

24 February 2025

ASX Listing Compliance

ListingsComplianceSydney@asx.com.au

RE: Audinate Group Limited ('AD8'): ASX Aware Letter Reference: 106268

Dear Sir/Madam,

We refer to your letter dated 19 February 2025 regarding AD8's half-year results announcement on 17 February 2025 and the subsequent movement in AD8's share price. We provide the following responses to your questions.

Request for information

Having regard to the above, ASX asks AD8 to respond separately to each of the following questions and requests for information:

1. Does AD8 consider that any measure of its statutory or underlying earnings for the half year ended 31 December 2024 as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):

1.1 If AD8 had published earnings guidance, that guidance.

1.2 If AD8 is covered by sell-side analysts, the earnings forecasts of those analysts.

1.3 If paragraphs 1.1 and 1.2 are not applicable, AD8's earnings for the prior corresponding period, being the half year ended 31 December 2023.

Please answer separately for each measure of earnings referred to in the Earnings Information. In your response, please have regard to ASX's commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

AD8 response: AD8 notes that it has consistently used US\$ gross profit as the primary metric for providing market guidance. AD8 considers that this approach is appropriate having regard to the group's business, in particular, the fact that revenue is invoiced in US\$

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and all cost of goods sold are settled in US\$. Furthermore, providing guidance in US\$ provides the market with a consistent measure of AD8's underlying growth unaffected by currency fluctuations.

Unless expressly stated otherwise, all amounts and figures in this response letter are therefore shown in US\$.

1.1 AD8 Earnings Guidance

AD8 response: No. AD8 does not consider that any measure of its statutory or underlying earnings for the half-year ended 31 December 2024 (**1H FY25**) as disclosed in the Earnings Information differed materially from market expectations.

AD8 refers to its market update on 22 October 24 titled “Q1 FY 2025 Trading Update” (**Market Update**). In the Market Update, AD8 announced that it had delivered unaudited gross profit of US\$7.2 million in Q1 FY25 and that trading headwinds were expected to continue into Q2 FY25, leading to a Q2 gross profit run rate in line with Q1 FY25. Based on the gross profit figure of US\$7.2 million in Q1 FY25, the expected 1H FY 25 gross profit would have been US\$14.4 million. AD8’s actual gross profit for 1H FY25 was US\$15.5 million (reflecting a variance of 7.6%).

Having regard to paragraph 4(a) of section 7.3 of Guidance Note 8, AD8 is of the view that the earnings information for 1H FY25 gross profit to have not materially deviated from market expectations.

AD8 did not provide guidance on any other measure for the half year ended 31 December 2024.

1.2 Sell-Side Analyst Forecasts

AD8 response: AD8 is covered by eight sell side analysts. AD8 considers gross profit and revenue to be the key performance measures used by sell side analysts and the market in assessing AD8’s performance and outlook. AD8 does not consider EBITDA, EBIT, PBT and NPAT to be relevant market sensitive metrics for sell side analysts or the market.

The table below compares the sell-side analyst consensus expectations to actual performance for gross profit and revenue for 1H FY25. The analyst consensus estimates are based on VisibleAlpha’s consensus estimates.

| USD | Consensus | Actual | Var % |
|--------------|-----------|--------|--------|
| Revenue | 20.7 | 18.9 | (8.7)% |
| Gross Profit | 15.8 | 15.5 | (1.9)% |

2. Please explain the basis for the view provided in response to question 1. In doing so, please specify how AD8 determined market expectations in relation to each relevant measure of its earnings, including:

2.1 If AD8 had published earnings guidance, details of:

AD8 response: Please see AD8's response to question 1.

2.1.1 that guidance and when it was released to the market;

AD8 response: Please see AD8's response to question 1.

2.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.

AD8 response: AD8 continued to consider that its 1H FY25 US\$ gross profit result would be materially consistent with the guidance provided in the Market Outlook from the date of the Market Outlook until 17 February 2025, being the date of the Results Announcement.

2.2 If AD8 used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:

2.2.1 the method that AD8 used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in particular, whether or not AD8 used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate;

AD8 response: As stated above, AD8 tracks the forecasts of eight sell-side analysts to determine market expectations. AD8 employs a consensus estimate methodology, calculating the average forecast for each measure, while excluding outdated or anomalous estimates.

For the 1H FY25 results, AD8 calculated analyst consensus estimates based on VisibleAlpha's consensus estimates.

AD8 updates its consensus analysis whenever new analyst reports are published.

2.2.2 the entity's estimate of market expectations using that method; and

AD8 response: The table below compares the sell-side analyst consensus expectations to actual performance for US\$ for gross profit and revenue for 1H FY25.

| US\$ | Consensus | Actual | Var % |
|--------------|-----------|--------|--------|
| Revenue | 20.7 | 18.9 | (8.7)% |
| Gross Profit | 15.8 | 15.5 | (1.9)% |

Analyst consensus estimate translated to Australian dollars

AD8 response: The table below outlines the sell-side analyst consensus expectations for 1HFY25 in A\$.

| AUD | Consensus | Actual | Var % |
|--------------|-----------|--------|--------|
| Revenue | 31.1 | 28.7 | (7.7)% |
| Gross Profit | 23.7 | 23.7 | - |
| EBITDA | (1.1) | 0.8 | |
| EBIT | (7.9) | (6.6) | |
| PBT | (6.1) | (4.3) | |
| NPAT | (5.4) | (2.2) | |

2.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.

AD8 response: As noted above, AD8 continued to consider that its 1H FY25 US\$ gross profit result would be materially consistent with the guidance provided in the Market Outlook from the date of the Market Outlook until 17 February 2025, being the date the Results Announcement.

