

1. Company details

Name of entity:	Audinate Group Limited
ABN:	56 618 616 916
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	51.1%	to	46,604
Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA')	up	>100%	to	10,089
Profit before income tax expense	up	>100%	to	5,589
Profit from ordinary activities after tax expense attributable to the owners of Audinate Group Limited	up	>100%	to	4,745
Profit for the year attributable to the owners of Audinate Group Limited	up	>100%	to	4,745

Dividends

No dividends paid, recommended or declared during the current financial period.

Comments

Review of operations

For the half-year period ended 31 December 2023, the Group reported an increase in revenue of 51.1% to \$46.6 million from \$30.8 million in the previous corresponding period (six months ended 31 December 2022). As the Group invoices its customers in US dollars, this currency is a more relevant measure of sales performance. In US dollars, revenue increased by 47.7% to US\$30.4 million in the current period from US\$20.6 million in the previous corresponding period.

Gross profit dollars increased by 52.6% to \$33.5 million in the half-year ended 31 December 2023 from \$21.9 million in the previous corresponding period. The gross margin for the half-year ended 31 December 2023 improved to 71.8%, exceeding the 71.2% recorded in the previous corresponding period.

The directors consider Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') to reflect the core earnings of the Group. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items. The Group's reconciliation of its statutory net profit after tax for the current and previous year to EBITDA is as follows:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit/(loss) after income tax expense for the half-year	4,745	(381)
Interest income	(1,663)	(248)
Revaluation of deferred contingent consideration	-	(439)
Other income	-	(4)
Net foreign exchange loss	195	45
Interest expense	69	160
Income tax expense/(benefit)	844	(4)
Depreciation and amortisation	5,899	5,137
EBITDA	<u>10,089</u>	<u>4,266</u>

Operating expenses, which consist of employee benefit expenses, sales and marketing expenses and administration and other operating expenses increased by approximately 32.3% to \$23.4 million in the half-year ended 31 December 2023 from \$17.7 million in the previous corresponding period. The key movement was due to a \$3.6 million increase in employee costs as headcount grew from 186 to 204 at 31 December 2023, salaries increased and the annualisation timing of new headcount over this period. Sales and marketing expenses increased by \$0.7 million from the previous corresponding period due to the increased spend on advertising and rebranding. Administration and other operating expenses increased by \$1.4 million due to increased software subscriptions, travel and professional services expenses. EBITDA was \$10.1 million in the half-year ended 31 December 2023 compared to \$4.3 million in the previous corresponding period.

An increase in the capitalised development cost asset has resulted in a rise in the depreciation and amortisation expense to \$5.9 million during the half-year ended 31 December 2023, compared to \$5.1 million in the previous corresponding period. Audinate recognised an income tax expense of \$0.8 million during the half-year ended 31 December 2023 compared to a nominal income tax benefit in the previous corresponding period.

Due to the movements described above, the net profit after tax was \$4.7 million for the half-year ended 31 December 2023, compared to a \$0.4 million net loss after tax in the corresponding prior period.

Refer to the 'Review of operations' section of the Directors' report accompanying this Appendix 4D for further commentary

3. Net tangible assets

	31 Dec 2023	30 Jun 2023
	Cents	Cents
Net tangible assets per ordinary security	<u>156.24</u>	<u>71.98</u>

Net tangible assets is calculated as net assets excluding intangibles as per the statement of financial position.

4. Dividend reinvestment plans

Not applicable.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

Details of attachments (if any):

The Interim Report of Audinate Group Limited for the half-year ended 31 December 2023 is attached.

7. Signed

Authorised by the Board of Directors.

Signed 

Date: 12 February 2024

David Krall
Chairman
Sydney

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Audinate Group Limited

ABN 56 618 616 916

Interim Report - 31 December 2023

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Directors	David Krall Aidan Williams John Dyson Roger Price Alison Ledger Tim Finlayson Amrita Blickstead
Company secretary	Rob Goss
Registered office	Level 7 64 Kippax Street Surry Hills NSW 2010 Tel: 02 8280 7100
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel: 1300 554 474
Auditor	Ernst & Young 200 George Street Sydney NSW 2000
Solicitors	Maddocks Level 27 123 Pitt Street Sydney NSW 2000
Stock exchange listing	Audinate Group Limited shares are listed on the Australian Securities Exchange (ASX code: AD8)
Website	www.audinate.com

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Audinate Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Audinate Group Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

David Krall
Aidan Williams
John Dyson
Roger Price
Alison Ledger
Tim Finlayson
Amrita Blickstead

Principal activities

The Group's principal activity is the development and sale of digital Audio Visual ('AV') networking solutions. Dante® is the Group's technology platform that distributes high-quality digital audio and video signals over computer networks. Dante comprises software and chips, cards and modules that are sold to and integrated inside the AV products of its Original Equipment Manufacturer ('OEM') customers. Audinate also provides a series of products and services to AV professionals including AVIO adapters and management and control software.

