

Audinate AGM 22 October 2024 - Chairman's Speaker Notes

Welcome. I imagine that much of everyone's focus has already shifted to 2025 and beyond – that's true for me as well. But I'd like to take a few moments in my presentation to review the performance of the company over the past few years, and to provide a backdrop for our expectations heading into the new fiscal year.

Back at the end of FY21, the Company publicly stated our goal was to double our revenue in the medium term. As a reminder, we finished that year at A\$33.4M (US\$25M) in revenue. As you can imagine, it was immensely satisfying to even surpass this goal over the last three years, with FY24 revenues of A\$91.5M (US\$60M). I want to take a moment to congratulate the staff and management team for this meaningful accomplishment. This wasn't easy, especially because we faced the unknown impact of Covid as well as unexpected parts shortages along the way, but the team successfully navigated these obstacles and overachieved its goal.

Although we anticipate a more challenging environment in FY25, we are committed to addressing these challenges and continuing to build on our foundations for sustained business growth. I'd now like to talk more about these foundations. This next chapter of growth for Audinate is based on three key pillars:

- First, in audio, the Company will continue the expansion of Dante technology across a broader range of audio products. Key to this expansion is the introduction of lower-cost and software-based implementations of Dante, which improves the unit economics for our OEMs and should increase adoption. While Dante has already established itself as the de facto standard in digital audio networking, the transition from analogue is still in its early stages, and we believe there is still a vast market opportunity ahead.
- Second, in video, we've made excellent progress over the past several years, and have ended this year with 54 customers and 84 Dante video products announced. This is a strong indicator that we are laying the foundation for accelerating broader adoption over the medium term.
- The third and final pillar of our growth strategy is the development of a platform software business for AV professionals. The launches of Dante Connect and Dante Director represent the first incarnation of products that are the foundation of this opportunity. The positive market response to Dante Director has been encouraging, affirming that we are on the right path towards achieving our long-term vision.

Before handing things over to Aidan for his CEO update, I'd like to make a few comments regarding the inputs used to create our forecast for the coming year. I know this is an important topic for our shareholders, and I want to provide as much background information as necessary to feel comfortable with the process.

As you know we entered 2024 with a historic backlog. This was primarily caused by the confluence of two macro factors. First, a Covid bump in end-user spending gave our manufacturers optimism to increase their orders. But second, widespread parts shortages at

the same time, pushed our manufacturers to place orders further into the future than they had historically, in order to insure their supply of components from us. Both of these factors together resulted in historic backlog levels for Audinate.

The return of chip supplies in FY24 enabled us to start fulfilling our backlog, resulting in a strong first half of the year. But end user demand, no longer accelerated by the Covid bump, was also easing at the same time, resulting in increased OEM inventory positions and reduced bookings of new orders in the latter half of the fiscal year. These two factors: Increased OEM inventories coupled with end user demand softness, introduced uncertainty into our normal forecasting process for FY25, prompting a statement to the market two weeks before our results came out.

The outlook for FY25 was somewhat of a disappointment for us, because we had become accustomed to much higher growth rates year after year. But it's here that there is also a good news/bad news message in our findings. The bad news, as we have previously communicated, is that we expect 2025 to be a transitional year, as our OEM customers continue to work through their backlog, and we wait for end-user demand to pick up the slack and reaccelerate future orders. As of right now we are expecting this to only take a year, but obviously that's a projection that could change in the future.

But the good news part of our findings is that we uncovered nothing that altered our view of the total market opportunity or TAM available to Audinate. And we likewise found nothing that made us believe we will take less than our competitive share of that market opportunity. So, we remain optimistic regarding the long-term prospects in front of Audinate.

We will use this coming year to invest in our new product development efforts, as we always have, but at a more moderated pace, which takes into consideration our desire to continue to deliver positive EBITDA and operating cash flow.

We will also continue to seek out profitable and strategically important ways to deploy our cash balance, to further enhance our product offerings and to accelerate the rate of conversion of our market. These efforts are ongoing, and with any luck we may find such an opportunity this fiscal year.

The capital we raised in August and September of 2023 has put the company in a strong position to consider these opportunities, and we would once again like to thank all the institutional and retail shareholders who participated in our private placement and associated share purchase plan.

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On behalf of the Board of Directors, we also wish to express our sincere thanks and gratitude to all Audinate employees. Your passion, drive and dedication were essential to our excellent results in FY24 and are critical to our ongoing success in the future.



