

ASX announcement

16 July 2020

## Audinate Trading Update

### Key Highlights for the 12 months to 30 June 2020:

- **Unaudited USD revenue approximately US\$20.4 million**
  - In A\$ terms, **unaudited revenue approximately A\$30.3 million**
- **Gross profit margin approximately 77%**
- **Unaudited EBITDA approximately A\$2.0 million**
- **Cash on hand as at 30 June 2020 of A\$29.3 million**
- **Dante enabled products up 31% to 2,804**

**Audinate Group Limited** (ASX:AD8), developer of the professional AV-industry leading Dante® media networking solutions, is pleased to provide the following trading update.

Over the 12 months ending 30 June 2020 (FY20), Audinate generated unaudited revenue of approximately US\$20.4 million, retaining a gross margin of approximately 77%. As a result, unaudited EBITDA is approximately A\$2.0 million for FY20. The Company also had A\$29.3 million cash on hand as at 30 June 2020.

Commenting on the Company's performance in FY20, Audinate CEO Aidan Williams said: "Whilst we have faced headwinds associated with COVID-19 and recovery timing is uncertain, our confidence in the strength of our technology and business model remains high. Delivering our medium-term strategic priorities will ensure that Audinate is well placed to benefit from economic recovery as it occurs in our markets around the world."

### Continued conviction for medium-term priorities

Last month the key US tradeshow for the pro-AV industry (InfoComm) took place as a virtual tradeshow and continued to provide an effective platform for Original Equipment Manufacturers (OEMs) to launch new products. This resulted in the number of Dante enabled products increasing to 2,804, up 31% over FY19. Additionally, Audinate expanded its range of Dante AVIO® adapters with the launch of new Bluetooth and USB-C adapters. More details on these products and new OEM products can be found at [InfoComm Connected](#).

During InfoComm, Audinate also announced the Dante video Authorized Implementors Program with two initial partners. Authorized implementors enable manufacturers to get to market quickly with complete white-label Dante video products and provide specialised design and manufacturing services.

The large number of AV professionals working from home during COVID-19 has presented a huge opportunity for Audinate to ramp up webinars and our Dante Certification training program. Market research has found that this training is a key leading indicator of professionals' propensity to use and adopt Dante technology.

During H2 FY20:

- Audinate conducted 77 webinars, including 25 in Chinese and 23 in five other non-English languages;
- almost 120,000 people attended these webinars or participated in online training; and
- approximately 40,000 AV professional undertook Dante certification.

In response to COVID-19, Audinate launched a range of tactical marketing campaigns highlighting the benefits of Dante networking to industries needing to adapt to virtual and remote customers and employees. These campaigns will continue to run during Q1 FY21 and will target distance learning in higher education, low latency solutions for home recording and hybrid corporate conferencing solutions to support remote employees.

During Q4 Audinate also opened a new office in Manila, Philippines, and has recruited five Finance and Operations roles based in this office. This is an important step in centralising some of Audinate's back office functions, standardising processes and establishing more scalable infrastructure for the Company.

#### **Q4 financial update**

Sales during Q4 were impacted by our manufacturing customers exposure to various sectors directly affected by government restrictions (e.g. live sound, venues small and large, theatre) whilst other sectors held up well (e.g. unified communications / conferencing). Unaudited revenue for Q4 was approximately US\$4 million as the most pronounced impact of COVID-19 was experienced towards the end of April and throughout May. June was the encouraging as both revenue and sales orders recovered, albeit not returned to prior year levels.

Unaudited EBITDA for FY20 of approximately A\$2.0 million is inclusive of A\$1.1 million in non-cash share based expenses, and was adversely impacted by the appreciation of the Australian Dollar against the US Dollar over Q4 FY20 (every 1 cent movement in the exchange rate impacts EBITDA by approximately \$150k).

Audinate qualified for the Federal Government JobKeeper program in May and is eligible for approximately \$0.2 million in both May and June (not included in the unaudited EBITDA results referenced in this release).

In light of the FY20 result and uncertain trading conditions in FY21, Audinate is evaluating the carrying value of tax losses recognised as a deferred tax asset on its balance sheet. At 31 December 2019, this asset amounted to approximately A\$2.5 million, and if no longer recoverable in the short term would be de-recognised as a non-cash income tax expense.

#### **Operational response to COVID-19 for FY21**

The addition of contract manufacturing in Malaysia and internal auditing of component suppliers have made our supply chain more robust, minimising any impact from some relatively minor impacts caused by disruptions to Chinese manufacturing activity in Q3, during the height of their lockdowns.

Given near-term uncertainty and potentially challenging trading conditions over the next six months or more, the Company has prudently re-evaluated its staffing requirements across the business and made eight roles redundant. The cost of these redundancies will be reflected in the FY20 results. For remaining staff, the Company has implemented a salary freeze until trading conditions improve.

Heading into FY21, the company currently expects cash operating costs (including office leases) and capex to be in line with FY20, assuming an AUD:USD exchange rate of 0.72.

**Authorisation:** This announcement was authorised by the Board of Audinate Group Limited

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**For more information on Audinate, please visit:**

Investor Centre – [investor.audinate.com](http://investor.audinate.com) Website – [www.audinate.com](http://www.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 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.