

FY22 RESULTS

22 August 2022

Aidan Williams – Chief Executive Officer

Rob Goss – Chief Financial Officer



Overview of Audinate Today



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



Growing network effect of Dante enabled products in market – now **3,610**

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>]

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Audinate products

Chips



Modules



Cards



Software



OEM customers

YAMAHA

BOSE

SHURE

BOSCH

biamp.

SENNHEISER

QSC

Roland

Focusrite

LAWO

HARMAN

BOLIN TECHNOLOGY

CRESTRON

OEM products



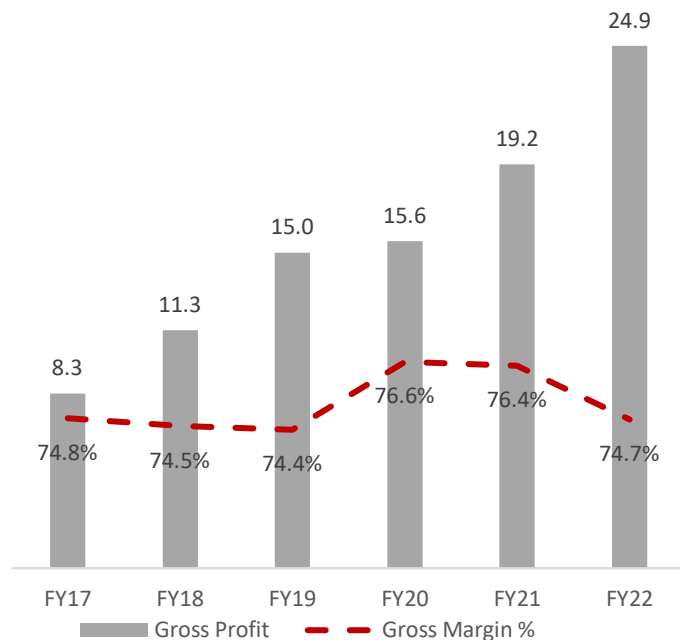
ASX Listed on the Australian Stock Exchange (ASX:AD8) in June 2017



Gross profit growth continues

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US\$M Gross Profit



Note: gross margin % calculated using AUD

Key Financial Metrics

		Variance vs FY21	
A\$46.3M	Revenue	38.7%	✓
US\$33.4M	US\$ Revenue	33.4%	✓
74.7%	Gross Margin %	(1.7%)	-
A\$4.3M	EBITDA	40.9%	✓
A\$44.5M	Cash & Term Deposits	(\$21.0M)	-



Leading Global Supplier of Digital Media Networking

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>A\$1bn Total addressable market⁽¹⁾

410 OEM brands shipping Dante enabled products

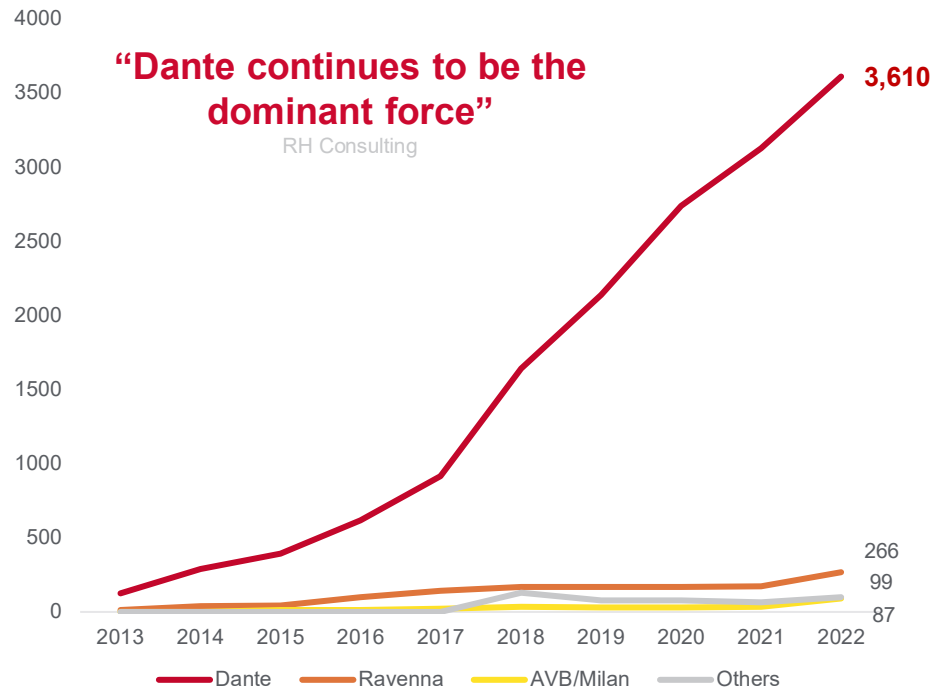
3,610 Dante enabled products available on the market