Audinate FY24 Annual General Meeting



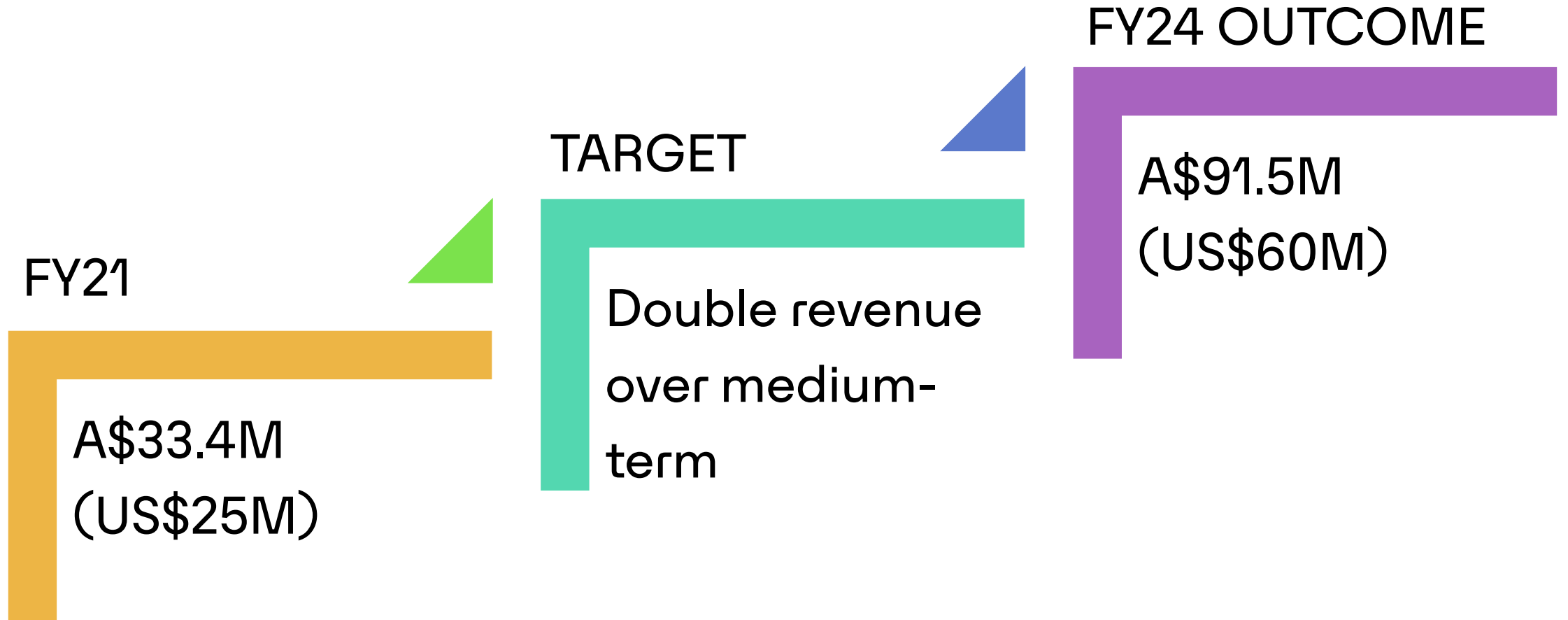
Chairman's Presentation

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Achievement FY24



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Strengthen Audio

- Expand into lower cost higher volume products
- Shift to software



Grow Video

- Continue to build out video platform capability
- Ongoing focus on design wins



Control & Management

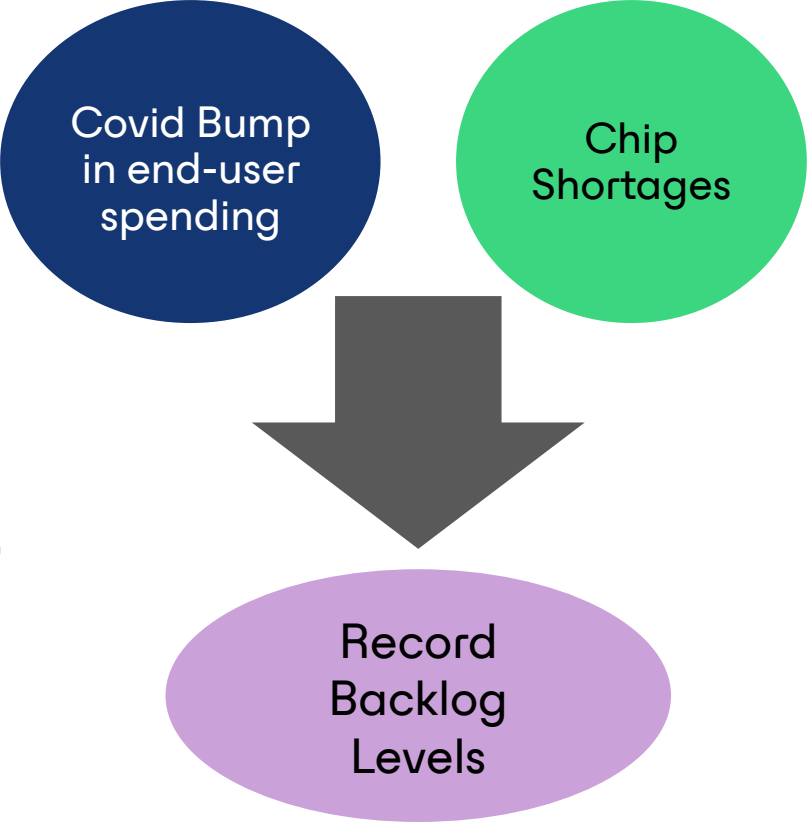
- Vision: interoperable control and management of Dante networks, from anywhere
- Dante Director is a major step towards this vision

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Entering FY24

Macro Environment

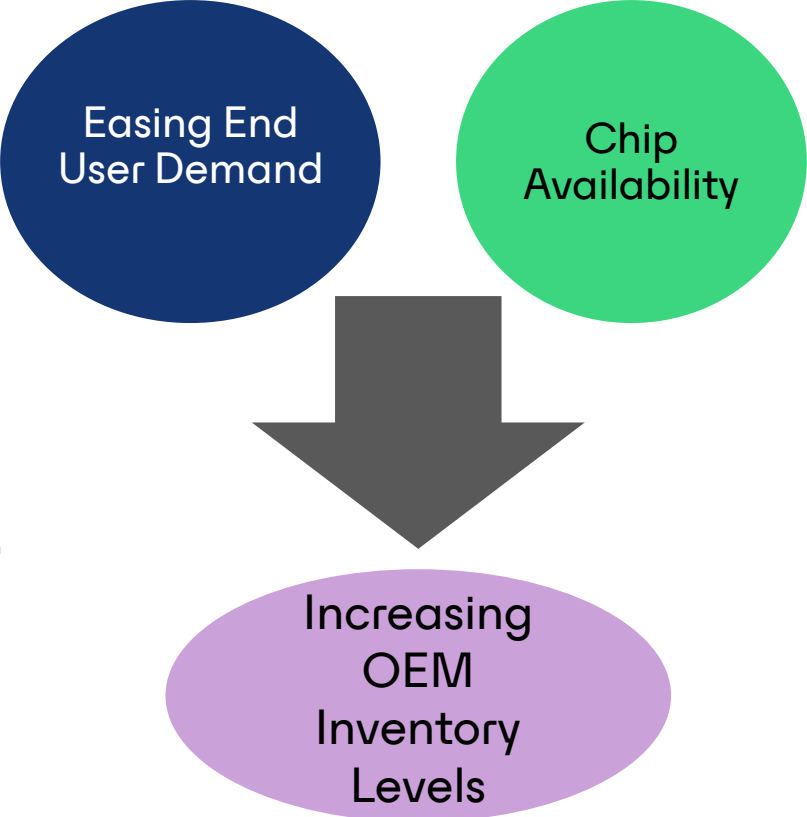
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First Half of FY24

