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1H22 RESULTS

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Rob Goss – Chief Financial Officer

Authorisation: This document was approved by the Board of Audinate Group Limited



Overview of Audinate Today

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World-leading supplier of digital media networking for the Professional AV industry

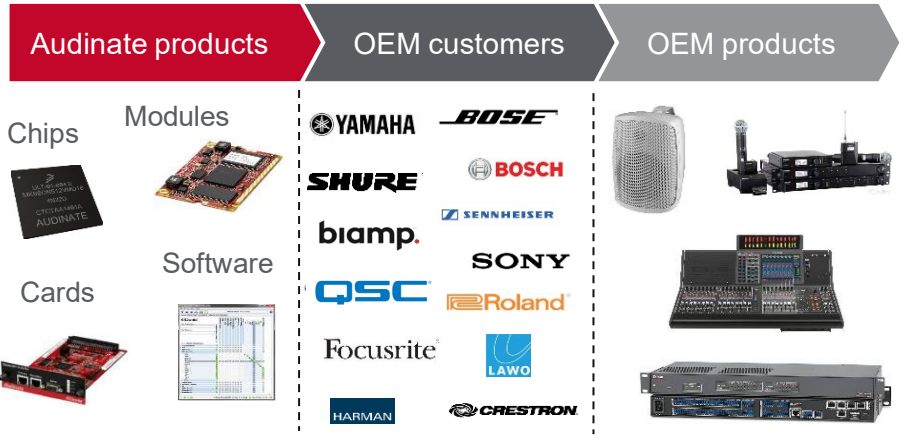


Growing network effect of Dante enabled products in market – now **3,301**

Products

Dante comprises software and hardware that resides inside the audio and video products of Audinate's Original Equipment Manufacturer (OEM) customers

[For further information on Dante: <https://www.audinate.com/meet-dante/what-is-dante>]



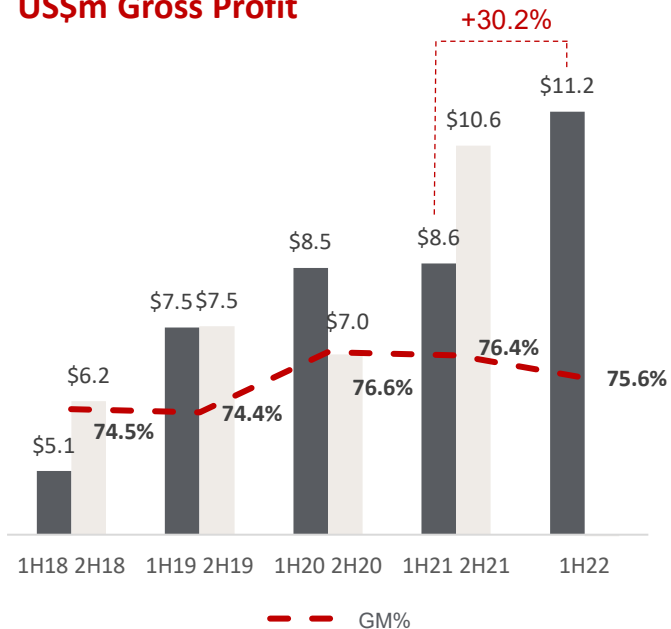
ASX Listed on the Australian Stock Exchange (ASX:AD8) in June 2017



Gross profit growth continues

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US\$m Gross Profit



Financial Highlights

		Variance Prior Corresponding Period	
A\$20.2M	Revenue	31.6%	✓
US\$14.8M	US\$ Revenue	33.3%	✓
75.6%	Gross Margin %	(1.7%)	-
A\$2.0M	EBITDA	11.0%	✓
A\$60.3M	Cash & Term Deposits	(\$5.0M)	✓

Note: gross margin % calculated using AUD



Leading Global Supplier of Digital Media Networking

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>A\$1bn Total addressable market⁽¹⁾

403 OEM brands shipping Dante enabled products

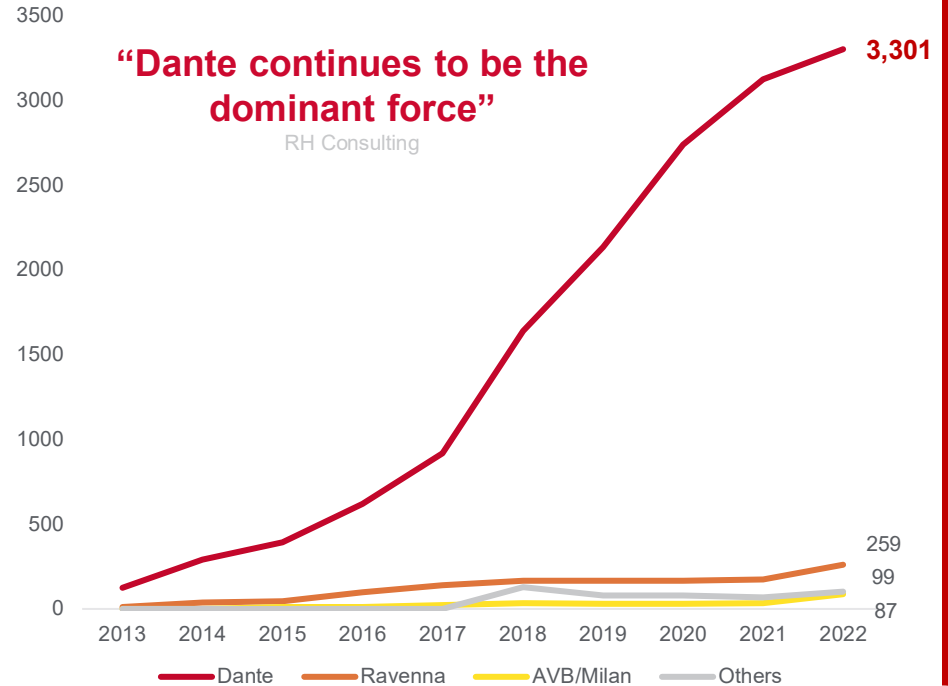
3,301 Dante enabled products available on the market

