



April 2023

FY23 H1 Results

Trevor Elbourne

Chief Executive Officer

James Cody

Chief Financial Officer

Atomos at a glance

Global Leader in Video Technology



Summary

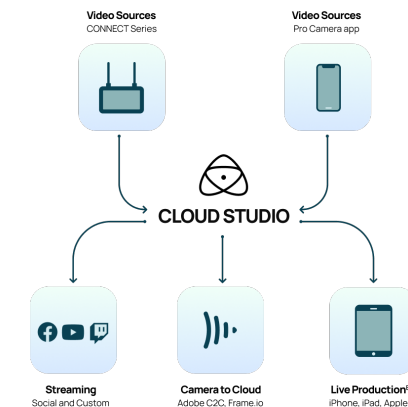
- Founded in 2010
- Invented the monitor-recorder with the first Ninja
- Customer base has grown to over 450,000 products shipped
- Unique ability to partner with some of the largest names in the industry: **Apple, Adobe, Sony, Canon**
- Rich history of award-winning hardware products that make producing high-quality video content more accessible to a wider set of video creators
- Now taking the same approach to software and cloud services with the March 2023 launch of Atomos Cloud Studio

While the industry makes better cameras, we make cameras better.

Began by making beautifully-designed, compact, affordable products that make cameras better



Now taking the same approach with software by launching a range of cloud services that will transform how filmmakers work



Operations Outlook

Building a better business



November 2022 AGM status

Transform business from being circa **\$73m** revenue break-even (FY22) to circa **\$60m** to break even

Strong focus on profitability

This will enable the business to conserve cash in the face of these circumstances

Reorganization underway

Fixed annual costs reduced by circa 30% by end of FY23

Total inventory level run-rate ~\$15m by end FY23 (42% reduction)

Avoid large additional spend on production

April 2023 update

Business now projected to be breakeven at **mid fifties \$m** – lower than planned

Smaller operating footprint and laser-focus on strategic plan has business being far more profitable when “normal” trading resumes

Forward forecasts has the business generating cash even before returning to profitability whilst reducing debt at an accelerated rate

Reorganisation complete – simplified operations and right-sizing to suit very clear strategic plans

Completed ahead of schedule. Annualised fixed costs are now circa 30% lower than FY22

Inventory levels coming down. On target to achieve desired levels

FY22 spend on production at all-time low levels

Reorganised,
simpler
business now
well
positioned to
take
advantage of
enormous
growth
opportunities

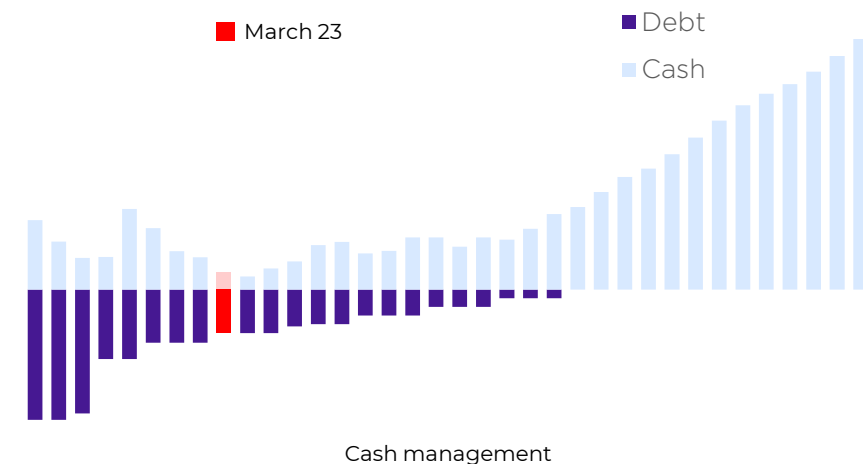
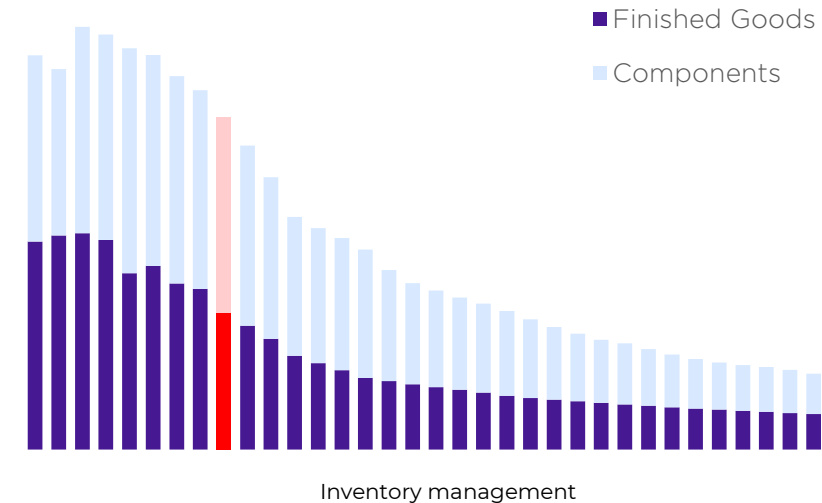
Operations Outlook