Dividends

No dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

For the half-year period ended 31 December 2023, the Group reported an increase in revenue of 51.1% to \$46.6 million from \$30.8 million in the previous corresponding period (six months ended 31 December 2022). As the Group invoices its customers in US dollars, this currency is a more relevant measure of sales performance. In US dollars, revenue increased by 47.7% to US\$30.4 million in the current period from US\$20.6 million in the previous corresponding period.

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The directors consider Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') to reflect the core earnings of the Group. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items. The Group's reconciliation of its statutory net profit after tax for the current and previous year to EBITDA is as follows:

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EBITDA	10,089	4,266

Operating expenses, which consist of employee benefit expenses, sales and marketing expenses and administration and other operating expenses increased by approximately 32.3% to \$23.4 million in the half-year ended 31 December 2023 from \$17.7 million in the previous corresponding period. The key movement was due to a \$3.6 million increase in employee costs as headcount grew from 186 to 204 at 31 December 2023, salaries increased and the annualisation timing of new headcount over this period. Sales and marketing expenses increased by \$0.7 million from the previous corresponding period due to the increased spend on advertising and rebranding. Administration and other operating expenses increased by \$1.4 million due to increased software subscriptions, travel and professional services expenses. EBITDA was \$10.1 million in the half-year ended 31 December 2023 compared to \$4.3 million in the previous corresponding period.

An increase in the capitalised development cost asset has resulted in a rise in the depreciation and amortisation expense to \$5.9 million during the half-year ended 31 December 2023, compared to \$5.1 million in the previous corresponding period. Audinate recognised an income tax expense of \$0.8 million during the half-year ended 31 December 2023 compared to a nominal income tax benefit in the previous corresponding period.

Due to the movements described above, the net profit after tax was \$4.7 million for the half-year ended 31 December 2023, compared to a \$0.4 million net loss after tax in the corresponding prior period.

The following table highlights key balances in Audinate's statement of financial position.

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Cash and term deposits	111,672	40,031
Inventories	6,222	6,707
Total current assets	128,817	56,469
Total non-current assets	52,171	50,133
Total assets	180,988	106,602
Total current liabilities	12,942	14,293
Total non-current liabilities	2,072	2,113
Total liabilities	15,014	16,406
Total equity	165,974	90,196

The Company recorded operating cash flow of \$11.8 million for the half-year ended 31 December 2023 compared to \$1.8 million for the previous corresponding period.

At 31 December 2023, Audinate held over \$111 million in cash and term deposits following a \$70 million capital raise in the first half.

Ongoing strength in core business metrics

The Audinate sale cycle involves an OEM design win followed by a period of 12 – 24 months for completion of product design, followed by a repeat revenue model from the point of manufacture. During the period, the number of OEMs in the process of developing their first Dante product increased to 153 from 129 in the previous corresponding period. Furthermore, the number of OEMs shipping Dante products increased to 430 from 391 in the previous corresponding period.

As a result, the number of Dante-enabled OEM products increased to 4,008, reflecting a net increase in products of 155 for the six months ended 31 December 2023 compared to 78 net products added during the previous corresponding period. This growth is important to continue to drive revenue in future periods.

Significant changes in the state of affairs

The Group completed an institutional placement on 8 September 2023 which raised \$50 million of cash and resulted in the issue of 3,846,154 ordinary shares on 13 September 2023. In addition, a Share Purchase Plan was completed on 5 October 2023 which raised \$20 million of cash and resulted in the issue of 1,538,919 ordinary shares on this date.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, relating to 'rounding-off' of amounts. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out following the Directors' Report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



David Krall
Chairman

12 February 2024
Sydney

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**Building a better
working world**

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Auditor's independence declaration to the directors of Audinate Group Limited

As lead auditor for the review of the half-year financial report of Audinate Group Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Audinate Group Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Rudman