Macro Environment

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Market Opportunity and Long-Term Prospects Unchanged



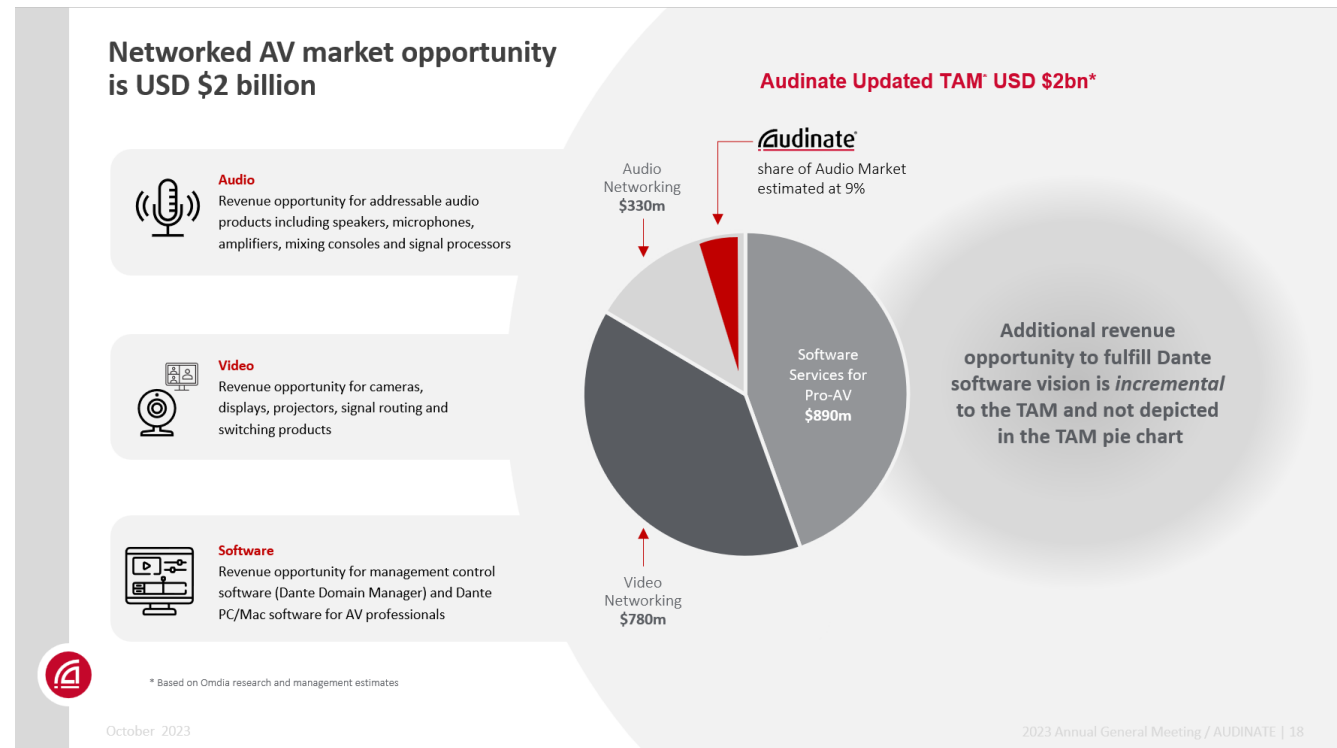
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Market Opportunity Unchanged: analysis did not reveal any factors that would alter the total market opportunity or TAM for Audinate

Confident in Market Share: no reason to believe that Audinate will capture less than its share of the market

