

Audinate FY24 preliminary unaudited results and FY25 outlook

Key FY24 unaudited results

- Unaudited revenue of approximately US\$60.0 million (A\$91.5million), up 28.4% in US\$
- Expected EBITDA A\$19.5 – A\$20.5 million (compared to A\$11 million in FY23)
- Unaudited gross profit (GP) of approximately US\$44.5 million, up 33.2%
- Unaudited gross margin of 74.3% (compared to 72.1% in FY23)

Audinate Group Limited (ASX: AD8), developer of the professional AV-industry-leading Dante® media networking solution, provides the following update.

Audinate experienced favourable product mix shift to software implementations and realised cost savings in its Brooklyn product to record unaudited gross profit of US\$44.5 million in FY24, up 33.2% from US\$33.4 million in FY23. Audinate expects further long-term margin improvement as customers adopt more software-based Dante implementations.¹ This trend is reflected in a gross profit margin of 74.3% (FY23: 72.1%), including a 2H24 gross margin of 76.8%. Increased use of Dante software (vs chips, cards & modules) is a continuing trend and implies that gross profit dollar growth becomes a more appropriate performance measure than revenue growth alone as this product mix shift plays out.

Audinate expects to report EBITDA in the range of A\$19.5 million to A\$20.5 million for FY24 (compared to A\$11 million in FY23).

Audinate Co-founder and CEO Aidan Williams commented:

“We are pleased to deliver a strong set of unaudited results demonstrating that the business continues to grow profitably – consistent with our FY24 outlook statement.”

¹ FY21 Results announcement, 23 August 2021 “As customers adopt new software-based Dante implementations, Audinate expects to see further long-term margin improvement. As the mix of hardware and software products shifts, growth in gross profit dollars becomes a more appropriate measure of performance than revenue growth alone”.

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Recent market dynamics

Several factors drove revenue growth during FY24, including:

- Conservative over-ordering of chips & modules by our manufacturing customers, driving our sales backlog to record levels
- Return of chip supply, enabling fulfillment of customer orders
- Unwinding of sales backlog through the year and shortening lead times
- Recent AVIO adapter promotions

These drivers of revenue during FY24 are not expected to continue into FY25.

Outlook for FY25

FY25 revenue faces a combination of headwinds, including:

- The preference for software-based Dante implementations is expected to increase during FY25, driving the business's overall margin towards 80%. Software Dante implementations drive adoption via hardware cost savings for equipment manufacturers, however per-unit revenue is lower.
- Shortening order lead times, re-balancing of inventory holdings across the industry and the rate at which our manufacturing customers clear raw material inventory will influence our FY25 result.
- Expected end-of-life of Viper and MY16 products.

Audinate expects to generate US\$ gross profit marginally lower than FY24, and there will likely be a decline in revenue in FY25, before a return to anticipated growth and more predictable order patterns in FY26.

A range of initiatives are underway to drive FY25 revenue, including a) event-based pricing for Dante Connect; b) launch of a new AVIO adapter; c) launch of a variant of Dante Virtual Soundcard; d) deal registration and other initiatives to strengthen ties with integrators; and e) incremental marketing spend to cement brand recognition and drive lead generation. These initiatives are designed to partially compensate for the expected decline in Ultimo and AVIO adapter revenue and a large customer over-ordering Brooklyn, which, in aggregate, represents a >US\$10 million revenue headwind in FY25. As previously reported, the Viper product is now end of life after contributing US\$2.8 million revenue in FY24.

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Whilst we expect FY25 to be a transitional year for the reasons above, the long-term outlook for Audinate remains strong. There are over 6 million Dante devices in the field and more than a million being added each year. The continued growth in our installed base and the recent launch of Dante Director underpin our long-term plans to generate revenue from the management and monitoring of audio-visual installations.

Given the outlook, a range of actions have been completed in marketing, sales and product development to manage the cost base and allow ongoing investment in new products such as Dante Director and Dante Connect. This discipline supports incremental spending in sales and marketing activities to improve business momentum. Overall, this means that cost growth is expected to be in the range of 7% - 9% in FY25² (compares to historical annual cost growth of 28.5% over the last three years). We aim to prudently balance costs with continued investment in the year ahead to capitalise on the long-term opportunity for Audinate.

Audinate Co-founder and CEO Aidan Williams commented:

“Whilst we expect FY25 to be a transitional year, the long-term strategic thesis for Audinate remains strong. With the challenges of the last few years behind us, we will redouble our efforts to drive audio & video unit growth, a key building block in our long-term strategy. I am delighted by the launch of Dante Director and more generally demand for Dante software implementations which could drive overall gross margins towards 85% over the longer term.”

Investor briefing

The Company will host a webinar via Zoom to discuss its FY24 results at 9.30 am (AEDT) on 19 August 2024. The webinar is expected to last approximately 45 minutes, including question time.

[Register here in advance for this webinar](#)

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

– ENDS –

² Based on a USD exchange rate of 68c

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Investor and media enquiries:

Rob Goss

CFO & Company Secretary

P: +61 2 8090 1000

For more information on Audinate, please visit:Investor Centre – investor.audinate.com Website – 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 pioneer the future of AV. Audinate's award-winning Dante 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 cables by transmitting perfectly synchronised AV 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, Belgium, and Hong Kong. Dante technology powers products available from hundreds of leading audio and video partners around the world. The Company's ordinary shares are traded on the Australian Securities Exchange (ASX) under the ticker code AD8.

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