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ATOMOS

1H FY21 Results

15 February 2021

Democratising creativity in the video age



**Inventing and delivering
ground-breaking
technologies and
products that
democratise the
creativity of content in
the video age**



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> Chris Tait, Exec Chair	
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> James Cody, CFO	
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1H FY21 Summary

Key Highlights

Sales

Margin

EBITDA

Cash

Strong Balance Sheet

Scale Up Structure

- \$32.8m – strongest half in Atomos history
- 44.9% - ahead of expectations, in line with 1H FY20 (45.6%) ex COVID July sales promotions
- \$3.0m¹ – most profitable six months ever, 210% up on pcp²
- \$4.3m of cash generated (-\$12.1m pcp)
- \$23.3m cash at 31 December 2020, access to undrawn \$5m facility
- Structured for rapid expansion - address global video phenomenon

1. EBITDA excludes a one-off gain of \$0.5m resulting from the renegotiation of the Melbourne head office lease
2. PCP: prior corresponding period



1H FY21 Summary

Macro

COVID

- Whole of business review: structure, cost base, processes
- Leaner, stronger, more efficient
- COVID 'video growth phenomenon'

Global environment

- Forex - natural USD hedge
- Component supply - tight management, buffer inventory

Internal

Organisation

- Improved allocation of scarce resources
- Harness / protect entrepreneur-led innovation heritage

Scale-up

- Investment in capability - experienced, sector expertise
- New website, ERP system, process disciplines

Momentum

- Strong and growing core: sales/margin, leverage fixed costs
- Structured for scale - exploit the extensive opportunities



1H FY21 Summary

Best-ever sales... building a new standard

ProRes RAW

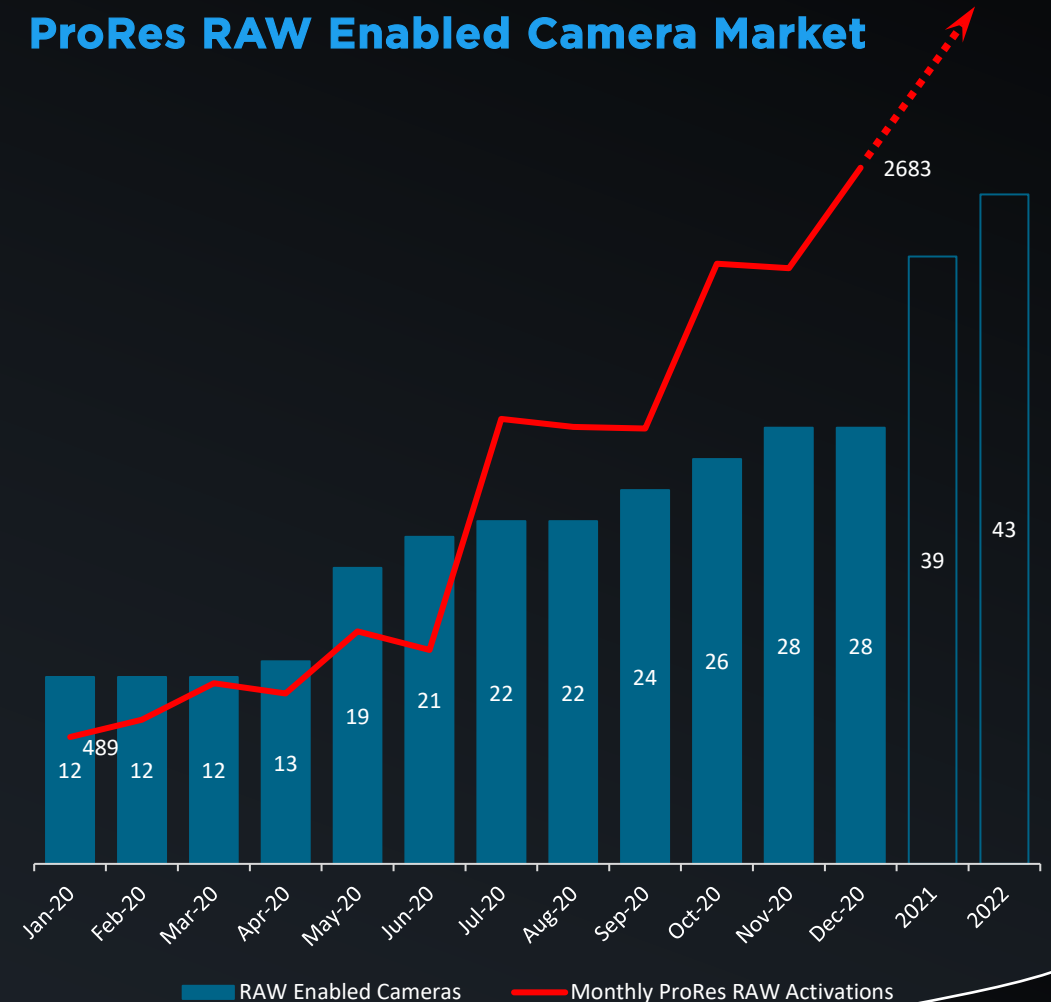
- Oscar & Emmy awarded Apple video format launched in 2018
- Longstanding relationship with Apple - only Atomos licensed to record natively in ProRes RAW
- Monthly activations of ProRes RAW increased fivefold in 12 months
- Supported by major video editing platforms (Adobe, Avid & Apple)