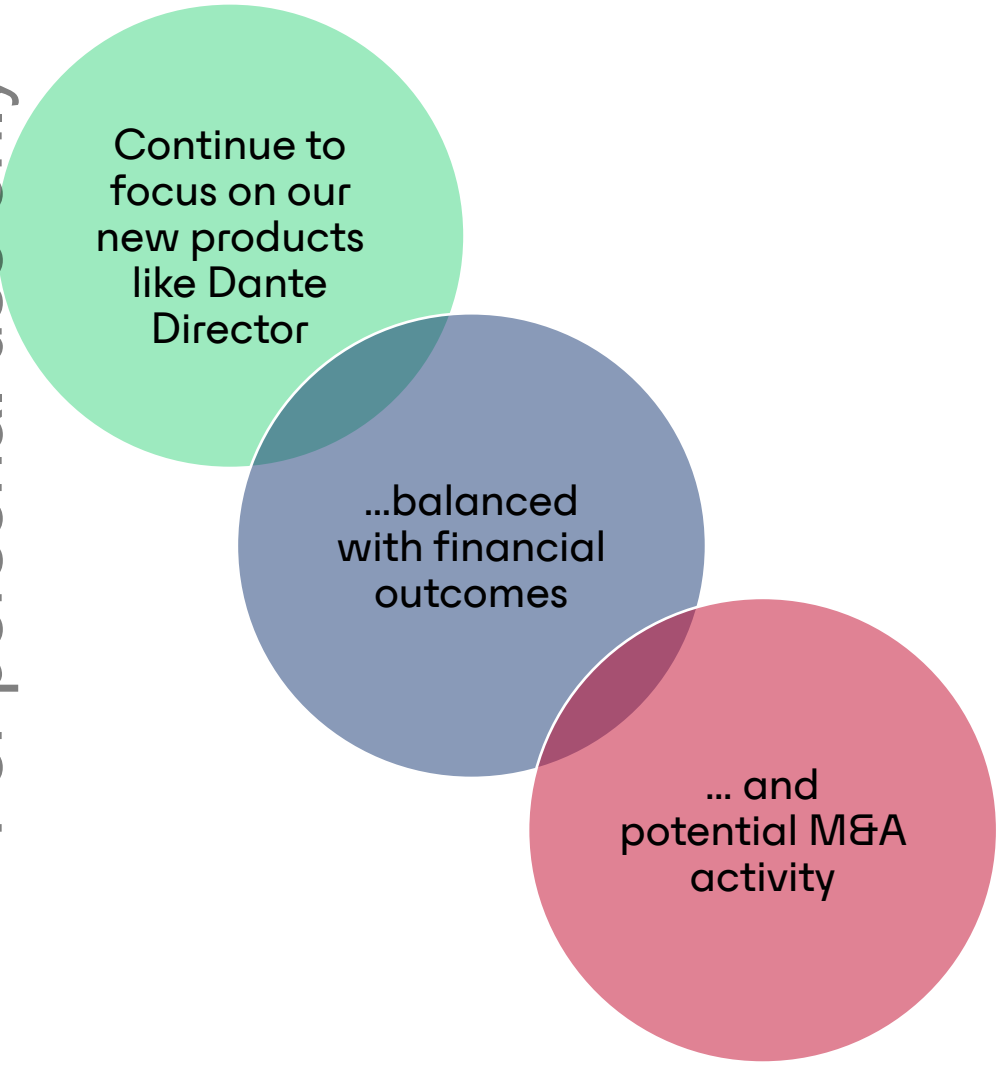
Optimistic Outlook: remain positive about Audinate's long-term growth prospects

Audinate TAM: 2023 Annual General Meeting



FY25 Underway...

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CEO's Presentation

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World-leading Technology Supplier to Pro-AV



Audinate is the company behind the **Dante® media networking solution** used in the professional AV industry