Rachel Rudman
Partner
12 February 2024

Audinate Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

AUDINATE

	Note	Consolidated 31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenue			
Sales	4	46,604	30,843
Cost of goods sold		(13,122)	(8,894)
Gross profit		<u>33,482</u>	<u>21,949</u>
Expenses			
Employee expenses		(17,548)	(13,937)
Sales and marketing expenses		(2,411)	(1,738)
Administration and other operating expenses		(3,434)	(2,008)
Depreciation and amortisation		(5,899)	(5,137)
Total expenses		<u>(29,292)</u>	<u>(22,820)</u>
Operating profit/(loss)		4,190	(871)
Net foreign exchange loss		(195)	(45)
Finance costs		(69)	(160)
Other income	5	<u>1,663</u>	<u>691</u>
Profit/(loss) before income tax (expense)/benefit		5,589	(385)
Income tax (expense)/benefit	6	<u>(844)</u>	<u>4</u>
Profit/(loss) after income tax (expense)/benefit for the half-year		4,745	(381)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(258)</u>	<u>238</u>
Other comprehensive income for the half-year, net of tax		<u>(258)</u>	<u>238</u>
Total comprehensive income for the half-year		<u><u>4,487</u></u>	<u><u>(143)</u></u>
		Cents	Cents
Basic earnings per share	7	5.88	(0.49)
Diluted earnings per share	7	5.88	(0.49)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Audinate Group Limited
Consolidated statement of financial position
As at 31 December 2023

AUDINATE

	Note	Consolidated 31 Dec 2023 \$'000	30 Jun 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents		62,172	24,031
Term deposits	8	49,500	16,000
Trade and other receivables	9	6,976	6,267
Current tax asset	6	33	-
Inventories		6,222	6,707
Other assets		3,914	3,464
Total current assets		<u>128,817</u>	<u>56,469</u>
Non-current assets			
Property, plant and equipment		1,931	2,096
Right-of-use assets		1,868	2,395
Intangibles	10	36,125	34,451
Deferred tax	6	11,804	10,748
Other assets		443	443
Total non-current assets		<u>52,171</u>	<u>50,133</u>
Total assets		<u>180,988</u>	<u>106,602</u>
Liabilities			
Current liabilities			
Trade and other payables		3,865	3,834
Contract liabilities		2,585	2,390
Lease liability		714	980
Income tax payable	6	162	225
Employee benefits		5,295	6,370
Other liabilities		321	494
Total current liabilities		<u>12,942</u>	<u>14,293</u>
Non-current liabilities			
Contract liabilities		409	226
Lease liability		1,347	1,619
Employee benefits		316	268
Total non-current liabilities		<u>2,072</u>	<u>2,113</u>
Total liabilities		<u>15,014</u>	<u>16,406</u>
Net assets		<u>165,974</u>	<u>90,196</u>
Equity			
Contributed capital	11	199,764	129,307
Reserves	12	5,632	5,056
Accumulated losses		(39,422)	(44,167)
Total equity		<u>165,974</u>	<u>90,196</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Audinate Group Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

AUDINATE

Consolidated	Contributed capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	128,266	1,828	(54,810)	75,284
Loss after income tax benefit for the half-year	-	-	(381)	(381)
Other comprehensive income for the half-year, net of tax	-	238	-	238
Total comprehensive income for the half-year	-	238	(381)	(143)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares - under long term incentive plan	398	(398)	-	-
Share-based payments	-	1,206	-	1,206
Share issue transaction costs	(11)	-	-	(11)
Deferred tax credit recognised directly in equity	3	-	-	3
Balance at 31 December 2022	128,656	2,874	(55,191)	76,339

Consolidated	Contributed capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023	129,307	5,056	(44,167)	90,196
Profit after income tax expense for the half-year	-	-	4,745	4,745
Other comprehensive income for the half-year, net of tax	-	(258)	-	(258)
Total comprehensive income for the half-year	-	(258)	4,745	4,487
<i>Transactions with owners in their capacity as owners:</i>				
Issue of shares - institutional placement	50,000	-	-	50,000
Issue of shares - share purchase plan	20,000	-	-	20,000
Issue of shares - under long term incentive plan	1,591	(1,591)	-	-
Share-based payments	-	1,768	-	1,768
Share issue transaction costs	(2,117)	-	-	(2,117)
Deferred tax credit recognised directly in equity	983	657	-	1,640
Balance at 31 December 2023	199,764	5,632	(39,422)	165,974

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Audinate Group Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023