RAW Enabled Cameras

- 10 major camera partners have now embraced the RAW ecosystem
- RAW enabled cameras increased by 175% in 12 months
- Downward price pressure ecosystem affordability to a broader market
- As ProRes RAW increasingly becomes the industry standard, the market for Atomos devices grows too



ProRes RAW Enabled Camera Market



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1H FY21 Financial Summary (For the 6 months ending, 31 December 2020)

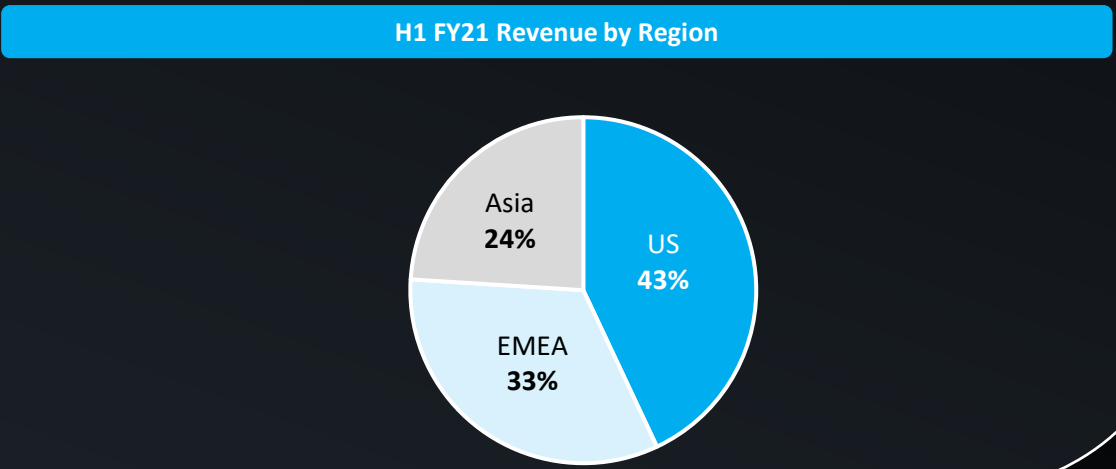
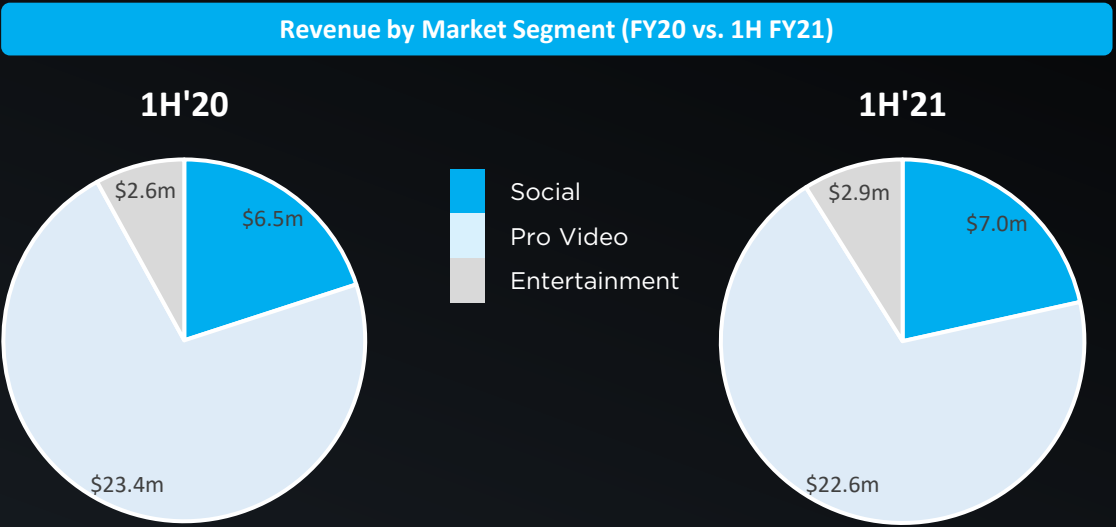
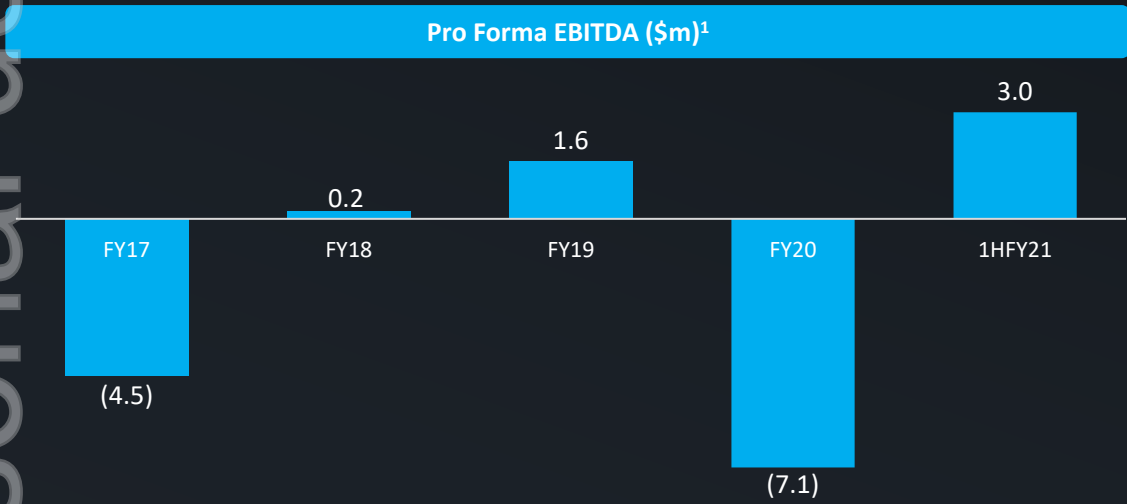
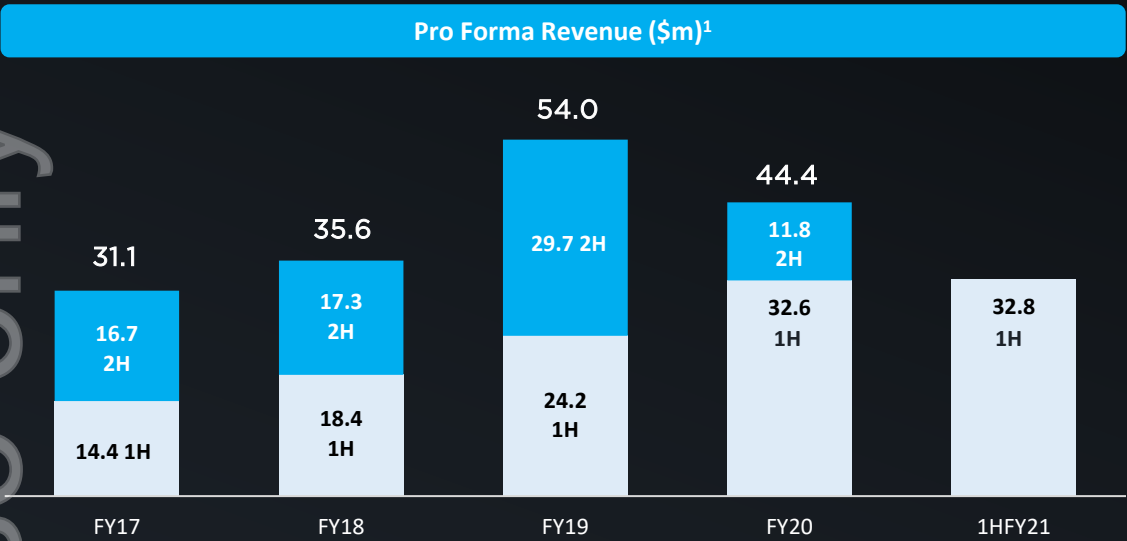
Sales	<ul style="list-style-type: none">• 1H FY21 revenue of \$32.8m, up 0.6% on pcp¹ (1H'20: \$32.6m)• Record first half revenue a strong recovery from COVID impact
Gross Profit / Expenses	<ul style="list-style-type: none">• Gross profit of \$14.7m (44.9%), down slightly on pcp but in line (45.6%) ex. COVID July promotion• Fixed opex of \$9.3m (down 22% on pcp)
Earnings	<ul style="list-style-type: none">• Record first half EBITDA² of \$3.0m up 210% on pcp (1H'20: \$1.0m)• NPAT² of \$1.3m for the half, up \$2.4m on pcp (1H'20: -\$1.1m)
Cash Flow	<ul style="list-style-type: none">• Generated \$4.3m of cash - significant improvement on past performance (1H'20: -\$12.1m)• Cash flow positive - \$23.3m of cash and access to \$5m working capital facility