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4,176

Dante-enabled products

660

Total OEM brands licensing Dante products

13

Locations

> 270k

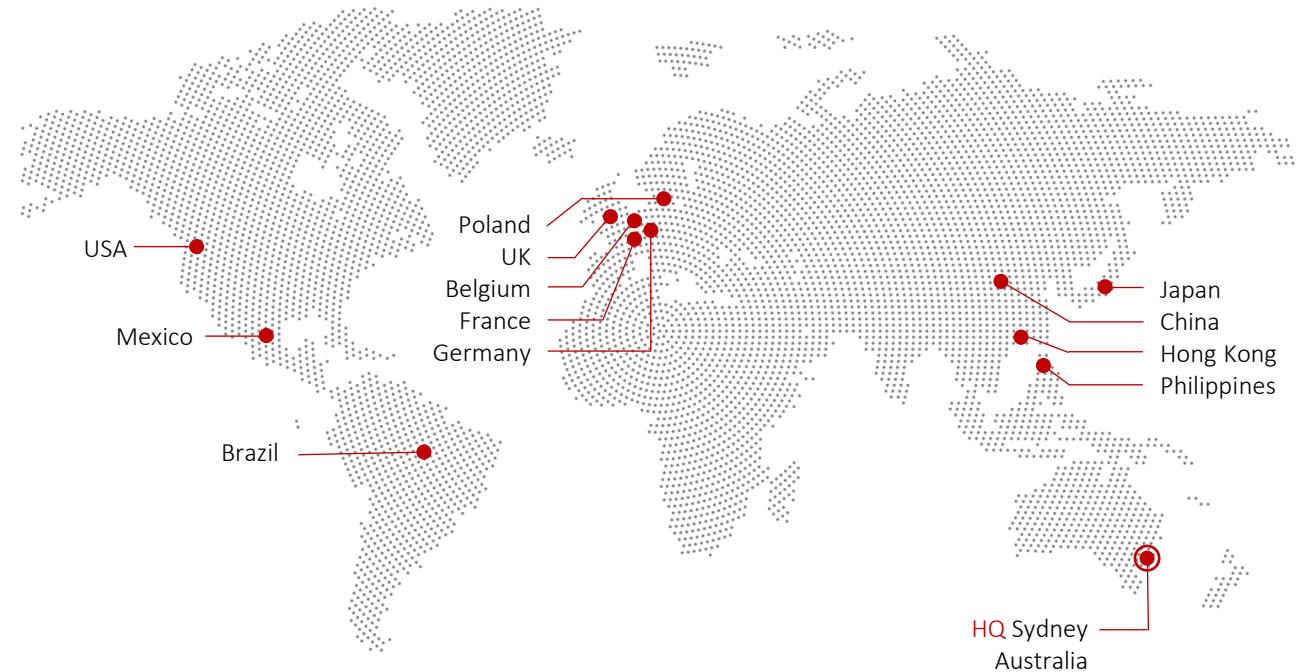
Professionals trained on Dante

8

Languages supported

225

Employees

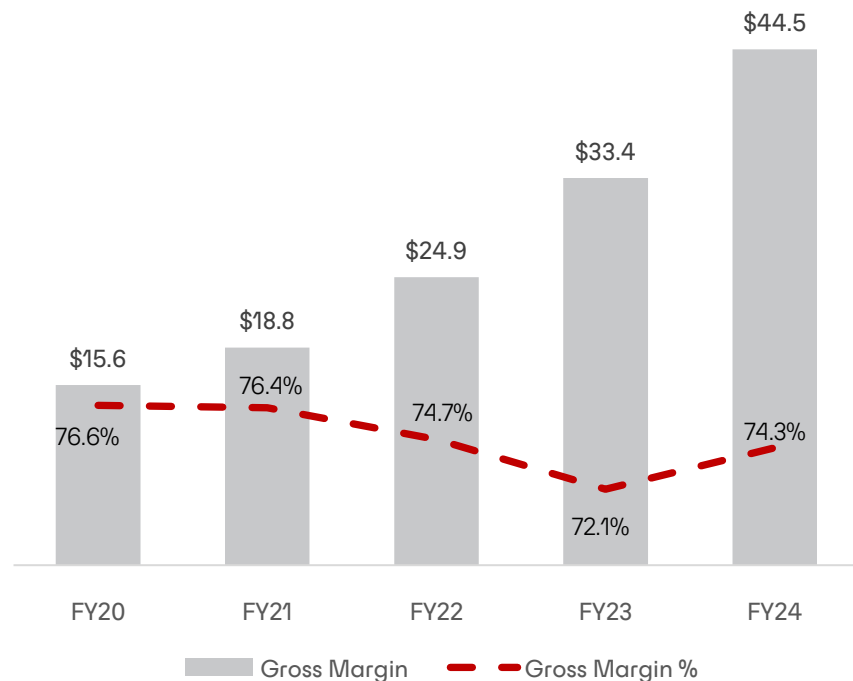


FY24 Gross Profit Growth Accelerates



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US\$M Gross Profit



Other Financial Metrics

Variance vs FY23

A\$91.5M	Revenue	31.3% ✓
US\$60.0M	US\$ Revenue	28.4% ✓
74.3%	Gross Margin %	3.1% ✓
A\$20.4M	EBITDA*	85.5% ✓
A\$25.4M	Net cashflow from operations	104.3% ✓
A\$117.0M	Cash & Term Deposits	\$77.0M ✓
A\$12.1M	Net Profit Before Tax	\$10.7M ✓

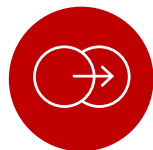
*EBITDA is a non-statutory measure and a reconciliation to profit after income tax expense is set out in the Directors Report on page 3 of the financial statements for the year ended 30 June 2024

FY24 Objectives Achieved



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FY24 Objectives



1. Double the video ecosystem
>30k video units-in-field or shipped



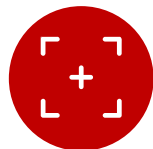
2. Release additional video and cloud products



3. Success with Dante Connect cloud offering



4. Deliver initiatives to improve scalability of cost base



5. Improve profitability and cashflow

Achievements

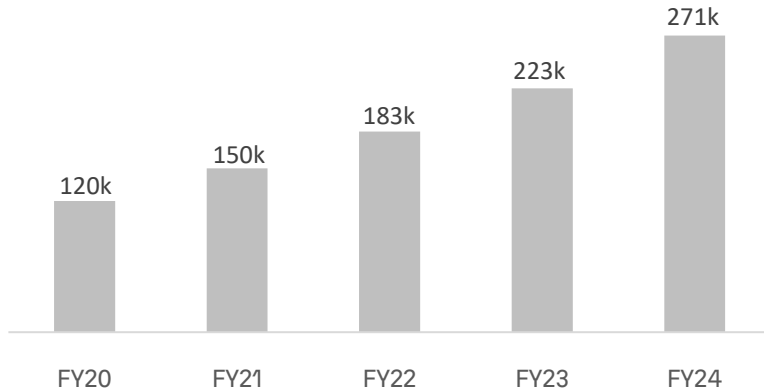
- Strong growth in 2H to substantially over-achieve target
- Next-generation Dante AV Ultra product complete (first OEM product shown at ISE)
- Dante Director (SaaS) successfully launched at InfoComm tradeshow, June 2024
- Strong video momentum – refer slide 12
- Successful conversion of flagship customers from Proof of Concept (POC)
- Lighthouse use cases published
- Refinement of business model – token-based pricing to be complete 1H25
- First engineering team established in The Philippines – further recruitment ongoing
- Release management process re-designed and implemented
- Implementation of Jedox budgeting & forecasting tool complete
- EBITDA up 85% to \$20.4m
- Net Profit Before Tax \$12.1m compared to \$1.4m pcp
- Operating cash flow of \$25.4m up from \$12.4m pcp
- Positive free cash flow \$6.9m - \$11.2m better than pcp

Demand for Dante Remains Strong

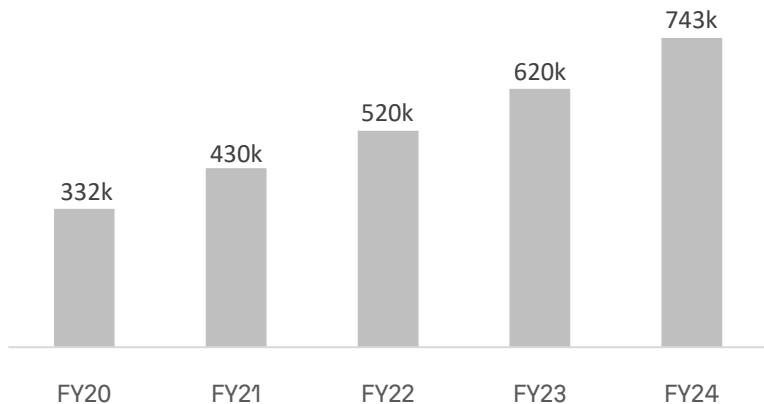


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Dante Trained and Certified Professionals (cumulative)



Marketing Database



Interest in Dante continues to be strong across key metrics:

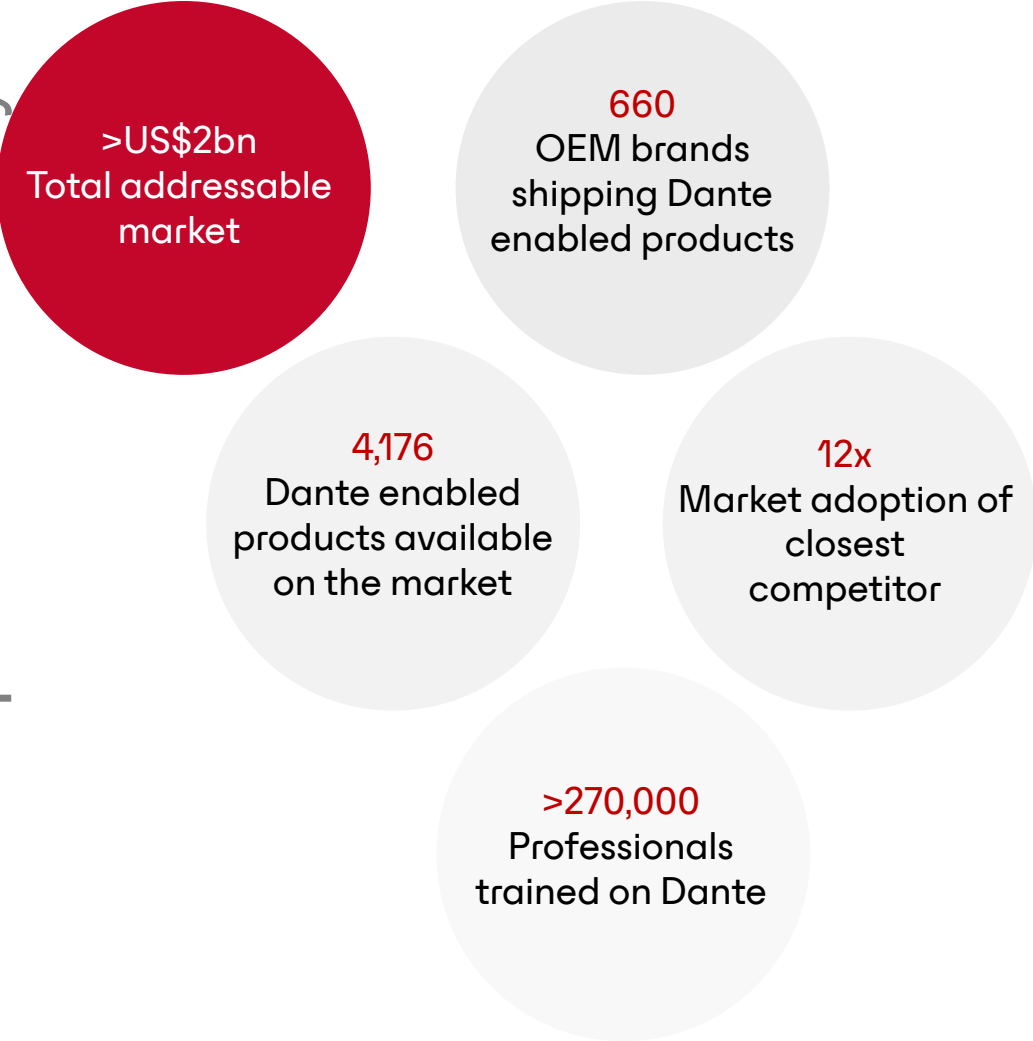
- ✓ AV professionals trained on Dante grew 22%
- ✓ Units of retail software sold to AV professionals up 22%¹
- ✓ Downloads of Dante Controller set up tool also grew 13%
- ✓ Marketing database grew 20% and is now nearing 750,000
- ✓ Unique website visitors reached 1.5 million (up 22%)
- ✓ Customers shipping Dante-enabled products ↑15% to 460
- ✓ Customers developing first Dante product up from 138 to 161
- ✓ Audio market adoption of 12x our nearest competitor

¹ Retail Software includes Dante Via & Dante Virtual Sound Card

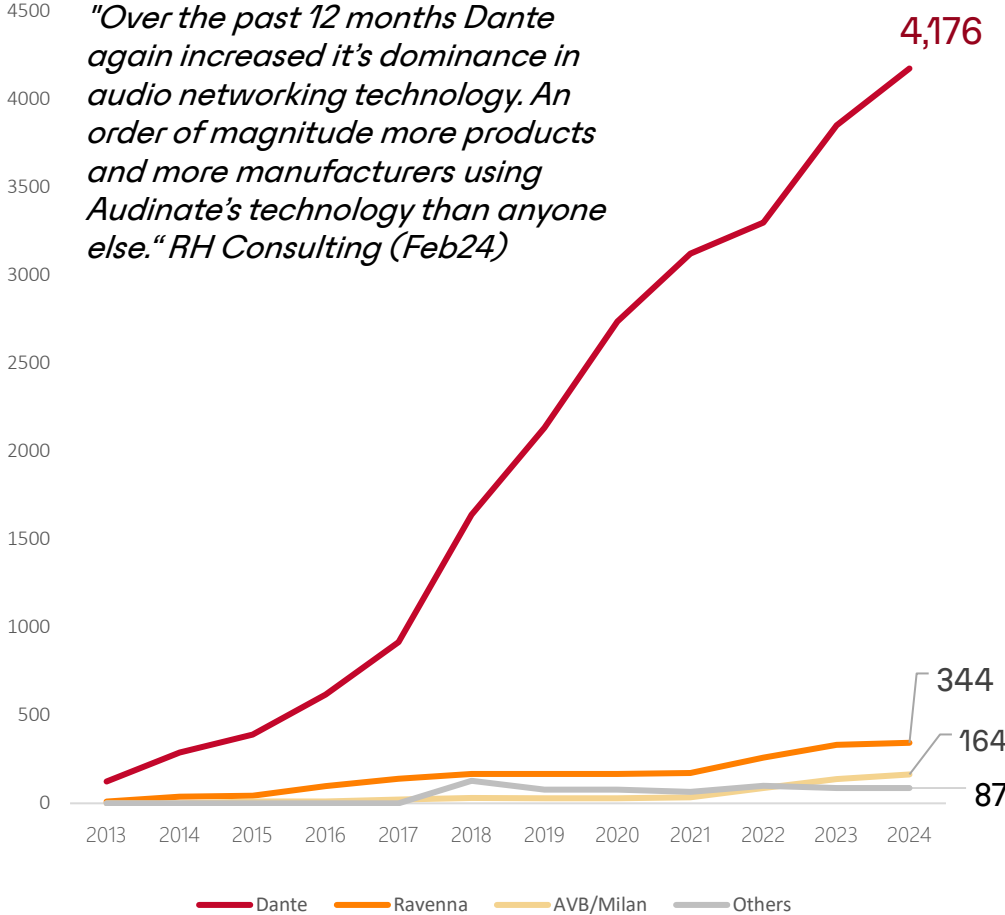
Leading Global Supplier of AV Networking



