

ASX Announcement

1H25 results above market guidance. Expecting moderate growth in 2H25

Key 1H25 financial highlights:

- Q2 FY25 gross profit exceeded Q1 FY25, and moderate strengthening is expected in the second half
- The impact of OEM inventory overstocking is largely factored into the full year outlook
- Gross profit of US\$16 million (1H24: \$22 million), down 29% on the prior period
- Gross margin percentage of 82% (1H24: 72%) reflects a favourable product mix shift toward higher margin software-based implementations
- Positive EBITDA of A\$1 million (1H24: \$10 million) and positive operating cash flows of A\$1 million (1H24: A\$12 million)
- Strong balance sheet with A\$111 million in cash at period end

Indicators of underlying growth remain solid:

- 61 design wins in the period, up 15% from 1H24 – laying the foundation for future revenue
- Software revenue up 13%, indicating strong underlying demand for Dante technology

Audinate Co-founder and CEO Aidan Williams commented:

“Although the first half was impacted by excess inventory in the OEM channel, we remain confident in the fundamental strength of our business model. We continue to invest in our market-leading audio business, expanding our installed product base and manufacturer partnerships. Additionally, we are investing in long-term growth opportunities through our video and platform software businesses, positioning the company for success as market conditions improve.”

Audinate Group Limited (ASX: AD8), developer of the professional AV-industry-leading Dante® media networking solution, announces its results for the financial half-year ended 31 December 2024 (1H25).

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Financial Performance

Other Key Financial Metrics (US\$)	1H24	1H25	Variance vs 1H24
Revenue (US\$ millions)	30.4	18.9	(38%)
Gross Margin (US\$ millions)	21.8	15.5	(29%)
Gross Margin %	71.5%	82.2%	10.7pp
Revenue by Product (US\$ millions)	1H24	1H25	Variance vs 1H24
Chips, Cards & Modules (CCM)	22.7	10.1	(55%)
Software	7.3	8.3	13%
Other	0.4	0.5	12%
Total Revenue	30.4	18.9	(38%)

As previously communicated, Audinate's FY25 financial performance has been impacted by our manufacturing customers working through accumulated inventory balances, leading to a dampening in short term demand for our hardware chips, cards and module (CCM) products. This has temporarily affected revenue as customers work through inventory on hand rather than placing new orders.

We expect these trading conditions to persist throughout FY25 but anticipate a return to more typical order patterns in FY26 as inventory levels normalise.

Financial Performance – USD Revenue*Chips, cards & modules (CCM) impacted by OEM inventory rebalancing*

The trading conditions directly impact revenue generated from our hardware CCM products. Revenue from CCM's in 1H25 was US\$10.1 million, down from US\$22.7 million in 1H24. The products primarily responsible for the revenue reduction were Brooklyn modules and Ultimo chips.

Software revenue continues to grow

Revenue generated from our software products in 1H25 was US\$8.3 million, up 13% from US\$7.3 million in 1H24. The products primarily responsible were IP Core, DEP and Dante Domain Manager.

Unlike hardware, these software products are 'on-demand' with no lead times and are less impacted by industry inventory levels. The software product revenue result provides a demonstration of the continued growth in demand for Dante technology independent of accumulated stock levels

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Additionally, growth has been supported by existing customers transitioning from hardware CCM products to embedded software Dante solutions, further reinforcing the expanding role for software in our product portfolio.

Gross Margin % positively impacted by change in product mix

Audinate's gross margin percentage in 1H25 increased to 82.2%, from 71.5% in 1H24, driven by a favourable product mix shift toward software-based solutions.

For 1H25, CCM's accounted for 53% of total revenue (1H 24: 75%), while Software contributed 44% (1H24: 24%). As more customers transition to more cost effective, software-based Dante implementations, the unit economics improve for our manufacturing partners, accelerating adoption across a broader range of products. This shift enables Audinate to expand into higher volume product categories, positioning gross profit margin to reach circa 80% over the medium term.

Despite the increasing adoption of software, the market for Dante Chips, Cards and Modules remains strong. These solutions continue to offer seamless integration and typically a faster time to market, ensuring they remain a key part of our portfolio.

Financial Performance – Earnings, Cashflow and Cash Position

Audinate reported positive EBITDA of \$0.8 million in the half-year ended 31 December 2024, compared to \$9.9 million in the previous corresponding period.

Operating expenses reduced by 3% to \$22.8 million primarily due to a reduction in employee incentives expenses, partially offset by an uplift in headcount from 204 to 226 as at 31 December 2024.

The Company recorded positive operating cashflow of \$1.2 million for the half-year compared to \$11.8 million in 1H24. At 31 December 2024, Audinate held over \$111.3 million in cash and term deposits, maintaining a strong financial position.

Business Foundations Robust – Market opportunity and long-term prospects are strong

Strategy overview – Audio, Video and Platform Software

Audinate's strategy has three key pillars:

1. Expanding Dante Audio – driving broader adoption across an increasing range of products
2. Accelerating Dante Video – growing acceptance and integration of Dante Video solutions
3. Developing a Platform Software Business – establishing a software ecosystem for AV professionals

While Dante Audio is already the de-facto industry standard for digital audio networking, Dante Video and Platform Software are in the early stages of adoption. With the transition from analogue to digital networking still in its infancy, we see significant opportunity ahead.

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In 1H25, we have made meaningful progress in each of these strategic pillars, reinforcing our position as the leader in AV-over-IP technology.

Ongoing strength in core business metrics

In 1H25, Audinate secured 61 design wins (1H24: 53), representing a 15% increase on the prior period. These wins are leading indicators of future revenue as they indicate that manufacturers are integrating Dante into their 'next generation' product roadmaps.

In 1H25, the number of OEMs in the process of developing new Dante product increased to 173 (1H24: 153), while the number of OEMs shipping Dante-enabled products grew to 476 (1H24: 430). As a result, the total number of Dante-enabled OEM products in the market rose to 4,372 (1H24: 4,008) reinforcing our foundation for future growth.

Outlook

Q2 FY25 gross profit exceeded Q1 FY25, with a moderate strengthening expected in the second half.

FY25 remains a transitional year as customers work through inventory backlogs. Audinate expects a return to normal order patterns and growth by FY26.

The long-term outlook for Audinate remains strong, underpinned by a growing installed base of over 6 million Dante devices in the field, with more than a million being added each year.

The launch of Dante Director marks the next step in our long-term plans to generate revenue from the management and monitoring of AV installations.

We remain focused on deploying our cash balance strategically, ensuring investments that enhance our product offerings and accelerate market adoption.

Investor briefing

The Company will host a webinar via Zoom to discuss its 1H25 results at 9.30 am (AEDT) on 17 February 2025. The webinar is expected to last approximately 45 minutes, including question time.

Please register in advance for this webinar:

https://us02web.zoom.us/webinar/register/WN_DXUGx2oiQjKgnq-W3bWfiA

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 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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