14x Market adoption of closest competitor

33,500 Professionals trained on Dante in FY22

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

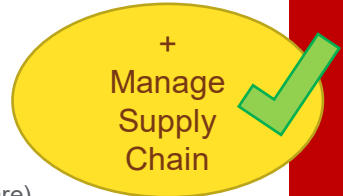
2) Audinate identified 165 old products no longer available – graph has been updated to remove these products evenly over the last five reporting periods, representing the likely period of their discontinuation



Another year of strong execution in FY22

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FY22 Objectives	Actions
Dante video design wins and next generation software products	<ul style="list-style-type: none">✓ 126 design wins – most designs wins ever, despite supply chain✓ 76 design wins relate to next generation software products (60 in 2H22)✓ 26 video customers
Launch new Dante video software and cloud services products	<ul style="list-style-type: none">✓ Initial Dante Studio video software product released – 2 further modules in CY22✓ First Dante video OEM software product in advanced stages of customer trials (Dante AV-H)✓ Dante Cloud (cloud based DDM) now in beta
Initiatives to reduce adoption friction (including in-field enablement (IFE))	<ul style="list-style-type: none">✓ Dante Ready feature (previously IFE) launched in June 22✓ Dante Controller release including Dante Activator completed✓ 1st third party App released and sold through Dante Controller
Improve Dante adoption by non-English speakers	<ul style="list-style-type: none">✓ Audinate website now available in 8 languages✓ 10k non-English users of Dante Controller (system setup & troubleshooting software)✓ Training conducted in 9 languages to >12k professionals (>75% new contacts)
Strengthen 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✓ Group-wide Cyber training completed in 2H22
Implement business scalability initiatives	<ul style="list-style-type: none">✓ Ambitious hiring targets substantively achieved – headcount now 178✓ Supply Chain knowledge and expertise strengthened with key hires✓ Global Payroll Outsourcing completed in 2H22



Ongoing product innovation to drive growth

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Audinate reveals K-array as first with Dante Ready products



Dante Ready

- **Feature** enables Dante users to add more audio channels (capacity) to audio equipment in the field
- Available now for use in products with DEP and DAL
- One-time revenue model, with improved \$GP vs CCM
- Sold via Dante Controller or OEM website
- Increases proliferation by reducing marginal cost of adding Dante

Saturday 8:45am

Dave! The audio is out and the conference starts at 9am!



Dante Cloud

- **SaaS product** enables remote management of Dante installations
- Builds upon DDM functionality
- Now in beta, commercial launch FY23
- Targeted at Managed service providers & Installation managers
- Delivery of value added services building upon widespread adoption of Dante networking technology
- More details: [Dante Cloud](#)

Thursday 2:13pm
(early warning of issue)

Device 'Conf-main' is offline.
Dave has time to fix the issue



Dante Studio



- **Software product** delivering essential video functionality to PC & Mac users for receiving & transmitting Dante video
- Similar to DVS and Via audio software
- Free trial now, commercial launch FY23
- Recurring subscription revenue model
- Additional features to be added in CY23
- Important foundational functionality to unlock video networking TAM
- More details: [Dante Studio video](#)



Dante Video Update

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- Silex video business integration complete
- Silex manufacturing restored and operational
- Refined integrated product roadmap complete
- 26 video OEM customers (design wins + Silex)
- First phase Dante Studio launched

Next steps

- Release of Dante AV-H
- Release 2 additional components to Dante Studio
- Video-end point support in DDM
- Target >10,000 end points in FY23
- Target > US\$3m in video revenue in FY23

Dante AV

Dante brings award-winning technology to video

See the power of Dante AV

Dante AV-H

- Software **solution** for OEMs to develop fully manageable video products that embed into the Dante Ecosystem.
- Brings OEM products into the Dante Controller
 - allow signal routing and management
- Adds Dante Audio to products that need an audio solution
- Deployable on H.264 based video chipsets into OEM products including cameras and I/O boxes
- Designed to support both **existing** and **new** product designs
- Currently testing in OEM products