13x Market adoption of closest competitor

15,000 Professionals trained on Dante in 1H22

1) Management estimate of total addressable market of audio, video and Pro-AV software products

Total audio products per protocol



1) RH Consulting, Networked Audio Products 2022 and Audinate company data

2) Audinate identified 165 old products no longer available – graph has been updated to remove these products evenly over the last five reporting periods, representing the likely period of their discontinuation



Strong progress on FY22 objectives

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FY22 Objectives	Actions
Drive design wins for Dante video and next generation software products	<ul style="list-style-type: none">• 57 design wins – strong ongoing demand for Dante despite supply chain impacts• 16 design wins relate to next generation software products• 14 Dante Video design wins since launch
Launch new Dante video software and cloud services products	<ul style="list-style-type: none">• Dante AV Virtual Webcam released in beta – first product from Cambridge (UK)• Dante Media Farm trial successfully completed with flagship customers• Further video software products expected in CY22
Pursue initiatives to reduce adoption friction, including in-field enablement	<ul style="list-style-type: none">• Successful in-field activation beta trial completed w/3rd party products• Dante Controller release including Dante Activator targeted for Q3• In-field enablement generally available release targeted for Q4
Improve Dante adoption by non-English speakers	<ul style="list-style-type: none">• Audinate website now available in 8 languages• Dante Controller (system setup & troubleshooting software) to be released in 7 new languages in 2H22• Training conducted in 8 languages to > 5k professionals (>70% new contacts)
Strengthen our products, services & systems against cyber-risk	<ul style="list-style-type: none">• Information Security Management System implemented – based on ISO 27001• Cybersecurity Steering Committee and Cyber Working Group fully operational• Ongoing focus around incident management and training & awareness
Implement business scalability initiatives	<ul style="list-style-type: none">• Supply Chain knowledge and expertise strengthened with key hires• Global Payroll Outsourcing vendor selected for 2H22 implementation• Salesforce CPQ module to drive efficiencies in Operations and Sales in 2H22



Supply chain status and impacts

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Dante Demand

- Backlog continues to grow to all-time highs
 - Potential for some cancellation of OEM orders
 - Uplift to backlog value from price increases
- 57 design wins – strong demand for next-gen Dante
- 211 new Dante enabled products released this half
- 32 OEMs shipped their first Dante products

Dante Products

- Current chip commitments enough to meet demand for Brooklyn-II and Broadway in 2H22
- Launch of next generation Brooklyn-III deferred to FY23
- Supply of chips for Ultimo product insufficient for 2H22
- AVIO adaptors temporarily supplied at <50% GP margin due to spot inventory purchases
- Prices increases between 10-25% for most chips, cards & modules

Supply Chain

Manufacturing

- Uncertainty and variability in the delivery of raw materials
- Increase in price of semi-conductors and other raw materials
- Challenging manufacturing conditions – up to 25% of current month revenue deferred to later months on occasion
- Pressure on gross margins, especially from spot purchases
- Internal resources re-directed from product development and other initiatives to product redesign

OEMs and end-users

- Component shortages curtailing manufacturing AV products
- AV projects deferred / delayed due to product shortages
- AV product prices increasing to reflect higher input costs
- Internal resources redirected from product development to product redesign & mitigating parts shortages
- Some new product launches being curtailed due to component shortages



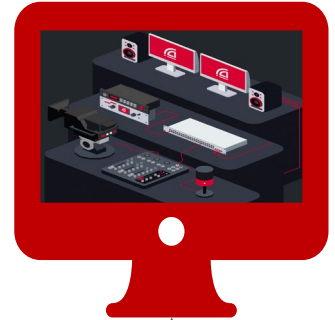
Dante Video Update

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Dante Virtual Webcam

- Currently in beta
- Software to bring video into PC/Mac
- Makes Dante AV source appear as a virtual webcam
- Receives signals from Dante AV PTZ camera into a UC / Streaming / Recording app
- Key component in the ecosystem for conference rooms and education
- Potential for subscription model
- First product from Cambridge (UK) video development team

- Silex Video team acquired: Over the last 12 months, the addition of the Cambridge (UK) & Silex teams have transformed Audinate's video development capacity
- Silex video OEMs acquired + 14 Dante AV designs wins
- Impending launch of new Dante AV Virtual Webcam
- Accelerating Video software roadmap with external development partner – further product releases planned during CY22
- Adverse supply chain impacts for Dante Video OEMs as expected during 1H22
- Potential to unlock Silex video revenue backlog by resolving current supply chain constraints



Silex acquisition transforms Dante video

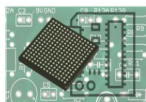
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VIDEO CODEC
IP CORE