Cash Management Plan



Key Elements

- Plan for continuing tougher global economic conditions
- 30% lower cost base ensures lower breakeven point
- Improve product margins to get back into mid-forties
- Significant inventory holding reduces cash required for stock
 - The next \$54m of revenue requires only \$17m of incremental inventory spend
 - On a margin structure of 40%, this would normally require a spend of >\$32m
- Plan provides for repayment of remaining debt by June 2024
- Plan ignores subscription revenues which will be high margin with no working capital

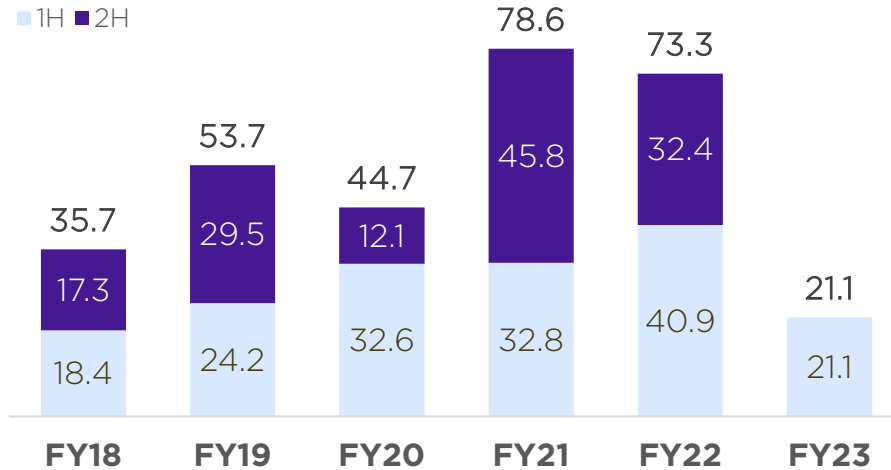


Financial Overview



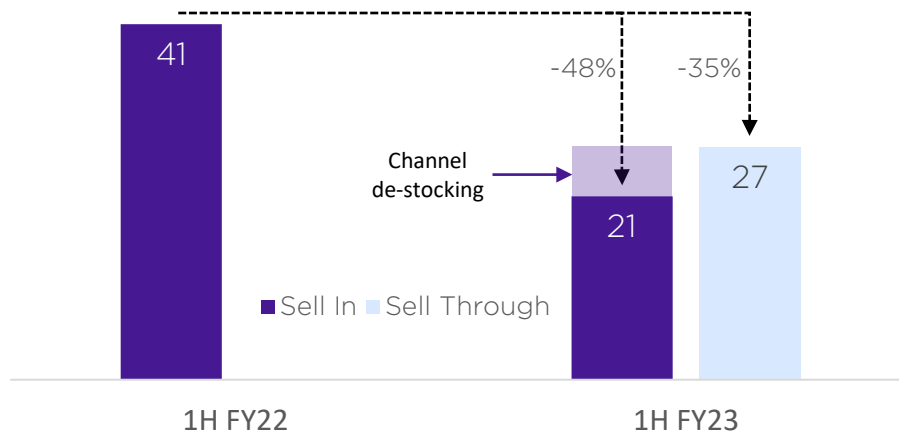
Revenue Analysis

Annual Revenue (\$m)



- First half sales 48% down on 1H FY22
- Challenging global economic conditions led to softer Q2 sales and the sales channel began de-stocking as a result
- Q2 sales heavily affected by an industry-wide very weak Black Friday sales period
- Q2 sell through much stronger than sell-in as a result of channel de-stocking
- Sell-through demonstrates continued underlying demand for AMS products, albeit at lower than historical levels

