



# ATOMOS

## Investor Presentation

18 August 2021

Chris Tait, Executive Chair  
James Cody, Chief Financial Officer



# FY21 Summary

Chris Tait, Executive Chair



# FY21 Summary

## Key Highlights

Sales	<ul style="list-style-type: none"> <li>▪ Record FY21 revenue of \$78.6m, up 77% on pcp<sup>1</sup> (FY20: \$44.4m)</li> <li>▪ Strong growth driven by rapid adoption of ProRes RAW and new product launches</li> </ul>
Margin	<ul style="list-style-type: none"> <li>▪ Gross profit of \$37.4m (47.6%), up significantly on pcp (39.8%)</li> <li>▪ Driven by less promotional activity, new product launches and supplier management</li> </ul>
EBITDA	<ul style="list-style-type: none"> <li>▪ EBITDA<sup>2</sup> of \$8.2m (FY20: -\$7.1m)</li> <li>▪ EBITDA margin of 10.4%</li> </ul>
Cash	<ul style="list-style-type: none"> <li>▪ Generated \$7.1m of cash – represents an 87% cash conversion</li> </ul>
Strong Balance Sheet	<ul style="list-style-type: none"> <li>▪ \$26m of cash (FY20: \$19m) and access to \$5m working capital facility</li> </ul>



<sup>1</sup> Previous corresponding period

<sup>2</sup> Includes one-off gain of \$0.47m resulting from the renegotiation of the Melbourne head office lease



# Summary

---

## Atomos Overview

- Whole of business review: structure, cost base, processes
- Leaner, stronger, more efficient
- Captured the video growth phenomenon across all market segments

---

## External Factors

- Video growth phenomenon
- Forex – EBITDA natural USD hedge but revenue influenced
- Component supply – tight management, buffer inventory

---

## Organisation

- Build management capability
- Harness / protect entrepreneur-led innovation heritage

---

## Investing for Growth

- New silicon platforms and technologies
- Direct customer engagement
- Exploring new markets – gaming, corporate, pro-AV, etc.