4K60FPS TRANSMITTER
/RECEIVER BOARD



4K60FPS TRANSMITTER
/RECEIVER CHIP

Background

- Existing business with ~USD2.5M revenue base
- Development team of 8 engineers with extensive video implementation experience
- Deep video compression, FPGA, and hardware design expertise
- Mature and complementary product set
- Strong backlog of orders to be unlocked, subject to supply chain uncertainty

Strategic Rationale

- Complements existing video software capabilities in Cambridge (UK) with hardware FPGA expertise
- Critical mass in the European timezone – access to video engineering talent pools
- Established Original Design Manufacturer (ODM) partnerships and OEM customers
- Accelerate video product roadmap
- Audinate now offers fully integrated video solutions



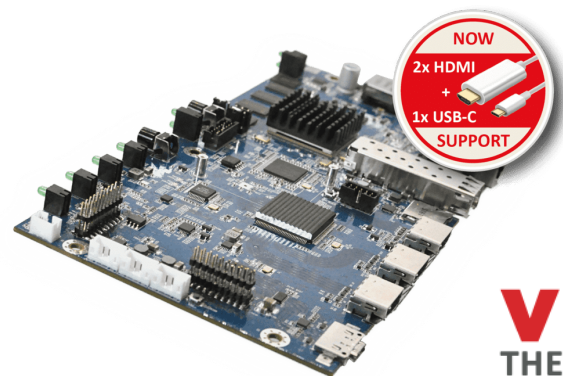
Silex Product Set

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- Naturally complements Audinate's offerings
 - Silex video technologies in combination with AD8 audio technologies offer a complete networked AV solution
 - Compression is an essential component in the solution
- Video compression technology
 - Colibri (Silex Own), JPEG 2000, VC-2 HQ
 - Delivered as FPGA IP Cores
- Viper AV-over-IP board
 - Turnkey AV-over-IP endpoint hardware solution
 - Mature design, in production, deployed in field
- Video Chip + Software product (VASSP)
 - Chip solution for video compression and network streaming
 - ODM Partnership

More information available at:

<https://www.audinate.com/products/manufacture-products/other-avoip-solutions>



VIPER
THE ULTIMATE
AV OVER IP BOARD

 **COLIBRI**[®]



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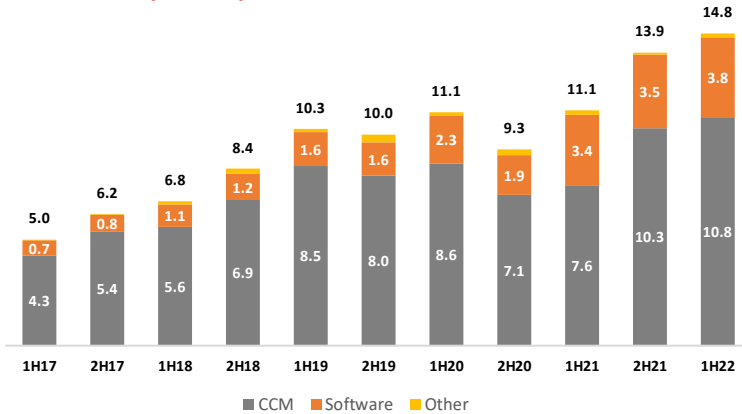
FINANCIAL PERFORMANCE



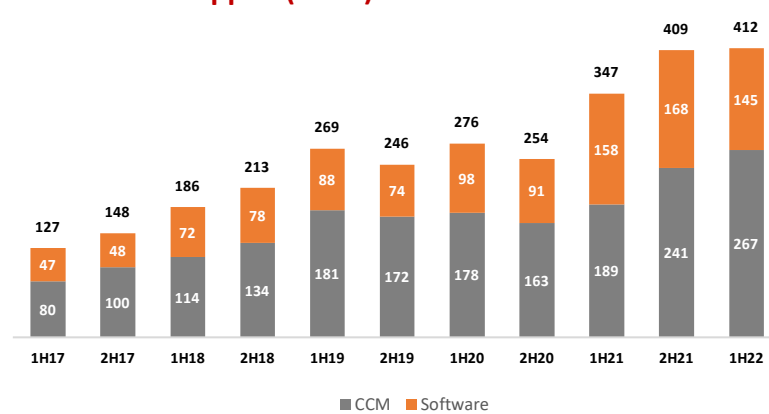
Chips, cards & modules drive revenue growth

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Revenue (US\$M)



Dante units shipped ('000s)



- US\$ Revenue increased 33.3% compared to 1H21
- GP margin has reduced from 76.9% in 1H21 to 75.6% in 1H22 as CCM growth outperformed software product
- Chips, cards & modules (CCM) includes AVIO adapters
- Software includes Royalties, Dante Embedded Platform (DEP), Dante Application Library (DAL), Dante Domain Manger (DDM), Dante IP Core & retail sales
- Audinate invoices customers & pays COGs in USD

- Units shipped grew 18.7% compared to 1H21, with CCM up 41.3%
- Software units movement driven by high volume low value Reference Designs royalties (single customer variances of ~30k and ~20k to last two periods)
- CCMs – Adaptors grew at >50%. Also significant growth in Brooklyn and Ultimo units (>30%) despite production impacted by factory shut-downs and supply constraints
- Software – Strong growth in a range of software products including IP Core (>50%), DAL (>50%), DEP (>40%) and DDM (>30%) offsets a decline in Reference Design royalties. Impact of change to subscription model is \$0.2m relative to pcg



