 7%         |
| Net Profit after tax               | \$3.7m  | 5%         | \$5.1m  | 6%         |

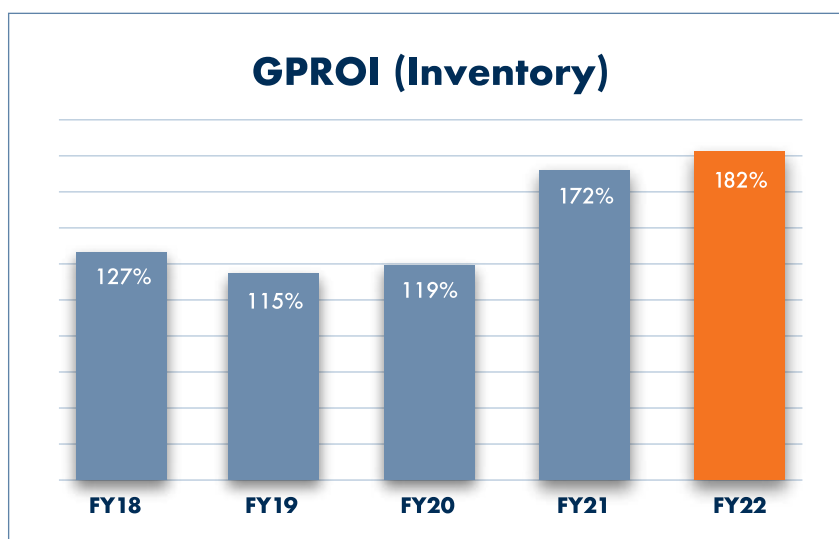
## FINANCE COSTS

The last two years have seen a significant reduction of the use of debt facilities. A combination of funds from operating activities and a capital raising have positioned the business well to manage risk and take advantage of market opportunities for growth. We retain significant headroom on debt facilities that can be called upon to fund acquisitions.



## INVENTORY GPROI

Management of inventory levels is a key metric for any distribution business. Management pays close attention to the Gross Profit Return on Investment (GPROI) in inventory. This financial year there have been significant challenges with the international supply chain due to COVID-19 related factory closures or inefficiencies, issues with availability and timeliness of sea freight, and electronics component shortages worldwide.



We have worked very closely with our fantastic international supply partners over that time to ensure minimal disruption for our dealer network. Navigating these issues has required tireless effort from our brand management and logistics teams.

I would like to thank them for the way in which they have overcome these challenges over the last two years, including the regular changes to the content and timing of supply orders.

At times, our commitment to our dealers has meant holding more than optimal stock in our distribution facility. Nonetheless, it is pleasing that we have been able to achieve further gains in this key metric during the year.

### SUCCESSFUL ACQUISITIONS

During the year we completed two acquisitions, Noise Toys Imports and Connected Media Australia, for a total consideration of \$1.84m. The new brands acquired in these acquisitions contributed \$3.0m in revenue this financial year and that contribution is expected to grow in subsequent years. These new brands have met or exceeded expectations.

The most pleasing aspect of each of the acquisitions has been the quality of people we have been able to add to the Amber team across sales and support functions. As we continue to evaluate other opportunities for growth, the intellectual property of the people continues to be an important consideration.

A handwritten signature in black ink, appearing to read "R. Glasson".

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.

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### 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.

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

## INTEGRATED SOLUTIONS SEGMENT

Despite ongoing supply chain disruptions and lockdowns in major markets, the Integrated Solutions segment delivered a strong result for the financial year.

Our manufacturer-partners continued to contend with shortages of raw materials and electronic components – leading to patchy availability of some products. Availability out the factory doors improved towards the end of the financial year, however shipping the products into Australia and New Zealand continued to present some challenges in both price and availability.

Our brand portfolio was relatively stable during the year. We entered a new category (room booking displays) by way of a partnership with Evoko (Sweden). We filled a gap (automation/control systems) in our commercial and residential portfolios with RTI, which came to us through the acquisition of Connected Media Australia (CMA) in November 2021. The CMA acquisition also saw us add Bluesound Professional to the portfolio – a network-based music distribution solution for businesses.



For the third year in succession, readers of leading trade magazine Connected Home+Business rated Amber Technology as Most Popular Residential AV Distributor, Most Popular Commercial AV Distributor and Most Popular New Zealand Distributor – a trifecta of trifectas of which the team can be proud.



## SPECIALIST RESIDENTIAL AV CUSTOMERS

Specialist Residential retail business was restrained during the early part of the financial year, as many stores were impacted by COVID lockdowns. This was more than offset by continuing strength in the residential Custom Installation business – investment in in-home installed audio-visual systems continued to be buoyant.

As lockdowns lifted and travel restrictions eased, we were able to roll out a national Road Show for residential custom installer customers – demonstrating new and updated products released by our manufacturer-partners during the COVID period. This, as well as our regular program of customer engagement, saw us end the year ahead of target and with solid momentum into the 2023 financial year.



*RTI at Resi Road Show*



*Perth Resi Road Show*



*Dali equi Demo*

## COMMERCIAL AV CUSTOMERS

During the early part of the financial year, customers' purchases continued to be strongly influenced by the need to use AV solutions to generate business momentum despite lockdowns and travel restrictions. Products used in teleconference installations performed strongly, while products for large public spaces were slower. As we entered the second half of the financial year, sales to COVID-depressed applications started to rebuild. We quickly recovered from a slight deficit in the first half to end the year strongly – well ahead of our targets.



*Bared Footwear Project*



*Stage Queensland Presentation*

## LOOKING AHEAD

We have worked hard to build and maintain a stable platform during the difficult COVID years. We have retained important staff and brand relationships, while investing in renewed systems and tools that allow us to better serve our customers. We look forward to continuing to benefit from these investments and relationships as we enter what we hope will be a year in which the lingering impacts of the COVID-19 pandemic (supply chain, lockdowns and restrictions) wane.

## PROFESSIONAL SEGMENT

### MEDIA MARKET

Our Media Systems team managed to maintain a healthy order pipeline throughout this financial year, however, the ongoing supply chain issues led to extended product lead times preventing a significant percentage of these orders turning into revenue. For the first half of the year business practices continued to be impacted by restrictions put in place due to COVID, however once these restrictions started to ease, we were able to take advantage of a considerable number of opportunities opening up due to clients being able to progress project work that had been delayed.

While traditional products sales were being impacted Amber was able to move into offering systems using the 'Platform as a Service (PaaS)' model where clients are provided with a managed system deployed in the cloud. This year also saw a number of Amber's key suppliers move away from offering perpetual software licensing, preferring instead to focus on the subscription license model. While this transition has an initial impact on revenue, long-term it provides the benefit of continued value that is recognised across the year, or multiple years.

Media Systems has also secured representation for a number of new tier one brands that will be introduced over the coming months.



Media Systems team at METexpo 22



Media Systems team at METexpo 22

#### Significant deals for 2022 included:

- Avid system upgrades for Seven, Nine (NBN), Ten and Fox Sports
- Blue Lucy PaaS for APL
- Large EVS installations for Fox Sports, Image NZ, and TEN
- Telestream solutions for Fox Sports, Māori TV and Damsmart
- Significant multi-supplier support agreements with TEN, Seven, SBS, Sky News and Fox Sports

Moving forward the Media Systems team will continue to grow the ongoing subscription and PaaS revenue as well as looking to build on recent successes in New Zealand. Overall, the gradual return to normal business practices, the introduction of new product lines and the easing of supply chain issues bode well for a strong year for Media Systems.



## DEFENCE, LAW ENFORCEMENT AND SECURITY (DLES)

This year we were delighted to be awarded Silvus Technologies' "Defence Distributor of the Year 2021" award for our efforts in that year. This acknowledges what has been an extended period of building brand recognition for Silvus in Australia and New Zealand in extremely difficult markets and bodes very well for future projects.

Our expansion in the Police and Military spheres in WA has produced clear results, with firm prospects for development and expansion on a number of fronts coming as a direct result of our efforts there.



The DLES stand at MILCIS 22



Indo Pacific Expo 22

"Bread and Butter" customers made up the bulk of revenue for us this financial year, with government projects continuing to move very slowly. The COVID backlog, staff shortages in government project offices, and federal election all added to the drag. However, we stand on a group of world-leading products, the existing project potentials have not gone away, and the emergency services sector shows very exciting potential as they move to address the communications issues highlighted after the bushfires of 2020.



The DLES stand at MILCIS 22

## PROFESSIONAL PRODUCTS

The Professional Products Group continued to produce sales growth this financial year. Investment in and streamlining of our internal processes has been of great benefit to the business allowing us to provide our customers with a very responsive delivery of orders.

The Live entertainment sector reopened in March 2022. Events that we would normally expect to see in warmer months, such as Festivals and Concerts, were staged as the extremely high demand from patrons for these types of events was accumulated over the previous two years of lockdowns. Musical Theatre, in which DPA Microphones are the preferred choice of microphone, either reopened shows that were hibernated or new productions were launched.



NTi XL3



DPA Headset Mic



Neutrik Fiberfox



Solid State Logic L200

## MUSICAL INSTRUMENTS (MI)

Our MI team capitalised on the integration of the acquired Noise Toys Imports business at the end of the first quarter. The Strymon brand has performed well above our initial expectations with further capacity for growth. Demand for our MI brands continued to be both challenging and rewarding due to quality manufacturers reaching their production limits.