---

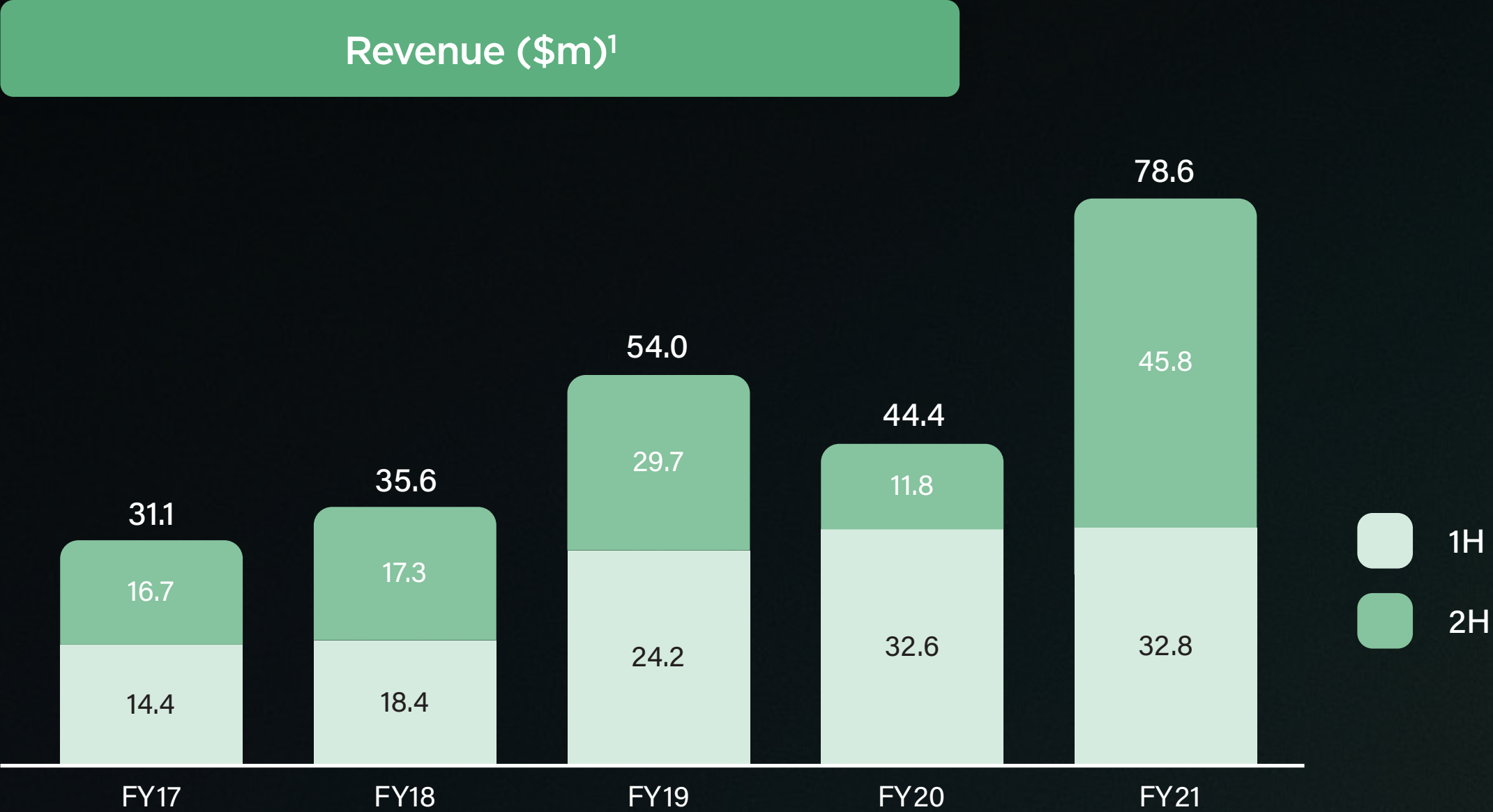
## Outlook

- Sales momentum is continuing
  - EBITDA margin trending towards 12-15% with operational leverage
- 



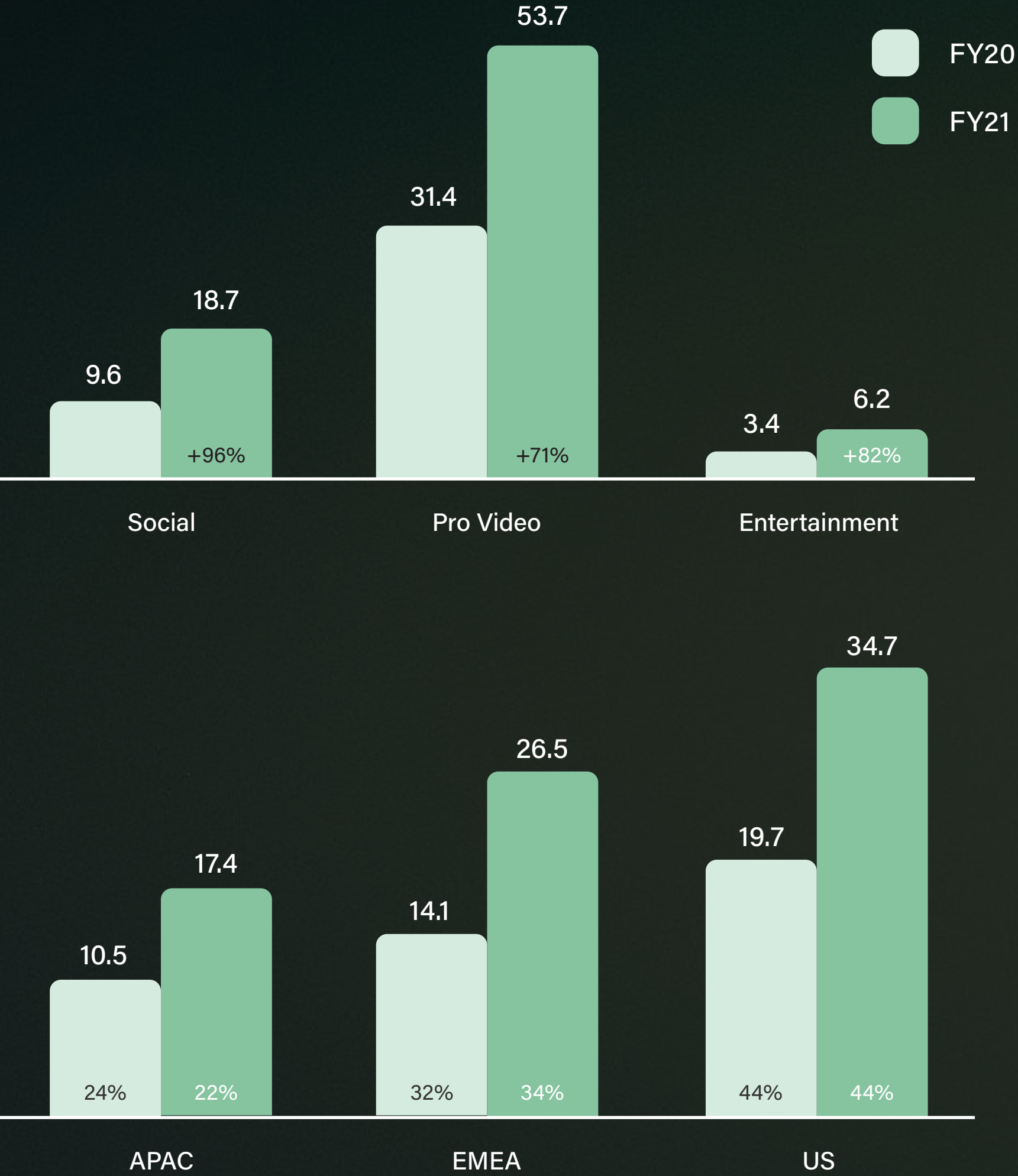


# FY21 Revenue Analysis



- Record revenue of \$78.6m driven by multiple ProRes RAW camera implementations and new product launches
- Pro Video performed strongly (+71%) with excellent growth from emerging Social (+96%) and Entertainment (+82%) markets
- Australian company with global presence growing strongly across all regions
- Appreciation of the AUD over the year impacted sales by ~\$6m

