AUDINATE

Annual Report

2024

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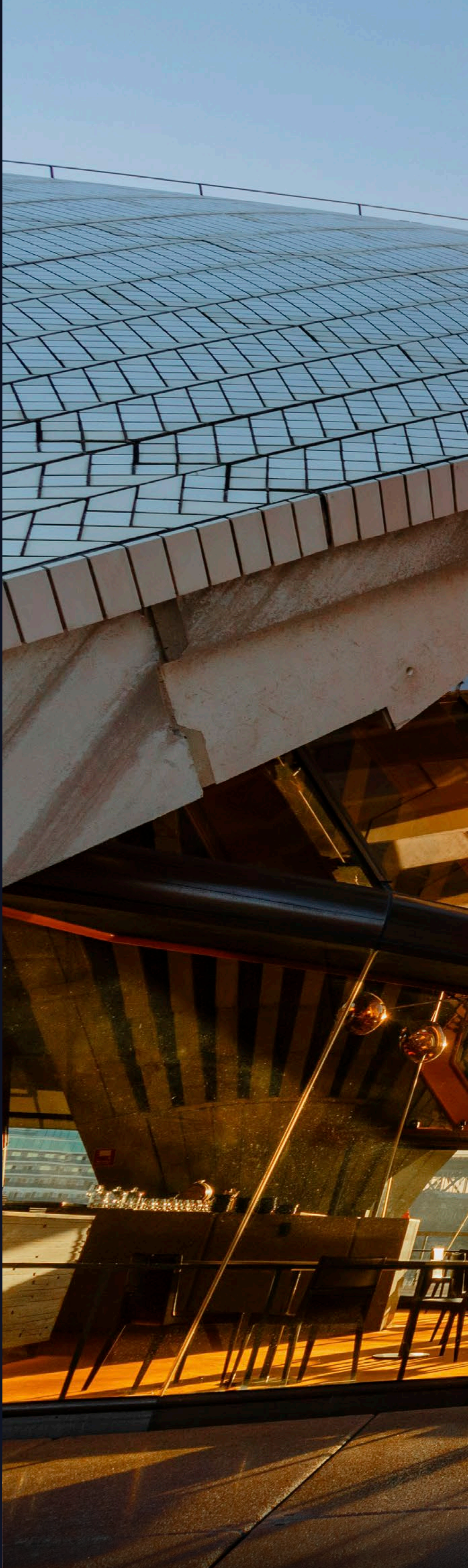


A Global leader in audio and video networking, distributing high quality digital media signals over computer networks.

Business overview

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

Dante transforms audio and video connectivity

Audio systems ranging from small systems for a conference room or house of worship to massive systems found in a university campus or stadium all require connections between microphones, mixers, processors, amplifiers, and speakers.

Traditionally, this means long runs of specialised analog cables that are heavy, cumbersome to manoeuvre and dedicated to only a single type of signal going to a single device at a time. Changes are labour-intensive and expensive, and noise and hum are constant companions as distances grow. Adding video to the mix brings more of the same, with even more dedicated cable types to install, manage and maintain.

Dante replaces **all** of those connections with a computer network, effortlessly sending video or hundreds of channels of audio over slender Ethernet cables with perfect digital fidelity. All connections are now managed with software, making routes fast, readable, and reliable. Because all devices share the same network, signals can be sent between **any** devices no matter where they are located on any site, with no change to the wiring at all. Dante systems are easily expanded, exactly as one might add a printer to a network. Just connect additional devices to any available network jack and start using it.

Dante is the evolution of AV systems, converging all previous connection types into one. Dante delivers vastly superior performance while making these systems easier to use, easier to expand, and less expensive to deploy.

Products

Dante is available in over 4,100 products from more than 460 manufacturers, covering a diverse range of installations and applications across industries, including:

- Universities
- Conference Rooms
- Broadcast Studios
- Corporate Campuses
- Houses of Worship
- Arenas and Stadiums
- Recording Studios
- Conference Centers
- Transportation
- Amusement Parks
- Zoos
- Theaters

Growing network effect of Dante enabled products in market

4,176

FY24 financials

Revenue
A$91.5m
Up 31.3%

Gross Margin
74.3%
Up 3.1%

Cash and Term Deposits
A$117.0m
Up 77.0m

NPBT
A$12.1m
Up 10.7m

Revenue
US$60.0m
Up 28.4%

EBITDA
US$20.4m
Up 85.5%

The Grace Cathedral in San Francisco uses Dante AV to seamlessly connect and manage their audio and video systems, ensuring crystal-clear delivery of services and music throughout this vast historic space

>A$2bn
Total addressable market

12x
Market adoption of closest audio competitor

460
OEM brands shipping Dante enabled products

48,000
Professionals trained on Dante in FY24

4,176
Dante enabled products available on the market

Dante AV is showcased at the Melbourne Conference and Exhibition Centre, demonstrating the efficient integration of networked AV signals in large-scale venues

Chairman's letter

Dear Shareholders,

On behalf of the Directors, I am pleased to present the Audinate Group Limited Annual Report for the financial year ended 30 June 2024 (FY24). At the end of FY21, the Company stated its ambition to double in revenue in the medium term, and it was immensely satisfying to successfully deliver on this ambition over the last three years. Although we anticipate a more challenging environment in FY25, we are committed to addressing these challenges and continuing to build the foundations for sustained business growth.

The next chapter of growth for Audinate is based on three pillars. First, the Company will continue the proliferation of Dante technology across a broader range of audio products. 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. Furthermore, the shift of our Original Equipment Manufacturer (OEM) customers to Dante software implementations improves their unit economics, and Audinate plans further innovation to drive down the marginal cost of adding Dante into more affordable audio products.

Secondly, our advancements in video over the past few years have been enormously satisfying, laying the foundation for accelerating broader adoption in the medium term. Building a network of interoperable products can be initially challenging, so to end the year with 54 customers and 84 Dante video products announced is a strong indicator that we've successfully navigated this initial phase.

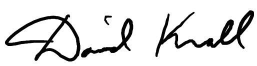
The final pillar of our growth strategy is the development of a platform software business for AV professionals. The launches of Dante Connect and Dante Director represent the first incarnation of products that are the foundation of this opportunity. The positive market response to Dante Director has been encouraging, affirming that we are on the right path towards achieving our long-term vision.

As Audinate enters this next chapter of growth, we sought external advice to ensure our short-term and long-term incentive programs are well-balanced, aligning the interests of both staff and shareholders. The Letter from the Chair of the Remuneration and Nomination Committee details the rationale behind these changes. Additionally, it's satisfying to report that the FY22 grant vested at 88.5% reflecting the strong revenue growth achieved over the past three years.

In response to growing investor interest in environmental, social and governance (ESG) matters, we are pleased to report our ongoing progress and announce new commitments for FY25. Notable achievements in FY24 include enhanced workforce diversity, strengthened cyber security capabilities and improved transparency in our supply chain management practices. In FY25, we are targeting ISO27001 compliance, a critical step in building the infrastructure for cloud-based services like Dante Director. Additionally, Audinate is committed to becoming carbon neutral for scope 1 and scope 2 emissions during FY25, marking a significant step forward in our sustainability efforts.

In August and September of 2023, the Company successfully raised $70 million of additional capital. Once again, we would like to thank all the institutional and retail shareholders who participated in the private placement and associated share purchase plan. Audinate is committed to deploying this capital responsibly to pursue the growth ambitions of our video and software platform businesses.

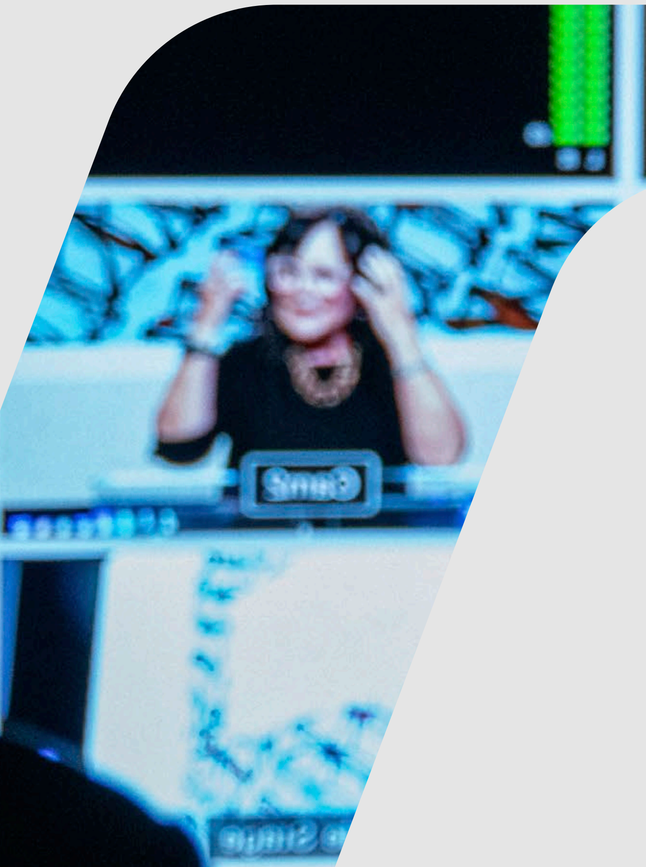
On behalf of the Board of Directors, we also wish to express our sincere thanks and gratitude to all Audinate employees. Your passion, drive and dedication were essential to our excellent results in FY24 and critical to our continued success.



David Krall
Chairman

"The next chapter of growth for Audinate revolves around three key pillars: the proliferation of Dante technology, advancing video capabilities, and developing a platform software business for AV professionals."

David Krall



CEO's letter

"The long-term strategic thesis for Audinate remains unchanged: driving innovation, expanding our global presence, and fostering growth in audio and video, all while delivering sustained value for our shareholders."

Aidan Williams

It is my pleasure to share our exceptional financial results for FY24, a testament to the hard work and commitment of our entire team at Audinate. Whilst we expect FY25 to be a transitional year, the long-term strategic thesis for Audinate remains unchanged: driving innovation, expanding our global presence, and fostering growth in audio and video, all while delivering sustained value for our shareholders.

Ongoing strength in core business metrics

A variety of metrics indicate continued strong interest in Dante from AV professionals:

- Marketing database of AV professionals grew by 20% and is now nearing 750,000
- Unique website visitors reached 1.5 million, marking a 22% increase
- Cumulative downloads of Dante Controller set-up tool also grew 13%
- Audio market adoption of 12 times that of our nearest competitor, based on customer product catalogue size.

The Audinate sales cycle involves an Original Equipment Manufacturer (OEM) design win, followed by a 12-24 month period for product design, and then a repeat revenue model from the point of manufacture. Over the past year, the number of OEMs developing their first Dante product rose to 161, up from 138 in FY23. Additionally, the number of OEMs shipping Dante products increased to 460 compared to 400 in FY23. As a result, the number of Dante-enabled OEM products grew to 4,176, reflecting a net increase in products of 323. This growth is vital for sustaining revenue and driving continued success in future years.

Our Dante Certification training programs are also essential in broadening the understanding of our technology and driving end-user demand for Dante-enabled products. During FY24, we continued to see strong interest in our training programs, with a 22% increase in people trained, bringing the cumulative number of AV professionals trained to over 270,000.

Ongoing Momentum in Video

The strong momentum that began in FY23 continued in FY24, as reflected in impressive growth in key metrics. The number of Dante video licensees increased 59% during FY24 reaching 54 customers by year end. Additionally, the number of video products announced grew by 75%, totalling 84 products over the same period. Consequently, we significantly surpassed our goal of doubling the video ecosystem in FY24.

Product features continue to expand with the next-generation Dante AV Ultra, which now incorporates video wall functionality, logo insertion, video thumbnails, and colour bar generation. Additionally, Dante Studio has been enhanced with lower latency and improved picture quality to elevate the user experience further.

Financial Results

Growth in US$ revenue (28.4%) was driven by a significant increase in Dante units delivered (34.1%), with the recovery in shipments of Ultimo chips shipments standing out as a key driver. The overall gross margin percentage for FY24 increased to 74.3%, improving from 71.8% in the first half, reflecting a favourable product mix shift and cost down achieved on Brooklyn modules.

Software US$ revenue increased by 32.6% compared to 17.4% growth in software units shipped, reflecting:

- Revenue growth from Dante IP Core & Dante Embedded Platform software (both up >75%) and sales of Dante Via & Dante Virtual Sound Card to AV professionals (up >45%); and
- Unit growth from these same products, together with a strong initial contribution from Dante video offerings, tempered by a 21.2% decrease in high-volume, lower-priced Reference Designs.

Chips, cards & modules (CCM) US$ revenue grew at 26.4% compared to growth in CCM units shipped of 34%, reflecting a combination of impacts:

- Growth in units shipped primarily driven by deliveries of lower priced Ultimo chips representing unfulfilled demand carried into FY24; and
- Revenue growth driven by Brooklyn (>45%), Ultimo (up nearly 75%) and adapters (>25%).

Operating expenses increased by 21.2% to $47.5 million in the year ended 30 June 2024. The key movement was a $5 million increase in employment costs as headcount grew from 197 to 225 as of 30 June 2024. Sales and marketing expenses increased to $6 million from the prior year ended 30 June 2023 due to increased spend on advertising, re-branding, trade shows and travel. Administration and other expenses increased by $1.8 million to $7.2 million due to additional spend on software subscriptions, travel, and general administration for the expanding business.

EBITDA was $20.4 million in 30 June 2024 compared to $11 million in 30 June 2023. Depreciation and amortisation increased by $1.6 million in the current year, reflecting an increase in the total value of capitalised development costs being expensed. Audinate recognised an income tax expense of $1.8 million during the year ended 30 June 2024 compared to an income tax benefit of $9.3 million in the prior year (prior year benefit mainly related to the recognition of tax losses). Consequently, net profit after tax was $10.2 million for FY24, slightly down from $10.6 million in FY23.

Strong cashflow and cash position

The Company recorded positive operating cashflows of $25.4 million for the year ended 30 June 2024, up 104.3% from $12.4 million for the previous corresponding period. Audinate also recorded positive free cashflow of $6.9 million for FY24, representing an $11.2 million improvement from negative cashflow in FY23. The Company remains well capitalised with cash and term deposits of $117 million at 30 June 2024, and no debt.

M&A focus

In FY25, we will continue our disciplined examination of M&A opportunities that can deliver strategic benefit and shareholder value. There are several opportunities on foot, with the potential for another transaction to occur this year.

Outlook

The Company faces a combination of revenue headwinds in FY25, including:

- The continued preference for software-based Dante implementations which is expected to drive the business's overall margin towards 80%. While these Dante software implementations increase adoption by reducing hardware costs for OEMs, they result in lower per-unit revenue for Audinate.
- Shortening order lead times, re-balancing of inventory holdings across the industry and the rate at which our manufacturing customers clear raw material inventory.
- Expected end-of-life of Viper and MY16 products.

Audinate expects to generate US$ gross profit marginally lower than FY24, and there will likely be a decline in revenue in FY25, before a return to anticipated growth and more predictable order patterns in FY26.