We will see in the coming financial year the full launch of the Breedlove brand of acoustic guitars. Presently we have just launched the entry level ECO collection with two additional ranges to come in the 2023 financial year. Breedlove's philosophy of only using sustainable tone woods has resonated incredibly well with the market.

We were able to capitalise on demand for the cable and connector business due to our ability to provide on demand supply. The Neutrik brand benefited from our inventory planning as competitive brands were not so fortunate.

Our range of premium brands continued to contribute to the success of our results with new and innovative products the market readily accepted.

Our New Zealand business was successful despite the stop/start to business due to the pandemic. Emphasis was placed on supporting the reseller market with newly introduced brands such as Teenage Engineering portable synthesisers and Hotone effects pedals.



Strymon Pedals



DPA Kickdrum Microphone



Breedlove Guitars

## RETAIL SEGMENT

Our results for the financial year in Australia and New Zealand were a major achievement for the major retail segment.

Our strength is based on remaining efficient, and adjusting and responding to market forces, including global logistics timeframes and costs. We continue to address these with support from our suppliers. Locally, we have felt the impact of costs to deliver goods to the market, primarily driven by increased transport costs. However, this has provided us with the opportunity to establish broader lines of communication at an operational level with customers to mitigate these impacts.

One of the key areas of focus has been proactively securing category opportunities. Establishing sales programs with our retail partners, mutually understanding and navigating through ongoing logistics challenges, and working meticulously on merchandising plans, has provided us with a successful financial year.

In striving for these results, we have also explored further involvement and investment in the digital space. Despite COVID19 based restrictions lifting, allowing for retail stores to open, the importance of showcasing experiential assets and value-added content in retailers' digital platform remains a priority.



One For All products

Reflecting on category performance for the year, our AV accessories portfolio continues to grow. Further development of the One For All stand category has provided an opportunity to address the shift to lifestyle designer products. Our Philips Projectors remain heavily sought after, driven by current nomadic lifestyle trends. The portable projector segment continues to evolve with further technology improvements, namely through battery lifespan, brightness and resolution, and superior processing speeds.

In New Zealand, extended lockdowns have delayed our opportunity to update our merchandising displays at store level. However, we have seen the benefits of supporting our channel partners with their omni-channel strategy. Communication has played an important role in the success of navigating through logistic challenges. The team have handled this superbly with their clients, adjusting sales programs as necessary.



Philips Projectors POS

Philips Projectors

**AMBERTECH LIMITED  
AND CONTROLLED ENTITIES**  
ACN 079 080 158

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**



AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
DIRECTORS' REPORT

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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 2022 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.



AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
DIRECTORS' REPORT

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**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 124 employees as at 30 June 2022 (2021: 126 employees).



AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
DIRECTORS' REPORT

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## REVIEW AND RESULTS OF OPERATIONS

The consolidated profit of the economic entity after providing for income tax for the financial year was \$3,681,000 (2021: \$5,090,000). The reduction in profit from the prior year is essentially a result of the business being a taxpayer for the full year, whereas there were accumulated tax losses utilised in the prior year. Total revenues for the financial year decreased by 3.9% to \$76,997,000 (2021: \$80,145,000) because of an inability to recognise some revenues due to a combination of manufacturing and shipping delays. Further information on the operations, including the success of the two acquisitions 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 2022 the economic entity had improved on its working capital ratio, net tangible asset position and continued to show positive operating cash flow during the financial year.

The economic entity's working capital, being current assets less current liabilities, has increased by \$6,908,000 to \$20,765,000 as at 30 June 2022 (2021: \$13,857,000). The net assets of the economic entity have also increased by \$6,863,000 to \$22,274,000 as at 30 June 2022 (2021: \$15,412,000).

## 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.

## EVENTS SUBSEQUENT TO REPORTING DATE

The Directors have resolved to pay a dividend of 1.5 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 2022-23 financial year has begun well, and as a result the Board of Ambertech Limited ("the Board") is cautiously optimistic that it can deliver on business strategies, which continue to focus on 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.



AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
DIRECTORS' REPORT

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## 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 2022 financial year, staff remuneration increases were on average consistent with increases in the cost of living, except where roles and responsibilities changed. Non-executive directors received their first increase in remuneration since 1 January 2010.

### 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. For the 2022 financial year non-executive directors received an increase in remuneration for the first time since 1 January 2010.

#### 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 22% of total salary for the Managing Director and 17% of total salary for the COO.

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.



AMBERTECH LIMITED AND CONTROLLED ENTITIES  
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DIRECTORS' REPORT

## REMUNERATION REPORT (continued)

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:

|                                      | 2022   | 2021    | 2020    | 2019    | 2018   |
|--------------------------------------|--------|---------|---------|---------|--------|
| Dividends paid (cents per share)     | 3.1    | 1.8     | -       | -       | -      |
| Closing share price at 30 June (\$)  | \$0.27 | \$0.225 | \$0.055 | \$0.10  | \$0.16 |
| Net profit/(loss) after tax (\$'000) | 3,681  | 5,090   | 784     | (1,332) | (143)  |

### 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 includes 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 |
| T Amos    | Non-Executive Director  | R Caston  | General Manager, Media Systems        |
| D Swift   | Non-Executive Director  |           |                                       |
| 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.

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
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DIRECTORS' REPORT

REMUNERATION REPORT (continued)  
Elements of Remuneration

| 2022       | Short-term<br>employment benefits | Post employment<br>benefits | Long-term<br>employment<br>benefits | Share<br>based<br>payments    |               |             |                          |                          |
|------------|-----------------------------------|-----------------------------|-------------------------------------|-------------------------------|---------------|-------------|--------------------------|--------------------------|
| Directors  | Salary<br>fees<br>and leave<br>\$ | Cash<br>Bonus<br>\$         | Superannuation<br>\$                | LSL accrued/<br>(taken)<br>\$ | Options<br>\$ | Total<br>\$ | % Performance<br>Related | % Relating<br>to Options |
| 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%                     |

- (1) 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.
- (2) 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.
- (3) 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 \$95,000 for Mr Amos, \$50,000 for Mr Glasson, \$20,000 for Mr Caston, and \$40,000 for Mr Neale.

| 2021       | Short-term<br>employment benefits | Post employment<br>benefits | Long-term<br>employment<br>benefits | Share<br>based<br>payments    |               |             |                          |                          |
|------------|-----------------------------------|-----------------------------|-------------------------------------|-------------------------------|---------------|-------------|--------------------------|--------------------------|
| Directors  | Salary<br>fees<br>and leave<br>\$ | Cash<br>Bonus<br>\$         | Superannuation<br>\$                | LSL accrued/<br>(taken)<br>\$ | Options<br>\$ | Total<br>\$ | % Performance<br>Related | % Relating<br>to Options |
| P Amos     | 327,268                           | 95,000                      | 25,000                              | 7,061                         | 15,899        | 470,228     | 20.2%                    | 3.4%                     |
| P Wallace  | 52,294                            | -                           | 4,968                               | -                             | -             | 57,262      | 0.0%                     | 0.0%                     |
| T Amos     | 30,506                            | -                           | 2,898                               | -                             | -             | 33,404      | 0.0%                     | 0.0%                     |
| S Carlini  | 30,506                            | -                           | 2,898                               | -                             | -             | 33,404      | 0.0%                     | 0.0%                     |
| D Swift    | 9,613                             | -                           | 25,879                              | -                             | -             | 35,492      | 0.0%                     | 0.0%                     |
|            | 450,187                           | 95,000                      | 61,643                              | 7,061                         | 15,899        | 629,790     | 15.1%                    | 2.5%                     |
| Executives |                                   |                             |                                     |                               |               |             |                          |                          |
| R Glasson  | 183,199                           | 35,000                      | 20,888                              | 3,709                         | 9,539         | 252,335     | 13.9%                    | 3.8%                     |
| R Caston   | 236,112                           | 20,000                      | 25,243                              | 2,209                         | 7,949         | 291,513     | 6.9%                     | 2.7%                     |
| R Neale    | 249,557                           | 40,000                      | 25,677                              | 3,773                         | 9,539         | 328,546     | 12.2%                    | 2.9%                     |
|            | 668,868                           | 95,000                      | 71,808                              | 9,691                         | 27,027        | 872,394     | 10.9%                    | 3.1%                     |

- (4) On 29 June 2021, a cash bonus of \$95,000 was paid to Mr P Amos relating to performance against KPI's. The bonus is 100% of the total available to Mr Amos under his KPI scheme.
- (5) On 29 June 2021, a cash bonus of \$35,000 was paid to Mr Glasson relating to performance against KPI's. The bonus is 100% of the total available to Mr Glasson under his KPI scheme.
- (6) On 15 August 2020, a cash bonus of \$20,000 was paid to Mr Caston relating to performance against KPI's. The bonus is 100% of the total available to Mr Caston under his KPI scheme.
- (7) (2) Quarterly cash bonuses totalling \$40,000 were paid to Mr Neale relating to performance against KPI's. The bonuses are 100% of the total available to Mr Neale under his KPI scheme.



AMBERTECH LIMITED AND CONTROLLED ENTITIES  
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DIRECTORS' REPORT

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**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 \$417,500 (2021: \$405,000).

**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 Glasston | 75,000               | -                      |
| R Neale    | 75,000               | -                      |
| R Caston   | 62,500               | 62,500                 |

During the financial year, 337,500 options vested with key management personnel (2021: 212,500). During the year 612,500 options were exercised (2021: 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.