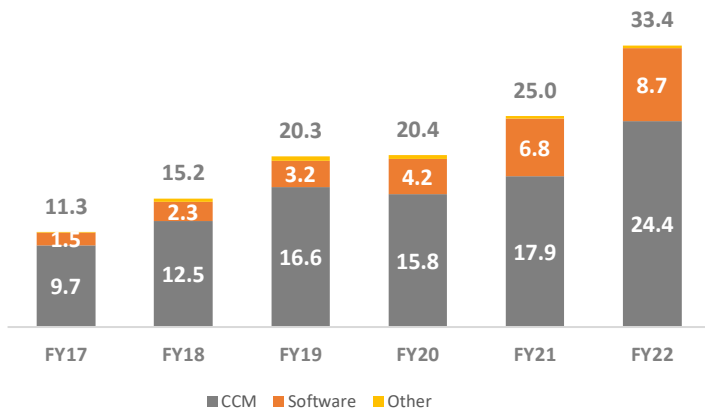


FINANCIAL PERFORMANCE

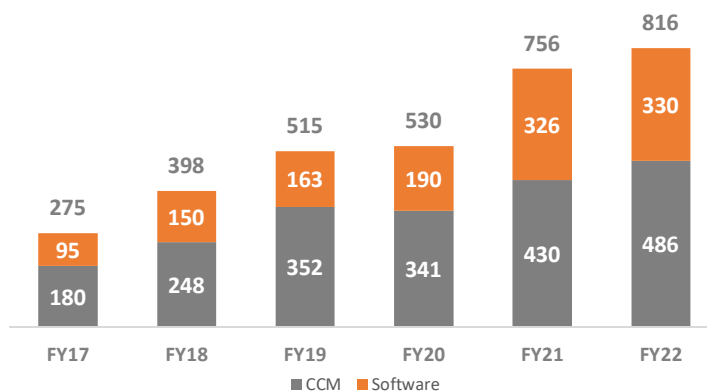


Chips, cards & modules drive revenue growth

Revenue (US\$M)



Dante units shipped ('000s)



- US\$ Revenue increased 33.4% compared to FY21
- GP margin has reduced from 76.4% in FY21 to 74.7% in FY22 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 Manager (DDM), Dante IP Core & retail sales
- Audinate invoices customers & pays COGs in USD

- Units shipped grew 8% compared to FY21, with CCM units up 13%
- CCM – Brooklyn, Broadway and Dante AV units grew at >30%. Access to raw materials limited the supply of Adaptor and Ultimo units with unit volumes decreasing by <10%
- Software – Strong growth in a range of software products including IP Core, DEP, and DDM (>30%), offsetting decline in high volume lower value Reference Design royalties which declined 13k units.
- Excluding the impact of Reference Designs all other Software units grew at 30%



Income Statement

- ➊ US\$ revenue increased 33.4% to U\$33.4M - A\$ revenue increasing 38.7% to A\$46.3M
- ➋ Gross margin remained relatively strong in FY22 at 74.7% despite supply chain cost pressures.
- ➌ Employee expenses were higher than PY with headcount increasing from 135 (FY21) to 178 (FY22).
- ➍ Sales & Marketing expenses increased due to more travel and recommencement of trade shows.
- ➎ Other operating expenses include \$0.5M of acquisition and integration related costs from the Silex acquisition
- ➏ 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
- ➐ FY21 included \$0.8M of other income related to one-off COVID-19 related government grants received
- ➑ Income tax expense reflects non-recognition of an asset for Australian tax losses.

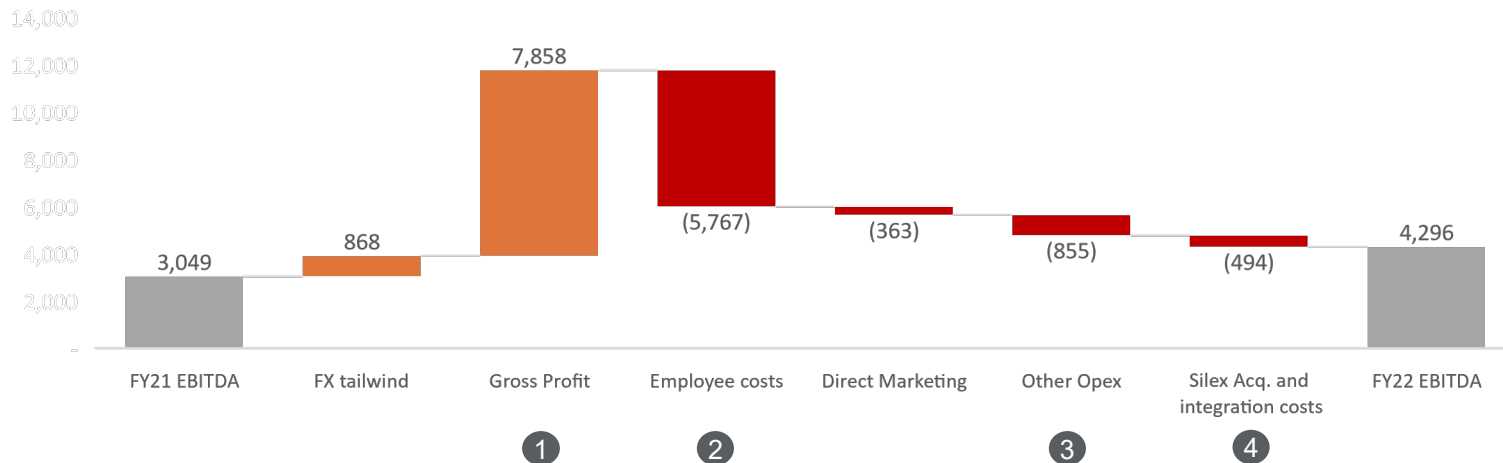
	(AU\$'000)	FY22	FY21	Change	Change
➊ Revenue		46,292	33,369	12,923	39%
Gross profit		34,591	25,504	9,087	36%
➋ Gross Margin %		74.7%	76.4%		
➌ Employee expenses		(23,890)	(17,811)	(6,079)	34%
➍ Sales & marketing expenses		(2,614)	(1,688)	(926)	55%
➎ Other operating expenses		(3,791)	(2,956)	(835)	28%
Operating expenses		(30,295)	(22,455)	(7,840)	35%
EBITDA		4,296	3,049	1,247	41%
➏ Depreciation & amortisation		(8,658)	(6,534)	(2,124)	32%
Interest expense		(173)	(105)	(69)	66%
Foreign currency loss		(34)	(590)	556	(94%)
➐ Other income		185	1,094	(909)	(83%)
Loss before tax		(4,384)	(3,086)	(1,298)	42%
➑ Income tax		(73)	(355)	282	(79%)
Loss for the year		(4,457)	(3,441)	(1,016)	30%