Given the outlook, we have implemented various measures across marketing, sales, and product development to manage costs while continuing to invest in new products like Dante Director and Dante Connect. This strategy enables incremental spending in sales and marketing activities to enhance business momentum. Consequently, we expect cost growth to be in the range of 7% – 9% in FY25 (compared to historical annual cost growth of 28.5% over the last three years). Our goal is to balance cost management with continued investment to capitalise on Audinate's long-term opportunities.

Conclusion

As we look forward to 2025 and beyond, I want to express my gratitude to the Board for their support and counsel, which continue to be instrumental in guiding our growth. I am equally thankful to our exceptional team, whose dedication and innovation drive our business. We farewell our CFO, Rob Goss, who has made a big contribution to Audinate since he joined us to undertake the IPO nearly eight years ago, and I wish him well in his next endeavour. To our shareholders, customers, and partners, your ongoing support and cooperation are key to our success. Together, we are not just navigating the future of AV—we are actively shaping it. I am excited about the opportunities ahead and committed to our shared vision to 'Pioneer the Future of AV.'

Aidan Williams

Chief Executive Officer

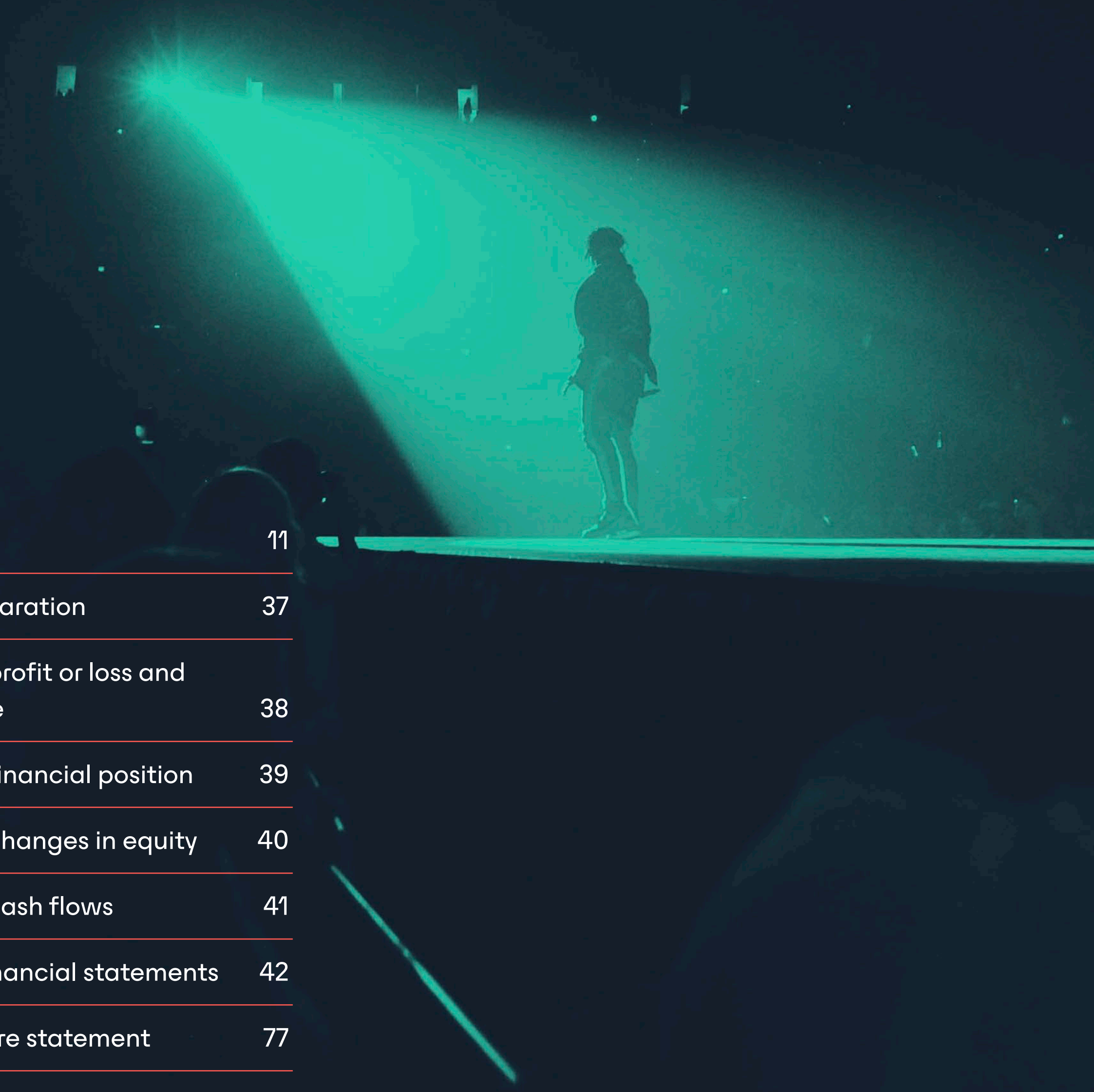
Directors' report and consolidated financial statements

AUDINATE

Audinate Group Limited

ABN 56 618 616 916

For the year ended 30 June 2024



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Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Audinate Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the financial year ended 30 June 2024.

Directors

The following persons were directors of Audinate Group Limited during the whole financial year and up to the date of this report, unless otherwise stated:

David Krall

Aidan Williams

John Dyson

Roger Price

Alison Ledger

Tim Finlayson

Amrita Blickstead

Principal activities

The Group's principal activity is the development and sale of digital Audio Visual ('AV') networking solutions. Dante® is the Group's technology platform that distributes high-quality digital audio and video signals over computer networks. Dante comprises software and chips, cards and modules that are sold to and integrated inside the AV products of its Original Equipment Manufacturer ('OEM') customers. Audinate also provides a series of products and services to AV professionals including AVIO adapters and management and control software.

Dividends

No dividends were paid, recommended or declared during the current or previous financial year.

Review of operations

The Group reported an increase in revenue of 31.3% to $91.5 million for the year ended 30 June 2024, up from $69.7 million recorded in the prior year ended 30 June 2023. As the Group invoices its customers in US dollars, this currency is a more relevant measure of sales performance. In US dollars, revenue increased by 28.5% to US$60.0 million in FY24 from US$46.7 million in the prior year.

Gross profit dollars increased by 35.3% to $68.0 million for the year ended 30 June 2024, from $50.2 million in the prior year ended 30 June 2023. The gross margin for the year ended 30 June 2024 improved to 74.3%, exceeding the 72.1% recorded in the previous corresponding year.

The directors consider Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') to reflect the core earnings of the Group. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items. The Group's reconciliation of its statutory net profit after tax for the current and previous year to EBITDA is as follows:

	Consolidated	
	2024 $'000	**2023 $'000**
Profit after income tax expense for the year	10,236	10,643
Interest income	(4,155)	(686)
Other income	–	(4)
Net foreign exchange loss/(gain)	165	(67)
Revaluation of deferred contingent consideration	–	(439)
Interest expense	158	239
Income tax expense/(benefit)	1,848	(9,250)
Depreciation and amortisation	12,173	10,576
EBITDA	**20,425**	**11,012**

Management has excluded the $439,000 gain on revaluation of the deferred contingent consideration (in respect of the Silex acquisition) from EBITDA for the previous year ended 30 June 2023.

Operating expenses increased by 21.2% to $47.5 million in the year ended 30 June 2024 from $39.2 million in the prior year ended 30 June 2023. The key movement was due to a $5.0 million increase in employee costs as headcount grew from 197 to 225 at 30 June 2024, salary increases and the annualisation impact of new headcount added over the course of the prior year. Sales and marketing expenses increased by $1.6 million to $6.0 million from the prior year ended 30 June 2023 due to the increased spend on advertising, re-branding, trade shows, and travel. Administration and other expenses increased by $1.8 million to $7.2 million due to additional spend on software subscriptions, travel, and general administration for the expanding business. Consequently, EBITDA was $20.4 million in the year ended 30 June 2024 compared to $11.0 million in the prior year ended 30 June 2023.

An increase in the capitalised development cost asset has resulted in a rise in the depreciation and amortisation expense to $12.2 million during the year ended 30 June 2024, compared to $10.6 million in the prior year. An increase in term deposits held during the year and higher interest rates resulted in interest income rising to $4.2 million from $0.7 million for the year ended 30 June 2023. Audinate recognised an income tax expense of $1.8 million during the year ended 30 June 2024 compared to an income tax benefit of $9.3 million in the prior year (prior year benefit mainly related to the recognition of tax losses). Due to the movements described above, the net profit after tax was $10.2 million for the year ended 30 June 2024, compared to a $10.6 million net profit after tax in FY23.

The following table highlights key balances in Audinate's statement of financial position.

	Consolidated	
	2024 $'000	2023 $'000
Cash and term deposits	117,037	40,031
Inventories	5,233	6,707
Total current assets	135,388	56,469
Total non-current assets	54,086	50,133
Total assets	189,474	106,602
Total current liabilities	15,249	14,293
Total non-current liabilities	3,739	2,113
Total liabilities	18,988	16,406
Total equity	170,486	90,196

The Group recorded operating cash flow of $25.4 million for the year ended 30 June 2024 compared to $12.4 million for FY23.

Audinate held over $117 million in cash and term deposits as at 30 June 2024, following the $70 million capital raised in the first half of FY24.

Ongoing strength in core business metrics

The Audinate sale cycle involves an OEM design win followed by a period of 12 – 24 months for completion of product design, followed by a repeat revenue model from the point of manufacture. During the year, the number of OEMs in the process of developing their first Dante product increased to 161 from 138 in FY23. Furthermore, the number of OEMs shipping Dante products increased to 460 from 400 in FY23.

As a result, the number of Dante-enabled OEM products increased to 4,176, reflecting a net increase in products of 323 for year ended 30 June 2024 compared to 3,853 net products as at 30 June 2023. This growth is important to continue to drive revenue in future years.

Significant changes in the state of affairs

The Group completed an institutional placement on 8 September 2023 which raised $50 million of cash and resulted in the issue of 3,846,154 ordinary shares on 13 September 2023. In addition, a Share Purchase Plan was completed on 5 October 2023 which raised $20 million of cash and resulted in the issue of 1,538,919 ordinary shares on this date.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

In FY25, Audinate is likely to face a series of revenue headwinds associated with customer transition to software-based Dante implementations, manufacturers re-balancing inventory holdings following conservative overordering during FY24 and the expected end of life of Viper and other products.

On the product and technology front, the business will focus on

- Ongoing development of Dante Director, Audinate's first cloud-based management and control software offering;
- Broadening the suite of AVIO adapters;
- Deal registration and other initiatives to strengthen ties with integrators; and
- Ongoing marketing, sales and support activities to drive further adoption of Dante video.

Whilst Audinate expects FY25 to be a transitional year for the reasons above, the long-term outlook for Audinate remains strong. There are over 6 million Dante devices in the field and more than a million being added each year. The continued growth in the Company's installed base and the recent launch of Dante Director underpin Audinate's long-term plans to generate revenue from the management and monitoring of audio-visual installations.

Information on directors

Name:	**David Krall**
Title:	Chairman and Non-Executive Director
Qualifications:	David has a Master of Business Administration from Harvard Business School and both a Bachelor of Science degree and Masters' degree in Electrical Engineering from Massachusetts Institute of Technology.
Experience and expertise:	David serves as a director and/or strategic advisor to several technology companies, combining a strong educational background in engineering and business over 30 years of professional experience. David currently acts as Strategic Advisor for Roku Inc. He is the former President and Chief Operating Officer of Roku Inc., a market leader in television streaming. He was also formerly President and Chief Executive Officer of Avid Technology Inc. (NASDAQ: AVID)
Other current directorships:	Director of Progress Software Corporation (NASDAQ: PRGS); Director of Harmonic Inc. (NASDAQ: HLIT); and Director of Universal Audio; and Director of WeVideo Inc.
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration and Nomination Committee
Interests in shares:	402,308 ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	**Aidan Williams**
Title:	Chief Executive Officer
Qualifications:	Aidan has a BSc in Computer Science, and a BEng (Hons I) in Electrical Engineering, both from the University of New South Wales (UNSW), Australia.
Experience and expertise:	Aidan Williams is co-founder and CEO of Audinate. While at the National ICT Australia (NICTA), he was the driving force behind the Digital Audio Networking project that developed the fundamental audio networking technology behind Dante. Prior to joining NICTA, Aidan was at Motorola Labs in Sydney where he worked on advanced networking technologies including zero-configuration IP networking, IPv6, reliable multicast, mobile adhoc networking and residential gateways. He is an inventor on more than twenty patents related to IP networking. Before embarking on an R&D career, Aidan developed extensive skills in networking, security, operating systems, and software development through several years of hands-on experience managing large networks, mission-critical systems and network security for a large university campus.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,897,305 ordinary shares
Interests in options:	None
Interests in rights:	154,896 performance rights

Name:	**John Dyson**
Title:	Non-Executive Director
Qualifications:	John has a Master of Business Administration from RMIT University and a Bachelor of Science degree from Monash University. He has a Graduate Diploma in Finance and Investment from the Securities Institute of Australia and is a graduate and member of the Australian Institute of Company Directors.
Experience and expertise:	John is a director and one of the founders of Starfish Ventures. He played a crucial role in the establishment of Starfish Ventures and has personally overseen and managed investments across a range of technologies and industries. John is currently a Director of Echoview Pty Ltd., Design Crowd Pty Ltd, Marp Therapeutics Pty Ltd and Hearables 3D Pty Limited. John is also a Director at the Walter and Eliza Hall Institute of Medical Research. Formerly, John was General Manager (Australia) of JAFCO Investment (Asia Pacific), a Singapore based private equity manager. Prior to joining JAFCO, John worked in the investment banking and stockbroking industries for Schroders, Nomura Securities, KPMG and ANZ McCaughan.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Remuneration and Nomination Committee and the Audit and Risk Management Committee
Interests in shares:	155,675 ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	**Roger Price**
Title:	Non-Executive Director
Qualifications:	Roger has an Engineering degree from the University of Technology, Sydney and is a graduate of the Australian Institute of Company Directors.
Experience and expertise:	Roger is currently Chair of Additive Assurance Pty Ltd and Binary Tech Global Pty Ltd. He was formerly the Chief Executive Officer of Windlab Limited, a wind energy company (which was listed on the ASX until it was sold and delisted on 29 June 2020). Previously Roger was also a partner at Innovation Capital, a venture capital firm in Sydney, one of the early investors in the Group. Roger has a depth of operational experience including senior engineering, manufacturing, information technology service and international business development roles for a number of technology-based companies. Prior to joining Innovation Capital, Roger was the Chief Executive Officer of Reino Intl., a developer of advanced parking solutions. Roger commenced his career at Alcatel and has held senior positions with a number of Australian technology businesses and NASDAQ listed software companies.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Management Committee
Interests in shares:	80,164 ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	**Alison Ledger**
Title:	Non-Executive Director
Qualifications:	Alison has a Master of Business Administration from Harvard Business School and a Bachelor of Arts degree in Economics from Boston College. She is a graduate and member of the Australian Institute of Company Directors.
Experience and expertise:	Alison is a company director with significant experience in banking, consulting and corporate P&L roles. She is currently a Non-Executive Director of ASX listed Latitude Financial Services and ASX listed Count. As a Partner with McKinsey & Company, Alison advised leading global and Australian financial institutions on strategy, performance improvement and organisational change. While Executive General Manager, Product, Pricing and e-businesses at Insurance Australia Group (IAG), Alison led the digital transformation of the direct insurance business.
Other current directorships:	Director of Latitude Financial Services (ASX: LFS); Director of Count Limited (ASX: CUP)
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Remuneration and Nomination Committee
Interests in shares:	7,597 ordinary shares
Interests in options:	None
Interests in rights:	None