## Revenue by Market Segment / Region (\$m)



<sup>1</sup> 1H17, 2H17, 1H18 & 2H18 Unaudited



# Financial Review

James Cody, CFO

# FY21 Financial Summary

Year Ending 30 June 2021

---

## Margin

- Higher margin from new products
- Reduced promotional discounting
- Procurement gains

---

## Costs

- Variable costs in line with revenue
- Lack of tradeshow drove cost savings
- Investment for growth and scale
- R&D investment of \$5m

---

## Earnings

- EBITDA margin (pre R&D) of 16.8%
- EBITDA margin of 10.4%
- Maiden NPAT of \$4.2m (FY20: -\$12.2m)

---

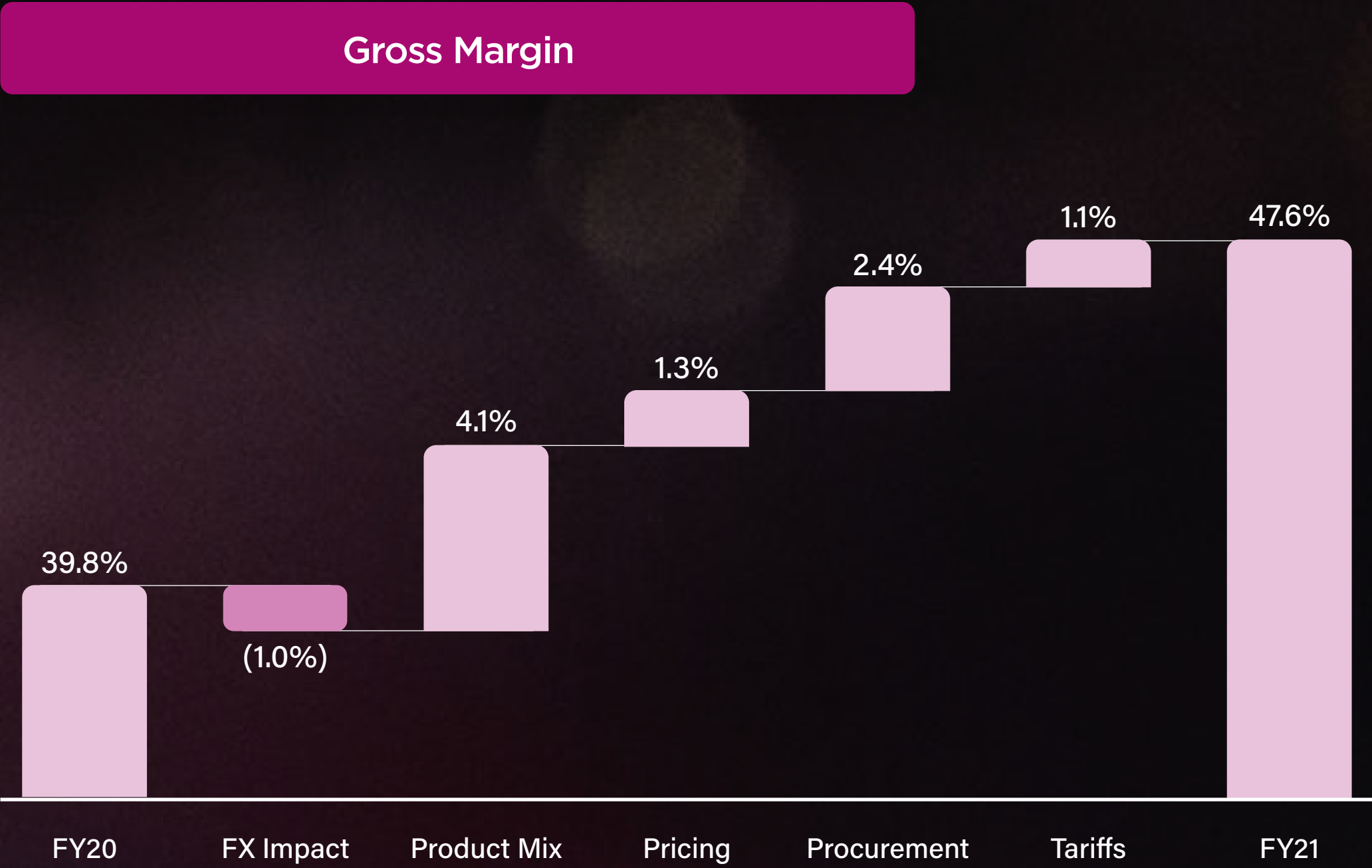
## Balance Sheet & Cash

- Cash flow positive: \$7.1m, 87% conversion
  - Strong balance sheet with \$26m of cash
  - Significant tax losses available
- 