Income Statement

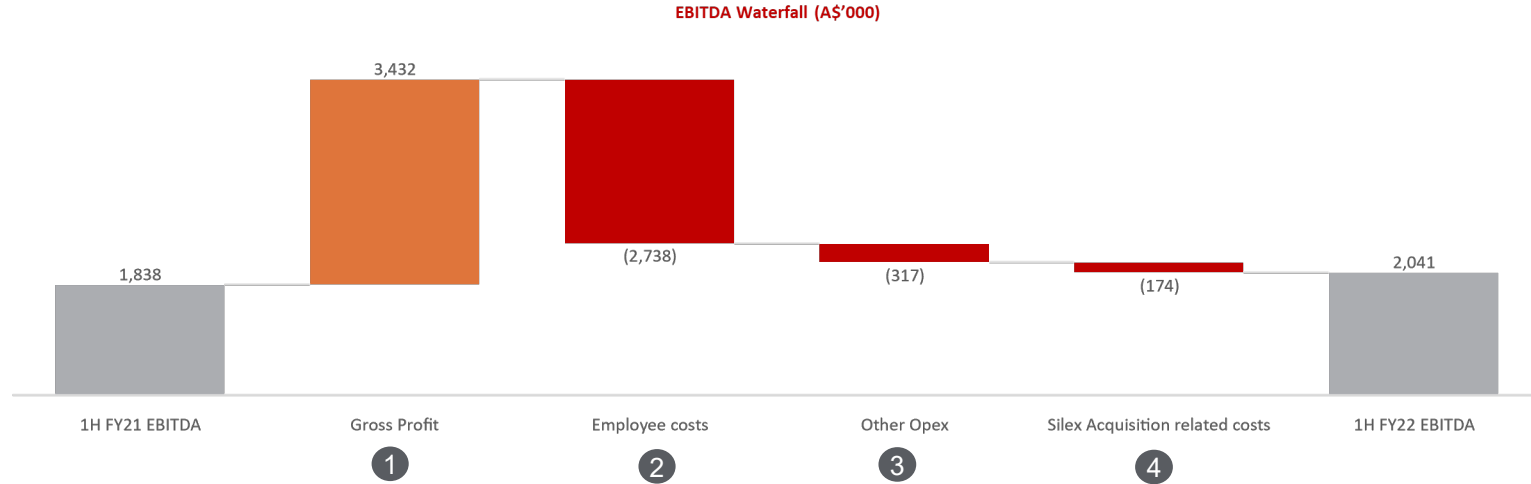
- 1 US\$ revenue increased 33.3% to U\$14.8M with A\$ revenue increasing 31.6% to A\$20.2M
- 2 Gross margin remained relatively strong in 1H FY22 at 75.6% despite supply chain cost pressures.
- 3 Employee expenses were higher than PY with headcount increasing from 116 (1H21) to 166 (1H22).
- 4 Sales & Marketing expenses increased due to more travel and recommencement of some trade shows.
- 5 Other operating expenses include \$0.2M of due diligence costs incurred to Dec-21 on the Silex Insights video business acquisition
- 6 Depreciation and amortisation expenses are higher than prior year due to increasing focus on developing Audinate's products, reflecting the expansion of the engineering team
- 7 1H21 included \$0.8M of other income related to one-off COVID-19 related government grants received
- 8 Income tax expense reflects non-recognition of an asset for Australian tax losses.

(A\$'000s)	1H22	1H21	Change
1 Revenue	20,226	15,372	32%
Gross profit	15,295	11,825	29%
2 Gross Margin %	75.6%	76.9%	
3 Employee expenses	(10,589)	(7,831)	(35%)
4 Sales & marketing expenses	(1,003)	(849)	(18%)
5 Other operating expenses	(1,662)	(1,307)	(27%)
Operating expenses	(13,255)	(9,987)	(33%)
EBITDA	2,041	1,838	11%
6 Depreciation & amortisation	(4,043)	(3,095)	(31%)
Interest expense	(42)	(55)	24%
Foreign currency loss	(78)	(535)	85%
7 Other income	110	973	(89%)
Loss before tax	(2,012)	(874)	(130%)
8 Income tax	(137)	(335)	59%
Loss for the year	(2,149)	(1,209)	(78%)

