

FY19 Results Presentation

23 August 2019

Dante
Embedded
Platform

Audinate®

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Contents

- 1 Highlights and Achievements
- 2 Financial Performance and Metrics
- 3 New Products and Applications
- 4 Outlook
- 5 Appendices

FY19 Highlights

Financial

34%

Growth in revenue to US\$20.3m
(A\$28.3m / 44% Growth)

A\$2.8m

EBITDA increased
from A\$0.6m

A\$3.6m

Operating cashflow increased
from A\$1.0m

A\$24.0m

Capital raised
via placement & SPP

Operational

29%

Growth in Dante units*
shipped annually

2,134

Dante-enabled products
on the market

22%

Increase in OEMs
shipping Dante product

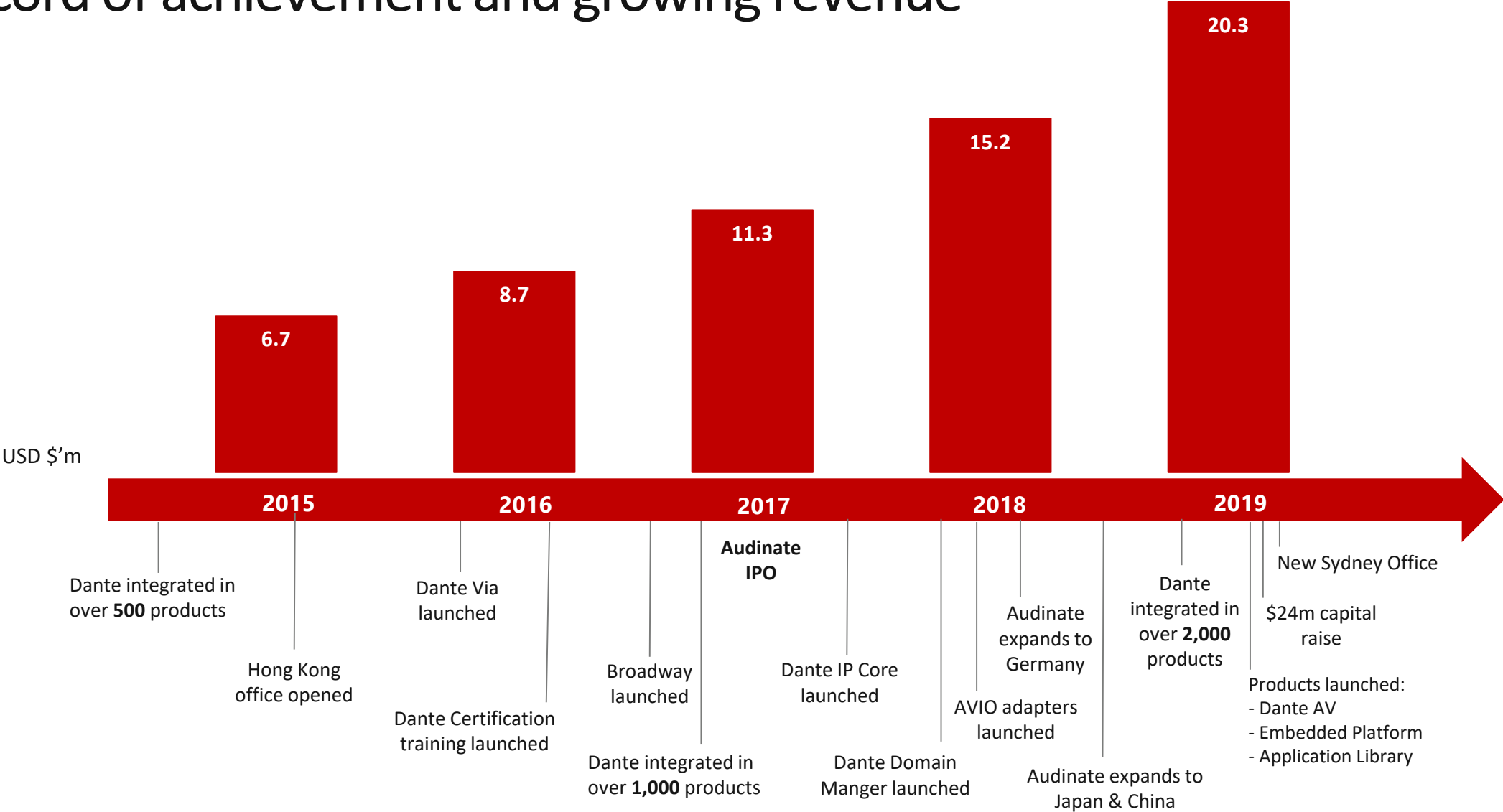
Video & Software
products launched
3 products