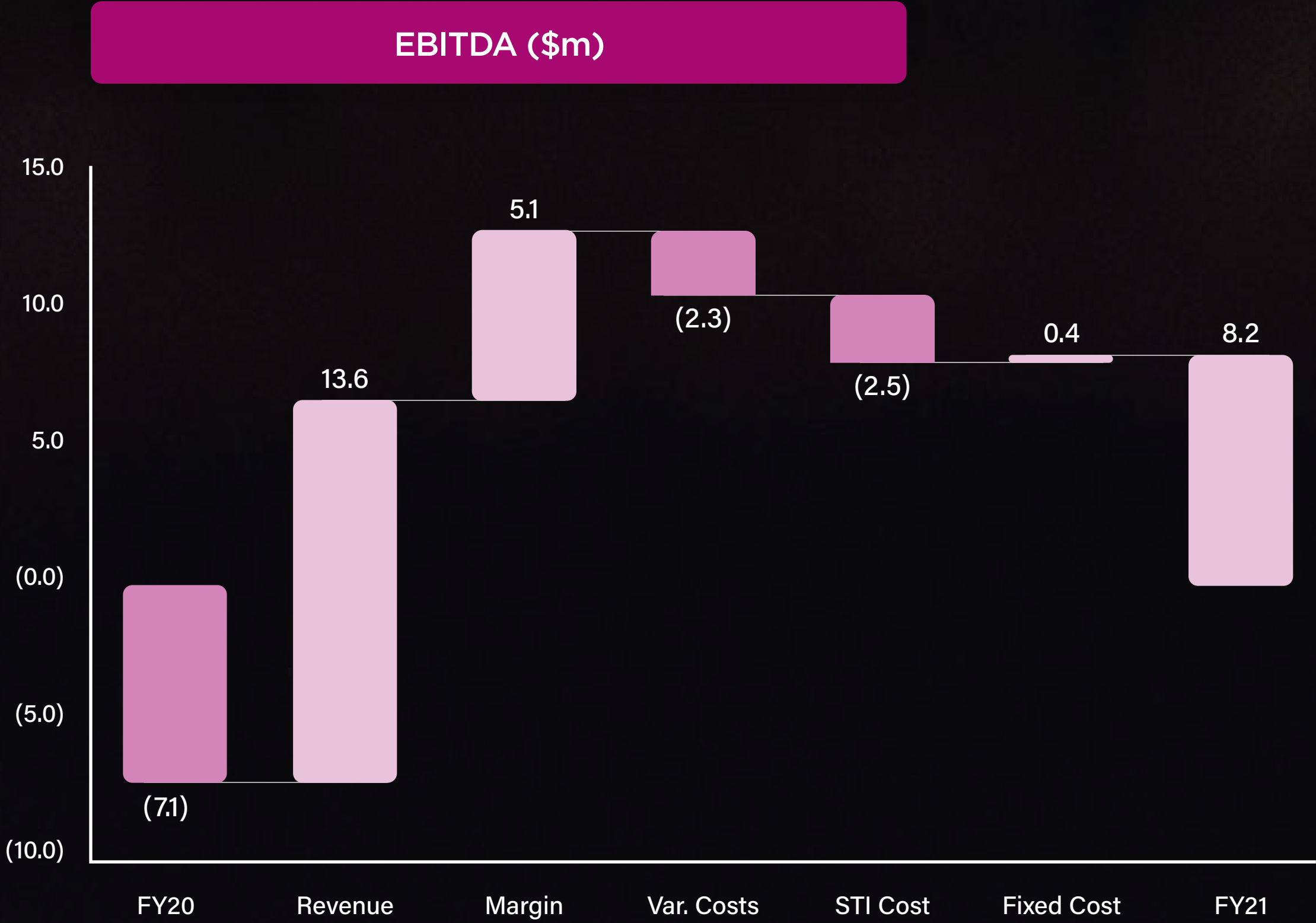


# FY21 Earning Analysis



Margin improvement from:

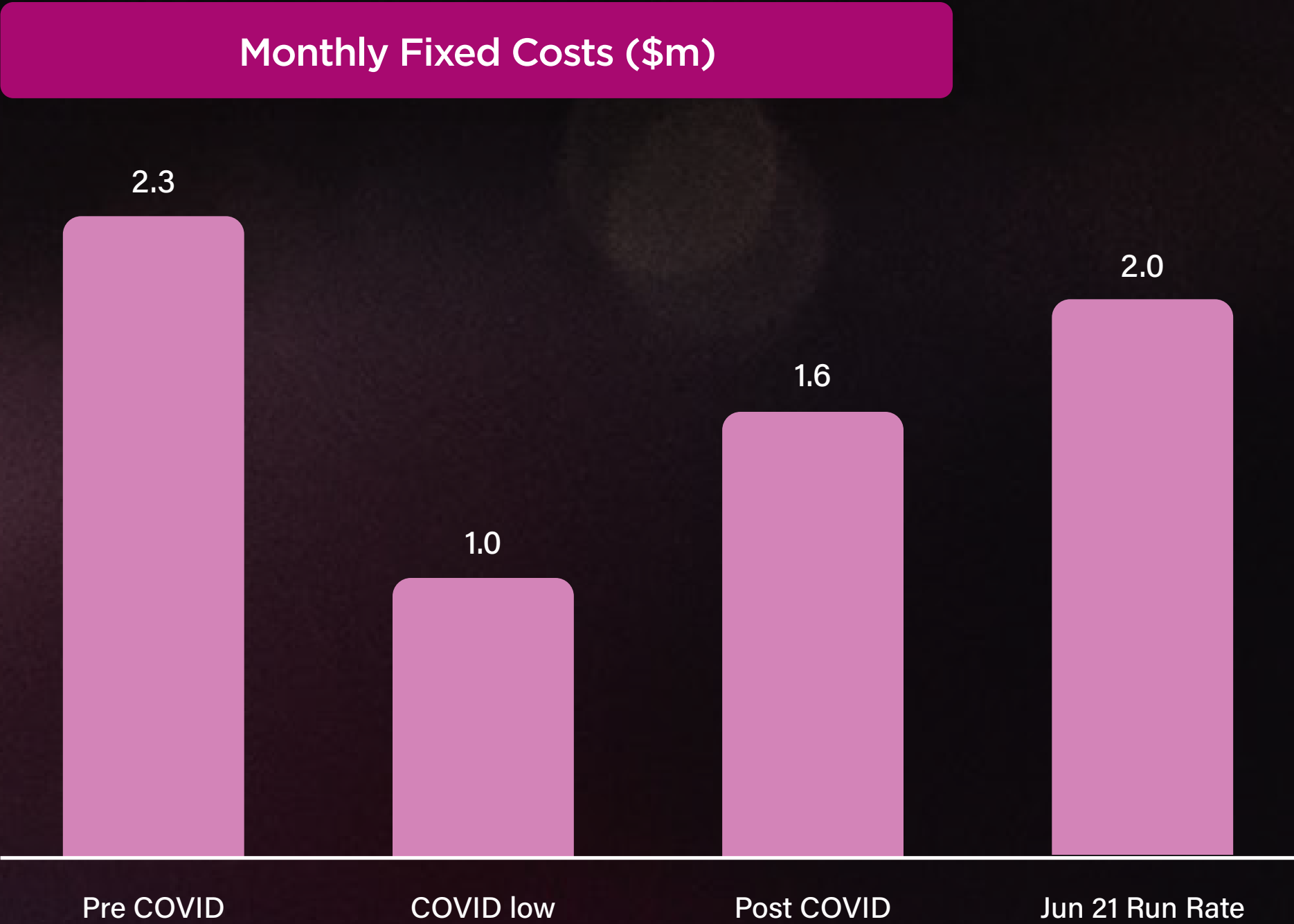
- Impact of strengthening AUD (-1%)
- Improved margin across all products (inc. software): 4.1%
- Pricing improvement due to reduced promotional discounting: 1.3%
- Procurement gains: 2.4%
- Relaxation of the initial US import tariffs: 1.1%



- 77% growth in revenue and 7.8% lift in gross margin percentage drove \$20m of the overall EBITDA improvement
- Variable cost increase in line with revenue growth
- Trade show savings funded fixed cost base investment for growth
- Reported EBITDA of \$8.2m: 10.4% EBITDA margin
- COVID recovery STI impacted EBITDA by 3.2% and with ongoing profitability the STI will decrease as a %



# FY21 Cost Management



- Following the significant cost-cutting that took place during the initial COVID impact, the business has been re-investing throughout FY21 to enable ongoing growth and scale
- We will continue to cautiously re-invest in our cost base during FY22 to support our continued growth





# FY21 Financials - Pro Forma Income Statement

Pro Forma (A\$m)	FY20	FY21	Δ pcp <sup>1</sup>
Revenue	44.4	78.6	77%
COGS	(26.7)	(41.2)	(54%)
<b>Gross Profit</b>	<b>17.7</b>	<b>37.4</b>	<b>111%</b>
<i>Gross Profit Margin</i>	39.9%	47.6%	
Variable Operating Expense	(3.5)	(5.8)	(66%)
Wages & Salaries	(8.7)	(12.9)	(48%)
Marketing	(4.6)	(2.5)	46%
General & Administration	(4.8)	(3.9)	19%
Other	0.4	0.9	125%
<b>Operating Expenses</b>	<b>(21.2)</b>	<b>(24.2)</b>	<b>(14%)</b>
<b>EBITDA (pre R&amp;D)</b>	<b>(3.5)</b>	<b>13.2</b>	<b>\$16.7m</b>
R&D Expenses	(3.8)	(5.0)	(32%)
<b>EBITDA<sup>2</sup></b>	<b>(7.3)</b>	<b>8.2</b>	<b>\$15.5m</b>
Depreciation & Amortisation	(3.8)	(3.2)	16%
<b>EBIT<sup>2</sup></b>	<b>(11.1)</b>	<b>5.0</b>	<b>\$16.1m</b>
<b>Tax and Interest</b>	<b>(1.1)</b>	<b>(0.8)</b>	27%
<b>NPAT<sup>2</sup></b>	<b>(12.2)</b>	<b>4.2</b>	<b>\$16.4m</b>



<sup>1</sup> Previous corresponding period

<sup>2</sup> Includes one-off gain of \$0.47m resulting from the renegotiation of the Melbourne head office lease



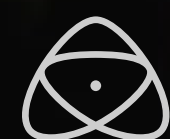
# FY21 Financials - Pro Forma Balance Sheet