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
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DIRECTORS' REPORT

## REMUNERATION REPORT (continued)

### Interests of Directors

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

| Director  | Ordinary Shares |            |
|-----------|-----------------|------------|
|           | 2022            | 2021       |
| P Wallace | 2,654,400       | 2,441,878  |
| P Amos    | 5,197,555       | 4,935,055  |
| T Amos    | 7,289,975       | 7,214,975  |
| D Swift   | 3,161,735       | 3,086,735  |
| S Carlini | 29,720,872      | 28,065,287 |

### Voting and Comments made at the Company's 2021 Annual General Meeting ('AGM')

The Company received 93% of "for" votes in relation to its remuneration report for the year ended 30 June 2021. No issues were raised with Directors concerning the Report.

This concludes the Remuneration Report which has been audited.

## DIVIDENDS

On 26 August 2021 the Board of Ambertech resolved to pay a final dividend of 1.6 cents per share, fully franked. The record date for the dividend was 20 September 2021, with a payment date of 5 October 2021. The Company's Dividend Reinvestment Plan was active for this dividend, with a discount rate of 3% to the volume weighted average price of shares traded from 21 September 2021 to 24 September 2021. The DRP Price per share was \$0.2841.

On 25 February 2022 the Board of Ambertech resolved to pay an interim dividend of 1.5 cents per share, fully franked. The record date for the dividend was 4 March 2022, with a payment date of 31 March 2022.

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 is 12 September 2022, with a payment date of 30 September 2022.

## 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:

| Director  | Board Meetings |      | Audit and Risk Management Committee Meetings |      | Nomination and Remuneration Committee |      |
|-----------|----------------|------|----------------------------------------------|------|---------------------------------------|------|
|           | Attended       | Held | Attended                                     | Held | Attended                              | Held |
| P Wallace | 11             | 11   | 2                                            | 2    | 2                                     | 2    |
| P Amos    | 11             | 11   | -                                            | -    | -                                     | -    |
| T Amos    | 11             | 11   | 2                                            | 2    | -                                     | -    |
| D Swift   | 11             | 11   | -                                            | -    | 2                                     | 2    |
| S Carlini | 11             | 11   | -                                            | -    | -                                     | -    |

## 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.

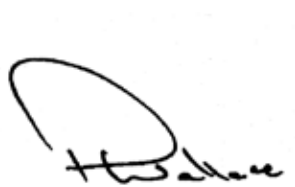
During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of 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 25<sup>th</sup> day of August 2022  
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 2022, 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, 25 August 2022

## 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 2022, 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 2022 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 \$76,997,000 during the financial year ended 30 June 2022 (2021: \$80,145,000).</p> <p>Revenue recognition was considered to be a key audit matter due to the significance of revenue to the Group as a key performance indicator, and that two businesses were acquired both of which contributed a material amount of revenue to the Group during the financial year ended 30 June 2022.</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"> <li>• Critically evaluated the revenue recognition policies for all material revenue sources to ensure compliance with AASB 15: <i>Revenue from Contracts with Customers</i>;</li> <li>• Tested the operating effectiveness of internal controls surrounding the existence of revenues;</li> <li>• Performed substantive testing on the revenue, deferred revenue and rebate balances to ensure they had been recognised appropriately and consistent with the goods and services supplied per the terms of the respective agreements;</li> <li>• 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</li> <li>• Performed substantive analytical procedures over gross margins by segment and by product group in comparison to the prior period, budget and our expectations.</li> </ul> |

## 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 \$17,360,000 as at 30 June 2022 which represented approximately 39% 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</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"> <li>• Observed the cyclical inventory count procedures performed by management and assessed, by inspection, whether there was any evidence of damaged or obsolete inventory;</li> </ul> |

| <i>Key audit matter</i>                                                     | <i>How the matter was addressed in our audit</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| inventory due to the nature of the industry in which the Group operates in. | <ul style="list-style-type: none"> <li>• Analysed and tested the inventory acquired as part of the newly acquired businesses to ensure these balances were being recognised at the lower of cost and net realisable value;</li> <li>• Tested a sample of inventory items on hand to initial supplier invoices and subsequent sales invoices to ascertain whether inventory was being recognised at the lower of cost and NRV;</li> <li>• Assessed the assumptions applied by management in determining the provision for obsolescence in comparison to recent sales experience and the ageing of inventory; and</li> <li>• Performed various analytical procedures in relation to inventory including analysing inventory turnover by product group and gross margin in comparison to prior periods and to expectations.</li> </ul> |

## Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' Report (excluding the audited Remuneration Report section) for the year ended 30 June 2022 but does not include the financial report and the 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 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 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](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 2022.

In our opinion, the Remuneration Report of Ambertech Limited, for the year ended 30 June 2022, 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**

A handwritten signature in dark ink, appearing to read 'Martin Coyle', is written over a faint, light blue BDO logo.

Martin Coyle  
Director

Sydney, 25 August 2022

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 2022

|                                                           | Note | 2022<br>\$'000 | 2021<br>\$'000 |
|-----------------------------------------------------------|------|----------------|----------------|
| <b>Revenues</b>                                           | 3    | 76,997         | 80,145         |
| Cost of sales                                             | 4    | (49,995)       | (54,405)       |
| <b>Gross Profit</b>                                       |      | <b>27,002</b>  | <b>25,740</b>  |
| Other income                                              | 3    | 281            | 178            |
| Employee benefits expense                                 | 4    | (15,197)       | (13,538)       |
| Distribution costs                                        |      | (1,775)        | (1,664)        |
| Marketing costs                                           |      | (647)          | (350)          |
| Premises costs                                            |      | (716)          | (588)          |
| Travel costs                                              |      | (235)          | (123)          |
| Depreciation and amortisation expense                     | 4    | (1,260)        | (1,569)        |
| Finance costs                                             | 4    | (925)          | (1,147)        |
| Other expenses                                            |      | (1,263)        | (1,540)        |
| Acquisition and restructure costs                         |      | -              | (100)          |
| <b>Profit before income tax</b>                           |      | <b>5,265</b>   | <b>5,299</b>   |
| Income tax (expense)/benefit                              | 5    | (1,584)        | (209)          |
| <b>Profit after income tax for the year</b>               |      | <b>3,681</b>   | <b>5,090</b>   |
| <b>Other comprehensive income</b>                         |      |                |                |
| Exchange differences on translation of foreign operations |      | (64)           | (1)            |
| <b>Total comprehensive income for the year</b>            |      | <b>3,617</b>   | <b>5,089</b>   |
| <b>Earnings per share</b>                                 |      |                |                |
| Basic earnings per share (cents)                          | 27   | 4.2            | 6.7            |
| Diluted earnings per share (cents)                        | 27   | 4.2            | 6.6            |

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 2022

|                                        | Note | 2022<br>\$'000 | 2021<br>\$'000 |
|----------------------------------------|------|----------------|----------------|
| <b>CURRENT ASSETS</b>                  |      |                |                |
| Cash and cash equivalents              | 25   | 2,225          | 1,788          |
| Trade and other receivables            | 6    | 15,576         | 14,804         |
| Inventories                            | 7    | 17,360         | 12,900         |
| <b>TOTAL CURRENT ASSETS</b>            |      | <b>35,161</b>  | <b>29,492</b>  |
| <b>NON-CURRENT ASSETS</b>              |      |                |                |
| Plant and equipment                    | 9    | 341            | 442            |
| Right-of-use assets                    | 10   | 4,726          | 5,640          |
| Intangible assets                      | 11   | 1,532          | 1,118          |
| Deferred tax assets                    | 5    | 2,759          | 3,118          |
| <b>TOTAL NON-CURRENT ASSETS</b>        |      | <b>9,358</b>   | <b>10,318</b>  |
| <b>TOTAL ASSETS</b>                    |      | <b>44,519</b>  | <b>39,810</b>  |
| <b>CURRENT LIABILITIES</b>             |      |                |                |
| Trade and other payables               | 12   | 6,817          | 7,323          |
| Financial liabilities                  | 14   | 1,255          | 2,676          |
| Contract Liabilities                   | 13   | 2,169          | 1,428          |
| Lease liabilities                      | 15   | 1,247          | 1,199          |
| Provisions                             | 16   | 2,570          | 2,306          |
| Current tax liabilities                | 5    | 338            | 703            |
| <b>TOTAL CURRENT LIABILITIES</b>       |      | <b>14,396</b>  | <b>15,635</b>  |
| <b>NON-CURRENT LIABILITIES</b>         |      |                |                |
| Contract liabilities                   | 13   | 346            | 174            |
| Provisions                             | 16   | 281            | 235            |
| Lease liabilities                      | 15   | 7,098          | 8,345          |
| Deferred tax liabilities               | 5    | 124            | 9              |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   |      | <b>7,849</b>   | <b>8,763</b>   |
| <b>TOTAL LIABILITIES</b>               |      | <b>22,245</b>  | <b>24,398</b>  |
| <b>NET ASSETS</b>                      |      | <b>22,274</b>  | <b>15,412</b>  |
| <b>EQUITY</b>                          |      |                |                |
| Share capital                          | 17   | 21,781         | 15,947         |
| Reserves                               | 18   | (37)           | (10)           |
| Retained earnings/(Accumulated losses) |      | 530            | (525)          |
| <b>TOTAL EQUITY</b>                    |      | <b>22,274</b>  | <b>15,412</b>  |