1. Previous corresponding period

2. Excludes a one-off gain of \$0.5m resulting from the renegotiation of the Melbourne head office lease



1H FY21 Financial Snapshot



¹1H17, 2H17, 1H18 & 2H18 Unaudited
© ATOMOS 2021 | 1H FY21 RESULTS

1H FY21 Financials - Pro Forma Income Statement

Pro Forma (A\$m)	1H'20	1H'21	Δ pcp
Revenue	32.6	32.8	0.1
COGS	(17.7)	(18.0)	(0.3)
Gross Profit	14.9	14.7	(0.2)
<i>Gross Profit Margin</i>	<i>45.7%</i>	<i>44.9%</i>	
Variable Operating Expense	(2.0)	(2.4)	(0.4)
Wages & Salaries	(4.4)	(4.6)	(0.1)
Marketing	(2.7)	(0.9)	1.8
General & Administration	(2.7)	(1.8)	0.9
Other	0.0	0.1	0.1
Operating Expenses	(11.9)	(9.6)	2.3
EBITDA (pre R&D)	3.0	5.1	2.1
R&D Expenses	(2.1)	(2.1)	(0.0)
EBITDA	1.0	3.0	2.1
Depreciation & Amortisation	(1.6)	(1.5)	0.1
EBIT	(0.6)	1.6	2.2

Key Insights:

- Record 1H'21 revenue of \$32.8m up slightly on pcp, 176% up on 2H'20
- Gross profit margins down slightly due to tail of COVID promotion in July (impacted 1H'21 gross profit by 0.7%)
- Variable operating expenses up slightly, attributed to higher freight costs due to COVID
- Fixed operating expenses down \$2.5m (21%) due to:
 - Employee cost savings, offset by higher FY21 incentive accruals
 - Significantly reduced trade show activity
 - Lower travel and occupancy costs
 - These savings achieved whilst maintaining R&D expenditure
- Pro forma EBITDA of \$3.0m², a record result, \$2.1m (210%) up on pcp