Name:	**Tim Finlayson**
Title:	Non-Executive Director
Qualifications:	Tim has degrees in Economics and Laws from Macquarie University. He is a member of Chartered Accountants Australia and New Zealand and is admitted as a Solicitor of the Supreme Court of New South Wales. He is a graduate and member of the Australian Institute of Company Directors.
Experience and expertise:	Tim is a chartered accountant with more than 30 years of experience in professional services, telecommunications and infrastructure industries and has held finance and operational leadership roles in Australia, Singapore and Vietnam. Tim is currently Chief Operating Officer with King & Wood Mallesons Australia, a leading international law firm. During his time at PricewaterhouseCoopers, Tim was a partner of Tax and Legal Services in Indochina advising foreign companies on setting up and operating in Vietnam, Cambodia and Laos, following tax advisory roles in Sydney and Singapore. Tim was previously Chief Financial Officer for Sydney Airport Corporation (ASX: SYD) and Hutchison Telecommunications (Australia) Limited (ASX: HTA).
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Management Committee
Interests in shares:	103,262 ordinary shares
Interests in options:	None
Interests in rights:	None
Name:	**Amrita Blickstead**
Title:	Non-Executive Director
Qualifications:	Amrita holds a Master of Business Administration from Harvard Business School and a Bachelor of Mechanical (Biomedical) Engineering from the University of Sydney. Amrita won the Australian Financial Review BOSS Awards for Young Executive of the Year in 2019.
Experience and expertise:	Amrita is an experienced non-executive director with extensive strategic, sales & marketing, and product development expertise. She has deep experience in retail, eCommerce, and medical devices and has been an advocate for diversity & inclusion. Amrita is the former Chief Operating and Marketing Officer at eBay Australia & New Zealand, and, over her ten-year tenure, she led many different areas of the business across strategy, operations, marketing, sales, and pricing. Before eBay, Amrita established her career as a Management Consultant at Port Jackson Partners and a Biomedical Engineer at Ventracor and Cochlear. Amrita is currently a Non-Executive Director of Vision Beyond AUS (not for profit entity).
Other current directorships:	Co-CEO and Executive Director at ASX-listed Somnomed (ASX: SOM)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Management Committee
Interests in shares:	13,365 ordinary shares
Interests in options:	None
Interests in rights:	None

‘Other current directorships’ quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

‘Former directorships (last 3 years)’ quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Rob Goss is the Chief Financial Officer and Company Secretary, responsible for finance, risk management and investor relations. He is a member of the Chartered Accountants Australia and New Zealand and has a Bachelor of Business degree, majoring in Accounting, from the University of Technology, Sydney.

Before joining the Group in 2017, Rob served as Chief Financial Officer for BuildingIQ, Inc. (ASX: BIQ), a commercial energy platform to manage building heating and cooling via the cloud to save on energy costs. Prior to BuildingIQ, Rob was Chief Financial Officer at iProperty Group Limited (ASX: IPP), an online property portal operating in Malaysia, Hong Kong, Indonesia, Singapore and Thailand. Previously, Rob held senior finance roles at ANZ Bank and Allco Finance Group after commencing his career as a chartered accountant at KPMG.

On 27 May 2024, Rob Goss resigned as Chief Financial Officer.

Meetings of directors

The number of meetings of the Company’s Board of Directors (‘the Board’) and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination Committee		Audit and Risk Management Committee	
	Attended	Held	Attended	Held	Attended	Held
David Krall	10	10	4	4	–	–
Aidan Williams	10	10	–	–	–	–
John Dyson	10	10	4	4	3	3
Roger Price	10	10	–	–	3	3
Alison Ledger	8	10	4	4	–	–
Tim Finlayson	10	10	–	–	3	3
Amrita Blickstead	10	10	–	–	3	3

Held: represents the number of meetings held during the time the director held office.

Remuneration report

Chair letter

Dear Shareholder,

On behalf of the Board, I am pleased to present the FY24 Remuneration Report for Audinate Group Limited and its controlled entities. The Remuneration Report provides information on the remuneration arrangements of Key Management Personnel (KMP), which includes the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Non-Executive Directors (NEDs).

FY24 was another strong year in the continued growth of the Group, highlighted by:

- Record gross profit of US$44.5 million, up 33.2% from FY23
- Record revenue of US$60 million, up 28.4% from FY23
- Record EBIDTA of A$20 million, up 33.2% from FY23
- Employee engagement results aligned with the top quartile of global technology peers.

Remuneration outcomes for FY24

Given Audinate's strong performance, the FY24 STI Group scorecard outcome was 138% of target. A key driver of this outcome was the performance against a video units metric, with the stretch target being exceeded. Audinate's key strategic objective in FY24 was to drive the proliferation of video technology which was achieved by increasing the video ecosystem by more than 2x. The CEO and CFO both received 131% of their target FY24 STI and 61.65% of their maximum FY24 STI, reflecting a year of high performance against the Company's ambitious targets.

The FY22 LTI vested at 88.52%, as a result of revenue growth over the LTI period. Audinate is proud to have grown revenue from US$25 million in FY21 to over US$60 million in FY24.

During FY24, an increase was made to NED fees, having regard for benchmarking data. No adjustment will be made to NED fees in FY25.

Looking ahead

The Board is committed to continuing to ensure that Audinate's remuneration framework drives the execution of the Company's strategy, and the delivery of value to shareholders.

Entering FY25, the CEO will receive a fixed pay increase of 2.5%, and his LTI opportunity will be increased from 100% of total fixed remuneration (TFR) to 150% to ensure alignment with long term performance.

The primary performance metric in the LTI will shift from USD revenue growth to USD gross profit growth, reflecting Audinate's transition from primarily hardware-based installations toward more software-based installations. A relative total shareholder return metric will also be introduced to the FY25 LTI, with further detail to follow in the Notice of AGM.

As previously announced, Rob Goss has resigned from his role as Audinate CFO. The Board would like to thank Rob for his significant contribution since joining the Company in 2017, including for his continued engagement and support through to October 2024. Further announcements regarding Rob's successor will be provided in due course.

The Board thanks management and staff for their continued commitment and contribution to Audinate, following a record-breaking FY24. While FY25 is not forecast to deliver the same levels of growth, the long-term outlook for Audinate remains strong, as we continue to consolidate the Company's position as the leading provider of professional AV networking technologies globally.

We hope you find this report informative and welcome any feedback on the Company's remuneration framework and disclosures.

Alison Ledger
Chair of the Remuneration and Nomination Committee

Remuneration report (audited)

Contents

This remuneration report has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth) and details the remuneration arrangements in place for key management personnel ('KMP') of the Company.

1. Key management personnel

KMP of the Group for the year ended 30 June 2024 are as follows:

KMP	Position	Term
Non-Executive KMP:		
David Krall	Non-Executive Director/Chairman	Full year
John Dyson	Non-Executive Director	Full year
Roger Price	Non-Executive Director	Full year
Alison Ledger	Non-Executive Director/Chair of Remuneration and Nomination Committee (RNC)	Full year
Tim Finlayson	Non-Executive Director/Chair of Audit and Risk Committee (ARC)	Full year
Amrita Blickstead	Non-Executive Director	Full year
Executive KMP:		
Aidan Williams	Chief Executive Officer (CEO)	Full year
Rob Goss*	Chief Financial Officer (CFO)/Company Secretary	Full year

* On 27 May 2024, it was announced that Rob Goss had resigned from the Company. Rob Goss agreed to continue in the role as CFO and Company Secretary through to 18 October 2024.

2. Remuneration framework

The Company's objective is to provide maximum benefit to shareholders while ensuring the long-term sustainability of the business. To achieve this the Company must attract, motivate and retain highly skilled directors and executives, and remunerate them fairly and appropriately. A summary of Audinate's remuneration framework is outlined in the following table.

Remuneration principles

Competitiveness and reasonableness	Link between executive rewards and shareholder value	Appropriately demanding performance hurdles for variable rewards	Transparency

FY24 Remuneration framework

	Total fixed remuneration (TFR)	Short-term incentive (STI)	Long-term incentive (LTI)
Objective	Attract and retain the executives capable of leading and delivering the Company's strategy	Incentivise and reward for strong execution of the Company's annual goals	Encourages an ownership mindset and drives long-term value for the Company's shareholders
Link to performance	Remuneration for meeting the role's requirements Benchmarked against relevant peers, including having regard for global practices where relevant	Performance is assessed against a Group STI scorecard, and a personal performance multiplier In FY24, Group STI Scorecard metrics included revenue, EBITDA, and video units shipped	The FY24 LTI is subject to a revenue growth target A relative total shareholder return metric will be introduced as part of the FY25 LTI
Delivery	Base salary, statutory superannuation and other non-cash benefits	Where performance targets are achieved, awards are settled in cash	Where performance targets are achieved, performance rights will convert to ordinary shares
FY24 outcome for CEO and CFO	4.0% TFR increase was made effective 1 July 2023, having regard for general market conditions and competitiveness against peers	61.65% of maximum STI vested, reflecting record results against all key financial metrics	88.52% of the FY22 LTI vested, reflecting 33.85% cumulative annual growth rate in the US dollar revenue over the three year period to 30 June 2024

3. FY24 Short-term incentive (STI)

The STI is designed to reward eligible employees for their efforts toward the accomplishment of the Group's goals during the plan year. Under the STI, the decision to pay any bonus remains at the full discretion of the Board, based on recommendations by the RNC.

The key components of the cash-based STI are:

- participants may be entitled to receive a percentage of their fixed remuneration as an annual cash bonus;
- payment of an annual cash bonus is based on (i) a Group STI scorecard and (ii) a personal performance multiplier;
- the Group STI scorecard is set annually by the Board having regard for key objectives for the period. The measures chosen for FY24 related to revenue, EBITDA and Video Units shipped. The Board will continue to review the construct of the scorecard each year, including having regard for whether additional non-financial measures should be included. The Board sets a target for each metric with the maximum available Group STI scorecard outcome for FY24 being 170% of target;
- the personal performance of each executive is also assessed as part of determining STI outcomes. A personal performance multiplier can be applied to adjust the executive's STI outcome by 0-125%, reflecting this performance.

Group STI scorecard outcome

Performance measure	Weighting	Outcome (% of Target)	Commentary
Revenue (US dollar)	40%	92%	Sales revenue exceeded US$60 million in FY24, a 28% increase from FY23, driven primarily by a 26% increase in CCM revenue and a 38% increase in software revenue.
EBITDA (AU dollar)	20%	106%	EBITDA exceeded target in FY24, reflecting another record year. Initiatives undertaken that contributed to this outcome included a drive to increase revenue, offset by an increase in expenditure.
Video units	40%	200%	A key strategic objective entering FY24 was to drive proliferation of video technology. Performance was particularly strong in this area, with Audinate's video ecosystem increasing by more than 2x, exceeding the stretch target.
Total		**138%**	

The outcome delivered via the Group STI scorecard is considered appropriate by the Board, having regard for the overall financial and non-financial performance of the company, in FY24.

Overall STI scorecard outcome

	FY24 STI payable	% of Maximum STI payable	% of Maximum STI forfeited
Aidan Williams	$360,369	61.65%	38.35%
Rob Goss	$228,892	61.65%	38.35%

4. FY24 Long-term incentive (LTI)

The LTI is designed to drive the delivery of Audinate's strategy, and to align management with the interests of shareholders over the long term.

Component	Detail
Delivery of LTI	The LTI is delivered in the form of Performance Rights. On vesting, each Performance Right entitles the holder to one ordinary share.
Participation and quantum	The LTI opportunity levels offered to KMP in FY24 were: • 100% of TFR for the CEO; and • 60% of TFR for the CFO. The number of Performance Rights issued was determined by dividing the LTI opportunity by the 10-day volume weighted average share price (VWAP) following the release of the FY23 results.
Performance period	Three year performance period from 1 July 2023 to 30 June 2026.
Performance hurdle	The Performance Rights will vest over a period of three years subject to the satisfaction of both: • Continued service over the performance period; and • Achievement of the relevant performance hurdle (see below) Audinate's FY24 LTI was subject to a single performance metric, being the US dollar revenue compound annual growth rate (CAGR). This metric was selected as it was considered to be most directly aligned with the creation of shareholder value. As stated in the letter at the beginning of this report, there will be a change to the performance measures used for the FY25 LTI, including the introduction of a relative total shareholder return component. The Performance Rights commence vesting upon achieving a 25% revenue CAGR and will vest fully upon achieving a 35% increase in revenue CAGR, as per the below table: **US dollar Revenue CAGR %** — **% of performance rights to vest** < 25% — No vesting 25 – 35% — Pro-rata straight line vesting between 25% and 100% ≥ 35% — 100% vesting
Voting and dividend entitlements	No voting rights or dividend entitlements attach to the unvested performance rights.
Forfeiture of awards	The Board may, in certain circumstances, impose a clawback, including the cancellation of unvested performance rights and forfeiture of shares allocated upon vesting of options or performance rights (e.g. in the event of fraud, dishonesty or serious breach of duty).
Treatment upon cessation of employment	Treatment upon cessation of employment is dependent on leaver status. Where the participant is deemed a Good Leaver, the Board may determine where: • any or all the unvested performance rights will continue to be held and subject to the same performance hurdles and vesting conditions; or • any or all the performance rights will automatically lapse Where the participant ceases employment with the Company prior to the vesting and is considered a Bad Leaver, all of the unvested performance rights will lapse unless the Board determines otherwise. Any vested performance rights which have not converted to shares will remain in force and be exercisable.
Change of control	In the event of a change of control, the performance rights may be subject to accelerated vesting at the discretion of the Board.

FY22 LTI Outcome

The FY22 LTI (with a performance period of 1 July 2021 to 30 June 2024) was tested at the end of FY24 against a revenue CAGR target.

Over this period, revenue increased from US$25 million to US$60 million, reflecting a CAGR of 33.85%.

This resulted in an FY22 LTI vesting outcome of 88.52%.

The shares related to the conversion of these performance rights will be issued following the release of the FY24 results.

5. Remuneration governance

The Board has overall responsibility for the Group's remuneration principles, practices, strategy and approach to ensure they support the Company's business strategy and are appropriate for a listed company given the size and nature of Audinate's business.

The RNC is responsible for advising the Board on the composition of the Board and its committees, evaluating potential Board candidates and advising on their suitability, and ensuring appropriate succession plans are in place. This Committee is currently comprised of three independent non-executive directors. The CEO and other directors attend at the invitation of the Committee Chair.

The RNC establishes, amends and reviews the compensation and equity incentive plans with respect to the Executive Leadership Team ('ELT') and employees of the Group including determining individual elements of the total compensation of the Chief Executive Officer, and other members of the ELT.

The RNC may seek external advice to determine the appropriate level and structure of the remuneration packages from time to time. During FY24, the RNC did obtain such advice from independent remuneration consultants. No remuneration recommendations (as defined in the *Corporations Act 2001* (Cth)) were received as part of this advice.