Additional revenue drives EBITDA growth

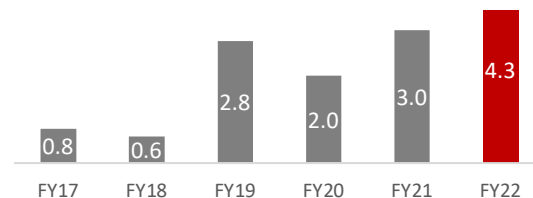
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EBITDA Waterfall (A\$'000)



- ① Gross profit dollars improved due to a US\$8.4M increase in revenue
- ② # of employees increase from 135 (FY21) to 178 (FY22)
- ③ \$0.9M increase in Opex as the team expands and travel recommences
- ④ \$0.5M Silex acquisition and integration costs

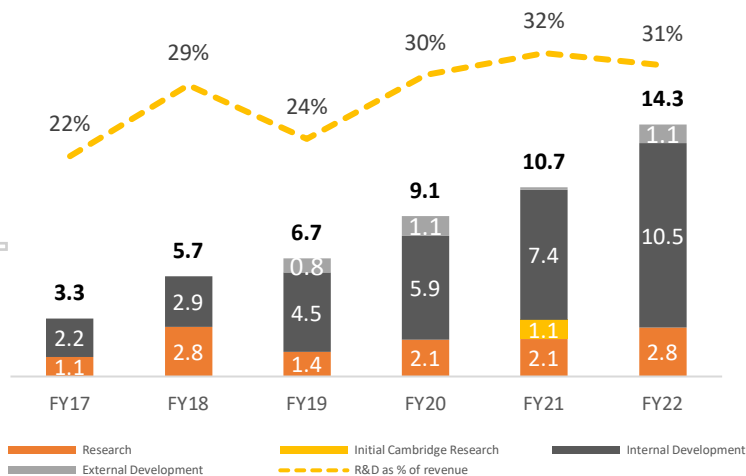
EBITDA (A\$M)



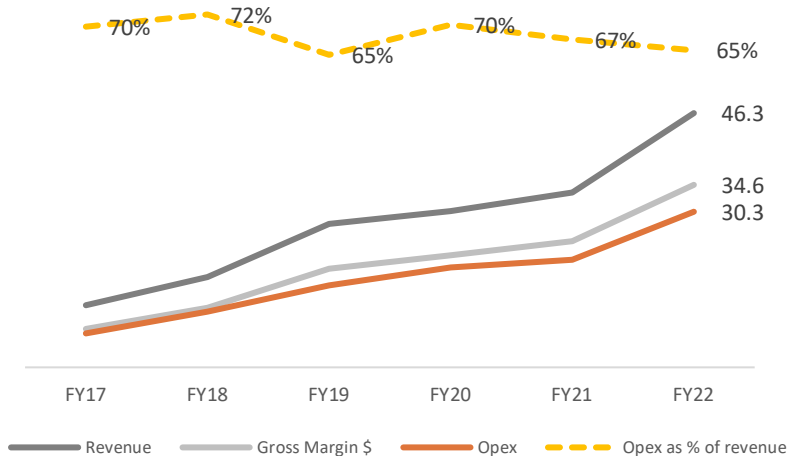
Ongoing revenue growth reinvested in R&D

- 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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- ① FY22 Operating Cashflow has been impacted by:
 - increase in inventory \$3.7m
 - increase in debtors (record June) \$3.2m
 - bonuses paid (none paid FY21) \$2.4m
 - receipt of COVID grants in FY21 \$1.0m
 - \$10.3m**
- ② Payments for intangible assets primarily represent internal employment and overhead expenses capitalised to development costs.
- ③ Initial cash consideration of \$9.1M for the acquisition of the Silex video business

(AU\$'000)	FY22	FY21
Receipts from Customers *	43,021	33,484
Payments to suppliers and employees *	(41,935)	(27,677)
Interest received	182	291
Interest paid	(91)	(105)
Government subsidies	-	1,048
Income Tax Paid	(196)	(298)
① Operating activities	981	6,743
Payments for property, plant and equipment *	(897)	(552)
② Payment for intangible assets *	(11,160)	(7,478)
③ Payment for acquisition of business	(9,104)	-
Investment in Term Deposits	-	(27,000)
Investing activities	(21,161)	(35,030)
Proceeds from the issue of shares	52	40,032
Share issue transaction costs	(23)	(1,256)
Principal elements of lease payments *	(767)	(635)
Financing activities	(738)	38,141
Net decrease in cash	(20,918)	9,854
Free Cash Flow (sum of *)	(11,738)	(2,858)