1. Previous corresponding period

2. Excludes a one-off gain of \$0.5m resulting from the renegotiation of the Melbourne head office lease



1H FY21 Financials - Pro Forma Balance Sheet

Pro Forma (A\$m)	30-Jun-20	31-Dec-20
Cash and cash equivalents	18.8	23.3
Trade and other receivables	4.7	6.1
Inventories	16.8	15.2
Other assets	2.6	5.4
Plant and equipment	2.7	2.6
Right of use asset	9.0	2.9
Intangible assets	25.1	25.3
Total assets	79.6	80.8
Trade and other payables	(10.7)	(15.5)
Borrowings	(0.1)	(0.1)
Provisions	(0.9)	(1.4)
Lease liabilities	(9.4)	(3.1)
Deferred tax liability	(1.0)	(1.0)
Total liabilities	(22.2)	(21.2)
Net assets	57.4	59.6
Issued capital	101.5	101.7
Reserves	1.0	1.3
Accumulated losses	(45.1)	(43.4)
Equity	57.4	59.6

Key Insights:

- Strong balance sheet with \$23.3m cash as at 31 December 2020
- Receivables increase a reflection of higher sales in 1H'21
- Other assets reflects higher supplier deposits
- Renegotiation of head office lease driving reduction in right of use asset and lease liabilities
- Higher payables reflective of growth in inventory orders
- \$37m of tax losses and R&D tax credits unrecognized and available to offset future tax payable



1H FY21 Financials - Cash Flows

Cash Flows (A\$m)	1H'20	1H'21
EBITDA	(0.3)	3.5
Gain on modification of lease	0.0	(0.5)
Transaction costs	1.2	0.0
Other non-cash items	0.1	0.3
Taxation	(0.1)	(0.1)
Movements in Working Capital:		
Inventory	(5.3)	1.7
Trade and other receivables	(5.1)	(1.4)
Other assets	(0.8)	(2.8)
Trade and other payables	3.4	5.4
Movement in Working Capital	(7.7)	2.8
Operating Cash Flow	(6.8)	5.9
Capex	(4.7)	(1.1)
Interest	(0.2)	(0.2)
Lease liabilities	(0.3)	(0.3)
Financing/Investing	23.0	0.2
Total Cash Flow	10.9	4.5
Cash and cash equivalents, beginning of period	5.1	18.8
Cash and cash equivalents, end of period	16.0	23.3

Key Insights:

- Operating cash flow positively impacted by:
 - EBITDA improvement; and
 - Reduced growth in working capital (inventory and debtors)
- Significantly reduced capex in FY21 (FY20 capex predominately related to development of NEON and new office fit-out)
- Total free cash flow (pre financing / investing) of \$4.3m compares to an outflow during 1H'20 of \$12.1m - a \$16.4m improvement
- Atomos is now cash generative, well-funded and has no foreseeable requirement to raise additional capital




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Where We Came From

Video is the most pervasive and expressive medium for recording & sharing of stories, events & memories...

- 
- Ten years ago, with a vision to connect the imaging and computer worlds¹ Atomos invented the video processing computer which delivered affordable high-quality video
 - Core to Atomos' know-how is “video processing” - algorithms operate on video streams to manipulate, enhance and store such content in order to enable the optimal workflow
 - By bringing the computer to the camera in this way Atomos invented the ‘Video Computer’, initially a recorder/monitor, but now much more
 - Atomos enables content creators to deliver stunning quality video cost-effectively and with ease

1. The imaging world refers mainly to Japanese camera makers whilst the computer world refers mainly to US software companies