Pro Forma (A\$m)	30 Jun '20	30 Jun '21
Cash and cash equivalent	18.8	26.0
Trade and other receivables	4.7	12.8
Inventories	16.8	16.6
Other assets	2.3	5.2
Plant and equipments	2.6	2.4
Right of use asset	8.9	3.0
Intangible assets	25.1	25.2
<b>Total assets</b>	<b>79.2</b>	<b>91.2</b>
Trade and other payables	(10.7)	(21.9)
Borrowings	(0.1)	0.0
Provisions	(0.9)	(1.5)
Lease liabilities	(9.4)	(3.2)
Deferred tax liability	(1.0)	(0.9)
<b>Total liabilities</b>	<b>(22.1)</b>	<b>(27.5)</b>
<b>Net assets</b>	<b>57.1</b>	<b>63.7</b>
Issued capital	101.5	101.7
Reserves	1.0	3.1
Accumulated losses	(45.4)	(41.1)
<b>Equity</b>	<b>57.1</b>	<b>63.7</b>

## Key Insights

- Strong balance sheet with \$26m of cash at 30 June 2021
- Receivables increase a reflection of much higher sales in Q4 vs pcp
- Renegotiation of head office lease drove reduction in right of use asset and lease liabilities
- Higher payables reflective of growth in orders to build depth of inventory
- \$35m of tax losses and R&D tax credits unrecognized and available to offset future tax payable (after \$7m of losses utilised in respect of FY21)





# Group Strategy & Outlook

Chris Tait, Executive Chair



# Our Strategic Pillars



Our mission is to combine our own deep video tech with that of other great video tech companies, to build products, services and an ecosystem that democratises content creation for everyone.





# Who are our customers? ...Social...



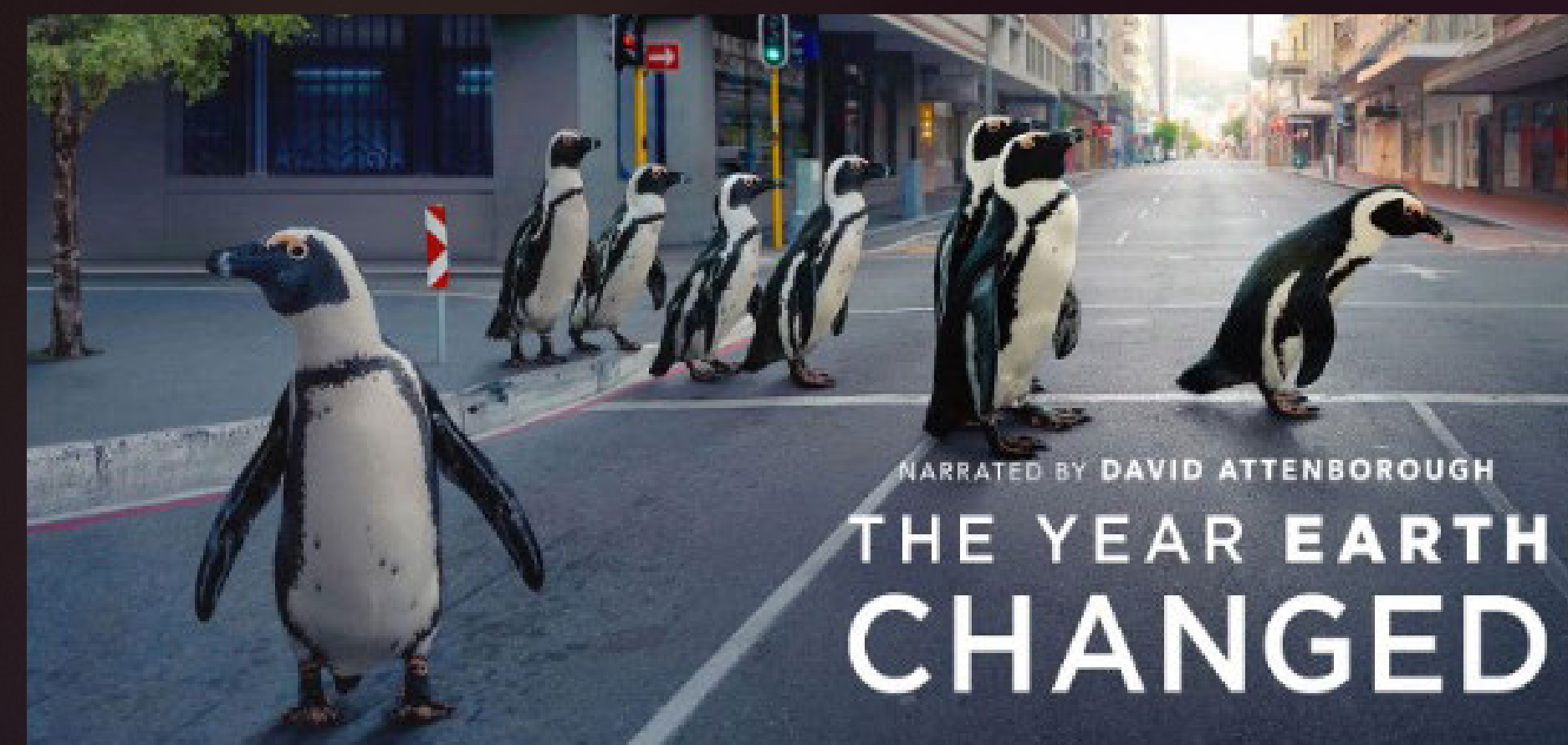
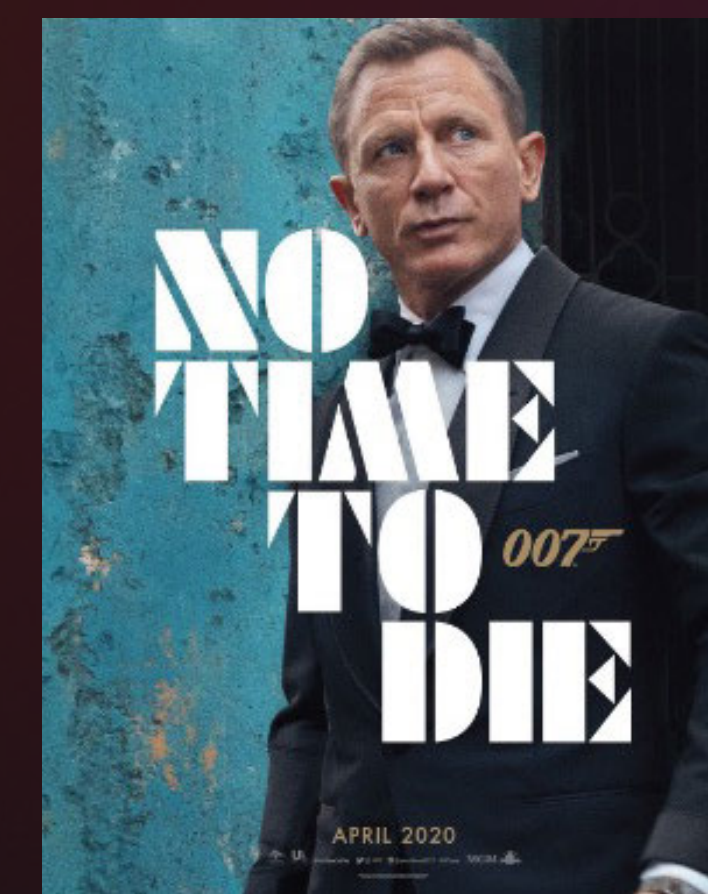