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Total audio products per protocol



1) RH Consulting, Networked Audio Products 2023 and Audinate company data

Ongoing traction in Video



In FY24 we have...

- ✓ Achieved FY24 objective to double the video ecosystem (target substantially over-achieved)
- ✓ 54 Dante AV partners / OEMs licenced for video up from 34 at FY23
- ✓ 84 Dante video products launched by customers at the end of FY24, up from 48 products at FY23
- ✓ Next-generation Dante AV Ultra – major features added such as video wall functionality shown at InfoComm, Logo insertion, video thumbnails and colour bar generation
- ✓ Transition legacy Viper board customers to software virtual ASSP model – per unit decline in gross profit dollars in FY25
- ✓ Enhanced user experience in Dante Studio with lower latency, better video quality

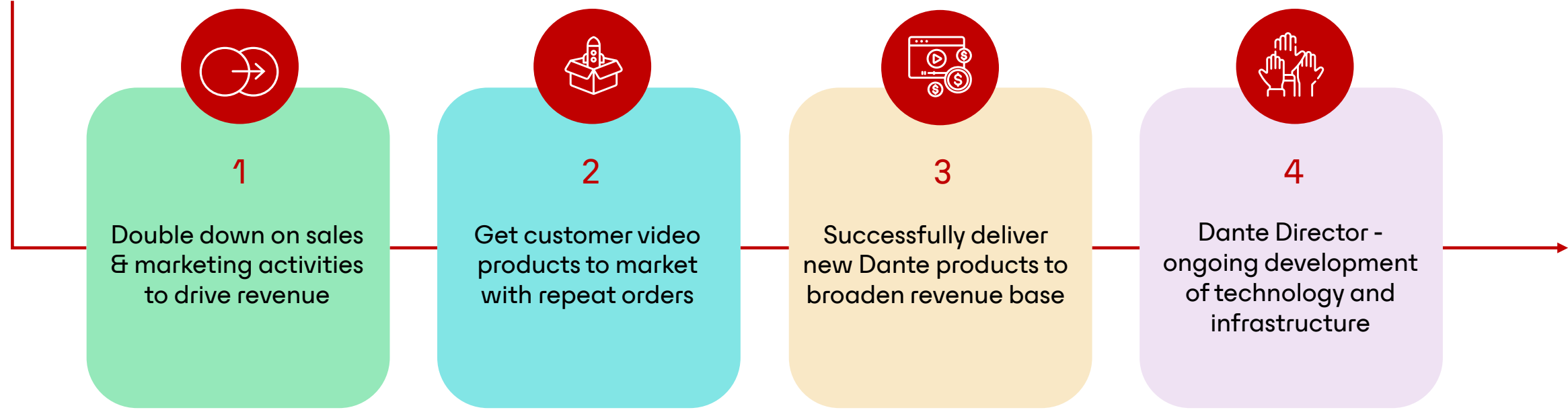


Dante AV-H Demo (left) & Dante Ultra Video wall functionality (right) on display at InfoComm (June 2024)