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 2022

|                                                                                             | Share<br>Capital | Foreign<br>Currency<br>Translation<br>Reserve | Share Based<br>Payments<br>Reserve | Retained<br>earnings/<br>(Accumulated<br>losses) | Total<br>Equity |
|---------------------------------------------------------------------------------------------|------------------|-----------------------------------------------|------------------------------------|--------------------------------------------------|-----------------|
|                                                                                             | \$'000           | \$'000                                        | \$'000                             | \$'000                                           | \$'000          |
| <b>Balance as at 30 June 2020</b>                                                           | <b>15,915</b>    | <b>(9)</b>                                    | <b>7</b>                           | <b>(4,236)</b>                                   | <b>11,677</b>   |
| Profit for the year                                                                         | -                | -                                             | -                                  | 5,090                                            | 5,090           |
| Exchange differences on translation of foreign operations                                   | -                | (1)                                           | -                                  | -                                                | (1)             |
| <b>Total comprehensive income for the year</b>                                              | <b>-</b>         | <b>(1)</b>                                    | <b>-</b>                           | <b>5,090</b>                                     | <b>5,089</b>    |
| <b>Transactions with equity holders:</b>                                                    |                  |                                               |                                    |                                                  |                 |
| Share issue net of transaction cost                                                         | 25               | -                                             | -                                  | -                                                | 25              |
| Costs of share based payments                                                               | 7                | -                                             | (7)                                | -                                                | -               |
| Dividends declared and paid (note 28)                                                       | -                | -                                             | -                                  | (1,379)                                          | (1,379)         |
| <b>Balance as at 30 June 2021</b>                                                           | <b>15,947</b>    | <b>(10)</b>                                   | <b>-</b>                           | <b>(525)</b>                                     | <b>15,412</b>   |
| <b>Balance as at 1 July 2021</b>                                                            | <b>15,947</b>    | <b>(10)</b>                                   | <b>-</b>                           | <b>(525)</b>                                     | <b>15,412</b>   |
| Profit for the year                                                                         | -                | -                                             | -                                  | 3,681                                            | 3,681           |
| Exchange differences on translation of foreign operations                                   | -                | (64)                                          | -                                  | -                                                | (64)            |
| <b>Total comprehensive income for the year</b>                                              | <b>-</b>         | <b>(64)</b>                                   | <b>-</b>                           | <b>3,681</b>                                     | <b>3,617</b>    |
| <b>Transactions with equity holders:</b>                                                    |                  |                                               |                                    |                                                  |                 |
| 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)         |
| <b>Balance as at 30 June 2022</b>                                                           | <b>21,781</b>    | <b>(74)</b>                                   | <b>37</b>                          | <b>530</b>                                       | <b>22,274</b>   |

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 2022

|                                                                                                                                | Note | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------------------------------------------------------------------------------------------------|------|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                    |      |                |                |
| Receipts from customers                                                                                                        |      | 83,824         | 87,350         |
| Receipts from government grants                                                                                                |      | 770            | 1,526          |
| Payments to suppliers and employees                                                                                            |      | (74,731)       | (76,159)       |
| Interest received                                                                                                              |      | 2              | 5              |
| Interest and other costs of finance paid                                                                                       |      | (924)          | (1,147)        |
| Goods and services tax remitted                                                                                                |      | (5,503)        | (6,048)        |
| Income tax remitted                                                                                                            |      | (1,588)        | -              |
| <b>Net cash from operating activities</b>                                                                                      | 25   | 1,850          | 5,527          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                                    |      |                |                |
| Payments for plant and equipment                                                                                               |      | (160)          | (253)          |
| Payment for intangible assets                                                                                                  |      | (49)           | (224)          |
| Payment for the acquisition of businesses, net of cash acquired                                                                |      | (1,824)        | -              |
| <b>Net cash used in investing activities</b>                                                                                   |      | (2,033)        | (477)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                    |      |                |                |
| Proceeds from borrowings                                                                                                       |      | 1              | 332            |
| Repayment of borrowings                                                                                                        |      | (1,412)        | (2,426)        |
| Repayment of leases                                                                                                            |      | (1,199)        | (802)          |
| Proceeds from share issue, net of transaction costs                                                                            |      | 5,238          | 25             |
| Dividends paid to shareholders                                                                                                 |      | (2,030)        | (1,379)        |
| <b>Net cash provided by/(used in) financing activities</b>                                                                     |      | 598            | (4,250)        |
| Net increase in cash and cash equivalents held                                                                                 |      | 415            | 800            |
| Cash and cash equivalents at beginning of period                                                                               |      | 1,788          | 989            |
| Effect of exchange rate changes on cash and cash equivalents held in foreign currencies at the beginning of the financial year |      | 22             | (1)            |
| <b>Cash and cash equivalents at end of period</b>                                                                              | 25   | 2,225          | 1,788          |

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



AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 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 25 August 2022 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.

On 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The pandemic has caused large scale disruption and adverse economic conditions. Despite the pandemic, management were able to successfully implement various operating efficiencies and manage the working capital position of the Group, the impact of which resulted in profit after income tax of \$3,681,000 (2021: \$5,090,000) and net operating cash inflows of \$1,850,000 (2021: \$5,527,000).

Notwithstanding the degree of uncertainty that the COVID-19 pandemic continues to pose on the national economy, 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;

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**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 \$9,000,000 in invoice discounting and \$2,000,000 in trade finance as disclosed in note 14;
- In the event of continuing business challenges associated with the COVID-19 pandemic, management are confident in being able to manage working capital through the pursuit of operating efficiencies.

**(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 |        |
|-------------------------|-----------------|--------|
|                         | 2022            | 2021   |
|                         | \$'000          | \$'000 |
| Revenue                 |                 |        |
| - Sale of goods         | 72,784          | 75,666 |
| - Rendering of services | 4,211           | 4,474  |
| - Interest received     | 2               | 5      |
|                         | 76,997          | 80,145 |

#### 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 | 165 |
| Gain on asset sale         | -   | 13  |
|                            | 281 | 178 |

### NOTE 4: EXPENSES

Additional information on the nature of expenses

#### A) Inventories

|                                                  |        |        |
|--------------------------------------------------|--------|--------|
| Cost of sales                                    | 49,995 | 54,405 |
| Movement in provision for inventory obsolescence | (966)  | 1,154  |

#### B) Employee benefits expense

|                                             |        |        |
|---------------------------------------------|--------|--------|
| Salaries and wages*                         | 13,996 | 12,501 |
| Defined contribution superannuation expense | 1,201  | 1,037  |
|                                             | 15,197 | 13,538 |

\* Salaries and wages FY21 are net of \$1,101,750 and FY22 are net of \$769,782 in Government grants which were provided as a result of the COVID-19 pandemic.

**NOTE 4: EXPENSES (continued)**

|                                                                | Economic Entity |        |
|----------------------------------------------------------------|-----------------|--------|
|                                                                | 2022            | 2021   |
|                                                                | \$'000          | \$'000 |
| <b>C) Depreciation</b>                                         |                 |        |
| Plant and equipment                                            | 125             | 107    |
| Furniture and fittings                                         | 1               | 115    |
| Leasehold improvements                                         | 133             | 151    |
| Leased property plant and equipment                            | 7               | 16     |
| Buildings right-of-use assets                                  | 838             | 867    |
| Plant and equipment right-of-use assets                        | 76              | 39     |
|                                                                | 1,180           | 1,295  |
| <b>D) Amortisation</b>                                         |                 |        |
| Website costs                                                  | 25              | 19     |
| Customer/Supplier Relationships                                | 55              | 30     |
| Research & Development                                         | -               | 225    |
|                                                                | 80              | 274    |
| <b>E) Bad debts and expected credit losses</b>                 | 31              | 53     |
| <b>F) Rental expense on operating leases:</b>                  |                 |        |
| Minimum lease payments                                         | -               | 2      |
| <b>G) Finance costs</b>                                        |                 |        |
| Interest and finance charges paid/payable on borrowings        | 352             | 511    |
| Interest and finance charges paid/payable on lease liabilities | 572             | 636    |
|                                                                | 924             | 1,147  |

**NOTE 5: INCOME TAX**

**A) Major components of income tax**

|                    |       |       |
|--------------------|-------|-------|
| Current year       | 1,115 | 703   |
| Deferred tax       | 469   | (494) |
| Income tax expense | 1,584 | 209   |

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

|                                                             |       |         |
|-------------------------------------------------------------|-------|---------|
| Profit/(loss) before income tax                             | 5,265 | 5,299   |
| Tax at 30% (2021:30%)                                       | 1,580 | 1,590   |
| Tax effect of non deductible expenses/non assessable income |       |         |
| • Entertainment                                             | 9     | 12      |
| • Other items                                               | 20    | 3       |
| • Trading stock adjustments                                 | -     | (1,381) |
| Recognition of movements in deferred tax                    | (53)  | 9       |
| Previous tax return adjustments                             | 111   |         |
| Unused tax losses not recognised as deferred tax assets     | (83)  | (24)    |
| Income tax expense/(benefit)                                | 1,584 | 209     |

## NOTE 5: INCOME TAX (continued)

### C) Applicable tax rate

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

|                                                | Economic Entity |                |
|------------------------------------------------|-----------------|----------------|
|                                                | 2022<br>\$'000  | 2021<br>\$'000 |
| <b>D) Analysis of deferred tax assets</b>      |                 |                |
| Employee benefits                              | 773             | 714            |
| Plant and equipment                            | 359             | 378            |
| Right-of-use assets                            | (1,418)         | (1,677)        |
| Lease Liability                                | 2,503           | 2,857          |
| Accrued expenses                               | 29              | 31             |
| Provision for impairment of receivables        | 8               | 64             |
| Provision for obsolescence                     | 333             | 611            |
| Provision for warranty                         | 67              | 13             |
| Inventory                                      | 76              | 86             |
| Other                                          | 29              | 41             |
|                                                | <b>2,759</b>    | <b>3,118</b>   |
| <b>E) Analysis of deferred tax liabilities</b> |                 |                |
| Unrealised foreign currency gain               | 75              | -              |
| Plant and equipment                            | 47              |                |
| Other                                          | 2               | 9              |
|                                                | <b>124</b>      | <b>9</b>       |