# Our Pro-Video Customer





# Our Entertainment Customers





# FY21 Revenue Growth Highlights

New standards & new products drove record sales

## Rapid adoption of ProRes RAW

- The standard driven by AMS and Apple partnership
- Oscar & Emmy awarded Apple video format launched in 2018
- 10 major camera partners have now embraced the RAW ecosystem
- Monthly activations of ProRes RAW increased sevenfold in 18 months
- RAW enabled cameras increased by 200% in 18 months
- Supported by major video editing platforms (Adobe, Avid & Apple)

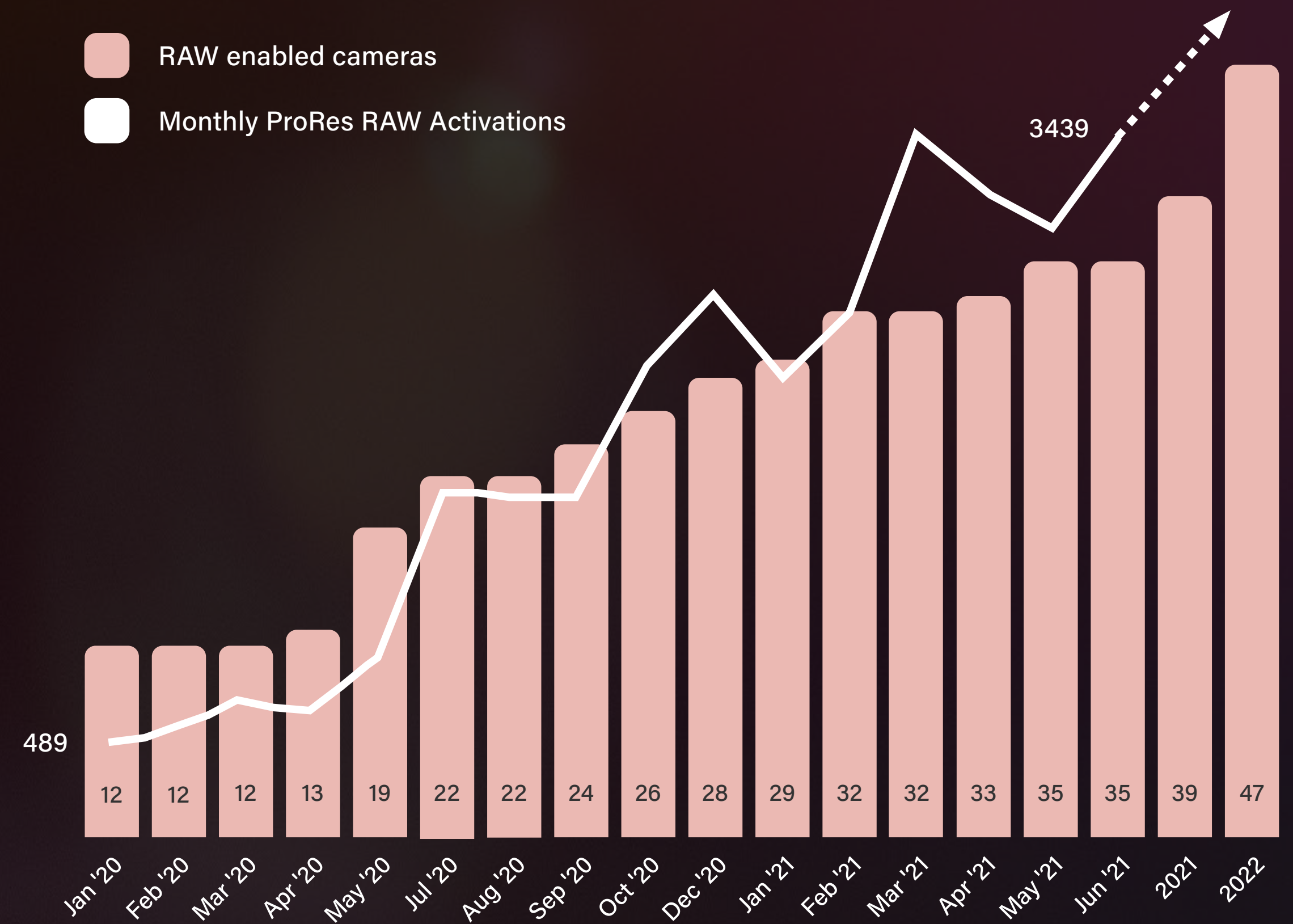
## New Product Launches (Devices)

