

ASX announcement

27 August 2018

Strong revenue growth in FY18 driving positive EBITDA and profit, exceeding Prospectus forecasts

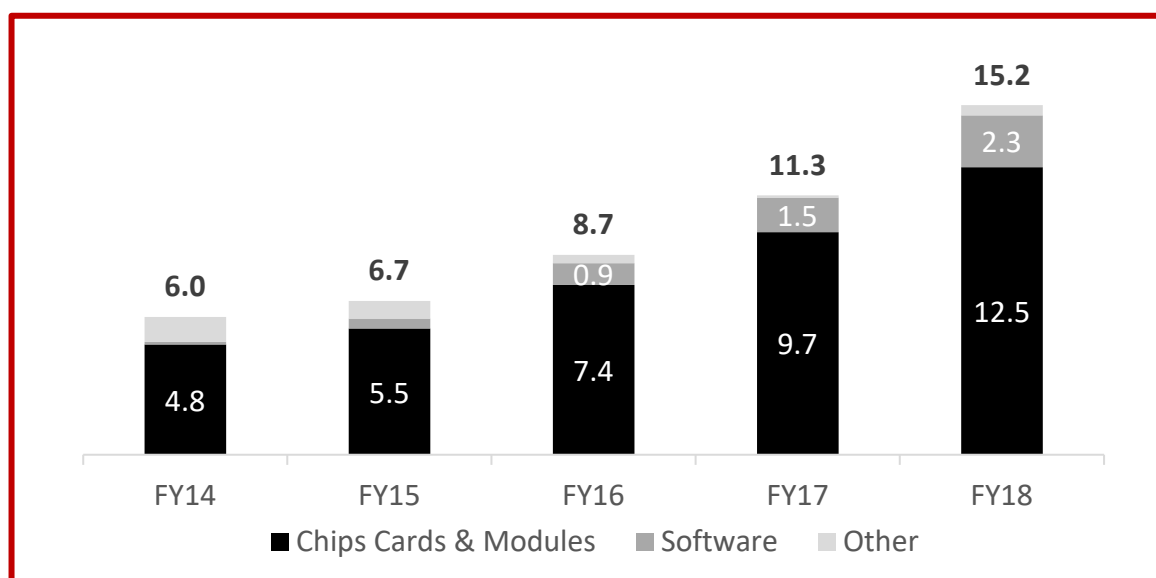
Audinate Group Limited (ASX: AD8), developer of the industry leading Dante® audio over IP networking solution, is pleased to announce its results for the financial year ended 30 June 2018 (FY18), which exceeded the Prospectus forecasts in its first full year as an ASX-listed company.

Commenting on Audinate's performance in FY18, CEO Lee Ellison said: "We are very pleased with the performance and execution of our growth strategy that delivered a set of results exceeding the Prospectus forecasts we set for FY18. During the past financial year, Audinate continued to increase the penetration of our Dante audio networking technology across the professional audio-visual market. New products revenues from our Dante Domain Manager software and Dante AVIO adapters also exceeded the Prospectus forecast."

FY18 results exceeded Prospectus forecast

- Revenue up 30% to A\$19.7 million; exceeded Prospectus forecast of A\$18.6 million
 - In US\$ terms, revenue was up 35% to US\$15.2 million
- Statutory NPAT increased to A\$2.5 million from a A\$20.4 million loss in FY17
- EBITDA of A\$0.6 million; exceeded Prospectus forecast of a loss of A\$1.2 million
- Strong operating cashflow of A\$1.0 million

USD revenue growth was underpinned by a 38% increase in shipments of Dante chips, cards and modules as well as a 58% increase in units of software and royalties. Consistent with the prior year, gross margin remained strong at approximately 75%.



USD Revenue(\$m) and gross margin

Total expenses increased 34% to A\$14.1 million reflecting the increased headcount to drive new product initiatives, as well as additional sales & marketing spend and public company costs.

EBITDA of A\$0.6 million was slightly below FY17's reported EBITDA because FY17 did not include A\$1.2 million of costs relating to public company costs and Long Term Incentive related expenses that were incurred in FY18.

NPAT of A\$2.5 million compared to an FY17 loss of A\$20.4 million. FY17's result included a non-cash charge for the change in fair value of the convertible redeemable preference shares (CRPS)¹. FY18 profit after tax was favourably impacted by Audinate entering into a tax consolidated group in Australia which generated a one-time benefit of A\$2.4 million.

Operational results above plan

Dante enabled original equipment manufacturers (OEMs) products available for sale increased to 1,639 products at 30 June 2018, up 39% from 1,182 at 30 June 2017. Sales of chips, modules and cards shipped in FY18 was up 38% to approximately 248,000 units. The Group continues to grow the number of OEMs adopting Dante to 438 manufacturer brands as at 30 June 2018, up from 369 at 30 June 2017.

In addition to sales of chips, modules and cards, Audinate also generated software and royalties – 150,000 units of software were sold in FY18, up 58% from 95,000 units for FY17.

The Group also successfully launched Dante Domain Manager and a range of Dante AVIO adapters in the second half of 2018. The initial sales of these products exceeded the A\$0.7 million Prospectus forecast for FY18. The company also demonstrated a video prototype at InfoComm in June 2018, which is expected to launch commercially by the end of FY19.

Foundations in place to drive continued revenue growth

Audinate's key priorities for FY19 to underpin its growth are:

- Geographically expand the sales and support teams
- Broaden our suite of core Dante products to accelerate penetration within OEMs
- Invest in the development of the Dante video solution
- Continue the roll-out of Dante Domain Manager and Dante AVIO adapters

Audinate will continue to invest in growth initiatives to drive future revenue. In FY19 the Company expects:

- Reliable ongoing execution of the Group's strategy
- Revenue growth in a range consistent with historical performance
- Further investment in R&D and expanding the sales footprint

Commenting on the outlook for FY19, Mr Ellison remarked: "We are enthusiastic about Audinate's continued strong growth prospects over the next twelve months. Ongoing growth in the core business will be augmented by contributions from the Dante AVIO adapters and Dante Domain Manager products launched during FY18."

¹ The previous corresponding period contains a non-cash charge for the change in fair value of convertible redeemable preference shares ('CRPS') issued by Audinate Pty Limited amounting to approximately AU\$15.7m. These instruments were converted into ordinary shares in Audinate Group Limited as a part of the capital reconstruction that occurred as part of the IPO on 30 June 2017.

Investor Briefing

The Company will host a briefing for investors and analysts at 10.00am (AEST) on 27 August 2018. To pre-register for the briefing and avoid a queue while calling, please register at the following:

<http://services.choruscall.com.au/DiamondPassRegistration/register?confirmationNumber=763981&linkSecurityString=399aa47d>

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: 763981** to the operator.

Australia Toll Free: 1800 558 698

Australia Local/International: +61 2 9007 3187

For more information on Audinate, please visit:

Investor Centre – www.investor.audinate.com Website – www.audinate.com

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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 revolutionise professional and commercial audio for the 21st century. 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.