* Chips, cards, modules & software

Delivered against FY19 objectives

Objective	Outcome
Revenue growth consistent with historical USD performance	<ul style="list-style-type: none">• 34% USD revenue growth exceeded historical performance
Geographically expand sales and support teams	<ul style="list-style-type: none">• Sales offices opened in Germany, Japan & China• Additional sales resources added in USA and EMEA
Broaden our suite of core Dante products to accelerate penetration within OEMs	<ul style="list-style-type: none">• Launched strategic software products: Dante Application Library & Dante Embedded Platform
Development of Dante video solution by end of 2019	<ul style="list-style-type: none">• Module commercial availability June 2019 (InfoComm)• Dante AV Design Suite expected to ship by end of 2019• First Dante video design win July 2019
Continue the roll-out of Dante Domain Manager (DDM) and Dante AVIO adapters	<ul style="list-style-type: none">• FY19 revenue exceeded expectations for DDM & adapters• Solution sales and support team expanded

Record of achievement and growing revenue



Driving growth & the network effect

Increase market awareness of Dante

Over 60,000

Dante trained and certified professionals globally

Educate end users, system designers and integrators so that they use more Dante products in their AV installations – driving growth in chips/modules sales

Increase number of Dante products per OEM

Over 2,100

Dante-enabled products available on the market
Average of nearly 8 per OEM

Encourage existing OEM customers to Dante-enable more of their product range – some manufacturers make many hundreds of products

Increase the number of OEMs adopting Dante

270

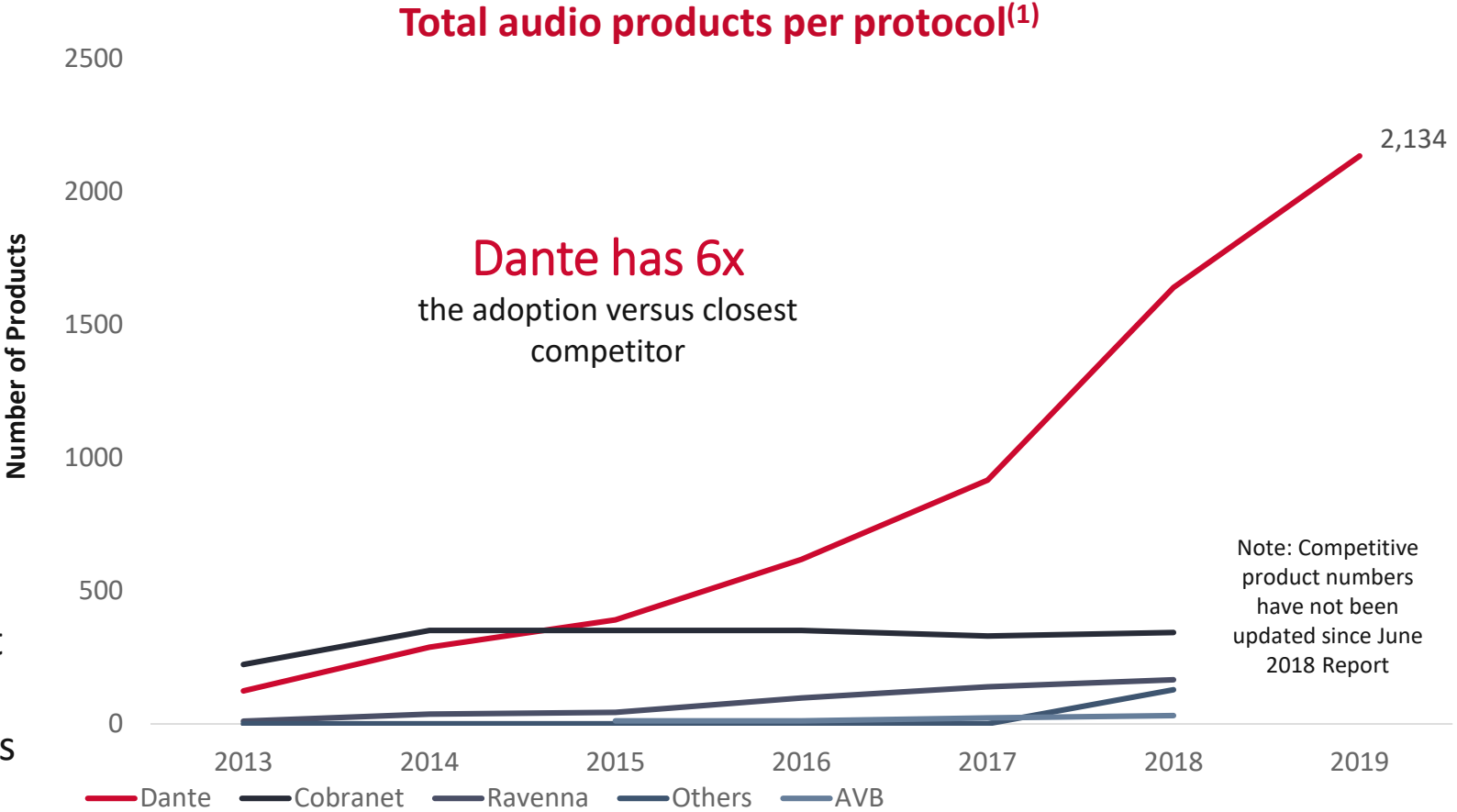
OEM customers shipping Dante-enabled products

Continue to sign new OEM customers and help them to get Dante enabled products to market

Competitive landscape – Networked Audio Products

2,134 Dante Enabled Products

Audinate is the clear global market leader compared to competing audio networking solution providers



1) RH Consulting, Networked Audio Products 2018 and Audinate company data.