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FY25 Priorities



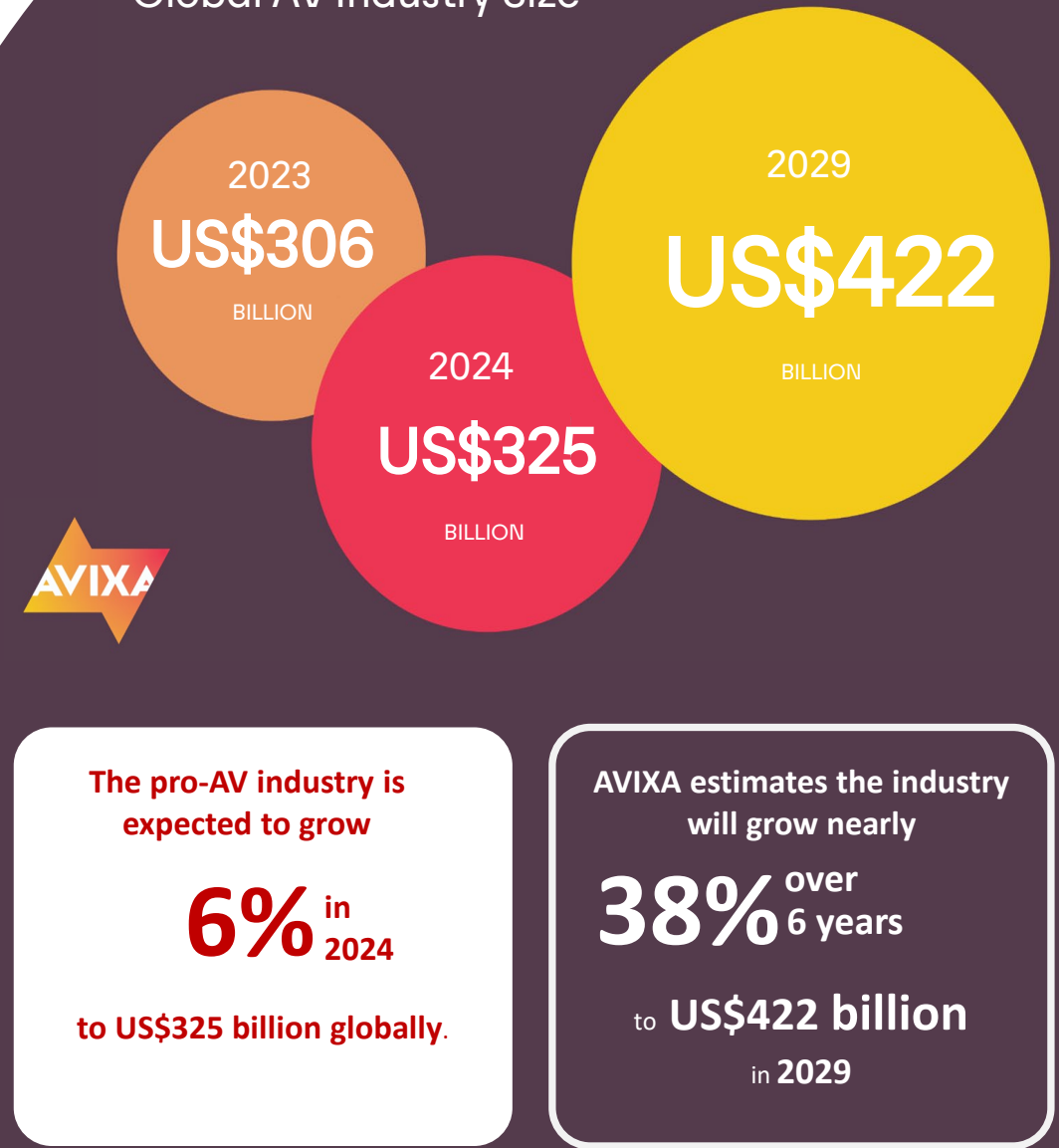
FY25 Outlook

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- ➔ Customer re-balancing of inventory holdings and rate of OEM's clearing raw materials to influence revenue
- ➔ Shorter order lead times – now back to pre-COVID levels
- ➔ Ongoing customer preference for software-based Dante implementations to drive GP% towards 80%
- ➔ New product initiatives underway to grow revenue
- ➔ Cost growth expected 7% - 9% (compares to 28.5% annually over last three years)¹
- ➔ Actively exploring M&A opportunities to accelerate growth plans in video and cloud

¹. Based on a USD exchange rate of 68c

Global AV Industry Size



Source: AVIXA 2024 Industry Outlook and Trends Analysis



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- **Audinate delivered unaudited gross profit of US\$7.2 million (A\$10.6M) in Q1 FY25**
- **Factors affecting Q1 performance** - shorter order lead times, increased inventory across the industry, slower raw material clearance, and softer-than-expected end-user demand
- **FY25 outlook** - Audinate had anticipated a slightly lower US\$ gross profit for FY25 compared to FY24, but due to first-half performance, this target is unlikely to be met
- **Q2 Update** - an update on market performance and outlook will be provided after Q2 FY25, with expectations of a stronger second half
- **FY25 remains a transitional year** as customers work through inventory backlogs
- **Audinate expects a return to normal order patterns and growth by FY26**

Long-term strategic thesis for Audinate remains strong

- **Expanding Dante Device Base** - 6 million+ devices in use and more than 1 million added annually.
Dante's growing installed base and the launch of Dante Director support long-term revenue opportunities from AV installation management and monitoring
- **New Product Launches** - new AVIO adaptors and a premium Dante Virtual Soundcard is expected to positively impact earnings starting in 2H FY25
- **Strong Demand Indicators** - key metrics from manufacturers, AV system designers, and installers point to continued strong demand for Dante technology
- **OEM design wins up 22%** reflecting strong pipeline of new Dante products and indicate future revenue growth
- **Dante Certification and Training programs** attract over 4,000 attendees per month, boosting global adoption of Dante

Welcome Our Recent New Hires to Audinate



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Chris Rollinson
Chief Financial Officer
& Company Secretary



Nick Peace
Chief Strategy Officer



Tim Neal
Vice President, Digital Services

Appendix

Investment Highlights



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Global Market Leader

Dominant position as de-facto standard in audio networking

12x market adoption of its closest competitor



Attractive Financial Profile

Gross margins >74% supported by strong IP

Consistent historical revenue growth from repeat orders

\$117M cash & term deposits



Innovative Products

Broad intellectual property portfolio developed in Australia

Extensive investment in R&D



Large Market Opportunity

AV just starting digital networking conversion

Audinate is just entering a fragmented video market

Balance sheet capacity for strategic M&A



Strong Customer Base

Existing customer base of leading global AV companies

Customer base is broad and expanding



Experienced Management

Founder-led

Strong executive team with extensive industry experience

Built Audinate into a market leadership position

FY24 ESG Highlights



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Employee Engagement & Wellbeing

Top quartile employee engagement

Employee Assistance Program, monthly wellbeing themes, mental health first aiders and wellbeing support tools

Annual career development and performance review discussions for all full time & part time employees



Supporting Families

Over the past two years, 14 new parents across the organisation have accessed Audiante's Paid Parental Leave policy for primary & secondary carers



Diversity & Inclusion

Females represent 26% of workforce and 22% of the Senior Executive Team and 29% on Board

Team comprises people from 28 nationalities, born across 37 countries

Compulsory discrimination & harassment training for all employees



Supply Chain Management

Regular audit of key suppliers - no substantial ESG risks identified in our supply chain



Cyber Security Management

Strengthened IT, privacy and cyber security protection

Global training on cyber security

Commencing ISO27001 accreditation for our Information Security Management System (ISMS)



Environment

Preparation for climate-related financial disclosures

Ongoing reporting of global carbon footprint for scope 1 & 2 emissions

Rolled out global travel management platform to deliver more robust carbon related data for business travel