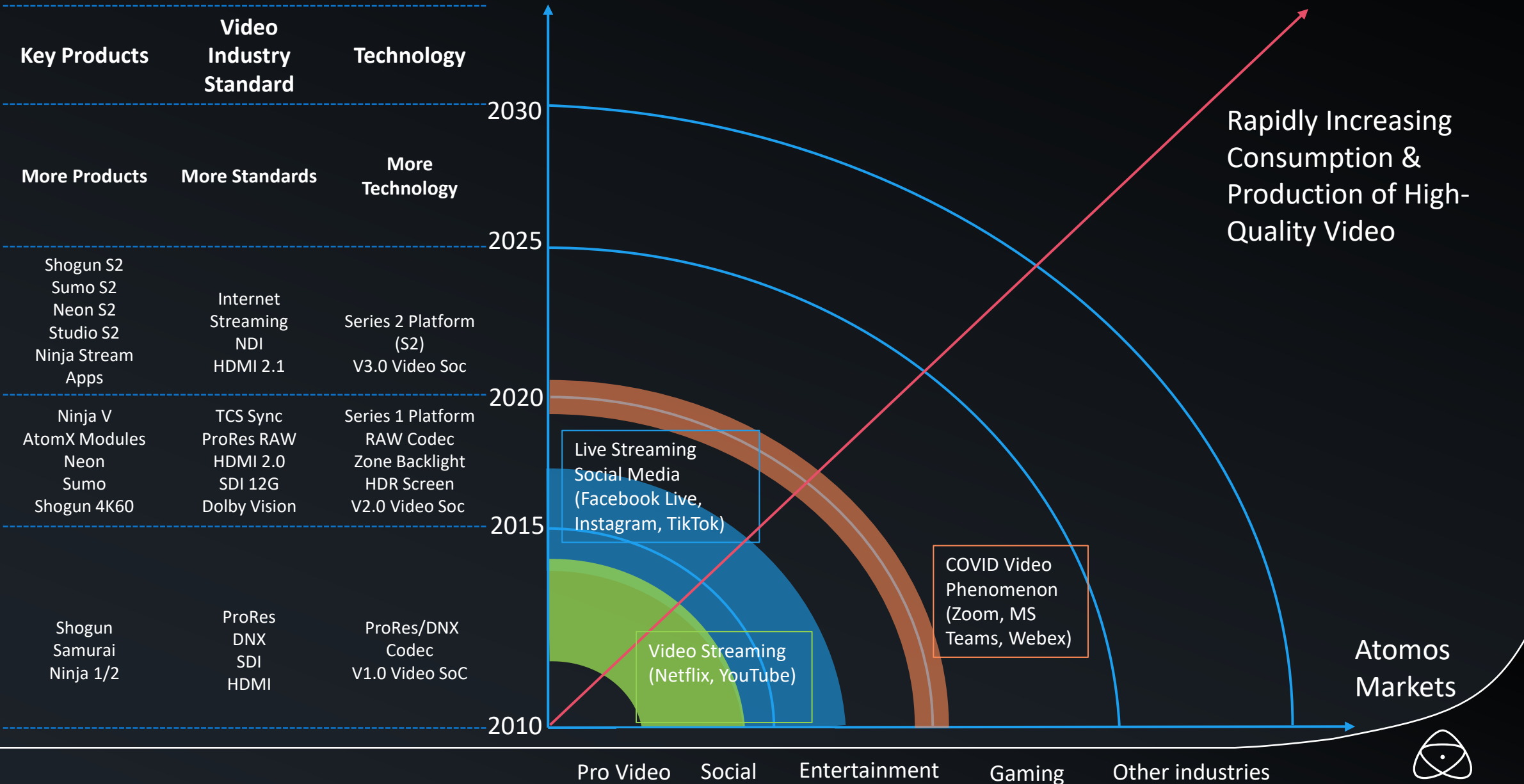
Building & Supporting Ever-Expanding Video Ecosystem



- Atomos is building an ecosystem through collaboration with key industry players who bring products and tools to help video content creators
- Atomos invents its own and supports partner standards that help interoperability across relevant products
- As an example, Atomos recognised the need for wireless synchronisation of multiple devices, acquiring TCS to deliver such technology to support/grow the ecosystem
- Atomos believes video processing demands continuous innovation for delivering quality, efficiency and ease-of-use, making the “Video Computer” or an “Atomos” the necessary element in video content creation
- Atomos seeks to bring these innovations to the video computer, partnering with like-minded companies and building the supportive ecosystem to democratize creativity in this video age



Our Unique Offer



Scalability from Expansion of Atomos *Series 2* Technology Platform

Solid Base

- 10 years designing & manufacturing ground-breaking video capture and processing computers
- Typical product lifespan of 3-4 years – Atomos provides continuous product upgrades and replacement
- But... Atomos products have historically been designed as individual standalone devices