Balance Sheet

- ➊ Cash & term deposits of \$44.5M, with no debt
- ➋ Trade and other receivables up \$3.3M to \$6.5M with a record sales month in June
- ➌ Increased inventory balance by \$3.7M to \$5.6M to manage supply chain challenges
- ➍ Intangibles primarily represent internal development costs capitalised & Silex goodwill
- ➎ Other liabilities includes A\$1.2M for contingent consideration for Silex revenue earn-out
- ➏ Contributed capital includes \$1.3M from the vesting of employee long term incentives in FY22
- ➐ Accumulated losses substantially due to fair value of preference shares at IPO

(AU\$'000s)	30-Jun-22	30-Jun-21	Change (\$)
➊ Cash	17,465	38,429	(20,964)
Term deposits	27,000	27,000	-
➋ Trade and other receivables	6,513	3,199	3,314
➌ Inventories	5,601	1,855	3,746
Property, plant and equipment	1,737	1,482	255
Right-of-use assets	1,784	1,919	(135)
➍ Intangibles	28,542	14,094	14,448
Deferred tax asset	90	68	22
Other current & non-current assets	1,706	1,719	(13)
Total assets	90,438	89,765	673
Trade and other payables	3,496	2,524	972
Other liabilities	1,862	102	1,760
Contract liabilities	2,259	2,278	(19)
Income tax payable/(receivable)	35	(41)	76
➎ Employee benefits	5,535	3,959	1,576
Lease liabilities	1,967	2,088	(121)
Total liabilities	15,154	10,910	4,244
Net assets	75,284	78,855	(3,571)
➏ Contributed capital	128,266	126,947	1,319
Reserves	1,828	2,261	(433)
➐ Accumulated losses	(54,810)	(50,353)	(4,457)
Total equity	75,284	78,855	(3,571)



OUTLOOK



Supply chain challenges linger

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- 
- Chip shortages
 - Spot inventory buys
 - Variable delivery dates
 - Supplier price increases
 - Factory closures
 - Dante product redesign
 - Dante price increases (10-25%) – maintain GP%
 - Record design wins
 - Record demand (backlog)

Over the next six months

- Supply chain challenges expected to linger
- Support customer transition from Brooklyn II, Broadway & other products
- Temporary margin pressure, e.g. Brooklyn III
- Revenue likely gated by chip supply (vs demand)



Continuing growth

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FY23 Priorities

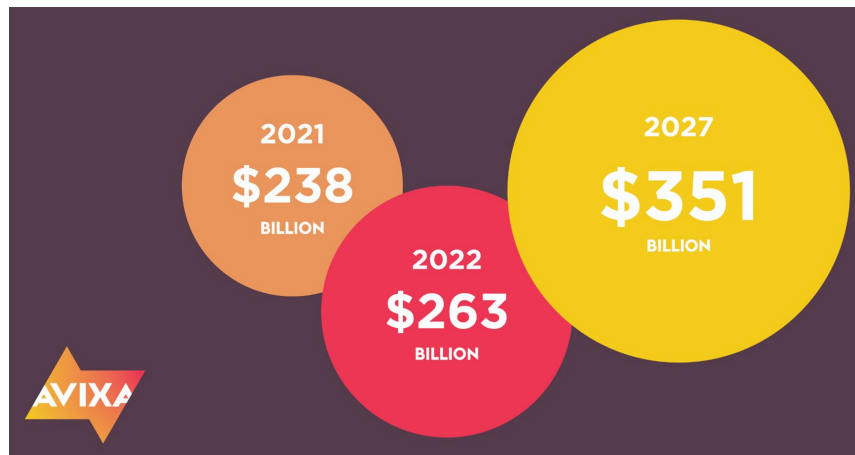
1. Support customer transition to more available chips & away from legacy products
2. Manufacturers to release Dante video products
3. Generate > US\$3 million in video revenue
4. Drive adoption of new Dante products
5. Continued focus on Operational Efficiency



FY23 Outlook

- Existing headcount of 178 is the foundation for doubling revenue in medium term
- Targeting additional headcount of 10% in FY23, with a focus on building capability in the Philippines
- Record levels of demand, fulfilment curtailed by current component shortage
- Supply chain uncertainty expected to linger, impacting both Audinate and our customers in 1H23
- Global macro-economic uncertainty
- Backlog of sales orders and software revenue run-rate support USD revenue growth in the historical range, subject to the risks described above.
- Focus on significant traction in video, including revenue of at least US\$3 million in FY23

The pro-AV industry is expected to grow 11% in 2022, to hit a new high-water mark of \$263 billion globally. AVIXA estimates the industry will grow nearly 50% over 6 years to \$351 billion in 2027



Source: AVIXA 2022 Industry Outlook and Trends Analysis



Investment Highlights

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Global Market Leader

- Dominant position as de-facto standard in audio networking
- **14x** market adoption of its closest competitor