A summary of the annual remuneration review process for the ELT is set out below.

CEO

Assess each ELT member's current year performance based on actual outcomes relative to agreed key performance indicators, individual performance and market conditions.

Generates recommendations to the Remuneration and Nomination Committee on STI payments for the current year.

Provides appropriate recommendations to the Remuneration and Nomination Committee of the amount of fixed remuneration appropriate STI targets and LTI grants for the future measurement period.

Remuneration and Nomination Committee (RNC)

Assess the CEO's recommendations with respect to the Executive KMP and provides recommendations to the Board.

Reviews the CEO's current year performance and remuneration outcomes against agreed key performance indicators, formulating a recommendation to the Board on the CEO's STI for the current year.

Provides recommendations to the Board of the amount of the CEO's fixed remuneration and appropriate STI and LTI targets for the future measurement period, considering all relevant market and external factors.

Approves current year STI and LTI payments (other than KMP). Approves remuneration arrangements for all staff other than KMP.

Board

Reviews the Remuneration and Nomination Committee recommendations.

Approves current year STI and LTI payments for Executive KMP.

Approves Executive KMP remuneration for the following year.

Approves the remuneration and remuneration structure for the future measurement period, including STI targets, LTI grants and targets.

6. Non-Executive Director remuneration

Fees and payments to non-executive directors seek to reflect the demands and responsibilities of their role. In FY23, a remuneration benchmarking exercise was undertaken against a comparator group of companies to ensure non-executive director fees' were competitive. Effective from 1 August 2023, the Chair and non-executive director base fees were increased as an outcome of this review.

Non-executive fees, inclusive of superannuation but exclusive of GST (where applicable), are currently as follows:

Name of Non-Executive Director	Fees per annum $
David Krall	215,000
John Dyson	110,000
Roger Price	110,000
Alison Ledger*	110,000
Tim Finlayson**	110,000
Amrita Blickstead	110,000

* Chair of RNC

** Chair of Audit and Risk Committee

Other than the Chairman, non-executive directors receive an additional $15,000 per annum for chairing a Board committee and $5,000 for being a member of a Board committee. These amounts remained unchanged in FY24.

The Chairman's monthly board fees are fixed to US dollars at the beginning of the year based on the prevailing US$ exchange rate at the time.

There were no shares issued to Non-Executive Directors as part of compensation for FY24.

The Non-Executive Director fee pool is currently capped at $1,000,000 per annum.

Director fees will not be adjusted in FY25.

7. Remuneration details

Amounts of remuneration

Details of the remuneration of KMP of the Group are set out in this section.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2024	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
David Krall (Chairman)	210,006	–	–	–	–	–	210,006
John Dyson	118,333	–	–	–	–	–	118,333
Roger Price	102,102	–	–	11,231	–	–	113,333
Alison Ledger	111,111	–	–	12,222	–	–	123,333
Tim Finlayson	111,111	–	–	12,222	–	–	123,333
Amrita Blickstead	102,102	–	–	11,231	–	–	113,333
Executive Directors:							
Aidan Williams	505,993	360,369	–	27,399	13,681	28,819	936,261
Other KMP:							
Rob Goss*	403,197	228,892	–	27,399	(26,053)	(29,060)	604,375
	1,663,955	**589,261**	**–**	**101,704**	**(12,372)**	**(241)**	**2,342,307**

* This includes the write back of Rob Goss' FY23 and FY24 LTI awards.

2023	Short-term benefits Cash salary and fees $	 Cash bonus $	 Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled $	Total $
Non-Executive Directors:							
David Krall (Chairman)	182,664	–	–	–	–	–	182,664
John Dyson	100,000	–	–	–	–	–	100,000
Roger Price	85,973	–	–	9,027	–	–	95,000
Alison Ledger	102,506	–	–	2,494	–	–	105,000
Tim Finlayson	95,023	–	–	9,977	–	–	105,000
Amrita Blickstead**	42,986	–	–	4,514	–	–	47,500
Executive Directors:							
Aidan Williams	502,461	296,187	–	25,292	20,952	399,286	1,244,178
Other KMP:							
Rob Goss	390,021	171,024	–	25,292	10,192	211,608	808,137
	1,501,634	**467,211**	**–**	**76,596**	**31,144**	**610,894**	**2,687,479**

** Remuneration from date of appointment 1 January 2023 to 30 June 2023.

Executive KMP contract details

Remuneration and other terms of employment for KMP are formalised in service agreement and the key details of these agreements are summarised below:

Component	Approach for CEO	Approach for CFO
Total Fixed Remuneration (FY24):	$550,160	$436,800
Contract Duration:	Ongoing	Ongoing
Target STI % of TFR:	50%	40%
Target LTI % of TFR:	100%	60%
Notice period by individual/company:	6 months	3 months
Restraint:	Post termination subject to non-competition and non-solicitation of customers within USA, Australia and UK for 12 months	Post termination subject to non-competition and non-solicitation of customers within USA, Australia and UK for 12 months

KMP have no entitlement to termination payments in the event of removal for misconduct.

Shareholding

Ordinary shares

The number of shares in the Company held during the financial year by each director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
David Krall	500,000	–	2,308	(100,000)	402,308
Aidan Williams*	1,947,305	51,702	–	(101,702)	1,897,305
John Dyson	190,289	–	5,386	(40,000)	155,675
Roger Price*	77,856	–	2,308	–	80,164
Alison Ledger	6,443	–	1,154	–	7,597
Tim Finlayson*	130,954	–	2,308	(30,000)	103,262
Amrita Blickstead	12,980	–	385	–	13,365
Rob Goss*	145,655	30,342	–	(175,997)	–
	3,011,482	**82,044**	**13,849**	**(447,699)**	**2,659,676**

* Includes indirect holdings

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Forfeited	Exercised	Balance at the end of the year
Performance rights over ordinary shares					
Aidan Williams	159,539	47,059	–	(51,702)	154,896
Rob Goss	85,228	20,036	–	(30,342)	74,922
	244,767	**67,095**	**–**	**(82,044)**	**229,818**

All performance rights held at the end of the year are unvested.

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of the executive director and other KMP in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Expiry date	Internal target	Fair value per right at grant date
Aidan Williams	37,837	29/11/2021	31/08/2024	US dollar revenue CAGR	$9.13
Aidan Williams	70,000	04/11/2022	15/09/2025	US dollar revenue CAGR	$8.20
Aidan Williams	47,059	24/10/2023	31/08/2026	US dollar revenue CAGR	$13.68
Rob Goss	19,308	29/11/2021	31/08/2024	US dollar revenue CAGR	$9.13
Rob Goss*	35,578	04/11/2022	15/09/2025	US dollar revenue CAGR	$8.20
Rob Goss*	20,036	05/09/2023	31/08/2026	US dollar revenue CAGR	$14.06

* Rob Goss is scheduled to forfeit entitlements under his FY23 and FY24 LTI awards upon cessation of his employment.

Options

There were no options over ordinary shares issued, granted to, or vested by directors and other KMP as part of compensation that were outstanding as at 30 June 2024.

Loans to directors and executives

There were no loans to directors or executives during the year ended 30 June 2024 and 30 June 2023.

Additional information

The earnings of the Group for the five years to 30 June 2024 are summarised below:

	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000
Sales revenue	30,317	33,369	46,292	69,699	91,483
EBITDA	2,032	3,049	4,296	11,012	20,425
Net profit/(loss) after income tax	(4,138)	(3,441)	(4,457)	10,643	10,236

The factors that are considered to affect TSR are summarised below:

	2020	2021	2022	2023	2024
Share price at financial year end ($)	5.40	8.13	7.54	9.29	15.83
Basic earnings per share (cents per share)	(6.17)	(4.56)	(5.80)	13.75	12.50
Diluted earnings per share (cents per share)	(6.17)	(4.56)	(5.80)	13.59	12.49

This concludes the remuneration report, which has been audited.

Environment, Social and Governance ('ESG') at Audinate

Audinate is in its third year of incorporating an ESG section in Audinate's annual report. The Company is committed to continually enhancing ESG transparency and disclosure over time. Audinate recognises the growing importance of sustainability to the Company's stakeholders, including shareholders, employees, customers, suppliers, governments, and the broader AV industry and are focused on developing practices that reflect the Company's commitment to the environmental, social responsibility, and strong governance.

Audinate has used the principles of *The Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core option)* to broadly guide its disclosures. An index of the Group's ESG disclosures against the GRI Reporting Standards can be found on Audinate's corporate website under the Company Information/Environment, Social, Governance tab in the Investor Centre.

These disclosures should be read in conjunction with the rest of Audinate's financial statements, including the FY24 Remuneration Report and the Audinate Corporate Governance Statement.

People and culture

Audinate's values are central to the Company's culture. They are a guide for Audinate's people as they pursue individual, team and corporate objectives, and inform how they work with others within, and outside the Company. Leaders are responsible for modelling values and fostering them within their teams, and each employee is expected to conduct themselves in alignment with Audinate's values.

Audinate's values are:

Excellence – Whatever we do, we do it well

Courage – We are bold and brave

Innovation – We imagine the future and build it

Integrity – We say and do what is right

Teamwork – Together we achieve

Diversity and inclusion at Audinate

Audinate has a strong commitment to diversity and recognises the value of attracting and retaining people from many backgrounds, knowledge bases, experiences, and abilities. The Company understands that diversity not only encompasses gender but extends to age, ethnicity, religious beliefs, cultural background, language, marital or family status, sexual orientation, gender identity, disability, socio-economic background, perspectives, and experiences. Audinate's ability to cultivate a diverse and inclusive workplace is essential to the Company's ability to attract, engage and retain the talent crucial for ongoing success. The Company's policies, practices and values ensure an environment where individual differences are appreciated, allowing employees to realise their potential and contribute to the Company's success. By upholding human rights and fostering diversity, Audinate ensures a dynamic and inclusive workplace where individual differences are valued. To further support this inclusive environment, Audinate requires compulsory discrimination and harassment training for all employees. This training is designed to foster appropriate workplace behaviour by educating employees on preventing, recognising and addressing discrimination and harassment in the workplace, ensuring a safe and respectful environment for everyone.

Audinate is proud of the diversity of its people. Of the Company's 225 people across 13 countries, there are 28 nationalities and 37 countries of birth represented. There is also a broad representation of age groups, with the age range spanning 5 decades. At the end of FY24 females represented 26% of Audinate's workforce and 22% of the Senior Executive Team (CEO and executive direct reports). The female representation on Audinate's board is 29%. Audinate is committed to supporting increased female employee representation and is mindful of several factors that influence this.

The gender mix in relevant talent pools continues to be a significant factor. In 2024 Audinate assessed that 71% of its roles required relevant engineering or related qualifications and/or AV industry experience. It is encouraging that the female representation in these roles is broadly reflective of the gender mix in the available talent pools according to relevant industry data. Audinate is committed to practices and an environment that provides increased opportunities for female participation.

More detail is contained in the Company's Diversity Policy published on the Company's website within the Corporate Governance Policies section of the Investor Centre.

Country of birth	%
Philippines	17%
Australia	15%
USA	12%
UK	11%
China	8%
India	8%
Belgium	4%
Sri Lanka	2%
Various (26 countries)	18%
Unspecified	5%

Age	%
18 – 24	2%
25 – 34	27%
35 – 44	31%
45 – 54	30%
55 – 64	8%
Unspecified	2%

Diversity and inclusion objectives

Audinate committed to several objectives to foster a diverse and inclusive workplace over the FY24 and FY25 period. These objectives include further improving recruitment processes to support inclusive and non-biased recruitment and networking to enhance diversity in candidate pools. Through the Company's annual employee engagement survey Audinate employees were given the opportunity to comment on diversity within the workplace. It was pleasing to know that overwhelmingly the response was that employees were provided equal opportunity for success regardless of gender or background.

In FY24, Audinate continued to sponsor the Women in Technology Society of the University of New South Wales (UNSW) based in Sydney, Australia, supporting the objective to achieve gender diversity in recruitment candidate pools. Audinate hosted an event for UNSW students to provide career and industry insight, and networking opportunities. The Company also contributed mentors for both the UNSW Women in Technology mentoring program and UNSW Career Discovery mentoring program. Audinate's sponsorship of the UNSW Women in Technology Society enables us to foster female talent in technology, raise Audinate's profile among female students, and connect with high-potential graduate talent.

Employees continue to enjoy hybrid working under the Company's Hybrid Working Policy. Audinate has also introduced a connection program for employees on parental leave, since its introduction in 2022, Audinate's enhanced global Paid Parental Leave Policy has supported 14 new parents across multiple countries, providing paid leave for both primary and secondary carers.

Over the last four financial reporting periods, Audinate had an aspirational objective of 30% of people manager vacancies to be filled by females. The purpose of the objective is to build an environment that fosters female participation and to increase female candidate pools for future senior executive opportunities. Across this combined four-year period Audinate has achieved 24% of female appointments to people manager vacancies. Encouragingly in FY24, 33% of externally appointed people managers were female. This objective will continue to be an area of focus in the year ahead.

Employee engagement and wellbeing

Audinate prioritises employee engagement and wellbeing as critical pillars of the Company's success. The feedback gathered also informs Audinate's people and culture initiatives. Audinate's employee engagement results align with the top quartile of industry benchmark when compared with a global peer group of technology companies. Wellbeing initiatives at Audinate include an Employee Assistance Program offering cost-free counselling for employees and their immediate family members, wellbeing-themed communications, and mental health first aiders. Importantly, there were no incidents during FY24 requiring WorkCover notification in Australia.

The Company ensures employee feedback is communicated anonymously to the Board (and the Board Remuneration and Nomination Committee), including the annual engagement survey and mid-year pulse survey results. Additionally, Audinate's Whistleblower Policy is in place to ensure that any concerns related to unethical or illegal conduct can be confidentially addressed by the Board, fostering a culture of trust and openness within the organisation.

Governance

Corporate Governance

Audinate's Board and management are committed to high corporate governance standards and to actively managing and responding to risks and opportunities. The Group's corporate governance materials, including key principles, policies, codes of conduct and Board and sub-committee charters are available on the Corporate Governance section of Audinate's website.

Audinate's Corporate Governance Statement sets out corporate governance practices for the financial year, including those demonstrating compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

Audinate is committed to enhancing corporate governance and responsible business practices. The Company proactively addresses critical issues like anti-corruption and human rights. While complying with both local and global regulations, Audinate aims to maximise positive impacts and minimise negative ones, striving to go beyond mere compliance to make a meaningful difference.

Audinate adheres to a comprehensive Code of Conduct, that establishes clear standards in areas such as human rights, anti-corruption, data security and privacy, non-discrimination, diversity and equal opportunity, and workplace health and safety. The Code of Conduct applies to all employees, officers, members of Audinate's Board of Directors, and the Company's subsidiaries around the world. All employees are required to review the Code of Conduct upon joining Audinate. Additionally, to reinforce its principles and ensure compliance, employees undergo training on the Code of Conduct at least every two years.

Director skills

The Board comprises of directors with a broad range of skills, expertise, and experience from a diverse range of backgrounds that is appropriate to the Company and its strategy. The Board, together with the Remuneration and Nomination Committee, regularly reviews the skills required by the business and represented collectively by the Directors of the Board. Together they will determine whether the composition and mix of those skills remain appropriate for the Company's strategy, subject to limits imposed by the constitution.