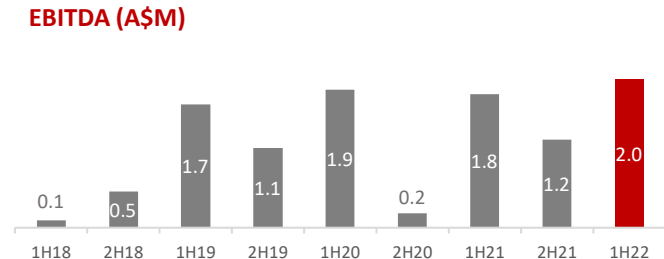


Additional revenue drives EBITDA growth

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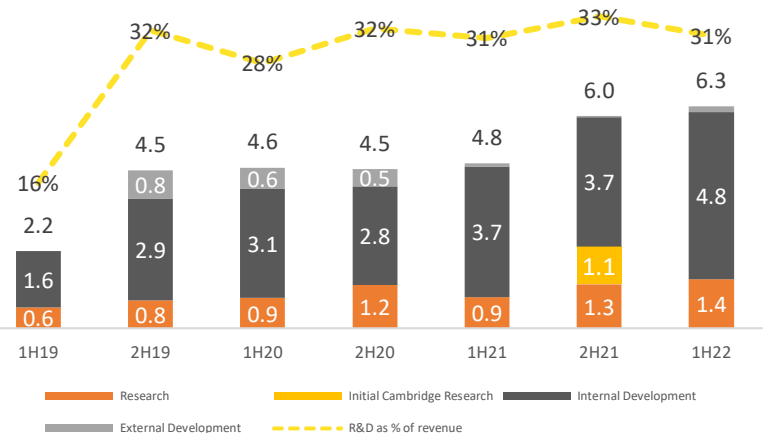
- ① Gross profit dollars improved due to a US\$3.7M increase in revenue
- ② # of employees increase from 116 (1H21) to 166 (1H22)
- ③ \$0.3M increase in Opex as the team expands and travel recommences
- ④ \$0.2M due diligence costs incurred to Dec-21 on Silex acquisition



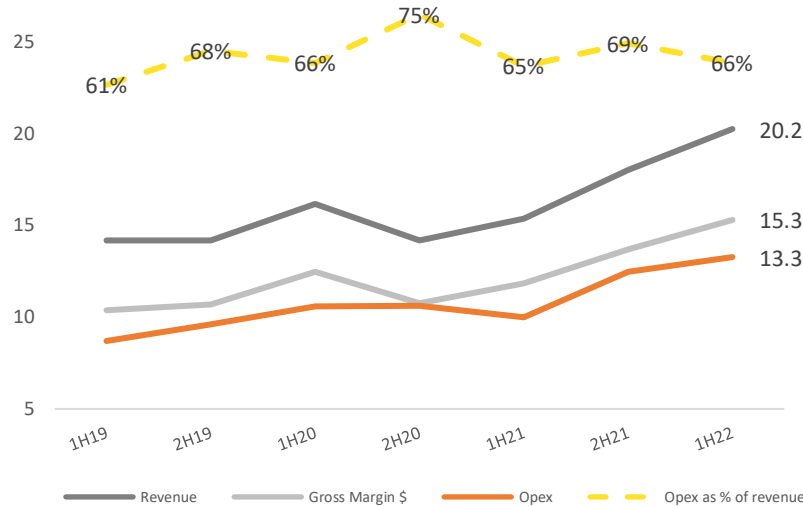
Ongoing revenue growth reinvested in R&D

- Ongoing focus on innovation and R&D to maximise future growth opportunities
- Operating leverage in the cost base is once again evident as additional revenue drives EBITDA growth

Research and Development (A\$M)



Revenue, Cost Trends (A\$M)



Cash-flow Statement

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- Operating cash receipts & payments are consistent with the income statement and movement in working capital.
 - The 1H22 cash out-flows include annual bonus payments of \$2.4M expensed in FY21 – no bonus payment in 1H21
 - 1H21 included COVID Government grants of \$1.0M
 - Overall movement in cash-flows from operating activities of \$2.7M is due to staff bonus payments and prior year COVID grants
 - Payments for intangible assets primarily represent internal employment and overhead expenses capitalised to development costs. Current year includes costs capitalised from the Cambridge UK team

(A\$'000)	1H22	1H21
1 Receipts from Customers *	20,081	14,918
2 Payments to suppliers and employees *	(19,449)	(12,473)
Interest received	81	127
Interest paid	(42)	(55)
3 Government subsidies	-	1,048
Income Tax Paid	(120)	(325)
4 Operating activities	551	3,240
Payments for property, plant and equipment *	(480)	(269)
5 Payment for intangible assets *	(4,752)	(3,791)
Investment in Term Deposits	-	(27,000)
Investing activities	(5,232)	(31,060)
Proceeds from the issue of shares	-	40,028
Share issue transaction costs	(18)	(1,254)
Principal elements of lease payments *	(350)	(307)
Financing activities	(368)	38,467
Net increase in cash	(5,049)	10,647
Free Cash Flow (sum of *)	(4,950)	(1,922)



Balance Sheet

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- ➊ Cash & term deposits of \$60.3M, with no debt
 - ➋ Trade receivables up \$0.2M to \$3.4M
 - ➌ Increased inventory balance due to raw material purchases to manage supply chain challenges
 - ➍ Intangibles primarily represent internal development costs capitalised, including \$4.9M of development costs capitalised in 1H22
 - ➎ The decrease in employee benefits mainly due to FY21 staff bonuses paid in 1H22
 - ➏ Contributed capital includes \$1.2M from the vesting of employee long term incentives
 - ➐ Accumulated losses substantially due to fair value of preference shares at IPO

(A\$'000s)	31 Dec 21	30 Jun 21	Change (\$)
➊ Cash	33,335	38,429	(5,094)
Term deposits	27,000	27,000	-
➋ Trade and other receivables	3,387	3,199	188
➌ Inventories	2,105	1,855	250
Property, plant and equipment	1,660	1,482	178
Right-of-use assets	1,571	1,919	(348)
➍ Intangibles	15,459	14,094	1,365
Income tax receivable	22	41	(19)
Deferred tax asset	79	68	11
Other current & non-current assets	1,779	1,719	60
Total assets	86,397	89,806	(3,409)
Trade and other payables	2,332	2,524	(192)
Other liabilities	108	102	6
Contract liabilities	2,323	2,278	45
➎ Employee benefits & other provisions	2,675	3,959	(1,284)
Lease liabilities	1,738	2,088	(350)
Total liabilities	9,176	10,951	(1,775)
Net assets	77,221	78,855	(1,634)
➏ Contributed capital	128,128	126,947	1,181
Reserves	1,595	2,261	(666)
➐ Accumulated losses	(52,502)	(50,353)	(2,149)
Total equity	77,221	78,855	(1,634)