Financial Performance and Metrics

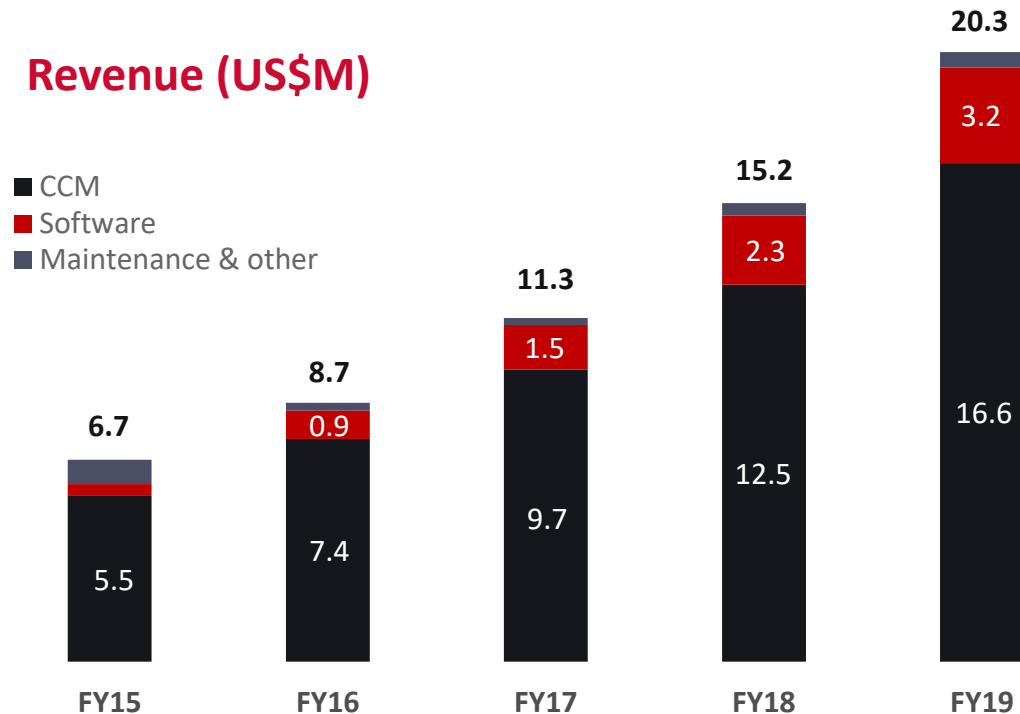


Strong year on year growth in revenue and units shipped

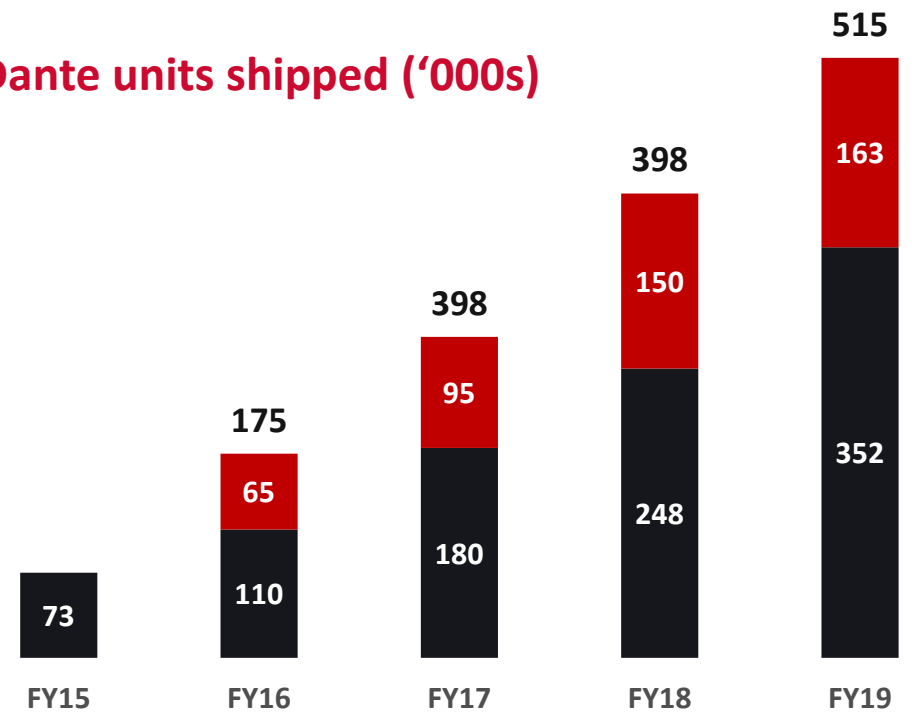
- Revenue CAGR of 27.6% (5 yrs) at 74-75% GP margin
- Chips, cards & modules ('CCM') includes AVIO adapters
- Software includes royalties, retail software, Dante Domain Manager & IP core
- Audinate invoices customers & pays COGs in USD

- CCM revenue driven by Brooklyn (32 & 64: 28% growth) and AVIO adapter sales
- Continued growth in established customers: on average, OEMs >5 years have >15 Dante products
- Software increase driven by DDM and IP Core
- Customers pulled forward estimated US\$0.5m from H2 to H1