The Board Skills Matrix includes the following:

1. Strategic and commercial acumen
2. Corporate governance experience
3. Financial acumen
4. Risk and compliance expertise
5. Global technology business to business experience
6. Marketing/new product development skills
7. Manufacturing expertise
8. Executive leadership
9. Technology infrastructure expertise
10. People, culture and conduct expertise
11. Mergers and acquisitions experience
12. Equity and debt capital markets expertise

Business risks

Audinate has a sound and robust risk management framework to identify, assess and appropriately manage risks. It regularly reviews and updates a detailed risk register as the risk landscape evolves. A summary of significant risks is detailed in the table below.

This Section does not purport to list every risk that may be associated with Audinate's business or the industry in which Audinate operates – the severity of risks assessed is dynamic and may change quickly, new risks may arise and other risks may be addressed or mitigated. Any of these risks and other emerging risks or matters may have a material adverse effect on the business and its financial position and performance.

Additional details of Audinate's Risk Management framework can be found in the Corporate Governance section of Audinate's website.

Key business risks

Risk	Description
Video market	As Audinate evolves to provide more video offerings this exposes the business to a new series of risks, including the ability to attract new customers, competition from other video technology providers, effective product and strategy formulation, and execution risk. If the company fails to effectively manage and respond to these risks it could adversely affect the financial results.
Geopolitical risks	As a global business Audinate is exposed to geopolitical risks. This includes increased complexity in China – specifically risks around chip supply, manufacturing in China, exporting from HK and implications for tariffs or other trade practices. Audinate has also considered the impact of wars in both the Middle East and Russia/Ukraine.
Protection of intellectual property	The value of Audinate's products is dependent on Audinate's ability to protect its intellectual property, including business processes and know-how, copyrights, and trademarks. There is a risk that Audinate may be unable to detect the unauthorised use of its intellectual property rights in all instances. Furthermore, actions Audinate takes to protect its intellectual property may not be adequate or enforceable, and failure to protect these rights may impact on operations and financial performance.
Technology development risks	Audinate faces a series of risks associated with the ongoing development of its technology. These include the unlicensed use of third party IP in Dante products exposing the business to liability and litigation. There are also challenges associated with age and nature of the Dante technology platform, including hardware components coming end of life and the complexities of software development on an increasingly large and intricate technology platform.
Acquisition risk	There is a risk that Audinate undertakes a poor or overpriced acquisition which would be detrimental to shareholder value.
Failure to attract and retain customers	The Group's business relies upon the ability to retain existing customers, attract new business from existing customers as well as attract new customers. It is strategically important for Audinate to reduce the cost barrier of implementing Dante whilst still being fairly compensated for the Dante technology. If the rate of adoption diminishes or declines this would adversely impact financial performance.
General economic and financial market conditions	The operating and financial performance of Audinate is influenced by a variety of general domestic and global economic and business conditions that are outside the control of Audinate. There is a risk that prolonged deterioration in general economic conditions may negatively impact the demand for Audinate's products and negatively impact Audinate's financial performance, financial position, cash flows, dividends, growth prospects and share price.
Dante audio cost barrier to wider adoption	The cost of Dante products has the potential to be a barrier to broader adoption, particularly in low cost audio products such as speakers and microphones. Dante Embedded Platform is a critical step to provide cost effective solution to this market segment.
Business model evolution	Disruption/cannibalisation of existing customer and revenue base as Audinate moves away from Chips card and modules and towards software implementations.
Legacy technology platform	Audinate has an ongoing program to put legacy platforms through an end of life process. This does not remove the need to accommodate those platforms within the ecosystem, but does remove requirements to continue to add new features to those products.
Channel inventory risk	Channel inventory risk arises when Audinate's customers end up with excess inventory, which may lead to unpredictable order patterns, increased carrying costs, or the need for inventory write-downs, ultimately impacting the Group's financial performance.
Cyber security	See separate disclosure (following).
Supply chain	See separate disclosure (following).

In addition to the risks described in the table above, Audinate faces other business risks including (but not limited to) competition in audio networking, industry standardisation, effectively managing trade secrets, expansion into emerging markets, ESG risks, short-selling, impact of tariffs, cash payment fraud and foreign currency exchange risks.

Cyber security

Audinate recognises the evolving risks associated with data and cyber security, and the potential impact to the Company's reputation and business activities. These risks are proactively managed through a Cyber Security Steering Committee, a Security Operations function and a cross-functional Cyber Security Operations Working Group.

During FY24 these groups have achieved an uplift in Audinate's Cyber position, both within the product development and corporate functions, cohesively implementing initiatives which enhance security both in the development of the Company's products and management of the technology environment. Audinate has committed to align its Information Security Management System (ISMS) with the ISO27001 standard and is working towards achieving certification.

By working towards ISO27001 compliance, Audinate is not only reducing exposure to cybersecurity threats to the business and building greater resilience against potential incidents but is also uplifting cyber skills training for developers and building capabilities to strengthen cyber resilience for its products. Certification provides confidence to Audinate's customers and partners and demonstrates the strong cyber posture of the organisation, products and services.

To support certification and further improvements, Audinate is investing significantly in the following areas:

- Uplifting vulnerability management processes and independent verification;
- Upskilling teams and hiring a specialised role to support certification; and
- Implementing tooling to enhance observability and optimise device management processes.

No material breaches of Audinate data security were identified in FY24.

Supply chain management

Audinate continues to leverage the Supplier Code of Conduct introduced in FY23 to reinforce the Company's efforts to combat modern slavery and ensure human rights and ethical labor practices across operations and the supply chain. Additionally the Company has implemented a screening capability for customers and resellers to ensure they are not subject to any international trade restrictions. These have both worked to improve supply chain transparency and help suppliers understand the required standards. Detailed information on this can be found in the Environment, Social and Governance section of the Audinate website.

When selecting suppliers and contract manufacturers, Audinate evaluates the quality of their products as well as related controls and processes through an onboarding process to ensure consistency with internal standards. Audinate has a long-standing practice of directly managing relationships with key component suppliers rather than relying on contract manufacturers to source all components for the following reasons:

- Ensure quality assurance through direct evaluation;
- Negotiate improved pricing or supply arrangements for Audinate and OEM customers;
- Mitigate lead-time and supply chain risk directly; and
- Foster direct relationships with key technology suppliers and partners.

The Group's main contract manufacturer, VTech Holdings Limited ('VTech') is listed on the Hong Kong Stock Exchange and operates manufacturing facilities in mainland China and Malaysia. VTech publishes an annual Sustainability Report, which includes statements on ISO 9001 accreditation and compliance with Modern Slavery and Conflict Minerals regulation (https://www.vtech.com/en/sustainability). Audinate's other key suppliers and partners are leading global technology companies and publish similar reports.

Supply chain management controls continue to be regarded as satisfactory and in FY24 Audinate did not identify any substantial residual ESG risk in its supply chain. Supplier risk management procedures and controls are reviewed with reference to the following criteria:

- Quality assurance relating to repair and maintenance, training and development and where relevant production, manufacturing and calibrations including compliance with ISO 9001;
- Compliance and ethical considerations such as compliance with laws prohibiting modern slavery including child labour, compliance with conflict minerals regulations, human rights, worker health and safety, discrimination and fair compensation;
- Commitment to minimising impact on the environment within their manufacturing operations, utilising management systems such as ISO 14001 and ISO 45001 for health and safety; and
- Governance, risk and control processes for managing operations, including supplier supervision, counterfeit avoidance measures, stakeholder engagement and disclosures.

Audinate adheres to national and international trade regulations, including export controls under the laws of the US, EU, and Australia. The Company assigns Export Control Classification Numbers (ECCN) to products and review customers against the International Trade Administration's Consolidated Screening List.

In addition to the commitments Audinate has made to manage supply chain risks, the Company adheres to several critical environmental and ethical standards to ensure the sustainability and safety of products. These standards include:

- **REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Compliance.** Since 2007, Audinate has adhered to the REACH Compliance Regulation to safeguard human health and the environment from chemical risks in the EU. Audinate's contract manufacturers provide chemical composition of the components for restricted substances which enables Audinate to issue Statements of Compliance to customers. This process is repeated with every update to the EU's restricted chemicals list or any change in the bill of materials.
- **EU's RoHS (Restriction of Hazardous Substances) Directive**, which restricts hazardous materials in electronic equipment. Audinate regularly reviews and updates the materials' compliance and issues Statements of Compliance to customers.
- **WEEE (Waste Electrical and Electronic Equipment) Directive.** Audinate complies with the WEEE Directive, enhancing the collection, treatment, and recycling of end-of-life products. The Company partners with local service providers in the UK and Germany to fulfil these obligations.
- **Conflict Minerals.** In collaboration with the suppliers, Audinate traces the origins of tin, tantalum, tungsten, and gold (3TG) used in the products back to their smelters, utilising the Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative (RMI). If Audinate identifies the use of a non-conforming smelter, Audinate actively engages with the suppliers to assess remediation plans, ensuring alignment with Audinate's commitment to responsible sourcing.

Each of these initiatives plays an important role in Audinate's comprehensive approach to environmental responsibility and ethical sourcing, reflecting the Company's dedication to protecting human health, preserving the environment, and promoting ethical business practices across the Company's supply chain. More detail is contained in the Supply Chain section on the Company's website within the ESG section of the Investor Centre.

Environment

Audinate is committed to taking ongoing steps to address the environmental impacts of the business. In FY24 Audinate has continued its Scope 1 and 2 carbon emissions inventory calculated in accordance with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standards. As a software technology provider, Audinate's environmental footprint based on Scope 1 and 2 emissions, is relatively small.

In summary, Audinate's Scope 1 carbon emissions are zero as it does not own any premises with boilers or furnaces or run a fleet of vehicles for business operations. Audinate's Scope 2 carbon emissions of 110.1 tCO_2e came from electricity consumption in four office locations in Sydney, Australia, Portland, USA, Cambridge, UK and Louvain La Neuve, Belgium. This was slightly down from 114.3 tCO_2e in FY23. Audinate intends to become carbon neutral (in respect of scope 1 and scope 2 emissions) during FY25. Audinate continues to evaluate Scope 3 measurement methodologies and the level of upstream and downstream Scope 3 emissions associated with the production and distribution of Dante products.

Using emissions factors (kg CO_2-e/kWh) the breakdown for Scope 1 and Scope 2 FY24 is:

Category tCO_2e	2024	2023
Scope 1	0.0	0.0
Scope 2	110.1	114.3

Deployment of Audinate technology is expected to reduce the amount of on-premises AV equipment and facilitate a transition to AV services in cloud-based software form. Amongst other things, this will improve societal environmental outcomes by ensuring improved audio-visual experiences for people, enhanced virtual collaboration and hybrid working arrangements. The Group recognises the importance of minimising the environmental impact on the business, as well as the opportunity for the Dante technology to help customers and end-users minimise the environmental impacts of their operations.

Audinate is subject to federal, state and local regulations and has procedures in place to comply with applicable regulations in the jurisdictions where the Group operates. During the reporting period, there were no incidents of non-compliance that resulted in regulatory or legal action or fines and penalties, with respect to legislation.

Shares under option

There were no unissued ordinary shares of Audinate Group Limited under option outstanding at the date of this report.

Shares under performance rights

Unissued ordinary shares of Audinate Group Limited under performance rights* at the date of this report are as follows:

Grant date	Vesting date	Number under rights
29/11/2021	31/08/2024	180,601
14/03/2022	31/01/2025	15,580
02/09/2022	31/08/2024	17,347
04/11/2022	15/09/2025	307,705
17/04/2023	31/08/2024	27,836
17/04/2023	15/09/2025	27,836
01/09/2023	31/08/2024	25,925
01/09/2023	31/08/2025	25,176
05/09/2023	31/08/2026	164,259
24/10/2023	31/08/2026	47,059
28/06/2024	31/08/2026	8,439
28/06/2024	03/06/2025	5,388
28/06/2024	03/06/2026	5,388
		858,539

* ASX restricted quoted performance rights.

All performance rights have an exercise price of $0.00.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Audinate Group Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Shares issued on the exercise of performance rights

The following ordinary shares of Audinate Group Limited were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of performance rights granted:

Date performance rights converted to shares	Number of shares issued
21/08/2023	234,442
21/08/2023	14,098
21/08/2023	18,104
	266,644

All performance rights have an exercise price of $0.00.

Indemnity and insurance of officers

During the financial year, the Company had a policy in place in respect of directors' and officers' liability and legal expenses insurance contracts, for current directors, including senior executives, employees and officers and for former directors, officers and employees of the Company for a period of 12 months. The policy also covers directors, senior executives, secretaries and employees of its Group. The policy prohibits disclosure of the premiums paid.

The policy covers:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The Company has also entered into a Deed of Access and Indemnity ('Deed') with all past and present directors, which provides an indemnity to the directors for legal costs and any liability arising from negligence of the director, to the extent permitted by law. In addition, the Deed allows the Company to advance a director an interest free loan equal to any legal costs which, in the Company's opinion, are not permitted to be indemnified under the law. Any such advance is repayable by the director at the conclusion of the proceedings.

Indemnity and insurance of auditor

To the extent permitted by law, the Company has agreed to indemnify its auditors Ernst & Young, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount), other than a loss arising from Ernst & Young's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during the financial year and up to the date of this report.

Proceedings on behalf of the Company

No person has applied to the Court 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.

Non-audit services

The amounts paid or payable to the auditor for non-audit services during the financial year was $15,255 (2023: $nil). This is outlined in note 26 to the consolidated financial statements.

The directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Rounding of amounts

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.