Attractive Financial Profile

- Gross margins **>74%** supported by strong IP
- Consistent historical revenue growth from repeat orders
- **>\$44M** 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



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



Supporting Families

- Approved new Paid Parental Leave policy with industry leading leave allowances for primary & secondary carers



Diversity & Inclusion

- 29% female representation amongst senior executive leadership team
- Global training on sexual harassment & workplace behaviour



Supply Chain Management

- Audit of key suppliers completed - no substantial ESG risks in our supply chain
- Commenced development of Supplier Code of Conduct



Cyber Security Management

- Strengthened IT, privacy and cyber security protection
- Global training on cyber security



Environment

- Commenced investigation and baseline of footprint
- Reduced head office impact: sensor lighting, recycling & end of trip facilities



Dedicated ESG Resource

GRI
Index
Adopted



QUESTIONS



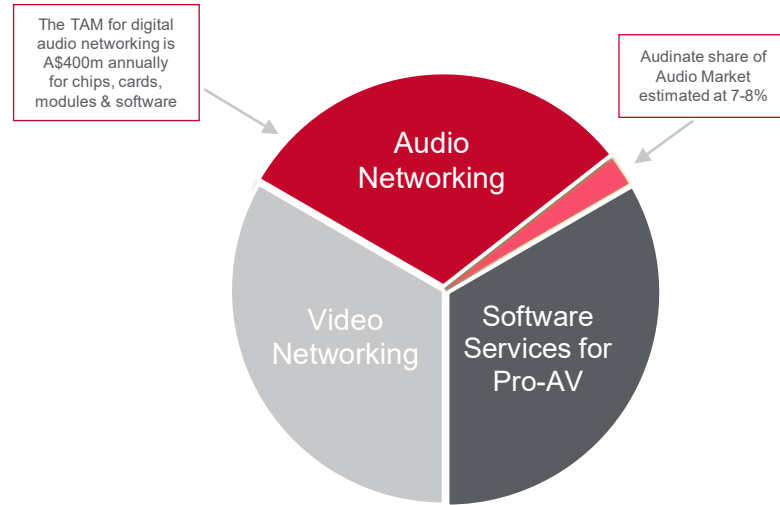
Appendices



Audinate is Driving the Transformation of AV

- 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')*

