

ASX announcement

27 April 2022

Audinate trading update

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

The Company navigated tight chip supply in January and February to deliver unaudited revenue of US\$6.5 million for the three months to 31 March 2022. Supplies of a key chip used in Brooklyn and Broadway products were replenished in March, resulting in strong ongoing trading conditions in April. Gross margin has been maintained at 75.8%, albeit the full impact of spot inventory purchases is yet to fully flow through to cost of goods sold.

Chip supplies continue to be constrained, as they have been over the last 15 months, however Audinate is pleased to be building inventory of key chips. Since 31 December 2021, our raw materials inventory balance has increased by A\$3.7 million as we build higher inventory levels (especially for the next generation Brooklyn III due for release in FY23). Supply of Ultimo chips continues to be modest, constraining the number of units shipped but not significantly impacting FY22 revenue.

Demand for Dante products remains strong with sales orders to be fulfilled throughout the remainder of FY22 and FY23. Our total backlog of sales orders has increased with the addition of video product orders acquired from Silex and a 25% price increase for Brooklyn and Broadway products effective from March. Our ability to fulfill orders has improved due to improved supply of key chips, however manufacturing risks associated with an uncertain COVID situation in mainland China remain.

Following a successful trial with QSC, Audinate has released the In-field Enablement (IFE) feature for Original Equipment Manufacturers (OEMs) using Dante Embedded Platform and Dante Application Library software products. IFE enables end-users to purchase additional audio channels for audio equipment in the field through Dante Controller. This feature provides better unit economics for OEMs, better gross profit per audio channel for Audinate, and enables Dante to proliferate across a broader range of cost-effective products.

Audinate also released its first Dante video software product, a part of the Dante Studio range, and which is now available as a free trial. Dante Video RX allows Windows applications to receive video from Dante video cameras and HDMI/SDI converters. A wide range of applications benefit, including live streaming with OBS or vMix, Microsoft Teams, Zoom, and lecture capture with Panopto. We expect to release more products in the Dante Studio range later in the calendar year, including Dante Video TX for sending video signals from a computer and Dante Video Viewer for receiving and monitoring a Dante video signal on a computer.

Audinate Co-founder and CEO Aidan Williams commented:

"We have navigated what was expected to be the weakest quarter of FY22 and whilst some supply chain risks remain, we are making good progress in filling demand for Dante by replenishing our inventory of chips. I am also thrilled to have achieved two major product milestones with the release of IFE and our first video software – both are strategically important achievements for the ongoing growth of Audinate."

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

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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.