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OUTLOOK



Continuing to drive adoption

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NEW: Manage ongoing supply chain challenges

NEW: Integrate Silex Video Business

FY22 Priorities

1. Drive design wins for Dante video and next generation software products
2. Launch new Dante video software and cloud services products
3. Pursue initiatives to reduce adoption friction, including in-field activation
4. Improve Dante adoption by non-English speakers
5. Strengthen our products, services & systems against cyber-risk
6. Implement business scalability initiatives



Investment Highlights

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Global Market Leader



- Dominant position as de-facto standard in audio networking
- **13x** market adoption of its closest competitor

Large Market Opportunity



- AV just starting digital networking conversion
- Audinate is just entering a fragmented video market
- Balance sheet capacity for strategic M&A

Attractive Financial Profile



- Gross margins **>75%** supported by strong IP
- Consistent historical revenue growth from repeat orders
- **\$60M** cash & term deposits

Strong Customer Base



- Existing customer base of leading global AV companies
- Customer base is broad and expanding

Innovative Products



- Broad intellectual property portfolio developed in Australia
- Extensive investment in R&D

Experienced Management



- Founder-led
- Strong executive team with extensive industry experience
- Built Audinate into a market leadership position



QUESTIONS



Appendices

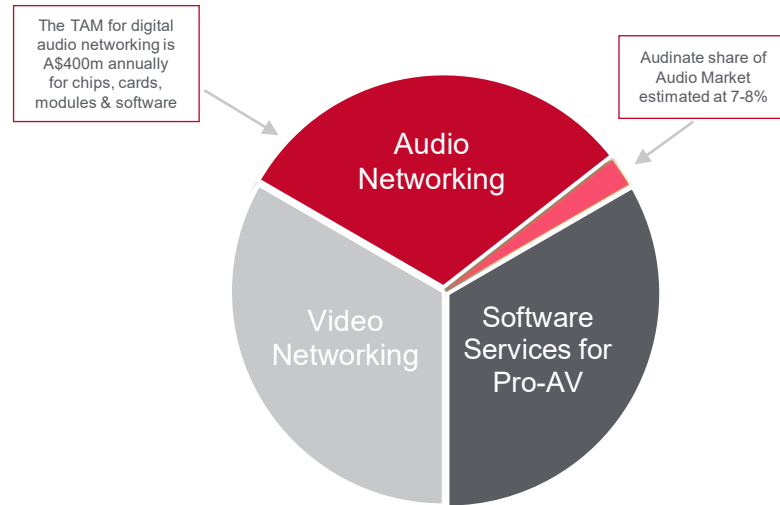


Audinate is Driving the Transformation of AV

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- Networked digital connectivity is replacing traditional, point-to-point analogue cabling in the AV industry
- Software-based AV systems are replacing hardware AV systems, in the next wave of industry transformation
- Transformation analogous to the impact of VOIP on the telecom industry

Audinate Total Addressable Market ('TAM')*



* Management estimate total addressable market exceeds A\$1bn



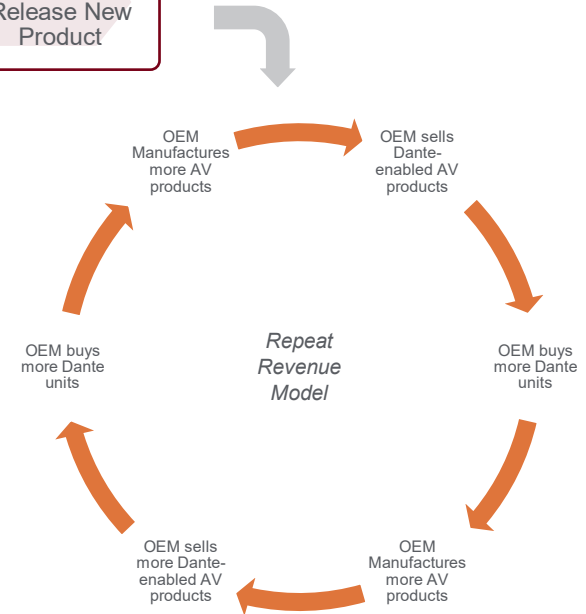
OEM Design Wins drive future revenue growth

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Customer commits to use Dante in new products

- Design wins are a key step in the OEM sales cycle
- From design win to product release takes 18-24 months
- Once a new Dante-enabled product is released the OEM keeps buying more Dante units as long as they keep selling their product
- Dante units may be in the form of chips, cards, modules or software