### 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 |        |
|--------------------------------------|-----------------|--------|
|                                      | 2022            | 2021   |
| Current                              | \$'000          | \$'000 |
| Trade receivables                    | 13,696          | 12,420 |
| Allowance for expected credit losses | (27)            | (216)  |
|                                      | 13,669          | 12,204 |
| Other receivables                    | 1,472           | 1,080  |
| Prepayments                          | 435             | 1,520  |
|                                      | 15,576          | 14,804 |

- 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.
- The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the ongoing Coronavirus (COVID-19) pandemic. Despite this, there were several debts recovered during the year that were previously considered doubtful. As a result, the amount of expected credit losses has decreased since the previous corresponding period.
- C) Movement in the allowance for expected credit losses is as follows:
- |                                |       |      |
|--------------------------------|-------|------|
| Current trade receivables      |       |      |
| Opening balance                | 216   | 90   |
| (Reversal)/charge for the year | (158) | 171  |
| Amounts written off            | (31)  | (45) |
| Closing balance                | 27    | 216  |
- D) The economic entity's exposure to credit risk and impairment losses related to trade and other receivables is disclosed at note 26.

## NOTE 7: INVENTORIES

|                            | Economic Entity |         |
|----------------------------|-----------------|---------|
|                            | 2022            | 2021    |
| Current                    | \$'000          | \$'000  |
| Finished goods             | 16,523          | 13,571  |
| Stock in transit           | 1,952           | 1,409   |
|                            | 18,475          | 14,980  |
| Provision for obsolescence | (1,115)         | (2,080) |
|                            | 17,360          | 12,900  |

### 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     | 2,080   | 926   |
| Charge for the year | 380     | 1,636 |
| Amounts written off | (1,345) | (482) |
| Closing balance     | 1,115   | 2,080 |

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 |      |
|-------------------------------------------------|--------------------------|------------------|------|
|                                                 |                          | 2022             | 2021 |
| <b>Parent Entity</b>                            |                          |                  |      |
| • Ambertech Limited                             | Australia                |                  |      |
| <b>Subsidiaries of Ambertech Limited</b>        | Australia                | 100%             | 100% |
| • Amber Technology Limited                      |                          |                  |      |
| <b>Subsidiaries of Amber Technology Limited</b> |                          |                  |      |
| • Alphan Pty Limited                            | Australia                | 100%             | 100% |
| • Connected Media Australia                     | Australia                | 100%             | 0%   |
| • 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 |        |
|----------------------------|--------|--------|--------------------------|---------|---------------------|--------|
|                            | 2022   | 2021   | 2022                     | 2021    | 2022                | 2021   |
|                            | \$'000 | \$'000 | \$'000                   | \$'000  | \$'000              | \$'000 |
| <b>Economic Entity</b>     |        |        |                          |         |                     |        |
| Plant and equipment        | 1,660  | 1,566  | (1,434)                  | (1,345) | 226                 | 221    |
| Furniture and fittings     | 941    | 941    | (936)                    | (935)   | 5                   | 6      |
| Leasehold improvements     | 1,547  | 1,512  | (1,437)                  | (1,305) | 110                 | 208    |
| Leased plant and equipment | 112    | 124    | (112)                    | (117)   | -                   | 7      |
| Total plant and equipment  | 4,260  | 4,143  | (3,919)                  | (3,702) | 341                 | 442    |

#### B) Reconciliation of carrying amounts

|                                        | Plant and equipment | Furniture and fittings | Leasehold improvements | Leased plant and equipment | Total  |
|----------------------------------------|---------------------|------------------------|------------------------|----------------------------|--------|
|                                        | \$'000              | \$'000                 | \$'000                 | \$'000                     | \$'000 |
| <b>2022</b>                            |                     |                        |                        |                            |        |
| 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    |
| <b>2021</b>                            |                     |                        |                        |                            |        |
| Balance at the beginning of the year   | 226                 | 117                    | 345                    | 29                         | 717    |
| Additions                              | 120                 | 4                      | 14                     | -                          | 138    |
| Disposals                              | (18)                | -                      | -                      | (6)                        | (24)   |
| Depreciation and amortisation expense  | (107)               | (115)                  | (151)                  | (16)                       | (389)  |
| Carrying amount at the end of the year | 221                 | 6                      | 208                    | 7                          | 442    |

#### 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 |         |
|------------------------------------|-----------------|---------|
|                                    | 2022            | 2021    |
| Non-Current                        | \$'000          | \$'000  |
| Land and buildings - right-of-use  | 7,152           | 7,152   |
| Less: Accumulated amortisation     | (2,516)         | (1,678) |
|                                    | 4,636           | 5,474   |
| Plant and equipment - right-of-use | 180             | 239     |
| Less: Accumulated amortisation     | (90)            | (73)    |
|                                    | 90              | 166     |
|                                    | 4,726           | 5,640   |

|                         | Land and buildings | Plant and equipment | Total  |
|-------------------------|--------------------|---------------------|--------|
|                         | \$'000             | \$'000              | \$'000 |
| Balance at 30 June 2021 | 5,474              | 166                 | 5,640  |
| Additions               | -                  | -                   | -      |
| Amortisation            | (838)              | (76)                | (914)  |
| Balance at 30 June 2022 | 4,636              | 90                  | 4,726  |

### 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 10 years and 9 months commencing 14 April 2012 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 2028. As at 30 June 2022 it is reasonably certain that the consolidated entity will exercise this option to extend the lease and this has been included in the lease term. The lease has rent increases by 3.75% each year and has a market rent increase in April 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.

## NOTE 11: INTANGIBLE ASSETS

|                                                           | Economic Entity |                |
|-----------------------------------------------------------|-----------------|----------------|
|                                                           | 2022<br>\$'000  | 2021<br>\$'000 |
| <b>Non-Current</b>                                        |                 |                |
| <b>Net carrying amounts and movements during the year</b> |                 |                |
| Goodwill at cost                                          | 4,136           | 3,716          |
| Less impairment                                           | (2,926)         | (2,926)        |
|                                                           | 1,210           | 790            |
| Website at cost                                           | 94              | 94             |
| Less accumulated amortization                             | (86)            | (60)           |
|                                                           | 8               | 34             |
| Brand name                                                | 100             | 100            |
| Less impairment                                           | -               | -              |
|                                                           | 100             | 100            |
| Customer/Supplier relationships                           | 175             | 150            |
| Less accumulated amortisation                             | (101)           | (46)           |
|                                                           | 74              | 104            |
| Research & Development                                    | 365             | 315            |
| Less accumulated amortisation                             | (225)           | (225)          |
|                                                           | 140             | 90             |
|                                                           | 1,532           | 1,118          |

| 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 2021         | 790      | 34      | 100        | 104                             | 90                   | 1,118  |
| Additions                              | 420      | -       | -          | 25                              | 50                   | 495    |
| Amortisation expense                   | -        | (26)    | -          | (55)                            | -                    | (81)   |
| Closing balance at 30 June 2022        | 1,210    | 8       | 100        | 74                              | 140                  | 1,532  |

### 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.

#### 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

**NOTE 11: INTANGIBLE ASSETS (continued)**

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 2022 calculation of value-in-use based on past performance and expectations for the future:

- Annual sales growth of between 3.5% - 5.0% over the five-year forecast period
- Terminal value factor of 1.98
- Post-tax discount rate of 14.62%

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.

## NOTE 12: TRADE AND OTHER PAYABLES

|                        | Economic Entity |                |
|------------------------|-----------------|----------------|
|                        | 2022<br>\$'000  | 2021<br>\$'000 |
| <b>Current</b>         |                 |                |
| Trade accounts payable | 3,994           | 4,238          |
| Other accounts payable | 2,823           | 3,085          |
|                        | <b>6,817</b>    | <b>7,323</b>   |

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            | 2,227        | 2,636        |
| - British Pounds        | 39           | 118          |
| - Euro                  | 195          | 262          |
| - Swiss Francs          | 34           | 16           |
| - New Zealand Dollars   | 309          | 692          |
|                         | <b>2,804</b> | <b>3,724</b> |

## NOTE 13: CONTRACT LIABILITIES

|                    |              |              |
|--------------------|--------------|--------------|
| <b>Current</b>     |              |              |
| Deferred Revenue   | 2,169        | 1,428        |
| <b>Non Current</b> |              |              |
| Deferred Revenue   | 346          | 174          |
|                    | <b>2,515</b> | <b>1,602</b> |

## NOTE 14: FINANCIAL LIABILITIES

|                               |              |              |
|-------------------------------|--------------|--------------|
| <b>Current</b>                |              |              |
| Debtor finance                | 927          | 1,896        |
| Business transaction facility | 328          | 780          |
|                               | <b>1,255</b> | <b>2,676</b> |

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 10 June 2022, 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 up to \$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. As at 30 June 2022, the amount drawn under this facility was \$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 2022 the amount drawn under this facility was \$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 recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the