- Ninja V+ - world's first 8K and high frame rate monitor recorder
- Ninja Stream - provides multiple on-set streaming options
- Shinobi 7 - 7" monitor added to extremely popular Shinobi range
- AtomX Cast – turns the Ninja into a standalone multi-camera production device

## New Product Launches (Software)

- RAW over SDI enabled for Ninja V via USD 99 software upgrade
- Ninja V enabled for H.265 video codec via USD 99 software upgrade

## ProRes RAW Enabled Camera Market





# FY21 Operational Highlights

As we made savings in FY21 we ensured that we continued to invest in the right areas to drive future growth

## Next Generation Platforms

- Increased engineering headcount (~\$2m/annum) to develop next generation 8K30 silicon and product range upgrade
- Series 2 platform built on AtomLC 3 - products to launch through late FY22 / early FY23
- Continue development of 8K60 silicon (~\$1m/annum)

## Customer engagement

- Re-aligned marketing expenditure (trade show cost savings refocused to direct customer engagement):
  - Atomos Academy and MyAtomos
  - Instagram: 116k (+20% YoY), Facebook: 35k (+10%), Twitter: 18k (+10%), YouTube: 20k (+33%)
  - CRM: captured data on 112k customers (+44%)
  - EDM open rates: 40% (industry standard: ~20%) and click through: 5% (industry standard: ~2.5%)

## New markets

- ~\$1m/annum investment in targeting entry into new markets such as gaming, corporate and pro AV





# FY22 Outlook

---

## Demand for high quality video creation, consumption and delivery is growing

- Core pro video market growing at ~70% (corporate events, streaming, etc)
- YouTube viewers watch over one billion hours of videos on the platform every single day
- 207m Netflix subscribers (+40% over 2 years)
- 6.3b Twitch viewing hours in Q1 2021 (+125% over 2 years)
- Zoom's daily meeting participants have grown from 10m in Dec-19 to 300m Apr-21

---

## Atomos has a solid base for rapid growth

- New products and services in the pipeline already
- Will continue to invest in technology for future products and services
- We continue to build partnerships with the world's great technology companies
- Sales momentum is continuing
- EBITDA margin trending towards 12-15% with operational leverage

---

## Key risks / Upsides

- Managing component supply constraints with good planning
  - Natural USD hedge – nevertheless, forex impact on revenue and margin %
  - Balancing product mix to ensure margin growth
  - Customer engagement investment
- 





# 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 Complimentary Markets

Businesses which provide access to selective new markets:

- Products
- Services
- Geographies





# Corporate Snapshot

## Pricing Snapshot

Ticker	AMS
Share Price	\$1.11
Shares on Issue (m)	218.5
<b>Market Capitalisation (m)</b>	<b>\$242.5m</b>

## Board of Directors

Chris Tait	Executive Chairman
Megan Brownlow	Non-Executive Director
Stephen Stanley	Deputy Chairman
Lauren Williams	Non-Executive Director
Sir Hossein Yassaie	Non-Executive Director
Jeromy Young	Executive & Co-Founder

## Senior Management Team

James Cody	Chief Financial Officer
Trevor Elbourne	Chief Technology Officer
Mark Harland	Chief Operating Officer
Estelle McGechie	Chief Product Officer

## Major Shareholders

Ellerston Capital Ltd	7.2%
Regal Funds Mgmt	6.8%
Wilson Asset Mgmt	6.0%

**Top 8 shareholders** ~41%

**Board & Senior Management** ~7%

## Share Price History





# Q&A

## Reminder:

- Strategy update and meet the senior executive on Monday, 13 September 2021
- Address "Forum 1" at Melbourne Connect, 700 Swanston Street, Carlton and by Video-link
- Register [here](#) to attend or to receive Video-link