Revenue (US\$M)



Dante units shipped ('000s)



Note: Software units not tracked prior to FY16

Expansion delivering strong sales revenue growth

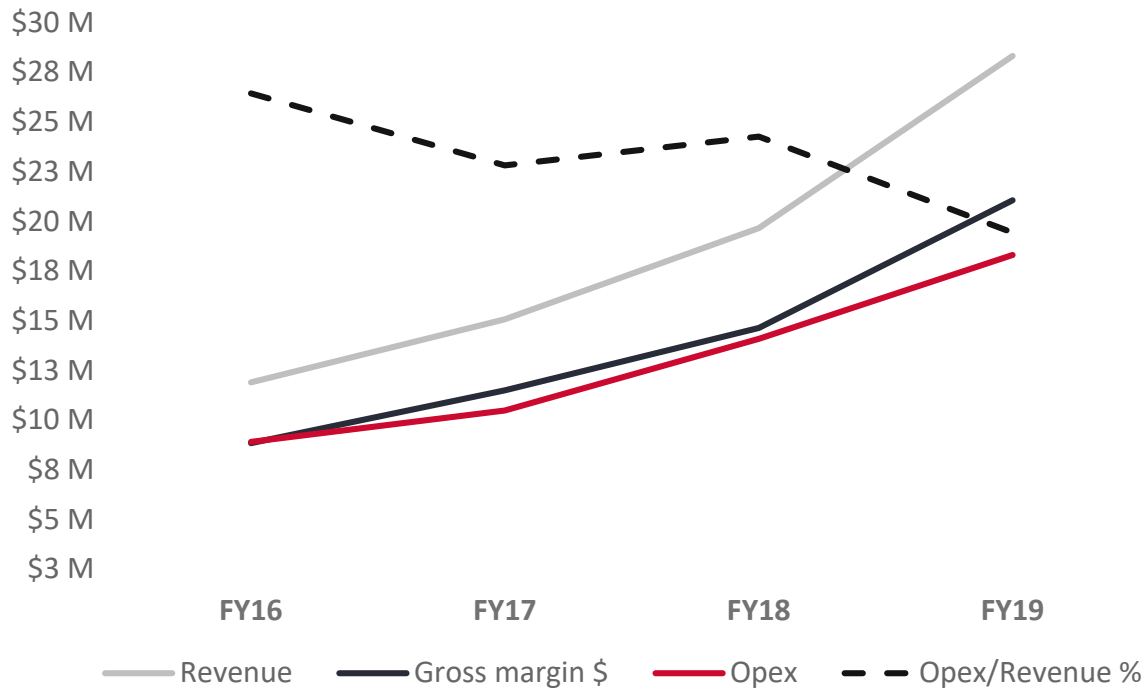
- Strong 44% AUD revenue growth (including FX benefit)
- Gross profit margin % reverted to historical levels in 2H19
- Employee expenses increased mainly due to an additional 19 FTEs (94 FTEs at year end) and an extra year of LTI expense (\$0.5m)
- Other operating costs included \$0.3m of costs related to the Sydney office move
- EBITDA improved from \$0.6m in FY18 to \$2.8m in the current year
- The prior year included a one-off \$2.4m tax consolidation benefit, which favourably impacted NPAT

(AU\$'000s)	FY19	FY18	Change
Revenue	28,313	19,653	44%
Gross profit	21,063	14,642	44%
Gross margin %	74.4%	74.5%	(0.1%)
Employee expenses	(12,288)	(9,073)	35%
Marketing expenses	(2,631)	(2,338)	13%
Other operating expenses	(3,379)	(2,672)	26%
Operating expenses	(18,298)	(14,083)	30%
EBITDA	2,765	559	395%
Depreciation and amortisation	(2,419)	(1,452)	67%
Other Income	296	157	89%
Profit/(Loss) before tax benefit	642	(736)	187%
Income tax benefit	20	3,280	(99%)
Profit for the year	662	2,544	(74%)