AUDINATE

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	46,631	29,795
Payments to suppliers and employees (inclusive of GST)	(35,482)	(28,089)
Interest received	1,040	204
Interest and other finance costs paid	(69)	(35)
Income taxes paid	(352)	(49)
	<u>11,768</u>	<u>1,826</u>
Net cash from operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	(395)	(573)
Payments for intangibles	(6,827)	(7,458)
(Payments)/proceeds from term deposits	(33,500)	11,000
	<u>(40,722)</u>	<u>2,969</u>
Net cash (used in)/from investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	70,000	-
Share issue transaction costs	(2,117)	(11)
Repayment of lease liability	(490)	(475)
	<u>67,393</u>	<u>(486)</u>
Net cash from/(used in) financing activities		
Net increase in cash and cash equivalents	38,439	4,309
Cash and cash equivalents at the beginning of the financial half-year	24,031	17,465
Effects of exchange rate changes on cash and cash equivalents	(298)	93
	<u>62,172</u>	<u>21,867</u>
Cash and cash equivalents at the end of the financial half-year		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

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Note 1. General information

The financial statements cover Audinate Group Limited (the 'Company' or 'parent entity') as a consolidated entity consisting of Audinate Group Limited and the entities it controlled (collectively referred to as the 'Group') at the end of, or during, the financial half-year. The financial statements are presented in Australian dollars, which is Audinate Group Limited's functional and presentation currency.

Audinate Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 7
64 Kippax Street
Surry Hills NSW 2010

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 February 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements are condensed financial statements that do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The Group operates in one segment, based on the internal reports that are reviewed and used by the Chief Executive Officer (who is identified as the Chief Operating Decision Maker) in assessing performance and in determining the allocation of resources.

As a result, the operating segment information is as disclosed in the financial statements and notes to the financial statements throughout the report.

Note 4. Revenue

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Sales	46,604	30,843

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Chips, cards and modules	34,564	23,211
Chips, cards and modules - subscriptions and maintenance	284	176
Software	10,143	6,139
Software - subscriptions and maintenance	1,063	881
Other	550	436
	<u>46,604</u>	<u>30,843</u>

Timing of revenue recognition

Revenue from subscriptions and providing support and maintenance is recognised over the period of time in which the services are provided. All other revenue is recognised when the service or software is provided or the goods are dispatched from the warehouse.

Note 5. Other income

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Interest income	1,663	248
Revaluation of deferred contingent consideration	-	439
Other income	-	4
	<u>1,663</u>	<u>691</u>

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Note 6. Income tax

The Group incurs an income tax expense in its overseas subsidiaries relating to the net taxable profit generated on services provided to the Group.

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
<i>Income tax expense/(benefit)</i>		
Current tax	228	(2,396)
Under/(over) provision prior year	30	(34)
Deferred tax - origination and reversal of temporary differences	586	1,075
Derecognition of tax losses	-	1,351
	<u>844</u>	<u>(4)</u>
Aggregate income tax expense/(benefit)		
	<u>844</u>	<u>(4)</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit/(loss) before income tax (expense)/benefit	5,589	(385)
Tax at the statutory tax rate of 30%	1,677	(116)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development incentive benefit	(736)	(849)
Derecognition of tax losses	-	1,351
Revaluation of deferred contingent consideration	-	(131)
Income from controlled foreign companies	158	149
Share-based payments	(24)	(401)
Tax deductible expenditure in a foreign subsidiary	(136)	(115)
Non-assessable income	(10)	-
Non-deductible expenses	5	140
	<u>934</u>	<u>28</u>
Under/(over) provision prior year	30	(34)
Other	(120)	2
	<u>844</u>	<u>(4)</u>
Income tax expense/(benefit)		
	<u>844</u>	<u>(4)</u>

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000

Deferred tax asset

Net deferred tax asset comprises temporary differences attributable to:

Carried forward tax losses	11,896	12,266
Provisions	1,318	1,492
Share-based payments	2,232	1,490
Lease liabilities	454	598
Capital blackhole expenditure	699	176
Unearned revenue	492	374
Trade and other payables	164	155
Intangible assets	(4,608)	(4,972)
Right-of-use assets	(413)	(546)
Property, plant and equipment	(346)	(361)
Other	(84)	76
	<u>11,804</u>	<u>10,748</u>
Deferred tax asset		
	<u>11,804</u>	<u>10,748</u>

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Note 9. Trade and other receivables

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	4,711	4,648
Less: Allowance for expected credit losses	(1)	(1)
	<u>4,710</u>	<u>4,647</u>
Other receivables	<u>2,266</u>	<u>1,620</u>
	<u><u>6,976</u></u>	<u><u>6,267</u></u>

Allowance for expected credit losses

The Group has recognised \$nil (31 December 2022: \$nil) in the income statement in respect of the expected credit losses for the half-year ended 31 December 2023.

