

ASX announcement

20 February 2019

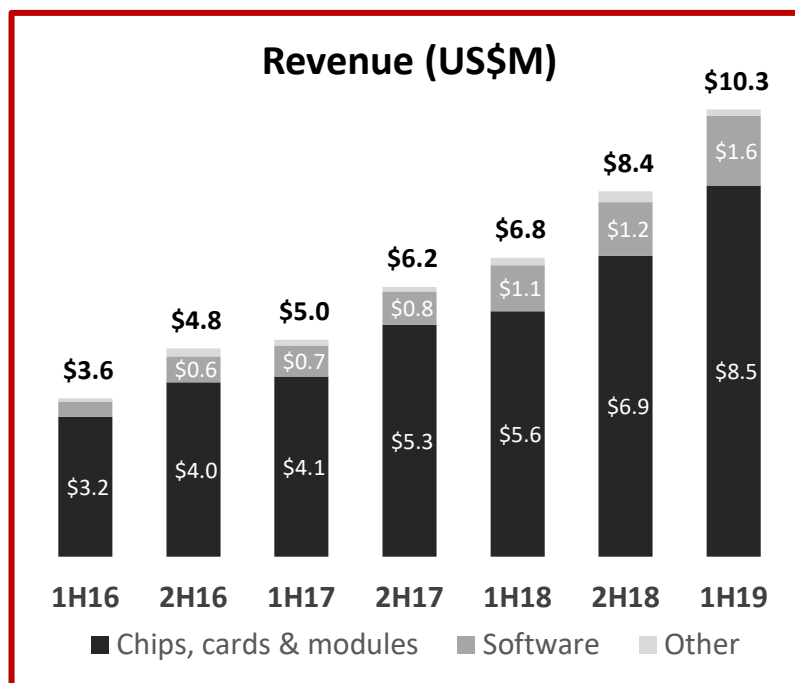
Audinate (ASX: AD8) delivers record 51% USD revenue growth in 1H19

Audinate Group Limited (ASX: AD8), developer of the industry leading Dante® audio over IP networking solution, is pleased to announce its results for the financial half-year ended 31 December 2018 (1H19), which delivered record revenues of A\$14.2 million and EBITDA of A\$1.7 million.

Financial results (1H19 vs 1H18):

- Revenue up 60% to A\$14.2 million from A\$8.8 million in 1H18
 - In US\$ terms, revenue was up 51% to US\$10.3 million
- Profit before tax increased to A\$0.7 million, up from a A\$0.5 million loss
- EBITDA of A\$1.7 million was up from A\$0.1 million
- Operating cashflow of A\$0.6 million

Audinate results for 1H19 reflected an increase of 51% in USD revenues versus 1H18, aided by a 59% increase in shipments of Dante units (Chips, cards, modules, adapters & software). Revenue growth continued to be under-pinned by growth in repeat revenues associated with Dante Brooklyn units (>30% growth) and Dante Ultimo chips (approx. 50% growth). Revenue contributions from shipments of Dante AVIO adapters and Dante Domain Manager bolstered growth in 1H19 versus 2H18.



Total expenses increased 34% to A\$8.7 million primarily due to the investment in increased headcount to support new products, further LTI grants, and consulting costs. Operating costs were unfavourably impacted by currency movements.

EBITDA at A\$1.7 million was up from A\$0.1 million in 1H18, due to strong revenue growth combined with operating leverage in the cost base flowing through.

Similarly profit before tax increased to A\$0.7 million from a loss of A\$0.5 million in 1H18. Net profit after tax amounted to A\$0.8 million, versus A\$2.2 million in 1H18 (which included the one-off impact of entering a tax consolidated group in Australia, generating a one-time benefit of A\$2.4 million in the prior period).

Operational results reflect core business growth

Dante enabled original equipment manufacturers (OEM) products available for sale increased to 1,751 products, up from 1,292 at 31 December 2017. Unit sales of chips, modules and cards shipped in 1H19 was up 59% to approximately 181,000. Audinate also generates software revenue from royalties, consumer software and Dante Domain Manager – 88,000 units of software were sold in 1H19, up 22% from 72,000 units in 1H18.

The Group continues to grow the number of OEMs adopting Dante adding 31 OEMs during the period (31 OEMs were also added in 1H18) to finish with 455 OEMs at 31 December 2018.

During FY18 the Group launched Dante Domain Manager (DDM) and Dante AVIO adapters. Sales of Dante AVIO adapters have exceeded expectations so far in FY19 and revenue from DDM is in line with budget while the focus has purposefully remained on growing the number of DDM compatible OEM products.

In January 2019 the Group announced the preview of its first video products, the Dante AV Module and the Dante AV Product Design Suite. Initial OEM feedback was positive, and the Group continues to work towards having these products commercially available later in calendar year 2019.

Core business to drive continued top line growth supplemented by new products

Audinate will continue to invest in growth initiatives to drive future revenue. Key priorities in FY19 include:

- Consistent strategy and successful execution
- Broaden our suite of core Dante products to accelerate penetration within OEMs
- Continued promotion of Dante AVIO adapters and Dante Domain Manager
- Increased capital investment in Dante AV (Video) and expansion of Sydney office
- Commercial launch of Dante AV module in the middle of calendar year 2019
- Revenue growth consistent with long-term historical USD performance

Commenting on the result and outlook CEO Lee Ellison said: “Audinate has been successfully executing on our growth strategy which is reflected in the record performance of our core business, specifically in revenue from shipments of our market leading audio networking technology. We continue to be optimistic about Audinate’s growth prospects for the remainder of FY19 and are well positioned to roll out the new product initiatives we have in progress. In addition to ongoing growth in the core business, the focus will be on the market expansion of Dante AVIO and Dante Domain Manager, and obtaining the design wins for Dante AV (video) products later in this calendar year.”

Investor Briefing

The Company will host a briefing for investors and analysts at 9.30am (AEDT) on 20 February 2019 to discuss Audinate's results. To pre-register for the briefing and avoid a queue while calling, please register at the following link:

<https://services.choruscall.com.au/diamondpass/audinate-688453-invite.html>

If you are unable to pre-register, at the time of the call please dial one of the numbers below and provide the **conference ID: 688 453** to the operator.

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For more information on Audinate, please visit:

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Forward-Looking Statements

This ASX release includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Audinate. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

About Audinate Group Limited

Audinate Group Ltd (ASX:AD8) was founded with a vision to pioneering the future of AV. Audinate's award winning Dante audio over IP networking solution is the worldwide leader and used extensively in the professional live sound, commercial installation, broadcast, public address, and recording industries. Dante replaces traditional analogue audio cables by transmitting perfectly synchronized audio signals across large distances, to multiple locations at once, using nothing more than an Ethernet cable. Audinate is headquartered in Australia and has regional offices in the United States, United Kingdom and Hong Kong. Dante technology powers products available from hundreds of leading audio partners around the world. The company's ordinary shares are traded on the Australian Securities Exchange (ASX) under the ticker code AD8.