Adoption of Single Unified Technology Platform for all Products

- Ninja V was developed on an expandable 'platform' which will spawn a replacement lineup of larger products in FY22
- Enhanced features will include built in timecode sync, streaming & the ability to 'plug-in' software apps
- Material growth in volumes, appropriate pricing and margins anticipated

Introduction of Atomos App Marketplace

- Apps which 'plug-in' to Atomos products offer new revenue opportunity - one-off or subscription based
- Expected to be attractive to third party companies
- SDI RAW upgrade for Ninja V, is downloadable NOW from the Atomos website for \$99

ATOMOS PARTNERSHIPS

**Best of breed
Camera
Makers**

ProRes RAW

Sony, Canon
Panasonic,
Nikon, Fujifilm
Olympus,
Sigma, Z Cam

**IMAGE
CAPTURE**

ATOMOS CORE IP



Image Processing
Record, Monitor, Play
Simplify & Automate
Process
Sync & Connect
Switching
Audio/Video Sync

**Highly evolved
simple and
rewarding user
experience**

**VIDEO
SOURCES**

CAPTURE

Video

Cameras
Gaming
Presenting

ATOMOS PARTNERSHIPS

**Best of breed
Post
Production
Edit Software
Tools**

Apple,
Adobe, Avid



EDIT



Opportunity

CONNECTIVITY

Live Streaming
Remote Production
AI Cloud Services
Atomos App
Marketplace
Software



Opportunity

LICENCING

Atomos Video Tech
Atomos Sync Tech
Atomos IC Tech

Outlook

Continue to focus on enabling content creators to deliver stunning quality, cost-effectively, with ease

- Sales momentum has continued into 2H'21, and whilst cautious regarding COVID, we expect continued good progress during the second half
- New products within our planned roadmap, including further ProRes Raw integrations, remain on schedule with several new releases targeted for 2H'21
- To align the operational structure of the business more closely, Jeromy Young is moving to the role of Founder, focusing on future products, partnerships and growth opportunities. Chris Tait will continue in his role as Executive Chairman

----- 0 - 6 Months ----- >

----- 6 - 18 Months ----- >

----- 18 Months + ----- >

Leverage the core business

- Existing products
- ProRes RAW tailwinds
- Software
- Incremental product launches

Build out the core

- *Series 2* product range
- New categories (e.g. Gaming)
- 3rd party software
- Potential M&A

Building new businesses

- New services
- Storage & analysis
- Licensing
- Potential M&A



Outlook – Potential M&A

Atomos will carefully consider acquisitions in the following areas:



Technology Standards

Selective businesses with an industry standard technology or which has the potential to define future standards



Complimentary Tech

Businesses with great technology / capability which will accelerate Atomos own organic plans



New Complementary Markets

Businesses which provide access to selective new markets:

- Products
- Services
- Geographies

Atomos Board & Senior Management

Board

Chris Tait
Executive Chairman



Appointed: 2017
Shares: 1,597k

Jeromy Young
Co-Founder



Founded Atomos:
2010
Shares: 17,827k

Sir Hossein Yassaie
Non-Executive Director



Appointed: 2016
Shares: 1,739k

Stephen Stanley
Non-Executive Director



Appointed: 2019
Shares: 401k

Executive Team

Mark Harland
Chief Operating Officer



Appointed: 2020
Shares: nil

Trevor Elbourne
Chief Technology Officer



Appointed: 2012
Shares: 482k

James Cody
Chief Financial Officer



Appointed: 2016
Shares: 410k

Stephan Kexel
Global Sales Director



Appointed: 2012
Shares: 42k

Average tenure of the Board and senior management team is 5 years. Together they hold 10.9% of shares in the company (11.6% with all staff)

Rodney Block
Head of Global Business Development



Appointed: 2020
Shares: nil

Paul Scurrall
Head of Product Development



Appointed: 2019
Shares: 1,278k

Richard Salib
Head of Engineering



Appointed: 2012
Shares: 117k

Corporate Snapshot

Pricing Snapshot

Ticker	AMS
Share Price	\$0.935
Shares on Issue (m)	218.5
Market Capitalisation (m)	\$204.3m