Note 10. Intangibles

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<i>Non-current assets</i>		
Goodwill - at cost	<u>9,177</u>	<u>9,286</u>
Development costs	47,949	49,029
Less: Accumulated amortisation	(22,399)	(25,699)
	<u>25,550</u>	<u>23,330</u>
Intellectual property	747	852
Less: Accumulated amortisation	(599)	(658)
	<u>148</u>	<u>194</u>
Customer contracts - at cost	780	780
Less: Accumulated amortisation	(339)	(250)
	<u>441</u>	<u>530</u>
Software - at cost	2,486	2,485
Less: Accumulated amortisation	(1,677)	(1,374)
	<u>809</u>	<u>1,111</u>
	<u><u>36,125</u></u>	<u><u>34,451</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill	Development	Intellectual	Customer	Software	Total
	\$'000	costs	property	contracts	\$'000	\$'000
Consolidated		\$'000	\$'000	\$'000		\$'000
Balance at 1 July 2023	9,286	23,330	194	530	1,111	34,451
Additions	-	6,946	9	-	-	6,955
Exchange differences	(109)	-	(1)	(1)	1	(110)
Amortisation expense	-	(4,726)	(54)	(88)	(303)	(5,171)
Balance at 31 December 2023	<u>9,177</u>	<u>25,550</u>	<u>148</u>	<u>441</u>	<u>809</u>	<u>36,125</u>

Note 11. Contributed capital

Fully paid ordinary shares

	Consolidated			
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>83,108,836</u>	<u>77,451,919</u>	<u>199,764</u>	<u>129,307</u>

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Movements in ordinary share capital

Details	Date	Shares	Price	\$'000
Balance	1 July 2023	77,451,919		129,307
Issue of shares - vesting of performance rights	21 August 2023	234,442	\$5.21	1,223
Issue of shares - vesting of performance rights	21 August 2023	14,098	\$9.98	141
Issue of shares - vesting of performance rights	21 August 2023	18,104	\$8.52	154
Issue of shares - under long term incentive plan	1 September 2023	5,200	\$13.95	73
Issue of shares - institutional placement	13 September 2023	3,846,154	\$13.00	50,000
Issue of shares - share purchase plan	5 October 2023	1,538,919	\$13.00	20,000
Share issue transaction costs				(2,117)
Deferred tax credit recognised directly in equity				983
Balance	31 December 2023	<u>83,108,836</u>		<u>199,764</u>

The price for performance rights disclosed in the table above represents fair value of the right at grant date.

The Group completed an institutional placement on 8 September 2023 which raised \$50 million of cash and resulted in the issue of 3,846,154 ordinary shares on 13 September 2023. In addition, a Share Purchase Plan was completed on 5 October 2023 which raised \$20 million of cash and resulted in the issue of 1,538,919 ordinary shares on this date.

Proceeds from the institutional placement and share purchase plan will be used to deliver organic growth through continued strategic investment in new and innovative products, 'Win in Video' by building on early success and provide flexibility to explore a pipeline of M&A opportunities.

Note 12. Reserves

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Foreign currency reserve	(202)	56
Share-based payments reserve	<u>5,834</u>	<u>5,000</u>
	<u>5,632</u>	<u>5,056</u>

Note 12. Reserves (continued)

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency \$'000	Share-based payments \$'000	Total \$'000
Balance at 1 July 2023	56	5,000	5,056
Foreign currency translation	(258)	-	(258)
Share-based payments	-	1,768	1,768
Issue of shares	-	(1,591)	(1,591)
Deferred tax credit recognised directly in equity	-	657	657
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2023	<u>(202)</u>	<u>5,834</u>	<u>5,632</u>

Note 13. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 14. Contingent liabilities

The Group had no contingent liabilities at 31 December 2023 and 30 June 2023.

Note 15. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



David Krall
Chairman

12 February 2024
Sydney

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Independent auditor's review report to the members of Audinate Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Audinate Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising the material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Rudman

Rachel Rudman
Partner
Sydney
12 February 2024

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