Officers of the Company who are former partners of Ernst & Young

There are no officers of the Company who are former partners of Ernst & Young.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

David Krall
Chairman

19 August 2024
Sydney

Auditor’s independence declaration

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
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Fax: +61 2 9248 5959
ey.com/au

Auditor’s independence declaration to the directors of Audinate Group Limited

As lead auditor for the audit of the financial report of Audinate Group Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Audinate Group Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

R Rudman

Rachel Rudman
Partner
19 August 2024

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	2023 $'000
Revenue			
Sales	5	91,483	69,699
Cost of goods sold		(23,524)	(19,471)
Gross profit		67,959	50,228
Expenses			
Employee expenses	6	(34,310)	(29,456)
Sales and marketing expenses		(6,003)	(4,385)
Administration and other operating expenses		(7,221)	(5,375)
Depreciation and amortisation	6	(12,173)	(10,576)
Total expenses		(59,707)	(49,792)
Operating profit		8,252	436
Net foreign exchange (loss)/gain		(165)	67
Finance costs	6	(158)	(239)
Other income	7	4,155	1,129
Profit before income tax (expense)/benefit		12,084	1,393
Income tax (expense)/benefit	8	(1,848)	9,250
Profit after income tax (expense)/benefit for the year attributable to the owners of Audinate Group Limited		10,236	10,643
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(342)	692
Other comprehensive (loss)/income for the year, net of tax		(342)	692
Total comprehensive income for the year attributable to the owners of Audinate Group Limited		**9,894**	**11,335**
		Cents	Cents
Basic earnings per share	9	12.50	13.75
Diluted earnings per share	9	12.49	13.59

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2024

	Note	Consolidated 2024 $'000	2023 $'000
Assets			
Current assets			
Cash and cash equivalents	10	47,842	24,031
Term deposits	11	69,195	16,000
Trade and other receivables	12	10,690	6,267
Income tax receivable	8	45	–
Inventories	13	5,233	6,707
Other assets	17	2,383	3,464
Total current assets		135,388	56,469
Non-current assets			
Property, plant and equipment	14	2,088	2,096
Right-of-use assets	15	3,144	2,395
Intangibles	16	37,874	34,451
Deferred tax	8	10,537	10,748
Other assets	17	443	443
Total non-current assets		54,086	50,133
Total assets		189,474	106,602
Liabilities			
Current liabilities			
Trade and other payables	18	3,886	3,834
Contract liabilities	19	2,240	2,390
Lease liability		1,041	980
Income tax payable	8	72	225
Employee benefits		8,010	6,370
Other liabilities	20	–	494
Total current liabilities		15,249	14,293
Non-current liabilities			
Contract liabilities	19	887	226
Lease liability		2,406	1,619
Deferred tax	8	75	–
Employee benefits		371	268
Total non-current liabilities		3,739	2,113
Total liabilities		18,988	16,406
Net assets		**170,486**	**90,196**
Equity			
Contributed capital	21	199,764	129,307
Reserves	22	4,653	5,056
Accumulated losses		(33,931)	(44,167)
Total equity		**170,486**	**90,196**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2024

Consolidated	Contributed capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2022	128,266	1,828	(54,810)	75,284
Profit after income tax benefit for the year	–	–	10,643	10,643
Other comprehensive income for the year, net of tax	–	692	–	692
Total comprehensive income for the year	–	692	10,643	11,335
Transactions with owners in their capacity as owners:				
Share-based payments (note 22)	–	2,512	–	2,512
Issue of shares – exercise of options	2	–	–	2
Issue of shares – under long-term incentive plan	397	(397)	–	–
Share issue transaction costs	(12)	–	–	(12)
Tax credit recognised directly in equity	654	421	–	1,075
Balance at 30 June 2023	**129,307**	**5,056**	**(44,167)**	**90,196**

Consolidated	Contributed capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2023	129,307	5,056	(44,167)	90,196
Profit after income tax expense for the year	–	–	10,236	10,236
Other comprehensive loss for the year, net of tax	–	(342)	–	(342)
Total comprehensive (loss)/income for the year	–	(342)	10,236	9,894
Transactions with owners in their capacity as owners:				
Share-based payments (note 22)	–	1,307	–	1,307
Issue of shares – institutional placement	50,000	–	–	50,000
Issue of shares – share purchase plan	20,000	–	–	20,000
Issue of shares – under long-term incentive plan	1,590	(1,590)	–	–
Share issue transaction costs	(2,116)	–	–	(2,116)
Tax credit recognised directly in equity	983	222	–	1,205
Balance at 30 June 2024	**199,764**	**4,653**	**(33,931)**	**170,486**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2024

	Note	Consolidated 2024 $'000	Consolidated 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		87,910	71,171
Payments to suppliers and employees (inclusive of GST)		(65,107)	(59,123)
Interest received		3,287	617
Interest and other finance costs paid		(158)	(97)
Income taxes paid		(556)	(145)
Net cash from operating activities	33	25,376	12,423
Cash flows from investing activities			
Payment for purchase of business		–	(843)
Payments for property, plant and equipment		(790)	(1,199)
Payments for intangibles		(14,105)	(14,163)
(Investment in)/proceeds from term deposits		(53,195)	11,000
Net cash used in investing activities		(68,090)	(5,205)
Cash flows from financing activities			
Proceeds from issue of shares		70,000	2
Share issue transaction costs		(2,116)	(12)
Repayment of lease liability	33	(976)	(939)
Net cash from/(used in) financing activities		66,908	(949)
Net increase in cash and cash equivalents		24,194	6,269
Cash and cash equivalents at the beginning of the financial year		24,031	17,465
Effects of exchange rate changes on cash and cash equivalents		(383)	297
Cash and cash equivalents at the end of the financial year	**10**	**47,842**	**24,031**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

Note 1. General information

The financial statements cover Audinate Group Limited (the 'Company' or 'parent entity') as a consolidated entity consisting of Audinate Group Limited and the entities it controlled (collectively referred to as the 'Group') at the end of, or during, the financial year. The financial statements are presented in Australian dollars, which is Audinate Group Limited's functional and presentation currency.

Audinate Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7
64 Kippax Street
Surry Hills NSW 2010

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 August 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

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 for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Historical cost convention

The financial statements have been prepared under the historical cost convention except where the fair value convention is required under accounting standards.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

These financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Audinate Group Limited as at 30 June 2024 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed.

Revenue recognition

Audinate generates the following streams of revenue:

- Chips, cards and modules (including adapters);
- Software and licence fees;
- Subscription, support and maintenance; and
- Royalties.

Each of the above products and services delivered to customers are considered separate performance obligations, even though they may be governed by a single legal contract with the customer.

Revenue recognition for each of the above is as follows:

Revenue stream	Performance obligations	Timing of recognition
Chips, cards and modules (including adapters)	Goods dispatched from warehouse.	Recognised at point of dispatch from warehouse, when control is transferred to the customer on basis of ex-works terms.
Software and licence fees	Provision of access to software and activation code.	Revenue from software is recognised at point of sale and access to software is granted.
Subscription, support and maintenance	As defined in contract.	Revenue is recognised over time as stipulated by terms in contract.
Royalties	Sale of customers products containing Audinate's software.	Royalties in arrears are recognised in the period they are earned based on past performance.

Revenue from subscription and providing support and maintenance is recognised in the accounting period in which the services are rendered. This is determined based on contract terms and period of agreement.

Some contracts include multiple deliverables, such as software licences and maintenance. In these cases, the transaction price is split according to performance obligations described above.

In fixed-price contracts, the customer pays the fixed amount based on an agreed payment schedule. If the performance obligations satisfied by the Group exceed the payment, a contract asset is recognised. If the payments exceed the performance obligations satisfied, a contract liability is recognised.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Cost of goods sold

Cost of goods sold includes the cost to manufacture and distribute inventories. Cost of sales is recognised as an expense in the period in which the related revenue is recognised.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Audinate Group Limited (the 'head entity') and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation regime in 2017.

The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement is designed so that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used reflects assumptions a market participant would use when pricing the future consideration. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Amounts on deposit with financial institutions with maturities of greater than three months are classified as term deposits.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Raw materials and finished goods are stated at the lower of cost and net realisable value on a First In, First Out basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	Lease term
Furniture and fittings	4 – 10 years
Computer and equipment	1 – 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

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 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 Group 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 Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of less than 12 months and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method of amortisation and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill is measured as described in the business combination description (above). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Determination of cash generating units does take into account the interoperable platform nature of the Group's Dante technology, whereby development of video technology helps drive sales of audio products, and vice versa. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Research and 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 Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised, commencing from the time the asset's development reaches the condition necessary for it to be capable of operating in the manner intended by management. Amortisation is calculated on a straight-line basis over the period of the expected benefit, being the finite useful life of three years.

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4-5 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2-5 years.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and 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.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Lease liability

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 Group'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.

Finance costs

All finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee related cost in profit or loss when they are due.

Share-based payments

Equity-settled transactions are awards of shares, performance rights or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value, for equity-settled transactions with no market conditions, is determined using the share price at the day before the grant date. Fair value, for equity-settled transactions with market conditions, is determined using the Monte Carlo simulation method that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Audinate Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

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.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value, for equity-settled transactions with no market conditions, is determined by using the share price at the day before the grant date. Judgement is required in estimating future revenue and staff retention rates used to calculate the number of awards that are likely to vest.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain, for example, research and development claims. Income tax returns, including research and development claims, are made by way of self-assessment by the Group. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Income tax returns including research and development incentive claims are made by way of self-assessment.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Judgement is required in estimating future taxable profit in the jurisdictions in which it operates, to determine whether it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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 Group's 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.

Useful life of capitalised development costs

The Group regularly considers the useful life of development costs, which is currently estimated to be three years. In determining the appropriate useful life for these assets a range of factors are taken into account including the specific nature of the asset created, risk of technical obsolescence, business performance and market conditions. To the extent that there is a change to the useful life of these assets (not related to impairment) the amortisation charge is changed prospectively.

Goodwill

The recoverable amount of goodwill of the Group's one cash generating unit has been determined based on fair value less cost to sell calculation. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows and estimated costs to sell.

Note 4. Operating segments

Identification of reportable operating segments

The Group operates in one segment, based on the internal reports that are reviewed and used by the Chief Executive Officer (who is identified as the Chief Operating Decision Maker) in assessing performance and in determining the allocation of resources.

As a result, the operating segment information is as disclosed in the financial statements and notes to the financial statements throughout the report.

Major customers

Most of the Group's major customers are multinational companies that Audinate may transact with in multiple countries. Due to the corporate structure of the Group this revenue is accounted for by Audinate Pty Limited in Australia. The top ten customers represent approximately 44% (2023: 40%) of the Group's revenue during the year ended 30 June 2024 and of that amount the largest customer represents approximately 8% (2023: 6%) of the Group's revenue.

Geographical information

The majority of the Group's revenue is generated from sales contracts between Audinate Pty Limited (an Australian domiciled operating subsidiary) and a range of international customers. The geographic split of this revenue is based on the location of the customer: a) Americas 37% (2023: 44%); b) Asia 33% (2023: 26%); and c) Europe and Middle East 30% (2023: 30%). Occasionally the international offices may generate some revenue related to marketing activities.

	Sales to external customers*		Geographical non-current assets	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Australia	91,483	69,699	42,259	38,137
United Kingdom	–	–	701	516
Belgium	–	–	9,053	9,330
Hong Kong	–	–	4	3
United States of America	–	–	2,069	2,147
	91,483	**69,699**	**54,086**	**50,133**

* Sales to external customers is based on the domicile of the entity recording the sale.

Note 5. Revenue

	Consolidated	
	2024 $'000	2023 $'000
Sales	**91,483**	**69,699**

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2024 $'000	2023 $'000
Chips, cards and modules – units	66,169	51,292
Chips, cards and modules – subscriptions and maintenance	629	425
Software	21,211	15,052
Software – subscriptions and maintenance	2,221	2,185
Other	1,253	745
	91,483	**69,699**

Timing of revenue recognition

Revenue from subscription and providing support and maintenance is recognised over the period of time in which the services are provided. All other revenue is recognised when the service or software is provided or the goods are dispatched from the warehouse.

Note 6. Expenses

	Consolidated 2024 $'000	Consolidated 2023 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Depreciation of property, plant and equipment	1,054	887
Depreciation of office leases – right-of-use	1,078	957
Amortisation of intangibles	10,639	9,463
Depreciation and amortisation – capitalised	(598)	(731)
Total depreciation and amortisation	12,173	10,576
Finance costs		
Interest and finance charges paid/payable on lease liabilities	153	87
Interest paid/payable on liabilities at amortised cost	5	10
Unwinding of discount on contingent consideration	–	142
Total finance costs	158	239
Leases		
Short-term lease payments	53	53
Low-value assets lease payments	17	13
Total lease expense	70	66
Employee benefit expenses		
Salaries and wages	25,768	20,951
Post employment benefits	2,409	1,880
Share-based payments	1,307	2,512
Other costs	4,826	4,113
Total employee benefit expenses	**34,310**	**29,456**

Note 7. Other income

	Consolidated 2024 $'000	Consolidated 2023 $'000
Interest income	4,155	686
Revaluation of deferred contingent consideration	–	439
Other income	–	4
	4,155	1,129

Note 8. Income tax

The Group incurs an income tax expense in its overseas subsidiaries relating to the net taxable profit generated on services provided to the Group.

	Consolidated	
	2024 $'000	2023 $'000
Income tax expense/(benefit)		
Current tax	457	(3,936)
Over provision prior year	(112)	–
Deferred tax – origination and reversal of temporary differences	1,503	2,305
Recognition of tax losses	–	(7,619)
Aggregate income tax expense/(benefit)	**1,848**	**(9,250)**
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit before income tax (expense)/benefit	12,084	1,393
Tax at the statutory tax rate of 30%	3,625	418
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development incentive benefit	(1,478)	(1,581)
Recognition of tax losses	–	(7,619)
Income from controlled foreign companies	396	352
Share-based payments	27	(428)
Tax deductible amounts in a foreign subsidiary	(529)	(282)
Non-assessable income	–	(133)
Non-deductible expenses	92	173
	2,133	(9,100)
Over provision prior year	(112)	–
Other	(173)	(150)
Income tax expense/(benefit)	**1,848**	**(9,250)**

	Consolidated	
	2024 $'000	2023 $'000
Deferred tax asset		
Net deferred tax asset comprises temporary differences attributable to:		
Carried forward tax losses	9,822	12,266
Provisions	1,963	1,492
Share-based payments	1,608	1,490
Lease liabilities	907	598
Capital blackhole expenditure	588	176
Unearned revenue	824	374
Trade and other payables	179	155
Intangible assets	(4,199)	(4,972)
Right-of-use assets	(834)	(546)
Property, plant and equipment	(274)	(361)
Unrealised foreign exchange	390	198
Trade and other receivables	(640)	(250)
Other	128	128
Deferred tax asset	**10,462**	**10,748**

Reflected in the statement of financial position as follows:

	Consolidated	
	2024 $'000	2023 $'000
Deferred tax asset	10,537	10,748
Deferred tax liability	(75)	–
Net deferred tax asset	**10,462**	**10,748**

	Consolidated	
	2024 $'000	2023 $'000
Current tax asset		
Current tax asset	**45**	**–**

Current tax asset represents amount receivable from the relevant tax authority.

	Consolidated	
	2024 $'000	2023 $'000
Income tax payable		
Income tax payable	**72**	**225**

The Group expects there will be sufficient Australian taxable profits in future years to use the estimated $9,822,000 of tax losses based on approved forecasts. As a result, Audinate has recognised a deferred tax asset of $9,822,000 (2023: $12,226,000) for the estimated carried forward tax losses as at 30 June 2024.

Note 9. Earnings per share

	Consolidated	
	2024 $'000	2023 $'000
Profit after income tax attributable to the owners of Audinate Group Limited	**10,236**	**10,643**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	81,900,604	77,407,999
Adjustments for calculation of diluted earnings per share:		
Performance rights	62,825	905,292
Weighted average number of ordinary shares used in calculating diluted earnings per share	**81,963,429**	**78,313,291**

	Cents	Cents
Basic earnings per share	12.50	13.75
Diluted earnings per share	12.49	13.59

Note 10. Cash and cash equivalents

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Cash at bank	14,310	10,913
Cash on deposit	33,532	13,118
	47,842	**24,031**

Details of cash at bank and cash on deposit

	Consolidated	
	2024 $'000	2023 $'000
Cash at bank		
Interest free	8,154	6,884
At variable interest rate	6,156	4,029
	14,310	10,913
Cash on deposit		
At fixed interest rate	17,257	2
At variable interest rate	16,275	13,116
	33,532	13,118
	47,842	**24,031**

Note 11. Term deposits

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Term deposits	69,195	16,000

Current term deposits represent term deposits with a maturity date of between three months and one year from the date of acquisition.

