

ASX announcement

18 April 2019

Audinate continues its growth trajectory

Audinate Group Limited (ASX: AD8; 'Audinate' or the 'Company'), developer of the professional AV-industry leading Dante® audio over IP networking solution, today released its Appendix 4C for the three months ended 31 March 2019 (3Q FY19).

Reported cash collections in 3Q FY19 were up 40% to A\$6.3 million (3Q FY18: A\$4.5 million) due to ongoing growth in the core business, supplemented by new products. Unaudited revenue (A\$6.6 million) for the quarter exceeded cash collections due to strong sales in March. A key driver of revenue growth is the number of Dante enabled products made available by our OEM customers. During the quarter Dante enabled products grew by 197 to 1,946 products from 241 OEM customers.

During the quarter, Audinate received its R&D incentive for FY18, amounting to A\$1.3 million. It should be noted that in future periods this incentive will be received in the form of a tax rebate as the Company has now exceeded the turnover threshold to receive the R&D incentive in cash.

Year to date (9 months ended 31 March 2019) operating cash flow was up 42% to A\$2.2 million (3Q FY18: A\$1.5 million; excluding IPO costs of A\$0.9 million). Year to date total cash outflow was A\$1.6 million compared to an outflow of A\$1.5 million for 3Q FY18 (excluding IPO payments of A\$4.0 million in 3Q FY18) reflecting the investment in Dante AV video products about to come to market.

Audinate announced its upcoming video solution earlier in the quarter. The Dante AV Module and the Dante Product Design Suite were introduced at the Integrated Systems Europe in Amsterdam in February earlier this year. Dante AV enables network distribution of HDMI video and audio signals to be transported and routed independently, and synchronised over an IT network.

Commenting on the performance of Audinate, CEO Lee Ellison said: "The business is tracking to plan, and we are pleased with Audinate's performance and financial results. Audinate has historically delivered annual revenue growth in US Dollar terms of between 26% and 31%, and we see similar top-line growth being generated in FY19. Underpinning Audinate's growth is the hard work of our dedicated team that has seen us deliver on all our key milestones across the business."

A short conference call will be held today at 10am (AEST) for analysts and investors to discuss Audinate's performance for the quarter.

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-845665-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: 845 665** to the operator.

Australia Toll Free: 1 800 558 698

Australia Local/International: +61 02 9007 3187

-ENDS-

For more information on Audinate, please visit:

Investor Centre – www.investor.audinate.com

Website – www.audinate.com

Enquiries

Rob Goss

CFO & Company Secretary

Audinate Group Limited

Ph: +61 2 8599 1893

Email: rob.goss@audinate.com

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.

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

ABN

56 618 616 916

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,252	20,202
1.2 Payments for		
(a) research and development	(143)	(429)
(b) product manufacturing and operating costs	(2,022)	(7,338)
(c) advertising and marketing	(825)	(1,691)
(d) leased assets		
(e) staff costs	(2,452)	(8,162)
(f) administration and corporate costs	(600)	(1,892)
1.3 Dividends received (see note 3)		
1.4 Interest received	69	171
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		(31)
1.7 Government grants and tax incentives	1,327	1,327
1.8 Other		
1.9 Net cash from / (used in) operating activities	1,606	2,157

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(147)	(376)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	(263)	(317)
(e) other non-current assets	(1,356)	(3,024)
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	(1,766)	(3,717)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options	7	7
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)		
Other – Payments to selling shareholders		
3.10 Net cash from / (used in) financing activities	7	7

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	12,176	13,631
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,606	2,157
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1,766)	(3,717)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7	7
4.5	Effect of movement in exchange rates on cash held	(10)	(66)
4.6	Cash and cash equivalents at end of quarter	12,012	12,012

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	3,862	3,997
5.2	Call deposits	8,150	8,179
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)	12,012	12,176

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**

(126)

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	(143)
9.2 Product manufacturing and operating costs	(2,523)
9.3 Advertising and marketing	(946)
9.4 Leased assets	-
9.5 Staff costs	(2,622)
9.6 Administration and corporate costs	(625)
9.7 Other – (provide details if material)	-
9.8 Total estimated cash outflows	(6,859)

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: ...  Date: 18 April 2019
 (Company secretary)

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.