#### NOTE 14: FINANCIAL LIABILITIES (continued)

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 |        |
|--------------------|-----------------|--------|
|                    | 2022            | 2021   |
|                    | \$'000          | \$'000 |
| <b>Current</b>     |                 |        |
| Lease liabilities  | 1,247           | 1,199  |
| <b>Non Current</b> |                 |        |
| Lease liabilities  | 7,098           | 8,345  |

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

|                    |       |       |
|--------------------|-------|-------|
| <b>Current</b>     |       |       |
| Service warranty   | 274   | 335   |
| Employee benefits  | 2,296 | 1,971 |
|                    | 2,570 | 2,306 |
| <b>Non Current</b> |       |       |
| Employee benefits  | 281   | 235   |
|                    | 281   | 235   |

#### **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 2021                 | 335              |
| Reduction due to reduced warranty requirements | (26)             |
| Reductions resulting from payments             | (35)             |
| Closing balance at 30 June 2022                | 274              |

#### 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 |                |
|------------------------------------------------------------------------------|-----------------|----------------|
|                                                                              | 2022<br>\$'000  | 2021<br>\$'000 |
| Current annual leave obligation expected to be settled after 12 months       | 419             | 386            |
| Current long service leave obligation expected to be settled after 12 months | 435             | 438            |

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**NOTE 17: SHARE CAPITAL**

|                                                     | Economic Entity   |                   | Economic Entity |               |
|-----------------------------------------------------|-------------------|-------------------|-----------------|---------------|
|                                                     | 2022              | 2021              | 2022            | 2021          |
|                                                     | Shares            | Shares            | \$'000          | \$'000        |
| <b>A) Ordinary Shares fully paid (no par value)</b> | <u>92,994,819</u> | <u>76,621,662</u> | <u>21,781</u>   | <u>15,947</u> |

| <b>Movements in share capital</b>               | <b>Shares<br/>No.</b> | <b>Issue Price<br/>\$</b> | <b>Total<br/>\$'000</b> |
|-------------------------------------------------|-----------------------|---------------------------|-------------------------|
| Balance at the start of the financial year      | <u>76,621,662</u>     |                           | <u>15,947</u>           |
| Placement shares                                | 11,856,800            | 0.4000                    | 4,742                   |
| Share Purchase Plan Shares                      | 1,692,500             | 0.4000                    | 677                     |
| Transaction costs                               |                       |                           | <u>(341)</u>            |
| Share issued net of transaction costs           |                       |                           | 5,078                   |
| Shares issued on exercise of Options            | 725,000               | 0.2200                    | 160                     |
| Shares issued on Dividend Reinvestment Plan     | <u>2,098,857</u>      | <u>0.2841</u>             | <u>596</u>              |
| <b>Balance at the end of the financial year</b> | <u>92,994,819</u>     |                           | <u>21,781</u>           |

**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 1,375,000 ordinary shares reserved for issue under the Employee Share Option Plan (2021: 2,100,000).

**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.



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**NOTE 18: RESERVES**

|                                      | Economic Entity |                |
|--------------------------------------|-----------------|----------------|
|                                      | 2022<br>\$'000  | 2021<br>\$'000 |
| Foreign currency translation reserve | (74)            | (10)           |
| Share base payments reserve          | 37              | -              |
|                                      | (37)            | (10)           |

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 2022 (2021: Nil).

**NOTE 20: CONTINGENT LIABILITIES**

|                                                                                     | Economic Entity |                |
|-------------------------------------------------------------------------------------|-----------------|----------------|
|                                                                                     | 2022<br>\$'000  | 2021<br>\$'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    | 612             | 612            |
|                                                                                     | 612             | 612            |

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

**NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE**

The Directors have resolved to pay a dividend of 1.5 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 |           |
|---------------------------------|-----------------|-----------|
|                                 | 2022            | 2021      |
| Summary                         |                 |           |
| - Short term employee benefits  | 1,264,898       | 1,309,055 |
| - Post-employment benefits      | 143,898         | 133,451   |
| - Long term employee benefits   | 17,761          | 16,752    |
| - Share-based employee benefits | 19,965          | 42,926    |
|                                 | 1,446,522       | 1,502,184 |

## 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. One half of the options have vested (tranche 1 and tranche 2)
- II. One quarter of the options vest on 30 September 2022; and
- III. One quarter of the options vest on 30 September 2023.

Vesting subsequent to grant date is also subject to key management personnel 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 director ceases their employment with the Group. During the financial year, 337,500 options vested with key management personnel (2021: 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.

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

|                                               | Number           | Weighted<br>Average Exercise<br>Price |
|-----------------------------------------------|------------------|---------------------------------------|
| <b>Options outstanding as at 1 July 2021</b>  | <b>2,100,000</b> | <b>\$0.22</b>                         |
| Granted                                       | -                | -                                     |
| Forfeited                                     | -                | -                                     |
| Exercised                                     | 725,000          | \$0.22                                |
| Expired                                       | -                | -                                     |
| <b>Options outstanding as at 30 June 2022</b> | <b>1,375,000</b> | <b>\$0.22</b>                         |
| Options exercisable as at 30 June 2022        | 325,000          | \$0.22                                |
| Options exercisable as at 30 June 2021        | 400,000          | \$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 (2021: 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.

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**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

2022

|                                             | Retail | Integrated<br>Solutions | Professional | Eliminations | Economic<br>Entity |
|---------------------------------------------|--------|-------------------------|--------------|--------------|--------------------|
|                                             | \$'000 | \$'000                  | \$'000       | \$'000       | \$'000             |
| <b>Revenue</b>                              |        |                         |              |              |                    |
| - 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             |
| <b>Result</b>                               |        |                         |              |              |                    |
| - 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              |
| <b>Assets</b>                               |        |                         |              |              |                    |
| - Segment Assets                            | 6,249  | 20,565                  | 12,647       | -            | 39,461             |
| - Unallocated/corporate assets              |        |                         |              |              | 5,058              |
| - Total assets                              |        |                         |              |              | 44,519             |
| <b>Liabilities</b>                          |        |                         |              |              |                    |
| - Segment liabilities                       | 2,264  | 4,595                   | 4,727        | -            | 11,586             |
| - Unallocated/corporate liabilities         |        |                         |              |              | 10,659             |
| - Total liabilities                         |        |                         |              |              | 22,245             |
| <b>Other</b>                                |        |                         |              |              |                    |
| - Acquisition of non current segment assets | 25     | 75                      | 67           | -            | 167                |
|                                             |        |                         |              |              | 167                |



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**NOTE 24: SEGMENT REPORTING (continued)**

| 2021                                        | Retail<br>\$'000 | Integrated<br>Solutions<br>\$'000 | Professional<br>\$'000 | Eliminations<br>\$'000 | Economic<br>Entity<br>\$'000 |
|---------------------------------------------|------------------|-----------------------------------|------------------------|------------------------|------------------------------|
| <b>Revenue</b>                              |                  |                                   |                        |                        |                              |
| - Total segment revenue                     | 11,282           | 36,293                            | 32,565                 | -                      | 80,140                       |
| - Inter-segment revenue                     | -                | -                                 | -                      | -                      | -                            |
| Revenue from external customers             | 11,282           | 36,293                            | 32,565                 | -                      | 80,140                       |
| <b>Result</b>                               |                  |                                   |                        |                        |                              |
| - Segment Contribution                      | 721              | 3,553                             | 4,049                  | -                      | 8,323                        |
| - Unallocated / corporate result            |                  |                                   |                        |                        | (308)                        |
| - EBITDA                                    |                  |                                   |                        |                        | 8,015                        |
| - Depreciation and amortisation             |                  |                                   |                        |                        | (1,569)                      |
| - EBIT                                      |                  |                                   |                        |                        | 6,446                        |
| - Interest and finance costs                |                  |                                   |                        |                        | (1,147)                      |
| - Profit before income tax                  |                  |                                   |                        |                        | 5,299                        |
| - Income tax expense                        |                  |                                   |                        |                        | (209)                        |
| - Profit for the year                       |                  |                                   |                        |                        | 5,090                        |
| <b>Assets</b>                               |                  |                                   |                        |                        |                              |
| - Segment Assets                            | 6,350            | 16,877                            | 11,596                 | -                      | 34,823                       |
| - Unallocated/corporate assets              |                  |                                   |                        |                        | 4,987                        |
| - Total assets                              |                  |                                   |                        |                        | 39,810                       |
| <b>Liabilities</b>                          |                  |                                   |                        |                        |                              |
| - Segment liabilities                       | 1,874            | 4,445                             | 4,105                  | -                      | 10,424                       |
| - Unallocated/corporate liabilities         |                  |                                   |                        |                        | 13,974                       |
| - Total liabilities                         |                  |                                   |                        |                        | 24,398                       |
| <b>Other</b>                                |                  |                                   |                        |                        |                              |
| - Acquisition of non current segment assets | 21               | 62                                | 55                     | -                      | 138                          |
|                                             |                  |                                   |                        |                        | 138                          |

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**NOTE 24: SEGMENT REPORTING (continued)**

(c) Segment information on geographical region

|                       | Segment Revenues from<br>Sales to External<br>Customers |                | Carrying Amount of<br>Segment Non Current<br>Assets |                | Acquisition of Non-<br>Current Assets |                |
|-----------------------|---------------------------------------------------------|----------------|-----------------------------------------------------|----------------|---------------------------------------|----------------|
|                       | 2022<br>\$'000                                          | 2021<br>\$'000 | 2022<br>\$'000                                      | 2021<br>\$'000 | 2022<br>\$'000                        | 2021<br>\$'000 |
| Geographical Location |                                                         |                |                                                     |                |                                       |                |
| - Australia           | 71,460                                                  | 75,341         | 6,532                                               | 7,107          | 160                                   | 127            |
| - New Zealand         | 5,535                                                   | 4,799          | 67                                                  | 93             | 7                                     | 11             |
|                       | <u>76,995</u>                                           | <u>80,140</u>  | <u>6,599</u>                                        | <u>7,200</u>   | <u>167</u>                            | <u>138</u>     |

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 2022, \$8,142,385 or 11% (2021: \$4,993,416 or 6%) of the consolidated entity's external revenue was derived from sales to a major Australian retailer through the Lifestyle Entertainment segment.