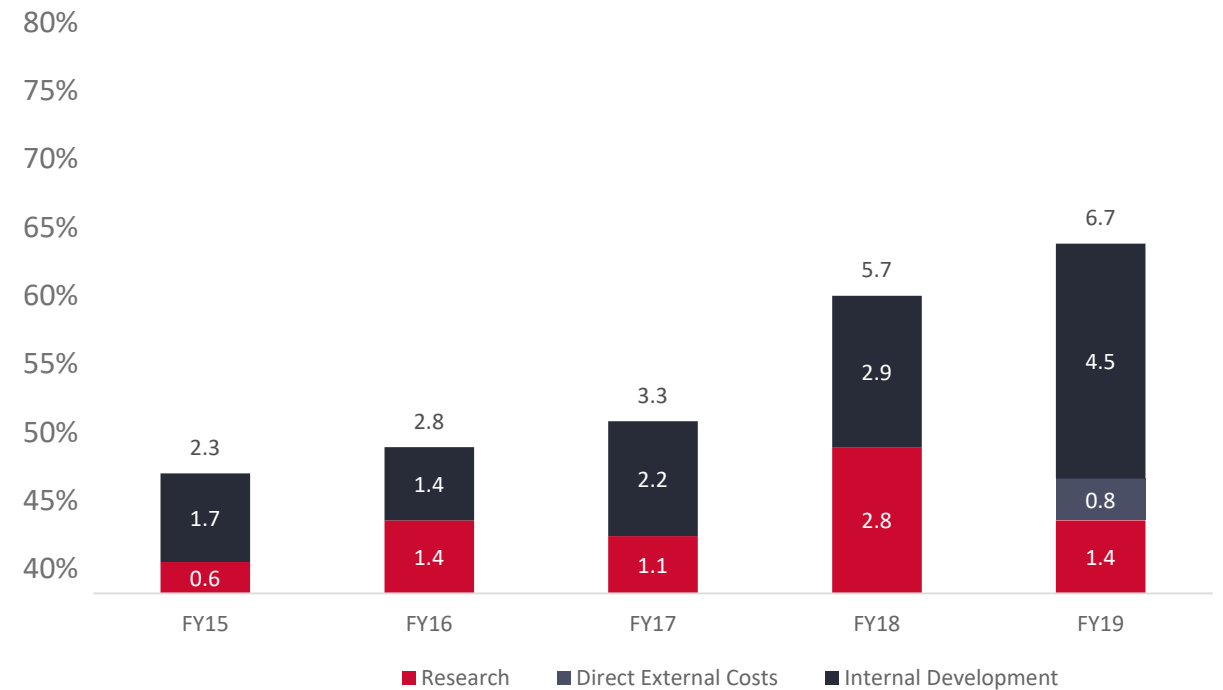
Continued investment in R&D

- Growth in gross margin is used to fund new product initiatives
- Ongoing focus on R&D spend, as innovation is core to the business
- Capex % up in FY19 due to focus on video, including \$0.8m of direct external costs

Revenue & Cost trends (AU\$)



Research & Development (AU\$M)



Cash-flow statement

- Operating cash receipts & payments are consistent with the income statement and movements in working capital
- R&D incentive is treated as an operating receipt following change of tax accounting in FY18
- Taxes paid relate to foreign jurisdictions
- Payments for PP&E include \$0.3m for new Sydney office, remaining balance disclosed as a commitment (\$0.5m)
- Payments for intangibles primarily represent internal development costs but include \$1.2m of external costs in the current period (mainly related to Dante AV)
- Financing activities cash-flows mainly relate to the \$20m institutional placement and related costs

(AU\$'000s)	FY19	FY18
Receipts from customers	27,747	19,679
Payments to suppliers and employees	(25,510)	(19,165)
Interest received	205	251
R&D incentive	1,327	334
Income taxes paid	(153)	(62)
Operating Activities	3,616	1,037
Payments for PP&E	(669)	(627)
Payments for intangibles	(5,782)	(3,029)
R&D incentive (development activities)	-	680
Investing Activities	(6,451)	(2,976)
Proceeds from issue of shares	20,036	4,086
Payments to selling shareholders	-	(7,030)
Share issue transaction costs	(789)	(115)
Financing Activities	19,247	(3,059)
Net increase/(decrease) in cash	16,412	(4,998)

New Products & Applications



Recent product releases

Dante AV

- Dante AV Module
- Dante AV Product Design Suite

Software

- Dante Embedded Platform for Linux-based AV devices
- Dante Application Library for PC/Mac Applications
- New version of Dante Domain manager

Adaptors

- Introduced 6 new Dante AVIO products

Software

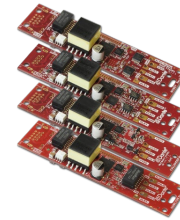


**New version of
Dante Domain
Manager released
August 2018**

Adaptors



**Dante AVIO adapters -
family contains six
models released in
May 2018**



**Family of six adapter
modules released in
September 2018**

Software



**Two new software-
based Dante products
released in
June 2019**

Dante AV

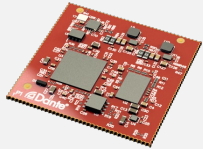


**Launch Dante AV,
audio and video
networking solution in
July 2019**

Dante AV – Audio and Video

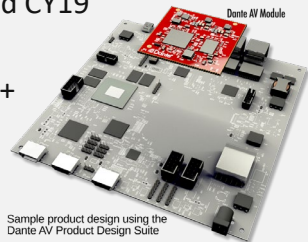
Dante AV Module

- “AV-over-IP” networking module, OEM business model
- V+A+Network (1 video + 8 audio)
- Commercial launch June 2019, expected shipping end CY19
- First design win July 2019
- OEM products expected on the market mid-late CY20



Dante AV Product Design Suite

- Full HDMI-over-IP product design
- Accelerate OEM time to market & enable ODM business model
- Launched June 2019, availability end CY19
- AV Module + Compression + HDMI + HDCP + USB + ...



Sample product design using the Dante AV Product Design Suite

Key FY20 goals:

- **Drive design wins** to generate FY21 & beyond revenue pipeline
- **Broaden product offerings** (e.g. software, alternate chips, ...)



