
ASX announcement

27 October 2017

Audinate (ASX: AD8) reports strong start to FY2018

Audinate Group Limited ('Audinate' or the 'Company'), developer of the industry leading Dante audio over IP networking solution, today released its initial Appendix 4C for the 1st quarter of the financial year ending 30 June 2018. The Company recorded cash collections of \$4.5m for the quarter and a net operating cash outflow of \$1.5m for the period.

Outgoing cash payments include \$0.7m relating to annual staff bonuses and \$0.9m for the payment of IPO costs. Operating cash payments for product manufacturing and operating costs were more than the forecast set out in the previous Appendix 4C due to additional inventory purchases.

Cash collections for first quarter were \$4.5m compared to \$4.4m for the last quarter of 2017. The appreciation of the Australian dollar against the USD had a modest impact on cash receipts. Measured in USD cash, receipts increased more than 7.5% relative to last quarter.

Financing costs includes the receipt of the balance of funds from the IPO and payments to selling shareholders, as previously flagged in the last Appendix 4C announcement.

Mr. Lee Ellison, CEO of Audinate said that "first quarter of 2018 represented a great start to the financial year and we are pleased that the business is executing to plan".

Further detail on the business performance of 1Q 2018 is contained in the Annual General Meeting (AGM) presentation which will be lodged with the ASX prior to the meeting on 27 October 2017.

-ENDS-

For more information on Audinate, please visit:

Investor Centre – www.investor.audinate.com

Website – www.audinate.com

Enquiries

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Audinate Group Limited

ACN

618 616 916

Quarter ended ("current quarter")

30 September 2017

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 4,485 | 4,485 |
| 1.2 Payments for | | |
| (a) research and development | (286) | (286) |
| (b) product manufacturing and operating costs | (1,337) | (1,337) |
| (c) advertising and marketing | (457) | (457) |
| (d) leased assets | | |
| (e) staff costs | (2,435) | (2,435) |
| (f) administration and corporate costs | (648) | (648) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 59 | 59 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | (31) | (31) |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other – Capital Raising Costs (IPO) | (897) | (897) |
| 1.9 Net cash from / (used in) operating activities | (1,547) | (1,547) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (96) | (96) |
| (b) businesses (see item 10) | | |
| (c) investments | | |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| | (d) intellectual property | (17) | (17) |
| | (e) other non-current assets | (622) | (622) |
| 2.2 | Proceeds from disposal of: | | |
| | (a) property, plant and equipment | | |
| | (b) businesses (see item 10) | | |
| | (c) investments | | |
| | (d) intellectual property | | |
| | (e) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other – R&D incentive related to development costs | | |
| 2.6 | Net cash from / (used in) investing activities | (735) | (735) |

| | | | |
|-----------|---|----------------|----------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 4,062 | 4,062 |
| 3.2 | Proceeds from issue of convertible notes | | |
| 3.3 | Proceeds from exercise of share options | 14 | 14 |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | | |
| 3.5 | Proceeds from borrowings | | |
| 3.6 | Repayment of borrowings | | |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other – Capital Raising Costs capitalised (IPO) | (48) | (48) |
| | Other – Payments to selling shareholders | (7,030) | (7,030) |
| 3.10 | Net cash from / (used in) financing activities | (3,002) | (3,002) |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of quarter/year to date | 18,694 | 18,694 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,547) | (1,547) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (735) | (735) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|--|------------------------------------|---|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (3,002) | (3,002) |
| 4.5 | Effect of movement in exchange rates on cash held | (98) | (98) |
| 4.6 | Cash and cash equivalents at end of quarter | 13,312 | 13,312 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances | 703 | 17,204 |
| 5.2 Call deposits | 12,609 | 1,556 |
| 5.3 Bank overdrafts | | |
| 5.4 Other (provide details if material) | | |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 13,312 | 18,760 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

(123)

nil

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

nil

nil

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|--|---|
| 8.1 Loan facilities | | |
| 8.2 Credit standby arrangements | | |
| 8.3 Other (please specify) | | |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |
| Nil | | |

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Research and development | (287) |
| 9.2 Product manufacturing and operating costs | (1,301) |
| 9.3 Advertising and marketing | (516) |
| 9.4 Leased assets | - |
| 9.5 Staff costs | (1,763) |
| 9.6 Administration and corporate costs | (648) |
| 9.7 Other – (provide details if material) | |
| 9.8 Total estimated cash outflows | (4,515) |

| 10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above) | Acquisitions | Disposals |
|--|---------------------|------------------|
| 10.1 Name of entity | | |
| 10.2 Place of incorporation or registration | | |
| 10.3 Consideration for acquisition or disposal | | |
| 10.4 Total net assets | | |
| 10.5 Nature of business | | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Robert Goss
(Company secretary)

Date: 27 October 2017

Print name: Rob Goss

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.