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**NOTE 25: CASH FLOW INFORMATION**

|                                                                                                    | Economic Entity |              |
|----------------------------------------------------------------------------------------------------|-----------------|--------------|
|                                                                                                    | 2022            | 2021         |
|                                                                                                    | \$'000          | \$'000       |
| <b>(i) Cash and cash equivalents</b>                                                               |                 |              |
| Cash and cash equivalents included in the statement of cash flows comprise the following amounts:  |                 |              |
| Cash on hand                                                                                       | 3               | 3            |
| At call deposits with financial institutions                                                       | 2,222           | 1,785        |
| <b>Total cash and cash equivalents</b>                                                             | <b>2,225</b>    | <b>1,788</b> |
| <b>(ii) Reconciliation of net cash provided by operating activities to profit after income tax</b> |                 |              |
| <b>Profit for the year</b>                                                                         | <b>3,681</b>    | <b>5,090</b> |
| Adjustments for:                                                                                   |                 |              |
| Depreciation and amortisation                                                                      | 1,260           | 1,569        |
| Foreign exchange (gain)/loss                                                                       | (281)           | (166)        |
| Net loss/(profit) on sale of plant and equipment                                                   | 10              | (1)          |
| Non-cash share based payments                                                                      | 37              | -            |
| Changes in operating assets and liabilities (net of business combinations):                        |                 |              |
| (Increase)/Decrease in trade and other receivables                                                 | (924)           | 313          |
| Decrease/(Increase) in prepayments                                                                 | 1,153           | (690)        |
| (increase)/Decrease in inventories                                                                 | (3,626)         | 4,011        |
| (Decrease) in trade and other payables                                                             | (633)           | (3,073)      |
| Increase/(Decrease) contract liabilities                                                           | 913             | (1,903)      |
| Increase in provisions                                                                             | 264             | 169          |
| (Decrease)/Increase in income taxes payable                                                        | (473)           | 703          |
| Decrease/(Increase) in deferred taxes                                                              | 469             | (495)        |
| <b>Net cash provided by operating activities</b>                                                   | <b>1,850</b>    | <b>5,527</b> |

**(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 |                |
|--------------------------------------|-----------------|----------------|
|                                      | 2022<br>\$'000  | 2021<br>\$'000 |
| Not past due                         | 7,301           | 7,792          |
| Past due up to 30 days               | 4,979           | 3,643          |
| Past due 31-60 days                  | 784             | 455            |
| Past due 61 days and over            | 605             | 314            |
| Total trade receivables not impaired | 13,669          | 12,204         |
| Trade receivables impaired           | 27              | 216            |
| Total trade receivables              | 13,696          | 12,420         |

The economic entity does not have other receivables which are past due (2020: 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 Coronavirus (COVID-19) pandemic. At this time this concern has not materialized and as such the amount of expected credit losses has decreased since the previous corresponding period.

**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:

| 2022                                            | Contractual Cash Flows     |                           |                           | Total<br>\$'000 |
|-------------------------------------------------|----------------------------|---------------------------|---------------------------|-----------------|
|                                                 | Within<br>1 Year<br>\$'000 | 1 to 5<br>Years<br>\$'000 | Over 5<br>Years<br>\$'000 |                 |
| <b>Financial liabilities due for payment</b>    |                            |                           |                           |                 |
| Trade payable                                   | 3,994                      | -                         | -                         | 3,994           |
| Other accounts payable                          | 2,823                      | -                         | -                         | 2,823           |
| Financial liabilities                           | 1,337                      | -                         | -                         | 1,337           |
| Lease liability                                 | 1,739                      | 8,190                     | -                         | 9,929           |
| Total expected outflows                         | 9,893                      | 8,190                     | -                         | 18,083          |
| <b>Financial assets - cash flows realisable</b> |                            |                           |                           |                 |
| Trade receivables                               | 13,669                     | -                         | -                         | 13,669          |
| Total anticipated inflows                       | 13,669                     | -                         | -                         | 13,669          |
| Net inflow / (outflow) on financial instruments | 3,776                      | (8,190)                   | -                         | (4,414)         |

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NOTE 26: FINANCIAL RISK MANAGEMENT (continued)

| 2021                                            | Contractual Cash Flows     |                           |                           |                 |
|-------------------------------------------------|----------------------------|---------------------------|---------------------------|-----------------|
|                                                 | Within<br>1 Year<br>\$'000 | 1 to 5<br>Years<br>\$'000 | Over 5<br>Years<br>\$'000 | Total<br>\$'000 |
| <b>Financial liabilities due for payment</b>    |                            |                           |                           |                 |
| Trade payable                                   | 4,238                      | -                         | -                         | 4,238           |
| Other accounts payable                          | 3,085                      | -                         | -                         | 3,085           |
| Financial liabilities                           | 2,676                      | -                         | -                         | 2,676           |
| Lease liability                                 | 1,719                      | 8,798                     | 1,034                     | 11,551          |
| Total expected outflows                         | 11,718                     | 8,798                     | 1,034                     | 21,550          |
| <b>Financial assets - cash flows realisable</b> |                            |                           |                           |                 |
| Trade receivables                               | 12,420                     | -                         | -                         | 12,420          |
| Total anticipated inflows                       | 12,420                     | -                         | -                         | 12,420          |
| Net outflow on financial instruments            | 702                        | (8,798)                   | (1,034)                   | (9,130)         |

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% |                |
|------------------|------------------|----------------|----------------------|----------------|
|                  | 2022<br>\$'000   | 2021<br>\$'000 | 2022<br>\$'000       | 2021<br>\$'000 |
| Impact on profit | (311)            | (414)          | 255                  | 338            |
| Impact on equity | (311)            | (414)          | 255                  | 338            |



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**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        |                |
|-------------------------------|------|--------------------------------|-----------|----------------|----------------|
|                               |      | 2022<br>%                      | 2021<br>% | 2022<br>\$'000 | 2021<br>\$'000 |
| Debtor finance                | 14   | 6.20%                          | 6.64%     | 927            | 1,896          |
| Business transaction facility | 14   | 6.20%                          | 6.21%     | 328            | 780            |
| Financial liabilities         |      | 6.57%                          | 6.57%     | 1,255          | 2,676          |

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 2020, with all other variables remaining constant:

|                  | Increase of 1% of average<br>interest rate |                | Decrease of 1% of average<br>interest rate |                |
|------------------|--------------------------------------------|----------------|--------------------------------------------|----------------|
|                  | 2022<br>\$'000                             | 2021<br>\$'000 | 2022<br>\$'000                             | 2021<br>\$'000 |
| Impact on profit | (13)                                       | (27)           | 13                                         | 27             |
| Impact on equity | (13)                                       | (27)           | 13                                         | 27             |

**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 \$2,626,000 (2021: \$1,379,000).

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



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**NOTE 27: EARNINGS PER SHARE**

|                                                          | Economic Entity |            |
|----------------------------------------------------------|-----------------|------------|
|                                                          | 2022            | 2021       |
|                                                          | \$'000          | \$'000     |
| <b>A) Basic earnings per share (cents)</b>               | 4.2             | 6.7        |
| Weighted average number of ordinary shares (number)      | 87,694,207      | 76,509,790 |
| Earnings used to calculate basic earnings per share (\$) | 3,681,000       | 5,090,000  |

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>B) Diluted earnings per share (cents)</b>               | 4.2        | 6.6        |
| Weighted average number of ordinary shares (number)        | 88,114,892 | 76,621,662 |
| Earnings used to calculate diluted earnings per share (\$) | 3,681,000  | 5,090,000  |

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 |              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------|
|                                                                                                                                                                                                                                                          | 2022            | 2021         |
|                                                                                                                                                                                                                                                          | \$'000          | \$'000       |
| Final dividend for the year ended 30 June 2021 of 1.6 cents per share, fully franked, paid on 5 October 2021 (2020: 0.3 cents)                                                                                                                           | 1,231           | 229          |
| Paid in Cash                                                                                                                                                                                                                                             | 635             | 229          |
| Reinvested as part of the Dividend Reinvestment Plan                                                                                                                                                                                                     | 596             | -            |
| Interim dividend for the year ended 30 June 2022 of 1.5 cents per share, fully franked, paid on 31 March 2022 (2021: 1.5 cents)                                                                                                                          | 1,395           | 1,149        |
| Paid in Cash                                                                                                                                                                                                                                             | 1,395           | 1,149        |
| <b>Total Dividends</b>                                                                                                                                                                                                                                   | <b>2,626</b>    | <b>1,379</b> |
| 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                                                                                 | 6,475           | 6,254        |
| <b>Dividends not recognised at year end</b>                                                                                                                                                                                                              |                 |              |
| Since year end, the Directors have declared a fully franked final dividend of 1.5 cents per share. The total amount of the dividend expected to be paid on the 30 September 2022 out of retained profits, but not recognised as a liability at year end; | 1,395           | 1,226        |



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**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**

|                                                                                | 2022    | 2021    |
|--------------------------------------------------------------------------------|---------|---------|
|                                                                                | \$      | \$      |
| BDO Audit Pty Ltd                                                              |         |         |
| Audit and review of financial reports under the <i>Corporations Act 2001</i> . | 136,771 | 127,065 |
| Total remuneration for audit services                                          | 136,771 | 127,065 |

**Non-audit services**

|                                                                         |        |        |
|-------------------------------------------------------------------------|--------|--------|
| BDO Services Pty Ltd                                                    |        |        |
| Tax compliance services, including review of company income tax returns | 21,480 | 31,345 |
| Other practices - BDO Auckland                                          |        |        |
| Tax compliance services, including review of company income tax returns | 6,742  | 5,935  |
| Total remuneration for non-audit services                               | 28,222 | 37,280 |

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.