Dante AV Use Cases

Class Rooms	Live presentations
Houses of Worship	Conference Rooms
Courtrooms	Transportation Hubs
Video Display Walls	Sports Bars & Casinos



Wall plate – laptop input
Dante AV Module*



Camera – Capture Presenter
Dante AV Module*



Video Output – Projector
Dante AV Module*

* Illustrative examples not currently using Dante AV



Microphones, speakers
Various Dante Implementations

New 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 expected H2/FY20

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 expected H2/FY20

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

zoomrooms



Conferencing Software
Dante Application Library



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


Outlook



Growth trajectory to continue

- Audinate has historically delivered financial year US Dollar revenue growth in the range between 26% to 31%, and it is anticipated that this trajectory will continue
- Economic conditions and US tariffs may impact the near-term results, but this will not impact on the Company's focus to grow long-term shareholder value
- Revenue split expected to revert to historic H2 bias in FY20
- Focus on design wins for newly launched products, driving future incremental revenue growth
 - Initial video and new software product revenue in H2

Audinate:
Pioneering the
future of AV



*Boston Convention and Exhibition Center
Boston, Massachusetts*

Well positioned to deliver attractive long-term growth

Audinate has the foundations in place to accelerate our product development and support the software transition of the AV industry over the medium term



Investing to double Audinate's engineering and R&D functions over the next two years



Putting in place the business infrastructure platform to support long term growth



Developing next generation Dante audio and video software implementations

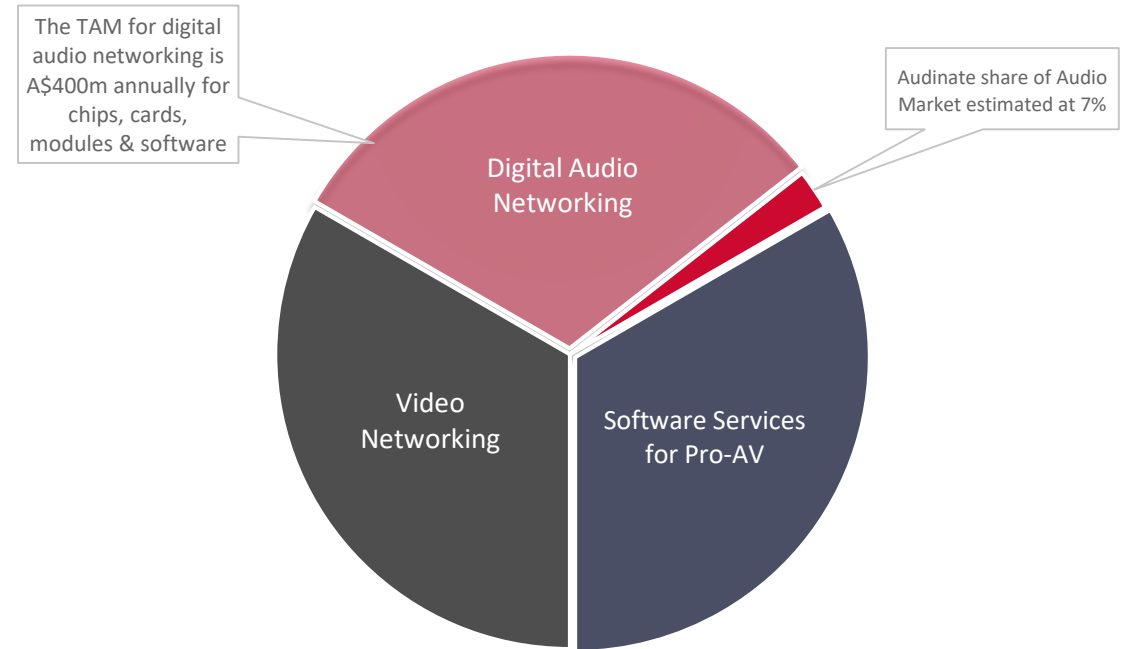


Make Dante AV the technology of choice for OEMs



Expand its Total Addressable Market with the addition of video & software products

Audinate Total Addressable Market ('TAM')*



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

Summary



Global market leader

- Dominant position as global leader in audio networking
- Six times the market adoption of its closest competitor



Attractive financial profile

- High gross margins supported by strong IP
- Revenue growth supported by repeat product orders
- History of consistent revenue growth



Innovative products

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



Significant market opportunity

- AV market currently in the early stages of transformation to digital networking
- Audinate is well positioned to capitalise on market growth and increased penetration