Note 12. Trade and other receivables

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Trade receivables	8,217	4,648
Less: Allowance for expected credit losses	(19)	(1)
	8,198	4,647
Other receivables	2,492	1,620
	10,690	6,267

Allowance for expected credit losses

The Group has recognised a loss of $18,000 (2023: gain on reversal of $2,000) in the income statement in respect of the expected credit losses for the year ended 30 June 2024.

	Carrying amount 2024 $'000	Carrying amount 2023 $'000
Not overdue	7,233	3,461
0-30 days overdue	878	829
30-60 days overdue	71	351
>60 days overdue	35	7
	8,217	4,648
Allowance for expected credit losses	(19)	(1)

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2024 $'000	2023 $'000
Opening balance	1	3
Additional provisions recognised	18	–
Provisions derecognised during the year	–	(2)
Closing balance	19	1

Note 13. Inventories

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Raw materials	2,986	3,465
Finished goods	2,247	3,242
	5,233	**6,707**

Note 14. Property, plant and equipment

	Consolidated	
	2024 $'000	2023 $'000
Non-current assets		
Leasehold improvements – at cost	1,201	1,036
Less: Accumulated depreciation	(937)	(708)
	264	328
Furniture and fittings – at cost	226	229
Less: Accumulated depreciation	(81)	(47)
	145	182
Computer and equipment – at cost	3,521	3,159
Less: Accumulated depreciation	(1,842)	(1,573)
	1,679	1,586
	2,088	**2,096**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $'000	Furniture and fittings $'000	Computer and equipment $'000	Total $'000
Balance at 1 July 2022	436	28	1,273	1,737
Additions	98	173	924	1,195
Foreign exchange differences	4	6	41	51
Depreciation expense	(210)	(25)	(652)	(887)
Balance at 30 June 2023	328	182	1,586	2,096
Additions	168	9	869	1,046
Foreign exchange differences	(2)	(1)	3	–
Depreciation expense	(230)	(45)	(779)	(1,054)
Balance at 30 June 2024	**264**	**145**	**1,679**	**2,088**

Note 15. Right-of-use assets

	Consolidated	
	2024 $'000	2023 $'000
Non-current assets		
Office leases – right-of-use	6,925	5,108
Less: Accumulated depreciation	(3,781)	(2,713)
	3,144	**2,395**

The Group leases offices under agreements of between 1 to 7 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Office leases $'000
Balance at 1 July 2022	1,784
Additions	1,523
Foreign exchange differences	45
Depreciation expense	(957)
Balance at 30 June 2023	2,395
Additions	1,839
Foreign exchange differences	(12)
Depreciation expense	(1,078)
Balance at 30 June 2024	**3,144**

For other AASB 16 and lease related disclosures refer to the following:

- note 6 for details of depreciation on right-of-use assets, interest on lease liabilities and other lease payments;
- consolidated statement of financial position for lease liabilities at year end;
- note 24 for maturity analysis of lease liabilities; and
- consolidated statement of cash flow for repayment of lease liabilities.

Note 16. Intangibles

	Consolidated	
	2024 $'000	2023 $'000
Non-current assets		
Goodwill – at cost	9,073	9,286
Development costs	55,109	49,029
Less: Accumulated amortisation	(27,457)	(25,699)
	27,652	23,330
Intellectual property	789	852
Less: Accumulated amortisation	(647)	(658)
	142	194
Customer contracts – at cost	780	780
Less: Accumulated amortisation	(427)	(250)
	353	530
Software – at cost	2,604	2,485
Less: Accumulated amortisation	(1,950)	(1,374)
	654	1,111
	37,874	**34,451**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $'000	Development costs $'000	Intellectual property $'000	Customer contracts $'000	Software $'000	Total $'000
Balance at 1 July 2022	8,605	17,799	148	706	1,284	28,542
Additions	–	14,210	148	–	333	14,691
Foreign exchange differences	681	–	–	–	–	681
Amortisation expense	–	(8,679)	(102)	(176)	(506)	(9,463)
Balance at 30 June 2023	9,286	23,330	194	530	1,111	34,451
Additions	–	14,107	50	–	118	14,275
Foreign exchange differences	(213)	–	–	–	–	(213)
Amortisation expense	–	(9,785)	(102)	(177)	(575)	(10,639)
Balance at 30 June 2024	**9,073**	**27,652**	**142**	**353**	**654**	**37,874**

Research and development cost

Research and development cost of $4,198,000 that are not eligible for capitalisation have been expensed in the year ended 30 June 2024 (2023: $2,677,000).

Impairment testing

The Group performs impairment testing for goodwill on an annual basis and other intangibles where there is an indicator of impairment. Goodwill acquired through the business combination has been allocated to the Group's reportable segment. The methodology used in the impairment testing is the fair value less costs to sell model. As at 30 June 2024 the fair value less costs to sell model for the one CGU incorporated the financial forecast approved by the Board for year ending 30 June 2025 and management projections for years ending 30 June 2026 to 30 June 2029. These include projected revenues, gross margins and expenses and have been determined with reference to historical company experience, industry data and management's expectation for the future. A pre-tax discount rate per annum of 9.5% (30 June 2023: 10.8%) and a terminal value growth rate of 3.0% (30 June 2023: 3.0%) was used. No reasonable change in assumptions would result in the recoverable amount being materially less than the carrying value of the reportable segment.

Note 17. Other assets

	Consolidated	
	2024 $'000	2023 $'000
Current assets		
Prepayments	1,365	1,679
Deposits	1,018	1,785
	2,383	3,464
Non-current assets		
Security deposit*	443	443
	2,826	**3,907**

* Represents amount held as security for Sydney office lease.

Note 18. Trade and other payables

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Trade payables	2,549	2,688
Accrued expenses	854	759
Other payables	483	387
	3,886	**3,834**

Refer to note 24 for further information on financial instruments.

Note 19. Contract liabilities

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Contract liabilities – customer prepayments	380	1,368
Contract liabilities – deferred revenue	1,860	1,022
	2,240	2,390
Non-current liabilities		
Contract liabilities – deferred revenue	887	226
	3,127	**2,616**

Reconciliation

Reconciliation of the written down values at the beginning and end of the current financial year is set out below:

	Consolidated	
	2024 $'000	2023 $'000
Opening balance	2,616	2,259
Customer prepayments	380	1,368
Billings in advance	3,958	3,481
Transfer to revenue – relating to current period	(3,827)	(4,492)
Closing balance	3,127	2,616

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $3,127,000 as at 30 June 2024 ($2,616,000 as at 30 June 2023) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2024 $'000	2023 $'000
Within 6 months	1,628	2,126
6 to 12 months	612	264
13 to 60 months	887	226
	3,127	**2,616**

Note 20. Other liabilities

	Consolidated	
	2024 $'000	2023 $'000
Current liabilities		
Liabilities at amortised cost	–	494

Note 21. Contributed capital

Fully paid ordinary shares

	Consolidated			
	2024 Shares	2023 Shares	2024 $'000	2023 $'000
Ordinary shares – fully paid	83,108,836	77,451,919	199,764	129,307

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2022	77,170,653		128,266
Issue of shares – vesting of performance rights	22 August 2022	252,391	$0.7800	197
Issue of shares – vesting of performance rights	22 August 2022	15,311	$9.9800	153
Issue of shares – under long-term incentive plan	2 September 2022	5,564	$8.5200	47
Issue of shares – exercise of options	6 February 2023	8,000	$0.2600	2
Share issue transaction costs		–		(12)
Tax credit recognised directly in equity		–		654
Balance	30 June 2023	77,451,919		129,307
Issue of shares – vesting of performance rights	21 August 2023	234,442	$5.2147	1,222
Issue of shares – vesting of performance rights	21 August 2023	14,098	$9.9800	141
Issue of shares – vesting of performance rights	21 August 2023	18,104	$8.5200	154
Issue of shares – under long-term incentive plan	1 September 2023	5,200	$13.9500	73
Issue of shares – institutional placement	13 September 2023	3,846,154	$13.0000	50,000
Issue of shares – share purchase plan	5 October 2023	1,538,919	$13.0000	20,000
Share issue transaction costs		–		(2,116)
Tax credit recognised directly in equity		–		983
Balance	30 June 2024	83,108,836		199,764

The price for performance rights disclosed in the table above represents fair value of the right at grant date.

The Group completed an institutional placement on 8 September 2023 which raised $50 million of cash and resulted in the issue of 3,846,154 ordinary shares on 13 September 2023. In addition, a Share Purchase Plan was completed on 5 October 2023 which raised $20 million of cash and resulted in the issue of 1,538,919 ordinary shares on this date.

Proceeds from the institutional placement and share purchase plan will be used to deliver organic growth through continued strategic investment in new and innovative products, 'Win in Video' by building on early success and provide flexibility to explore a pipeline of merger and acquisition opportunities.

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2023 financial statements.

Note 22. Reserves

	Consolidated	
	2024 $'000	2023 $'000
Foreign currency reserve	(286)	56
Share-based payments reserve	4,939	5,000
	4,653	**5,056**

Foreign currency reserve

The reserve is used to recognise foreign exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency $'000	Share-based payments $'000	Total $'000
Balance at 1 July 2022	(636)	2,464	1,828
Foreign currency translation	692	–	692
Share-based payments	–	2,512	2,512
Transfer to equity for issue of shares – vested performance rights	–	(397)	(397)
Tax credit recognised directly in equity	–	421	421
Balance at 30 June 2023	56	5,000	5,056
Foreign currency translation	(342)	–	(342)
Share-based payments	–	1,307	1,307
Transfer to equity for issue of shares – vested performance rights	–	(1,590)	(1,590)
Tax credit recognised directly in equity	–	222	222
Balance at 30 June 2024	**(286)**	**4,939**	**4,653**

Note 23. Dividends

No dividends were paid, recommended or declared during the current or previous financial year.

Note 24. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group.

The Group's policy is not to trade in or use financial instruments to hedge its risks.

Risk management is supervised by the Board of Directors ('the Board'). The Board considers different methods to measure different types of risks to which the Group is exposed. These methods include ageing analysis for credit risk and sensitivity analysis in the case of foreign currency risk.

Market risk

Foreign currency risk

The Group's US dollar denominated revenue, on which the risk of foreign exchange movement exists, was partially offset against exchange rate movement of US dollar denominated purchases which is set below:

	Consolidated	
	2024 US$'000	2023 US$'000
US dollar denominated – revenue	60,012	46,746
US dollar denominated – purchases	**(26,638)**	**(23,705)**

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Consolidated	
	2024 $'000	2023 $'000
Assets in US dollars	10,147	7,163
Liabilities in US dollars	**(2,377)**	**(2,585)**

The sensitivity of profit or loss changes in the exchange rates arises mainly for the US dollar denominated financial instruments as outlined in the table below:

	Consolidated	
	2024 $'000	2023 $'000
US dollar /AU dollar exchange rate – decreases 10% (2023: 10%)	1,165	692
US dollar/AU dollar exchange rate – increases 10% (2023: 10%)	(1,165)	(692)

Interest rate risk

At the reporting date, the Group had no variable rate borrowings. Cash at bank and deposits earn interest at floating rates based on daily bank deposit rates. Term deposits earn interest at fixed rates over the term of the deposits. The fixed rates are determined at the beginning of the term. Audinate invests cash in term deposits with a maturity of between 1 and 12 months.

	2024		2023	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash at bank – interest free	–	8,154	–	6,884
Cash at bank – variable interest rate	1.25%	6,156	1.35%	4,029
Cash on deposit – fixed interest rate	4.76%	17,257	0.25%	2
Cash on deposit – variable interest rate	4.80%	16,275	4.55%	13,116
Term deposits	4.86%	69,195	3.83%	16,000
Long-term secured term deposit	4.52%	443	0.25%	443
Net exposure to cash flow interest rate risk		**117,480**		**40,474**

No sensitivity analysis has been performed for the exposure to interest rate risk on the Group's bank balance as the exposure is not significant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group trades only with recognised and creditworthy independent third parties. The Group has a strict code of credit, including confirming references and setting appropriate credit limits. The Group monitors the receivables on an ongoing basis and its exposure to bad debts is not significant.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Liquidity risk

Prudent liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

Consolidated – 2024	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-interest bearing						
Trade payables	–	2,549	–	–	–	2,549
Accrued expenses	–	854	–	–	–	854
Other payables	–	483	–	–	–	483
Interest-bearing – fixed rate						
Lease liability	7.01%	1,244	1,305	1,114	243	3,906
Total non-derivatives		5,130	1,305	1,114	243	7,792

Consolidated – 2023	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-interest bearing						
Trade payables	–	2,688	–	–	–	2,688
Accrued expenses	–	759	–	–	–	759
Other payables	–	387	–	–	–	387
Interest-bearing – fixed rate						
Lease liability	5.56%	1,100	444	904	562	3,010
Other liabilities	3.08%	499	–	–	–	499
Total non-derivatives		5,433	444	904	562	7,343

The cash flows in the maturity analysis above are not expected to occur earlier than contractually disclosed above.

Note 25. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company:

	Consolidated	
	2024 $	2023 $
Audit services – Ernst & Young (2023: Deloitte Touche Tohmatsu)		
Audit or review of the Group financial statements	278,000	290,185
Audit of the controlled entities	10,000	20,950
	288,000	311,135
Non-audit services – Ernst & Young (2023: Deloitte Touche Tohmatsu)	15,255	–
Audit services – other unrelated audit firms		
Audit of controlled entities	29,813	54,833

Note 27. Contingent liabilities

The Group has no contingent liabilities at 30 June 2024 and 30 June 2023.

Note 28. Commitments

The Group had no capital commitments at 30 June 2024 and 30 June 2023.