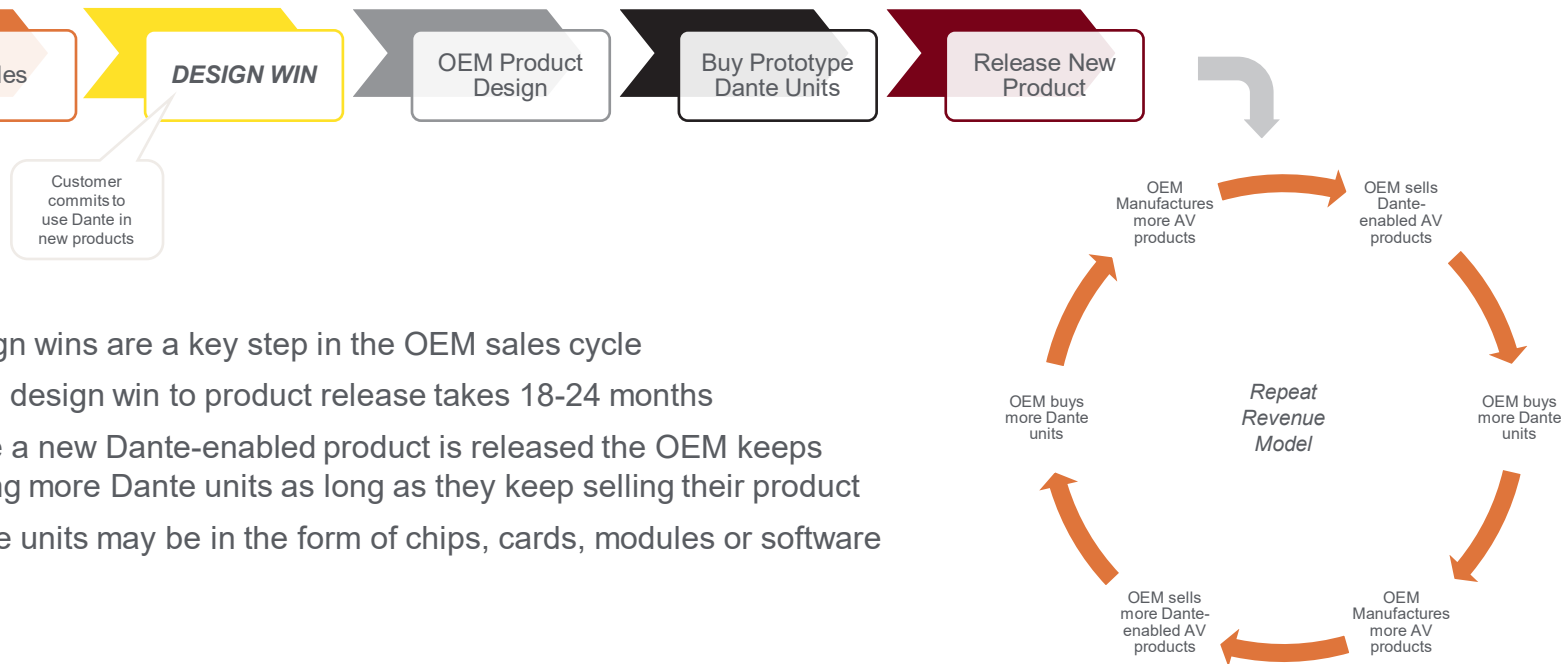


* Management estimate total addressable market exceeds A\$1bn



OEM Design Wins drive future revenue growth

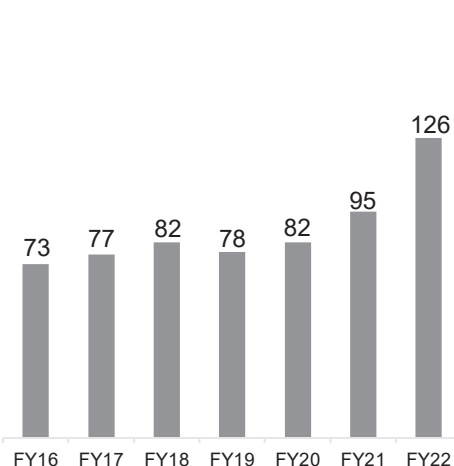
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Design wins through to product launch

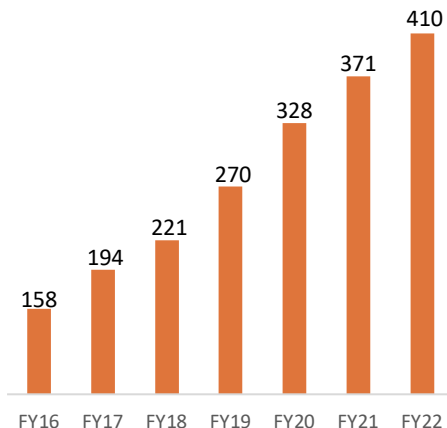
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Design Wins



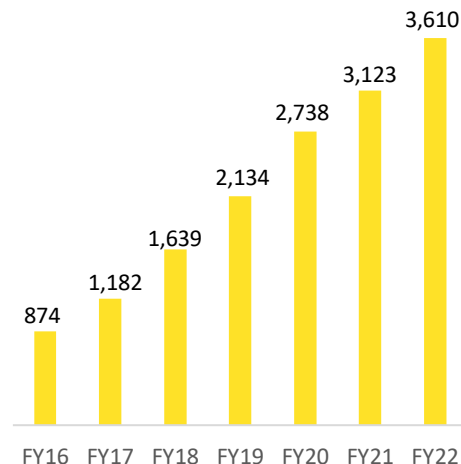
- Moved from an up-front fee to an annual subscription pricing model in mid FY21
- AVIO starter kits have been discontinued and removed from count

OEM Brands shipping Dante-enabled Products



- 410 OEM brands have announced products in the market
- 103 OEM brands are currently developing their first Dante-enabled products

Dante-enabled Products Ecosystem



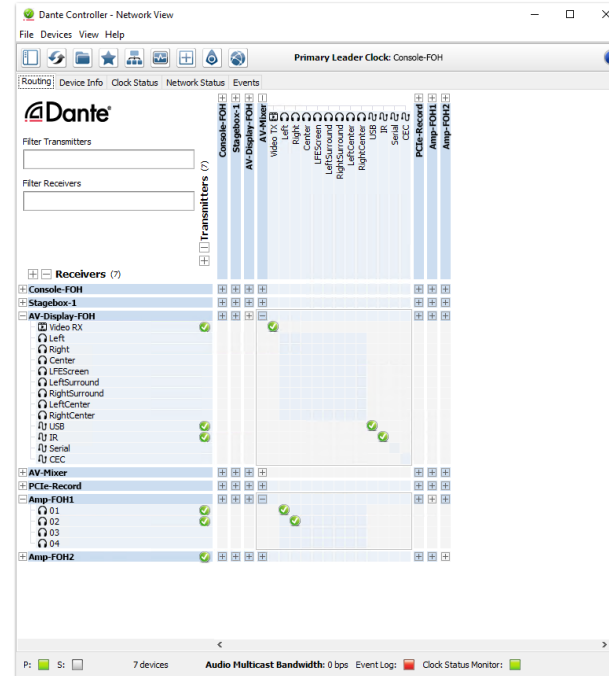
- Product ecosystem includes 3,610 Dante-enabled products and growing, with 550 OEMs
- 27% CAGR in product ecosystem
- 14x number of products than the next digital audio networking technology



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



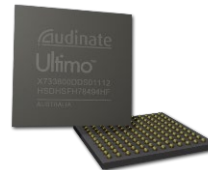
- 32 & 64 audio channel counts
- Used in Mixing Consoles & Signal Processors