Strong customer base

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



Experienced management team

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

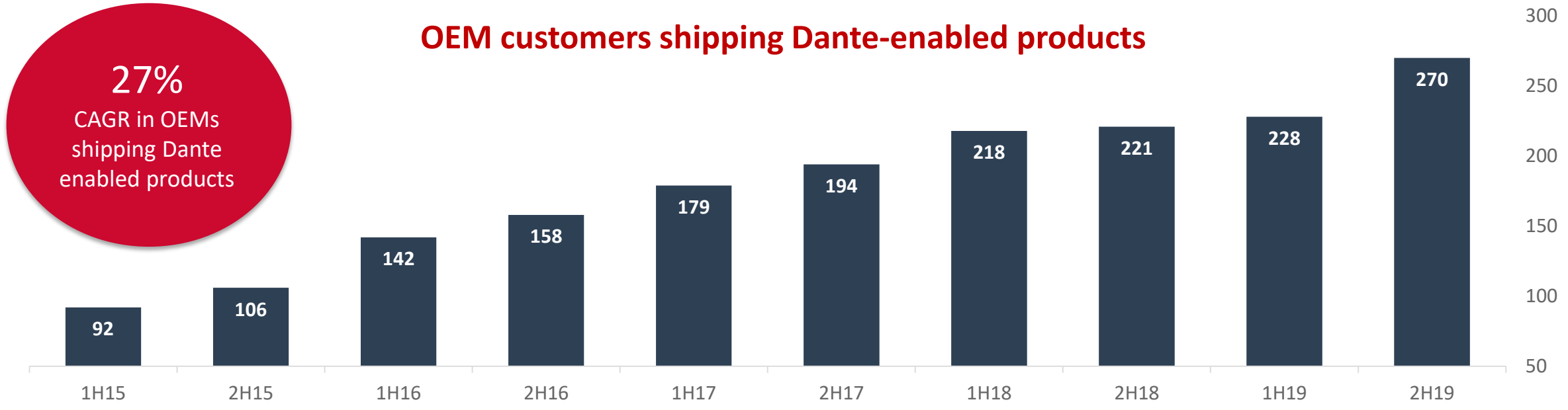
Questions

Appendices




Increasing OEM customer adoption: pipeline for growth

OEM customers shipping Dante-enabled products



Note: per financial year


Audinate has grown to 459 OEM customers

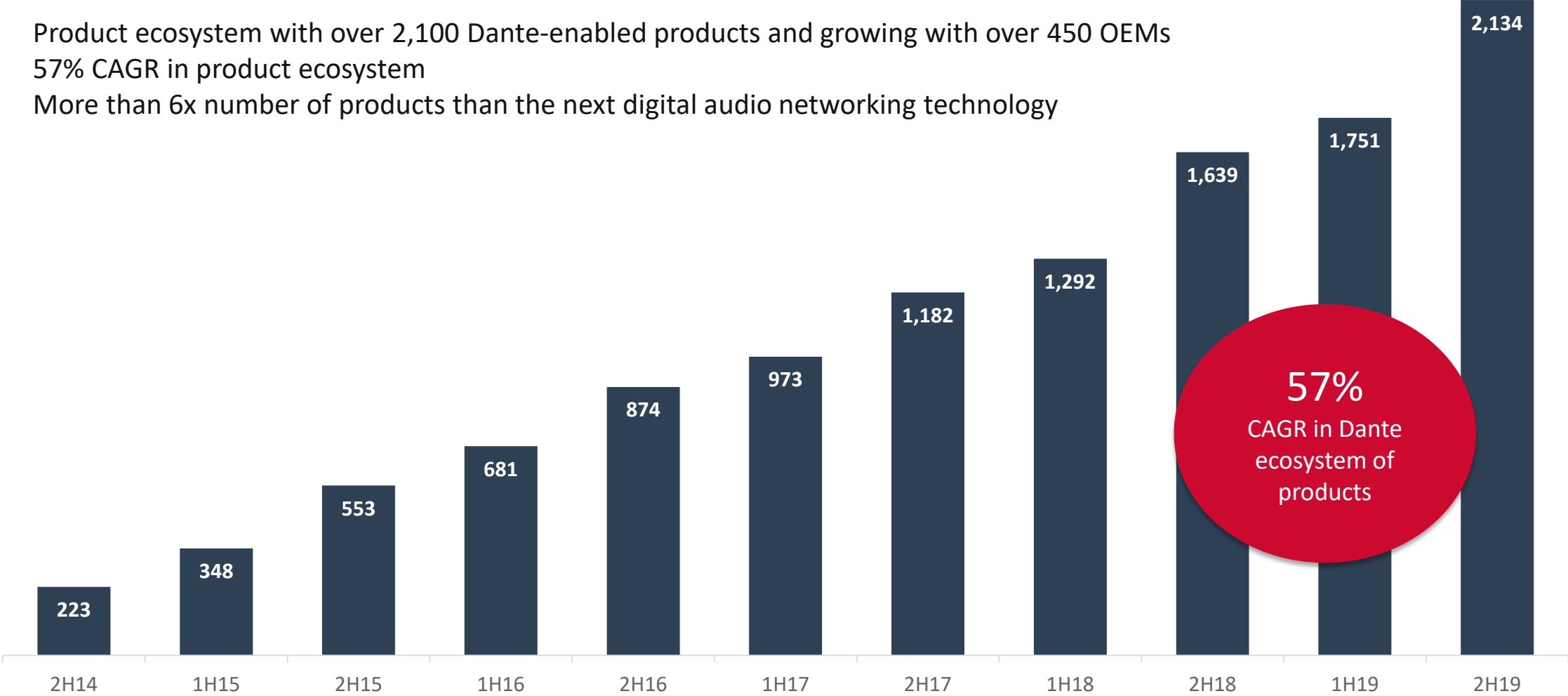

270 OEM customers have announced products in the market


170 OEM customers are currently developing their first Dante-enabled products

- OEM data regularly reviewed and updated – during the period 14 OEMs were removed from this table as no longer considered likely to bring a Dante product to market