2.3 If paragraphs 2.1 and 2.2 are not applicable, the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, AD8's earnings for the prior corresponding period.

AD8 response: Not applicable.

3. Does AD8 consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of AD8's securities?

Please answer separately for each measure of earnings referred to in the Earnings Information.

AD8 response: No.

4. If the answer to question 3 is “no”, please provide the basis for that view.

AD8 response: AD8 provided guidance on US\$ gross profit for 1H FY25 in the Market Update (as more particularly described in the response to question 1). Having regard to paragraph 4(a) of section 7.3 of Guidance Note 8, AD8 does not consider that, at any point prior to the date of the Results Announcement, that there was a variance in actual earnings, AD8’s guidance, or analyst consensus estimates for US\$ gross profit and revenue of such magnitude that a reasonable person would expect disclosure.

5. If the entity first became aware of the variance before the release of Results Announcements, did AD8 make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AD8 was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AD8 took to ensure that the information was released promptly and without delay.

AD8 response: Not applicable.

6. Please provide details of any other explanation AD8 may have for the trading in its securities following the release of the Results Announcements.

AD8 response: Any explanation AD8 may proffer for the AD8 share price increase following the Results Announcement is general in nature and involves an element of speculation. Against that context, AD8 makes the following observations:

- In August 2024 and October 2024, AD8 provided two separate market updates indicating potentially more challenging trading conditions than what had been experienced in FY2024.
- AD8 was aware of a larger than normal short position in respect of its securities at the time of release of our H1 FY25 Results Announcement.

7. Please confirm that AD8 is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

AD8 response: AD8 confirms that it is in compliance with the ASX Listing Rules, including Listing Rule 3.1.

8. Please confirm that AD8's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AD8 with delegated authority from the board to respond to ASX on disclosure matters.

AD8 response: This response has been approved in accordance with AD8's continuous disclosure policy and has been authorised for release by the Board of Audinate Group Limited. Should you require any further information, please do not hesitate to contact us.

Yours sincerely,

Chris Rollinson
Company Secretary
Audinate Group Limited



19 February 2025

Reference: 106268

Mr Christopher Rollinson
Company Secretary
Audinate Group Limited
Level 7, 64 Kippax Street
Surry Hills NSW 2010

By email: chris.rollinson@audinate.com

Dear Mr Rollinson

Audinate Group Limited ('AD8'): ASX Aware Letter

ASX refers to the following:

- A. AD8's announcements released on the ASX Market Announcements Platform on 17 February 2025 in connection with its half year results for the period ended 31 December 2024 ('Results Announcements'), being:
 - 1.1 2025 Half Year Financial Statements & Appendix 4D, released at 08:26 AM AEDT;
 - 1.2 2025 Half Year Results Market Release, released at 08:26 AM AEDT; and
 - 1.3 2025 Half Year Results Presentation, released at 08:26 AM AEDT.
- B. The change in the price of AD8's securities from \$7.58 immediately prior to the release of the Results Announcements to a high of \$10.17 following the release of the Results Announcements.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."
- E. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
 - "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:
 - 3.1A.1 One or more of the following 5 situations applies:
 - It would be a breach of a law to disclose the information;
 - The information concerns an incomplete proposal or negotiation;
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;

- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

G. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular:

"...If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact."...

"...An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities."...

Request for information

Having regard to the above, ASX asks AD8 to respond separately to each of the following questions and requests for information:

1. Does AD8 consider that any measure of its statutory or underlying earnings for the half year ended 31 December 2024 as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):
 - 1.1 If AD8 had published earnings guidance, that guidance.
 - 1.2 If AD8 is covered by sell-side analysts, the earnings forecasts of those analysts.
 - 1.3 If paragraphs 1.1 and 1.2 are not applicable, AD8's earnings for the prior corresponding period, being the half year ended 31 December 2023.

Please answer separately for each measure of earnings referred to in the Earnings Information. In your response, please have regard to ASX's commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

2. Please explain the basis for the view provided in response to question 1. In doing so, please specify how AD8 determined market expectations in relation to each relevant measure of its earnings, including:
 - 2.1 If AD8 had published earnings guidance, details of:
 - 2.1.1 that guidance and when it was released to the market; and
 - 2.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.
 - 2.2 If AD8 used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:
 - 2.2.1 the method that AD8 used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in

particular, whether or not AD8 used a “consensus estimate” or an “adjusted consensus estimate” or a different specified approach for determining this estimate;

2.2.2 the entity’s estimate of market expectations using that method; and

2.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.

2.3 If paragraphs 2.1 and 2.2 are not applicable, the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, AD8’s earnings for the prior corresponding period.

3. Does AD8 consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of AD8’s securities?

Please answer separately for each measure of earnings referred to in the Earnings Information.

4. If the answer to question 3 is “no”, please provide the basis for that view.
5. If the entity first became aware of the variance before the release of Results Announcements, did AD8 make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AD8 was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AD8 took to ensure that the information was released promptly and without delay.
6. Please provide details of any other explanation AD8 may have for the trading in its securities following the release of the Results Announcements.
7. Please confirm that AD8 is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that AD8’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AD8 with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **10:00 AM AEDT Monday, 24 February 2025**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AD8’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out above and may require AD8 to request a trading halt immediately if trading in AD8’s securities is not already halted or suspended.

Your response should be sent by e-mail to ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in AD8's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AD8's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that AD8's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A. The usual course is for the correspondence to be released to the market.

Kind regards

ASX Compliance