Broadway



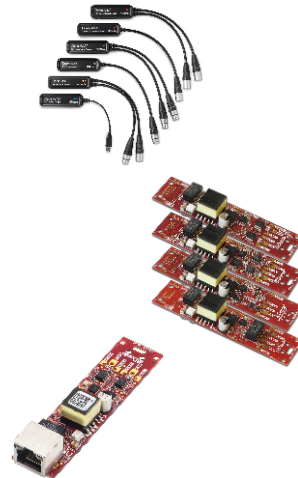
- 8 & 16 audio channel counts
- Used in networked Amplifiers and Ceiling Microphones

Ultimo



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

Adaptors



Dante audio software

Dante audio device software

Software based implementations for a range of product counts and price points

- OEM customers, based on per unit royalty model
- Transports uncompressed audio signals across standard computer networks
- Provides perfect inter-operability with Dante chips, cards & modules and other software products
- Used in a wide variety of audio products, including speakers, microphones, amplifiers, digital signal processors and mixing consoles
- Configured using Dante Controller and can be managed via Dante Domain Manager
- More background available:

[Dante IP Core](#)

[Dante Embedded Platform](#)

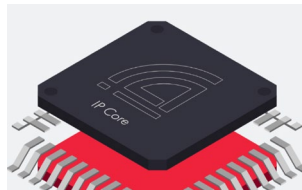
[Dante Application Library](#)

Reference Design



- Legacy product
- Up to 512 audio channels
- Small number of high-volume customers

IP Core



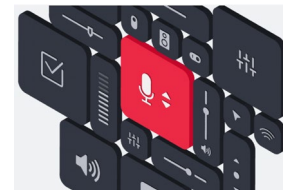
- Next generation high performance product
- Up to 512 audio channels
- For FPGA-based OEM products
- BOM savings for OEM by sharing chip

Embedded Platform



- Up to 128 audio channels
- For Linux-based OEM products
- Supports Intel/x86 & ARM processors
- BOM savings for OEM by sharing chip
- "Dante Ready" available

Application Library



- For OEMs & Software Developers
- Simple way for software developers to add Dante to their products
- "Dante Ready" available

Device Software



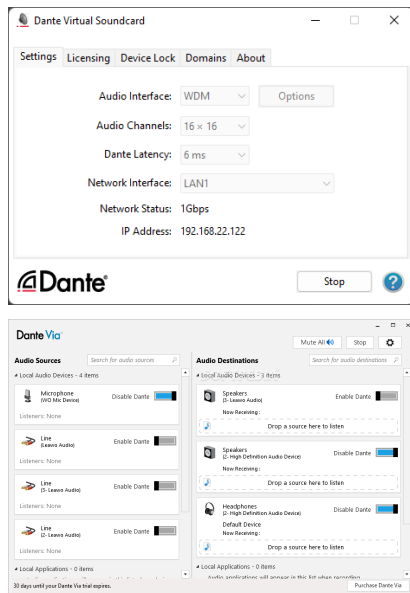
Dante Via & Dante Virtual Soundcard

Dante Virtual Soundcard

- Turns a computer into a Dante-powered workstation, integrating a Mac or PC with Dante-enabled audio equipment on a network
- Connects to record, process and playout using any audio application and any combination of Dante-enabled devices
- Up to 64 audio channels
- More information available here: [Dante Virtual Soundcard](#)

Dante Via

- Routes audio from devices and applications to one another – up to 16 audio channels
- Connects devices and applications to an existing Dante network
- Enables the connection of USB and FireWire devices to Dante networks
- More information available here: [Dante Via](#)



Dante Virtual Soundcard is a robust, high channel count application with the single purpose of getting large numbers of audio channels in and out of computers while Dante Via allows for a more diverse set of devices and applications, but at a lower channel count.

Get Dante Via

[Buy a Dante Via License](#)

Permanent License - \$59.99 USD

(activates one computer, transferable)

Combo Pack - \$69.99 USD

Save \$39.99 on Dante Via and Dante Virtual Soundcard when bought together

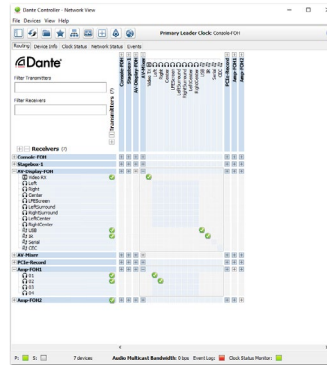
Local currency, tax and payment methods apply where applicable. Prices may fluctuate due to exchange rates.



Dante Domain Manager

Dante Domain Manager

- Security
 - User logins and roles
 - Prevent unauthorised changes
 - Scalability
 - Create Dante systems spanning campus networks
 - Group Dante devices into logical managed systems
 - Visibility
 - Centralise Dante system management
 - Monitor system status and changes remotely
- More information available at:
[Dante Domain Manager](#)



Dante Domain Manager offers crucial management Capabilities, further differentiating Dante audio & video



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