Solid growth in product ecosystem

- Product ecosystem with over 2,100 Dante-enabled products and growing with over 450 OEMs
- 57% CAGR in product ecosystem
- More than 6x number of products than the next digital audio networking technology

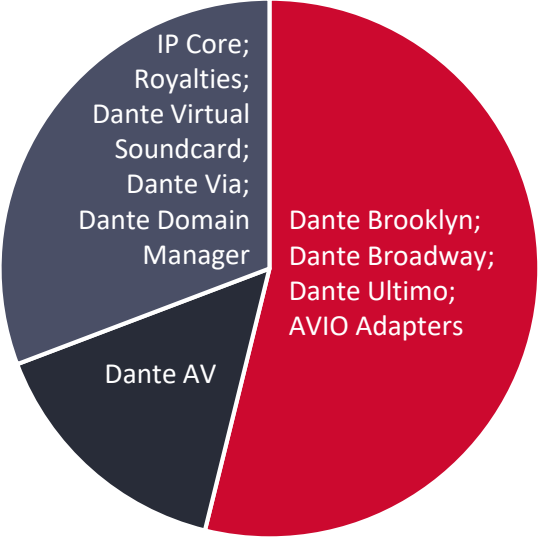


Audinate products

Products

Audinate’s core technology, called Dante, distributes audio and video signals across computer networks

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



■ Audio ■ Video ■ Software



Dante Audio and Adaptors

Dante Audio

- 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

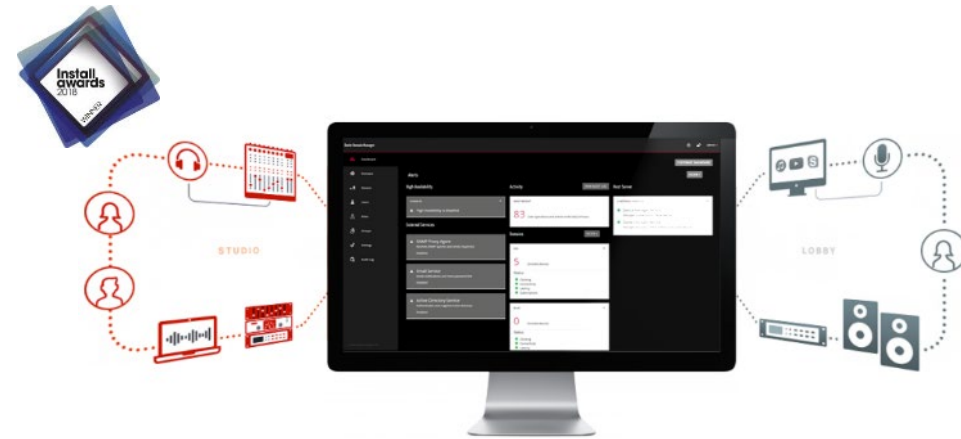
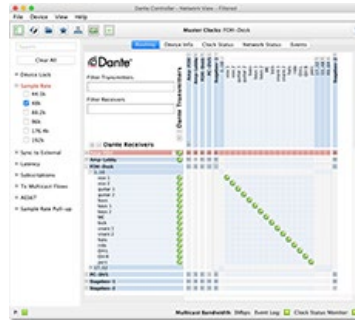
Adaptors



Dante Domain Manager

Dante Domain Manager Complete Network Management System

- 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 core business

Balance sheet

- Cash balance includes \$19m in net proceeds from institutional placement, with \$4m received in July 19 from SPP
- Debtors balance reflects strong June sales (arrears at record lows)
- Inventories now better than target of 4 turns, down from \$2.3m at 1H19
- Intangibles primarily represent internal development costs but includes \$1.2m of external costs in the current period (mainly related to Dante AV)
- Deferred tax asset now includes estimate of R&D rebate, previously received in cash and recorded as a current tax asset
- Contributed capital includes \$20m institutional placement

(AU\$'000s)	FY19	FY18	Change (\$)
Cash	30,069	13,631	16,438
Trade and other receivables	2,872	1,819	1,053
Current tax asset	-	1,344	(1,344)
Inventories	1,803	1,225	578
Other	812	276	536
Current assets	35,556	18,295	17,261
Property, plant and equipment	1,013	691	322
Intangibles	7,691	3,879	3,812
Deferred tax asset	2,278	1,874	404
Non-current assets	10,982	6,444	4,538
Total assets	46,538	24,739	21,799
Trade and other payables	2,413	2,164	249
Contract liabilities/unearned revenue	308	134	174
Income tax payable	19	23	(4)
Employee benefits	2,474	1,663	811
Provisions	47	73	(26)
Current liabilities	5,261	4,057	1,204
Employee benefits	133	309	(176)
Total liabilities	5,394	4,366	1,028
Net assets	41,144	20,373	20,771
Contributed capital	83,143	63,288	19,855
Reserves	775	521	254
Accumulated losses	(42,774)	(43,436)	662
Total equity	41,144	20,373	20,771

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