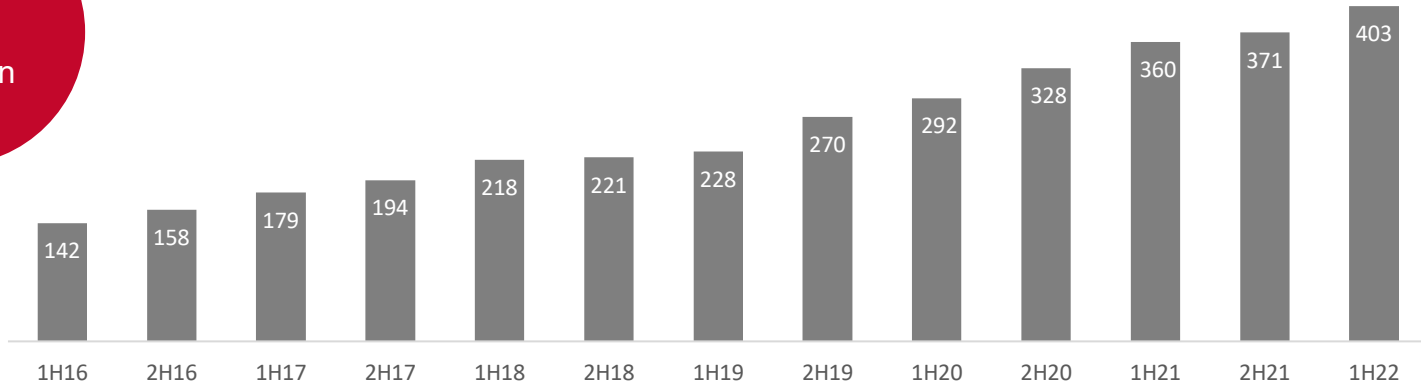


Accelerating OEM Adoption: Pipeline Growth

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19%
CAGR
growth in
OEMs

OEM Brands shipping Dante-enabled Products



Audinate has grown to
531 OEM brands



403 OEM brands have
announced products in
the market



94 OEM brands are currently
developing their first Dante-
enabled products

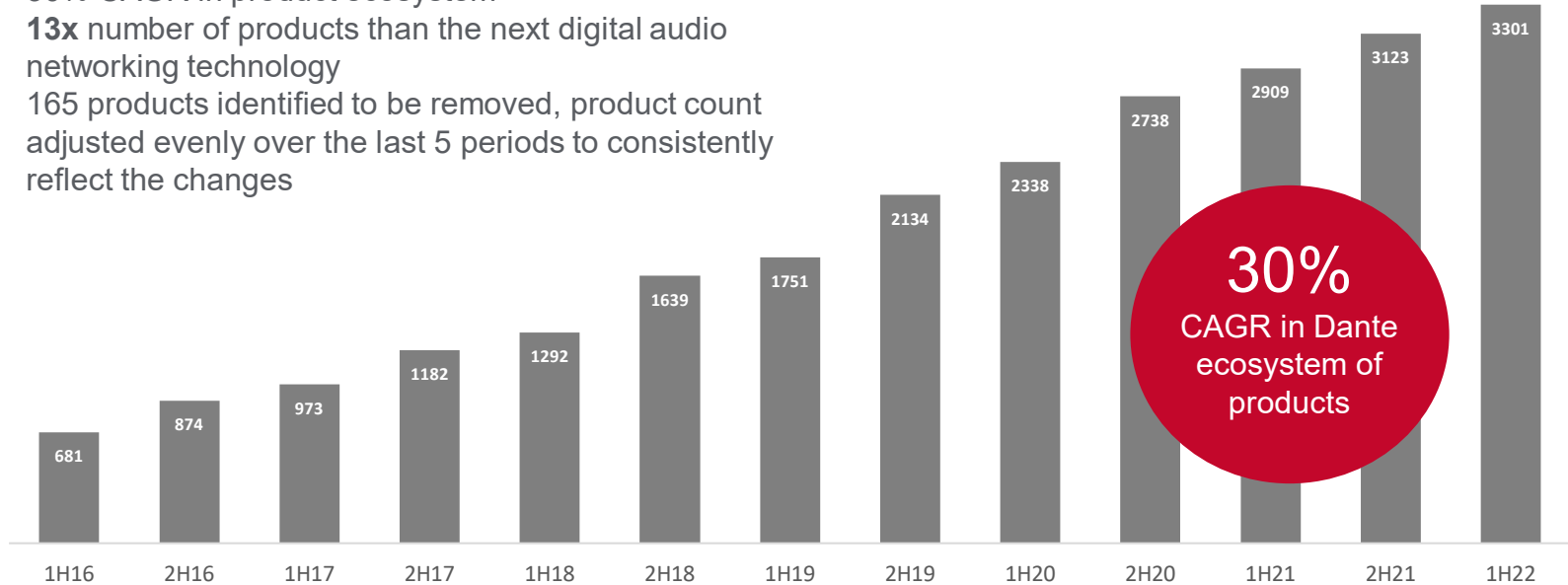
During the period the Group added 20 new OEMs brands who are currently developing their first Dante products. A periodic review removed 28 OEM brands who are no longer considered likely to develop a Dante product for a variety of reasons including COVID, acquisition, bankruptcy, cancelled projects etc.