Board of Directors

Chris Tait	Executive Chairman
Jeromy Young	Executive & Co-Founder
Sir Hossein Yassaie	Non-Executive Director
Stephen Stanley	Non-Executive Director

Senior Management Team

Mark Harland	COO
James Cody	CFO
Stephan Kexel	Global Sales Director
Trevor Elbourne	CTO
Paul Scurrall	Head of Product Development
Rodney Block	Head of Business development
Richard Salib	Head of Engineering

Major Shareholders

Ms Claire Louise Young (Jeromy Young)	8.2%
Ellerston Capital Ltd	7.5%
Domazet FT3 P/L	6.4%
Top 6 shareholders	~35%

Share Price History



Strong, sustainable, sales growth driving record EBITDA and cash generation

- Record \$32.8m of half-year sales despite the impact of COVID
- Sales driven by expansion of ProRes RAW ecosystem - 28 RAW enabled cameras from 10 camera makers
- Record EBITDA of \$3.0m, \$4.5m positive cash flow, \$23.3m cash on hand
- Continue to invest in product development, new product announcements anticipated including 'paid for' software upgrades
- Sales momentum continuing into 2H'21, and whilst cautious given the global COVID situation, AMS expects continued good progress during the second half

Inventing and delivering ground-breaking technologies and products that democratise the creativity of content in the video age

Q&A





ATOMOS

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Our vision is to invent and deliver ground breaking and disruptive technologies that enhance, simplify and ultimately democratise video content creation

For more information please visit www.atomos.com

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Atomos Core IP – Why We Can Democratiser Creativity in Video



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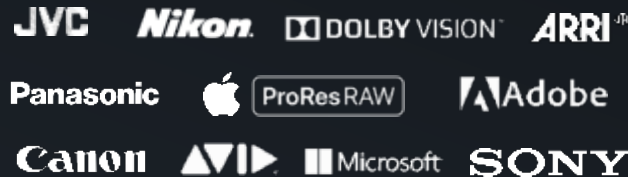


Deep Tech

- Custom video SoC
- Proprietary operating system
- Industry leading Codecs – smallest, cheapest, fastest
- Image processing & screen technology
- Standards
- 100+ years of engineering investment

Deep Relationships

- Camera companies
- Hollywood
- Video tech companies
- Silicon Valley software companies



Brand

- 10+ years old
- Deep customer engagement
- High level of credibility
- Democratiser (affordable, easier and high quality)
- Innovative marketing

= competitive edge for new opportunities

Atomos Product Suite

4K Monitor Recorders



Production / Studio



Broadcast & Accessories



NINJA + SHINOBI Ranges	SHOGUN Range	SUMO Range	NEON Cinema Series	Shogun Studio + Converters + Accessories
<ul style="list-style-type: none"> Ninja HDMI only – includes AtomX adaptor range Broad market application due to portability Both 5" and 7" screen options Record ProRes®, DNxHR at 60p frame rates AtomHDR monitoring Includes recently released 5" Shinobi monitor only Shinobi available in both HDMI & SDI capability 	<ul style="list-style-type: none"> HDMI & Quad SDI inputs Broad market application due to portability 7" high brightness screen Record ProRes, DNxHR at 60p frame rates ProRes RAW capability AtomHDR monitoring Touch Screen Switching 	<ul style="list-style-type: none"> Larger format 19" monitor recorder <ul style="list-style-type: none"> – targeting studio usage Quad SDI & HDMI in/out Record ProRes/ProRes RAW, DNxHR, among others 	<ul style="list-style-type: none"> HDR Professional monitor-recorder range for on-set and in-studio usage Four screen size options – 17", 24", 31" and 55" Bluetooth controlled by using Atomos iOS App 	<p><u>Shogun Studio</u></p> <ul style="list-style-type: none"> Rack mount 4K monitor recorder solution Dual 7" screens with touchscreen interface <p><u>Converters</u></p> <ul style="list-style-type: none"> SDI to HDMI or vice versa <p><u>Accessories</u></p> <ul style="list-style-type: none"> Cables, Caddies & Adaptors
Social / Pro-Video Segment	Pro-Video / Entertainment	Pro-Video / Entertainment	Entertainment	Various
Streaming	