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**NOTE 30: PARENT ENTITY INFORMATION**

Information relating to Ambertech Limited (parent entity):

|                                                 | Parent Entity  |                |
|-------------------------------------------------|----------------|----------------|
|                                                 | 2022<br>\$'000 | 2021<br>\$'000 |
| Current Assets                                  | 21,865         | 16,501         |
| Total Assets                                    | 26,422         | 21,084         |
| Current Liabilities                             | 1,674          | 2,165          |
| Total Liabilities                               | 1,674          | 2,165          |
| Share capital                                   | 21,782         | 15,948         |
| Share issue cost reserve                        | 37             | -              |
| Retained earnings                               | 2,929          | 2,971          |
| Profit of the parent entity                     | 2,584          | 1,369          |
| Total comprehensive income of the parent entity | 2,584          | 1,369          |

**Contingent Liabilities**

The parent entity had no contingent liabilities as at 30 June 2022 (2021: Nil).

**Capital Commitments**

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 (2021: 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 31: BUSINESS COMBINATIONS**

- On the 06 September 2021, Ambertech Limited acquired the assets of Noise Toys Imports Pty Ltd, a Musical Instrument (MI) distributor.
- On the 31 October 2021, Ambertech Limited acquired Connected Media Australia Pty Ltd (CMA), an Audio Visual (AV) distributor. The acquisition included 100% purchase of all shares in CMA.

|                                                                 | Noise Toys           | CMA                  | Total                |
|-----------------------------------------------------------------|----------------------|----------------------|----------------------|
|                                                                 | Fair Value<br>\$'000 | Fair Value<br>\$'000 | Fair Value<br>\$'000 |
| Consideration                                                   |                      |                      |                      |
| - Cash on completion                                            | 559                  | 681                  | 1,240                |
| - Cash on final settlement                                      | -                    | 25                   | 25                   |
| Total asset purchase / investment                               | 559                  | 706                  | 1,265                |
| Retirement of pre-acquisition debt                              | -                    | 576                  | 576                  |
| Total consideration                                             | 559                  | 1,282                | 1,841                |
| Net identifiable assets acquired                                |                      |                      |                      |
| - Supplier Relationships                                        | 15                   | -                    | 15                   |
| - Customer Relationships                                        | 10                   | -                    | 10                   |
| - Cash and cash equivalents                                     | -                    | 17                   | 17                   |
| - Trade and Other receivables                                   | -                    | 545                  | 545                  |
| - Inventories                                                   | 371                  | 835                  | 1,206                |
| - Plant and Equipment                                           | -                    | 13                   | 13                   |
| - Trade and Other payables                                      | -                    | (385)                | (385)                |
| Total net identifiable assets acquired                          | 396                  | 1,025                | 1,421                |
| Goodwill on acquisition                                         | 163                  | 257                  | 420                  |
| Outflow of cash used to acquire businesses net of cash acquired | 559                  | 1,282                | 1,841                |

Transaction costs regarding CMA \$16,230 were recognised in respect to this acquisition for the financial year and are included in the consolidated statement of profit or loss and other comprehensive income.

**Noise toys - 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;

- Noise Toys Imports has contributed \$1,330,000 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, as the acquired business was not separately reported within the business of the acquiree.

#### NOTE 31: BUSINESS COMBINATIONS (CONTINUED)

##### **CMA - 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;

- Connected Media Australia Pty Ltd has contributed \$1,683,000 of revenue to the group, including revenue from the brands that were acquired but now sold through Amber Technology Limited.

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.

AMBERTECH LIMITED AND CONTROLLED ENTITIES  
ACN 079 080 158  
DIRECTORS' DECLARATION

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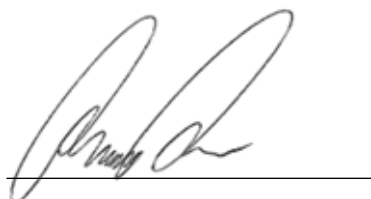
The directors of the company declare that:

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 2022 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 25<sup>th</sup> day of August 2022  
Sydney

## SHAREHOLDERS INFORMATION

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

### DISTRIBUTION OF EQUITY SECURITY BY SIZE OF HOLDING:

|              |            | Number of<br>Shareholders | Number of<br>Ordinary Shares | % of Total<br>Capital |
|--------------|------------|---------------------------|------------------------------|-----------------------|
| 1            | to 1,000   | 102                       | 59,684                       | 0.06                  |
| 1,001        | to 5,000   | 292                       | 817,506                      | 0.88                  |
| 5,001        | to 10,000  | 132                       | 1,033,928                    | 1.11                  |
| 10,001       | to 100,000 | 336                       | 12,747,991                   | 13.70                 |
| 100,001      | and over   | 92                        | 78,385,710                   | 84.25                 |
|              |            |                           |                              |                       |
| <b>Total</b> |            | <b>954</b>                | <b>93,044,819</b>            | <b>100.00</b>         |

The number of security investors holding less than a marketable parcel of 1,563 securities is 150 and they hold 125,108 securities.

## EQUITY SECURITY HOLDERS

The twenty largest shareholders as at 5 October 2022 were:

| Rank | Twenty largest holders                                           | Number of shares  | % of total capital |
|------|------------------------------------------------------------------|-------------------|--------------------|
| 1    | Appwam Pty Limited                                               | 27,758,357        | 29.83              |
| 2    | BT Portfolio Services Limited (Amos Super Fund)                  | 5,197,555         | 5.59               |
| 3    | Wavelink Systems Pty Ltd (Employee Super Fund)                   | 4,455,350         | 4.79               |
| 4    | Mr Nathan Carlini                                                | 3,485,850         | 3.75               |
| 5    | Wygrin Pty Ltd (Wygrin Pension Fund)                             | 3,161,735         | 3.40               |
| 6    | Horrie Pty Ltd (Horrie Superannuation)                           | 3,075,000         | 3.30               |
| 7    | Mr Edwin Goodwin & Ms Julia Griffith (EFG Investments)           | 2,883,556         | 3.10               |
| 8    | Wavelink Systems Pty Ltd                                         | 2,784,625         | 2.99               |
| 9    | Wallace Capital Pty Ltd (Super Fund)                             | 2,493,206         | 2.68               |
| 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   | Rubi Holdings Pty Ltd (John Rubino Superfund)                    | 1,000,000         | 1.07               |
| 13   | BNP Paribas Nominees Pty Ltd (IB AU Noms Retail Client DRP)      | 801,959           | 0.86               |
| 14   | Hillmorton Custodians Pty Ltd (The Lennox Unit)                  | 686,000           | 0.74               |
| 15   | R&B Invest Pty Ltd                                               | 604,282           | 0.65               |
| 16   | Mr Michael Carman & Mrs Alisha Carman (M Carman Investment Fund) | 542,161           | 0.58               |
| 17   | Mr Robert Douglas Lewin                                          | 500,000           | 0.54               |
| 18   | BNP Paribas Noms Pty Ltd (DRP)                                   | 498,477           | 0.54               |
| 19   | Breuer Investments Pty Ltd (Mark Breuer Family)                  | 455,000           | 0.49               |
| 20   | NSR Investments Pty Ltd (NSR Super Fund)                         | 425,000           | 0.46               |
|      |                                                                  | <b>63,448,295</b> | <b>68.19</b>       |

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       | 27,638,357       | 29.83              |
| Wavelink Systems Pty Ltd | 7,214,975        | 7.83               |
| Crowton Pty Limited      | 4,935,055        | 5.59               |

## UNQUOTED SECURITIES

There are a total of 1,325,000 unquoted securities on issue as follows:

| Description                  | Number of Options | Number of holders |
|------------------------------|-------------------|-------------------|
| Options over ordinary shares | 1,325,000         | 8                 |

## 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 5 October 2022.

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 2022 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**

## 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

## 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

## 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

## ASX Listing

**AMO**

## Auckland

Unit 3, 77 Porana Road  
Glenfield, Auckland 0672  
New Zealand  
T: + 64 9 443 0753

## Web

[www.ambertech.com.au](http://www.ambertech.com.au)

## Corporate Governance Statement

[www.ambertech.com.au/investors/corporate-governance](http://www.ambertech.com.au/investors/corporate-governance)







## AMBERTECH LIMITED

PO Box 955, Mona Vale  
NSW 1660

Unit 1, 2 Daydream St  
Warriewood NSW 2102

Email: [info@ambertech.com.au](mailto:info@ambertech.com.au)

Phone: 02 9998 7600

Fax: 02 9999 0770

ACN 079 080 158