Consistent Growth in Product Ecosystem

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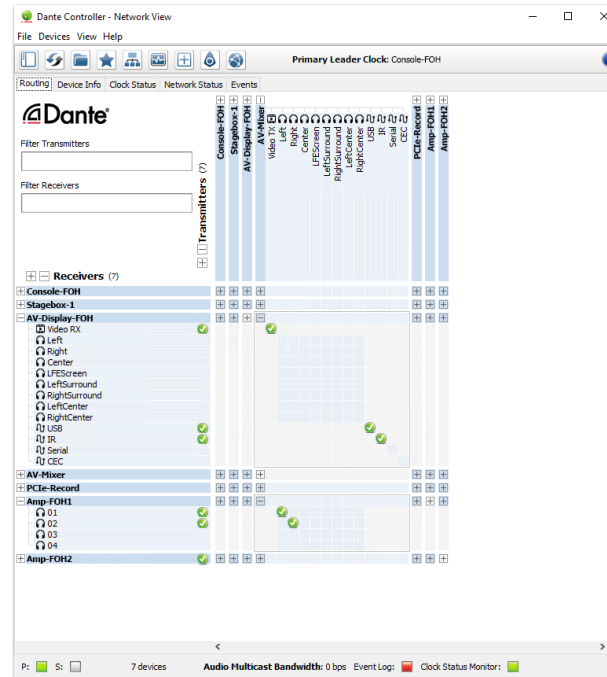
- Product ecosystem includes **3,301** Dante-enabled products and growing, with **531** OEMs
- 30% CAGR in product ecosystem
- **13x** number of products than the next digital audio networking technology
- 165 products identified to be removed, product count adjusted evenly over the last 5 periods to consistently reflect the changes



Dante Controller

Dante Controller

- Free system setup tool
 - Downloadable from Audinate homepage
 - Registration required
 - Makes virtual wires
 - > 250,000 downloads
- **Manages audio and video signals**
- Simple & easy to use
 - Standard industry matrix view
 - Training provided via Dante Certification
- Devices appear automatically
 - Intuitive device names
 - No magic numbers, MAC or IP addresses
- Devices remember configuration
 - No need for Dante Controller to remain connected to the network
- Provide performance logs
 - Details of each device on the network for trouble-shooting
- More background on Dante Controller:
<https://www.audinate.com/products/software/dante-controller>



Dante Controller is the free configuration tool integrators use to create the “virtual wiring” between transmitting devices (e.g. microphones) and receiving devices (e.g. speakers)



Dante Audio and Adaptors

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Dante Audio Chips & Modules

- Hardware based implementations for a range of product counts and price points
- Transports uncompressed audio signals across standard computer networks

Dante Adaptors

- Connects legacy equipment to Dante (mostly analogue)
- Adds Dante to existing audio products (analogue, USB and AES3)
- Pulls through other Dante products and software
- Established a global distribution channel of online retailers and country distributors
 - 80 resellers and growing
 - Strong initial demand with sales performance and repeat orders
- Adapter modules sold direct to OEMS

Brooklyn



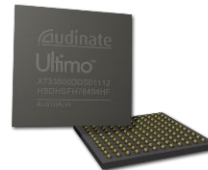
- 32 & 64 audio channel counts
- Used in Mixing Consoles & Signal Processors

Broadway



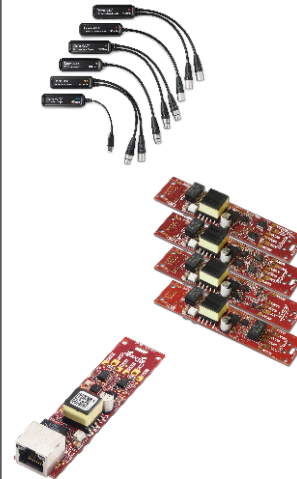
- 8 & 16 audio channel counts
- Used in networked Amplifiers and Ceiling Microphones

Ultimo



- 2 & 4 audio channel counts
- Used in networked Speakers and Microphones

Adaptors



Software Products

Dante Application Library (DAL)

- Dante for PC/Mac applications
- Simple way for software developers to add Dante to their products
- Launched June 2019, commercially available
- Initial customer with Zoom, conferencing application
- Continue to drive adoption, revenue commenced 1H21

Dante Embedded Platform (DEP)

- Dante for Linux OS, targeting manufacturers (OEMs)
- Supports Intel/x86 & ARM processors
- Launched June 2019, commercially available
- Initial customer with QSC (x86)
- Initial partner with Analog Devices, ARM-based DSP chips
- Drive adoption & partnerships, revenue commenced 1H21

Software products enable:

- **Wider proliferation**, thru lowered marginal cost of adding Dante
- **Retro-fit and upgrade** of products already in the field



Ceiling Microphone
**Dante IP Core (today) /
Dante Embedded Platform**



Room Processor
Dante Embedded Platform



Conferencing Software
Dante Application Library



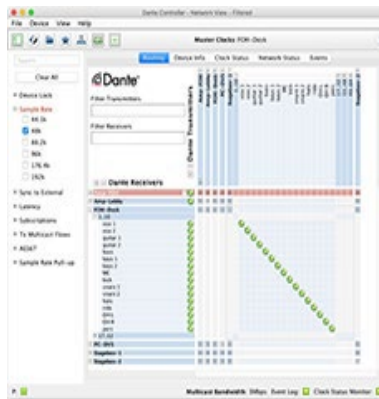
Networked Speakers
**Ultimo (today) /
Dante Embedded Platform**



Dante Domain Manager

Dante Domain Manager Secure & Manage Dante Systems

- Security
 - Usernames/passwords identify users
 - Roles control access to the system
- Scalability
 - Create Dante systems spanning campus networks
 - Group Dante devices into logical managed systems
- Visibility
 - Centralise Dante system management
 - Monitor system status and changes from anywhere



Management software could more than double the revenue opportunity associated with Audinate's audio business



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