Note 29. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2024 $	2023 $
Short-term employee benefits	2,253,216	1,968,845
Post-employment benefits	101,704	76,596
Long-term benefits	(12,372)	31,144
Share-based payments	(241)	610,894
	2,342,307	2,687,479

Note 30. Related party transactions

Parent entity

Audinate Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
Name	Principal place of business/ Country of incorporation	2024 %	2023 %
Audinate Holdings Pty Limited	Australia	100%	100%
Audinate Pty Limited	Australia	100%	100%
Audinate, Inc.	United States of America	100%	100%
Audinate Limited	United Kingdom	100%	100%
Audinate Limited	Hong Kong	100%	100%
Audinate Belgium SRL	Belgium	100%	100%
Audinate Group Limited Employee Share Plan Trust	Australia	100%	100%

Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024 $'000	2023 $'000
Profit after income tax	15	8,329
Total comprehensive income	15	8,329

Statement of financial position

	Parent	
	2024 $'000	2023 $'000
Total current assets	140,679	68,488
Total assets	211,745	141,498
Total current liabilities	194	357
Total liabilities	194	357
Net assets	**211,551**	**141,141**
Equity		
Contributed capital	208,045	137,589
Reserves	4,939	5,000
Accumulated losses	(1,433)	(1,448)
Total equity	**211,551**	**141,141**

The contributed capital of the parent entity differs from the contributed capital of the Group, as Audinate Group Limited's acquisition of Audinate Pty Limited was accounted for on the basis that the transaction was a form of capital reconstruction and group reorganisation, rather than a business combination.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 or 30 June 2023.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 or 30 June 2023.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 or 30 June 2023.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 33. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2024 $'000	2023 $'000
Profit after income tax (expense)/benefit for the year	10,236	10,643
Adjustments for:		
Depreciation and amortisation	12,173	10,576
Share-based payments	1,307	2,512
Net unrealised foreign exchange loss/(gain)	165	(222)
Unwinding of discount on contingent consideration	–	142
Revaluation of contingent consideration	–	(439)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(4,380)	229
Decrease/(increase) in inventories	1,474	(1,106)
Increase in income tax receivable	(45)	–
Decrease/(increase) in deferred tax assets	1,415	(9,581)
Decrease/(increase) in other operating assets	1,078	(2,137)
(Decrease)/increase trade and other payables	(191)	157
Increase in contract liabilities	465	447
Increase in deferred tax liabilities	75	–
Increase in employee benefits	1,757	1,016
(Decrease)/increase in income tax payable	(153)	186
Net cash from operating activities	**25,376**	**12,423**

Non-cash investing and financing activities

	Consolidated	
	2024 $'000	2023 $'000
Additions to the right-of-use assets	1,839	1,523
Depreciation and amortisation capitalised to development costs	598	731
	2,437	**2,254**

Changes in liabilities arising from financing activities

Consolidated	Lease liability $'000
Balance at 1 July 2022	1,967
Net cash used in financing activities	(939)
Acquisition of leases	1,523
Foreign currency translation	48
Balance at 30 June 2023	2,599
Net cash used in financing activities	(976)
Acquisition of leases	1,839
Foreign currency translation	(15)
Balance at 30 June 2024	**3,447**

Note 34. Share-based payments

Options

Under the legacy Employee Share Option Plan ('ESOP'), the Company's Board of Directors ('Board'), or a committee of the Board, granted incentive and non-qualified stock options to employees, officers, directors, consultants, independent contractors, and advisors to the Company, or to any parent, subsidiary, or affiliate of the Company. The purpose of the legacy ESOP was to attract, retain, and motivate eligible persons whose present and potential contributions are important to the Group's success by offering them an opportunity to participate in the Company's future performance through equity awards of stock options and stock bonuses. The legacy ESOP was superseded by the LTI plan in 2017.

Set out below are summaries of options granted under the ESOP:

There was no movement in options during the year ended 30 June 2024.

2023

Start date	End date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/06/2017	31/01/2023	$0.2600	8,000	–	(8,000)	–	–
			8,000	–	(8,000)	–	–

Options exercisable at the end of the financial year were 2023 and 2024 were nil.

The weighted average share price of the Company during the financial year was $15.53 (2023: $8.47).

Performance rights

All performance rights have an exercise price of $0.00.

Set out below are summaries of performance rights granted under the LTI plan:

2024

Grant date	Vesting date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ lapsed/other	Balance at the end of the year
11/11/2020	31/08/2023	224,523	–	(224,523)	–	–
23/12/2020	31/08/2023	5,180	–	(5,180)	–	–
04/06/2021	31/08/2023	4,739	–	(4,739)	–	–
01/09/2021	31/08/2023	14,098	–	(14,098)	–	–
29/11/2021	31/08/2024	198,421	–	–	(17,820)	180,601
14/03/2022	31/01/2025	15,580	–	–	–	15,580
02/09/2022	31/08/2023	18,104	–	(18,104)	–	–
02/09/2022	31/08/2024	18,104	–	–	(757)	17,347
04/11/2022	15/09/2025	350,871	–	–	(43,166)	307,705
17/04/2023	31/08/2024	27,836	–	–	–	27,836
17/04/2023	15/09/2025	27,836	–	–	–	27,836
01/09/2023	31/08/2024	–	28,402	–	(2,477)	25,925
01/09/2023	31/08/2025	–	28,402	–	(3,226)	25,176
05/09/2023	31/08/2026	–	188,420	–	(24,161)	164,259
24/10/2023	31/08/2026	–	47,059	–	–	47,059
28/06/2024	31/08/2026	–	8,439	–	–	8,439
28/06/2024	03/06/2025	–	5,388	–	–	5,388
28/06/2024	03/06/2026	–	5,388	–	–	5,388
		905,292	311,498	(266,644)	(91,607)	858,539

Audinate has updated its revenue forecast since 31 December 2023, reducing the amount of performance rights (with vesting date of 15 September 2025) likely to vest. As a result, Audinate has a reduction of a $915,000 in the second half of FY24 share-based payments expense related to these performance rights.

2023

Grant date	Vesting date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ lapsed/other	Balance at the end of the year
30/06/2017	31/08/2022	234,969	–	(234,969)	–	–
29/06/2018	31/08/2022	17,422	–	(17,422)	–	–
30/06/2020	31/08/2022	163,864	–	–	(163,864)	–
11/11/2020	31/08/2023	224,523	–	–	–	224,523
23/12/2020	31/08/2023	5,180	–	–	–	5,180
04/06/2021	31/08/2023	4,739	–	–	–	4,739
01/09/2021	31/08/2022	15,311	–	(15,311)	–	–
01/09/2021	31/08/2023	14,961	–	–	(863)	14,098
29/11/2021	31/08/2024	198,421	–	–	–	198,421
14/03/2022	31/01/2025	15,580	–	–	–	15,580
02/09/2022	31/08/2023	–	19,497	–	(1,393)	18,104
02/09/2022	31/08/2024	–	19,497	–	(1,393)	18,104
04/11/2022	15/09/2025	–	353,552	–	(2,681)	350,871
17/04/2023	31/08/2024	–	27,836	–	–	27,836
17/04/2023	15/09/2025	–	27,836	–	–	27,836
		894,970	448,218	(267,702)	(170,194)	905,292

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.1 years (2023: 1.3 year).

The 56,804 performance rights issued with a grant date of 01/09/2023 were valued using the closing share price on the day before the grant at $13.95 per share. These performance rights vest upon the employee remaining an employee up to and including the vesting date.

The 188,420 performance rights issued with a grant date of 05/09/2023 were valued using the closing share price on the day before the grant at $14.06 per share. These performance rights vest upon:

- achieving 25% increase in US dollar revenue CAGR to 30 June 2026 and vest fully upon achieving 35% increase in revenue CAGR to 30 June 2026; and
- the employee remaining an employee up to and including the vesting date.

The 47,059 performance rights issued with a grant date of 24/10/2023 were valued using the closing share price on the day before the grant at $13.68 per share. These performance rights vest upon:

- achieving 25% increase in US dollar revenue CAGR to 30 June 2026 and vest fully upon achieving 35% increase in revenue CAGR to 30 June 2026; and
- the employee remaining an employee up to and including the vesting date.

The 8,439 performance rights issued with a grant date of 28/06/2024 were valued using the closing share price on the day before the grant at $15.67 per share. These performance rights vest upon:

- achieving 25% increase in US dollar revenue CAGR to 30 June 2026 and vest fully upon achieving 35% increase in revenue CAGR to 30 June 2026; and
- the employee remaining an employee up to and including the vesting date.

The 10,776 performance rights issued with a grant date of 28/06/2024 were valued using the closing share price on the day before the grant at $15.67 per share. These performance rights vest upon the employee remaining an employee up to and including the vesting date.

Shares issued

On 31 August 2023, the Company issued 5,200 shares (issue price $13.95) to staff under Company's the long-term incentive plan following the release of the Company's 30 June 2023 results.

Note 35. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Consolidated entity disclosure statement

As at 30 June 2024

Entity name	Entity type	Place formed/Country of incorporation	Ownership interest %	Tax residency
Audinate Group Limited	Body corporate	Australia	100%	Australia
Audinate Pty Limited	Body corporate	Australia	100%	Australia
Audinate Holdings Pty Limited	Body corporate	Australia	100%	Australia
Audinate, Inc.	Body corporate	United States of America	100%	United States of America
Audinate Limited	Body corporate	United Kingdom	100%	United Kingdom
Audinate Limited	Body corporate	Hong Kong	100%	Hong Kong
Audinate Belgium SRL	Body corporate	Belgium	100%	Belgium
Audinate Group Limited Employee Share Plan Trust	Trust	Australia	100%	Australia

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

David Krall
Chairman

19 August 2024
Sydney

Independent auditor's report

to the members of Audinate Group Limited

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of Audinate Group Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Audinate Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. 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 auditor independence requirements of 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 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 judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Capitalisation of development costs

Why significant	How our audit addressed the key audit matter
The Group develops digital Audio Visual (AV) networking solutions. Costs directly attributable to the development of this software (development costs) are capitalised and presented as intangibles on the consolidated statement of financial position. As disclosed in note 16 the carrying value of Development Costs as at 30 June 2024 was $27.7 million (14.57%of total assets). Capitalisation of development costs was considered a key audit matter as development of Audio Visual (AV) products is core to the Group's operations and the amounts are material to the financial statements. Judgement is required in determining whether the costs meet the capitalisation criteria under Australian Accounting Standards. The measurement of capitalised development costs by the Group is based predominantly on time and overhead costs associated with individuals employed by the Group involved in software development activities. Capitalised development costs are amortised once the relevant product or software is available for use, over a useful life of three years. Note 16 of the financial report contains disclosure relating to capitalised development costs.	Our audit procedures included the following: ▶ Assessed the Group's policy for capitalisation of development costs for compliance with AASB 138 Intangible Assets ▶ For a sample of capitalised work in progress and software projects, performed a review of management's supporting business cases and ensured the recognition criteria of AASB 138 Intangible Assets were satisfied ▶ Tested on a sample basis, costs capitalised to underlying evidence including timesheets, employment contracts, payroll reports and invoices from external suppliers to assess the nature, eligibility and accuracy of product development and software costs for capitalisation in accordance with the Australian Accounting Standards ▶ Interviewed a sample of employees whose costs have been capitalised to understand the nature of work performed to corroborate the judgements and capitalisation rates applied by management ▶ Assessed management's process related to the allocation and capitalisation of overhead costs to the development projects to ensure their permissibility to be capitalised and the method of allocation to projects is appropriate ▶ Assessed whether the useful life of development costs, as determined by management, remains appropriate ▶ Assessed management's process to identify and expense costs associated with superseded functionality or development expenditure ▶ Assessed the adequacy of the financial report disclosures included in Note 16

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report, the Corporate Governance Statement and the Remuneration Report that are to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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 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.

Building a better working world

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and

b. The consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 27 of the directors’ report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Audinate Group Limited for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

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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.

Ernst & Young

Ernst & Young

R J Rudman

Rachel Rudman
Partner
Sydney
19 August 2024

Shareholder information

As at 23 August 2024

Shareholder Information required by the Australian Securities Exchange Limited (ASX) Listing Rules and not disclosed elsewhere in the Report is set out below.

Substantial shareholders

The number of securities held by substantial shareholders and their associates, as advised to the Company and ASX, are set out below:

Name	Date of Notice	Number of Securities	%
Yamaha Corporation	14/07/2023	6,289,308	8.12
Australian Super Pty Ltd	15/08/2024	6,517,745	7.84

Number of security holders and securities on issue

Audinate Group Limited has issued the following securities:

a. 83,335,964 fully paid ordinary shares held by 13,117 shareholders; and

b. 606,450 unlisted performance rights held by 111 performance right holders.

Voting rights

The voting rights attached to ordinary shares are that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote for each share held.

Performance right holders do not have any voting rights on the rights held by them.

Distribution of quoted security holders

	Fully Paid Ordinary shares		
Category	Holders	Shares	%
1 – 1,000	8,827	3,510,072	4.21
1,001 – 5,000	4,130	9,557,037	11.47
5,001 – 10,000	707	5,065,820	6.08
10,001 – 100,000	421	8,854,776	10.63
100,001 and over	32	56,348,259	67.62
	14,117	**83,335,964**	**100.00**

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of ordinary shares 405 based on Audinate Group Limited's closing share price of $10.00 on 23 August 2024.

Twenty largest shareholders of quoted equity securities

Details of the 20 largest shareholders of quoted securities by registered shareholding are:

	Name	No. of shares	%
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	22,830,526	27.40
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,442,074	10.13
3	CITICORP NOMINEES PTY LIMITED	7,178,033	8.61
4	YAMAHA CORPORATION	6,289,308	7.55
5	MR AIDAN WILLIAMS*	1,930,799	2.32
6	BNP PARIBAS NOMS PTY LTD	1,247,118	1.50
7	NATIONAL NOMINEES LIMITED	1,102,947	1.32
8	MS GEETHA VARUNI WITANA	836,932	1.00
9	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	604,655	0.73
10	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	569,649	0.68
11	MIRRABOOKA INVESTMENTS LIMITED	475,334	0.57
12	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	460,097	0.55
13	DAVID KRALL*	402,308	0.48
14	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	368,354	0.44
15	WINGADANGEE PTY LTD	336,958	0.40
16	MARTANNMAR PTY LTD	296,358	0.36
17	CARRAMELON PTY LTD	261,258	0.31
17	CARRAWING PTY LTD	261,258	0.31
19	BOND STREET CUSTODIANS LIMITED <LWHEAT - F00450 A/C>	233,353	0.28
20	MR EVAN PHILIP CLUCAS + MS LEANNE JANE WESTON <KURANGA NURSERY SUPER A/C>	229,366	0.28
	Total	**54,590,457**	**65.50**
	Total on Register 83,335,964	**100.00**	**100.00**

* Grouped holdings.

Restricted securities and securities subject to voluntary escrow

There are no restricted securities or shares under voluntary escrow.

Unquoted securities

There are 606,450 unquoted Performance Rights held by 111 performance right holders. All Performance Rights are held under the Company's employee incentive scheme.

	Performance Rights (unquoted)		
Category	Holders	Performance Rights	%
1 – 1,000	65	21,653	3.57
1,001 – 5,000	27	70,610	11.64
5,001 – 10,000	8	55,149	9.090
10,001 – 100,000	10	341,979	56.39
100,001 and over	1	117,059	19.30
Total	**111**	**606,450**	**100.00**

On market buy-back

There is no current on market buy-back.

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Corporate directory

Directors	David Krall Aidan Williams John Dyson	Roger Price Alison Ledger	Tim Finlayson Amrita Blickstead

Company secretary	Rob Goss
Notice of annual general meeting	Audinate Group Limited advises in accordance with ASX Listing Rule 3.13.1 that its Annual General Meeting (AGM) will be held on Tuesday 22 October 2024. In accordance with the Audinate Group Limited Constitution the closing date for the receipt of nominations from persons wishing to be considered for election as a director is Monday 2 September 2024. Shareholders will be advised of further details regarding the AGM in a separate Notice of Meeting.
Registered office	Level 7 64 Kippax Street Surry Hills NSW 2010 Tel: 02 8280 7100
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel: 1300 554 474
Auditor	Ernst & Young The EY Centre Level 34, 200 George Street Sydney 2000
Solicitors	Maddocks Level 27 123 Pitt Street Sydney NSW 2000
Stock exchange listing	Audinate Group Limited shares are listed on the Australian Securities Exchange (ASX code: AD8)
Website	www.audinate.com
Corporate Governance Statement	The directors and management are committed to conducting the business of Audinate Group Limited in an ethical manner and in accordance with high standards of corporate governance. Audinate Group Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement can be found on https://www.audinate.com/company/governance.

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