First-half Revenue (\$m)





1H FY23

Group Strategy & Outlook

Trevor Elbourne

Chief Executive Officer

Products & Services



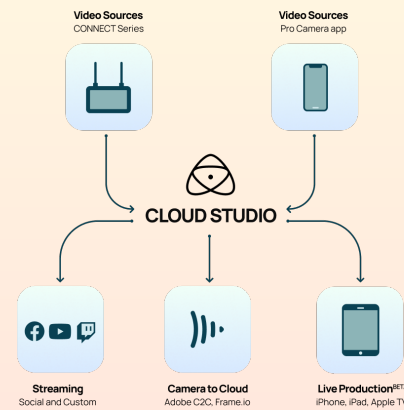
Strategy recap

Continue to make best-in-class hardware products which enhance the creative process for film makers and augment these products with a suite of connected cloud services that remove obstacles and allow our customers to focus on their art. Get closer to our customers by direct selling hardware and services.



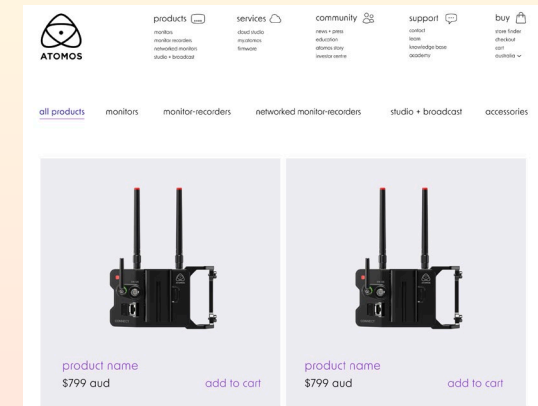
Series 2 Products

Cloud-connected versions of Atomos' market leading monitor recorders powering cloud services



Cloud Services

A collection of easy-to-use cloud-based video collaboration tools directly accessible from Series 2 products



eCommerce

Atomos hardware products bundled with cloud subscription services available for direct purchase from Atomos website with flexible, innovative payment options

Products



Connected Series 2 products powering cloud-based workflows

**Atomos
Connect
for Ninja**

USD \$399



- Expansion module designed for existing ~175,000 Ninja customers
- Makes every Ninja in market cloud-connected
- Also adds a professional standard SDI connection
- Small integrated design doesn't impact Ninja's already small form factor

**Shogun
Connect**

USD \$1299



- Replaces previous-gen Shogun 7
- Add WiFi 6E and Ethernet networking for cloud connectivity
- Records in a variety of professional formats: ProRes, ProRes RAW, DNxHR and H.264/5
- Monitor up to 8K sources in HDR

**Zato
Connect**

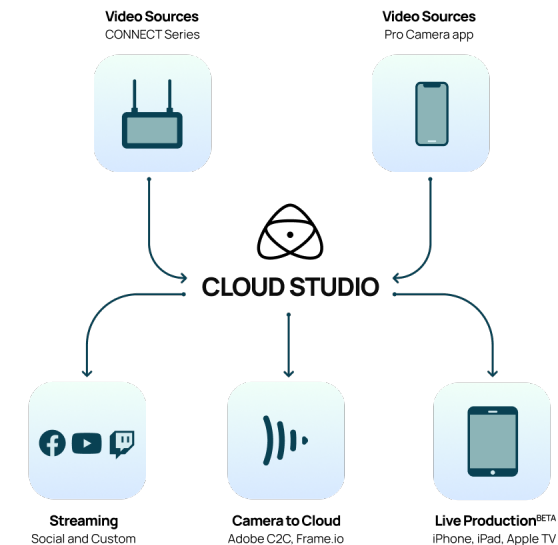
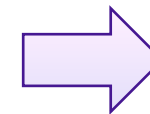
USD \$399



- Compact device to allow streamers to make live shows easily
- Can be used with older Atomos devices to enable cloud connectivity
- Low-cost gateway to Atomos Cloud Studio

When combined with Atomos Cloud Studio, Series 2 products will enable collaboration in real-time with **Anyone. Anytime. Anywhere.**

The ability for creators to get content to their audiences in near real-time is game-changing.





**Shrink distances.
Expand horizons.**

Cloud Update

Products

Cloud Services – what is Atomos Cloud Studio

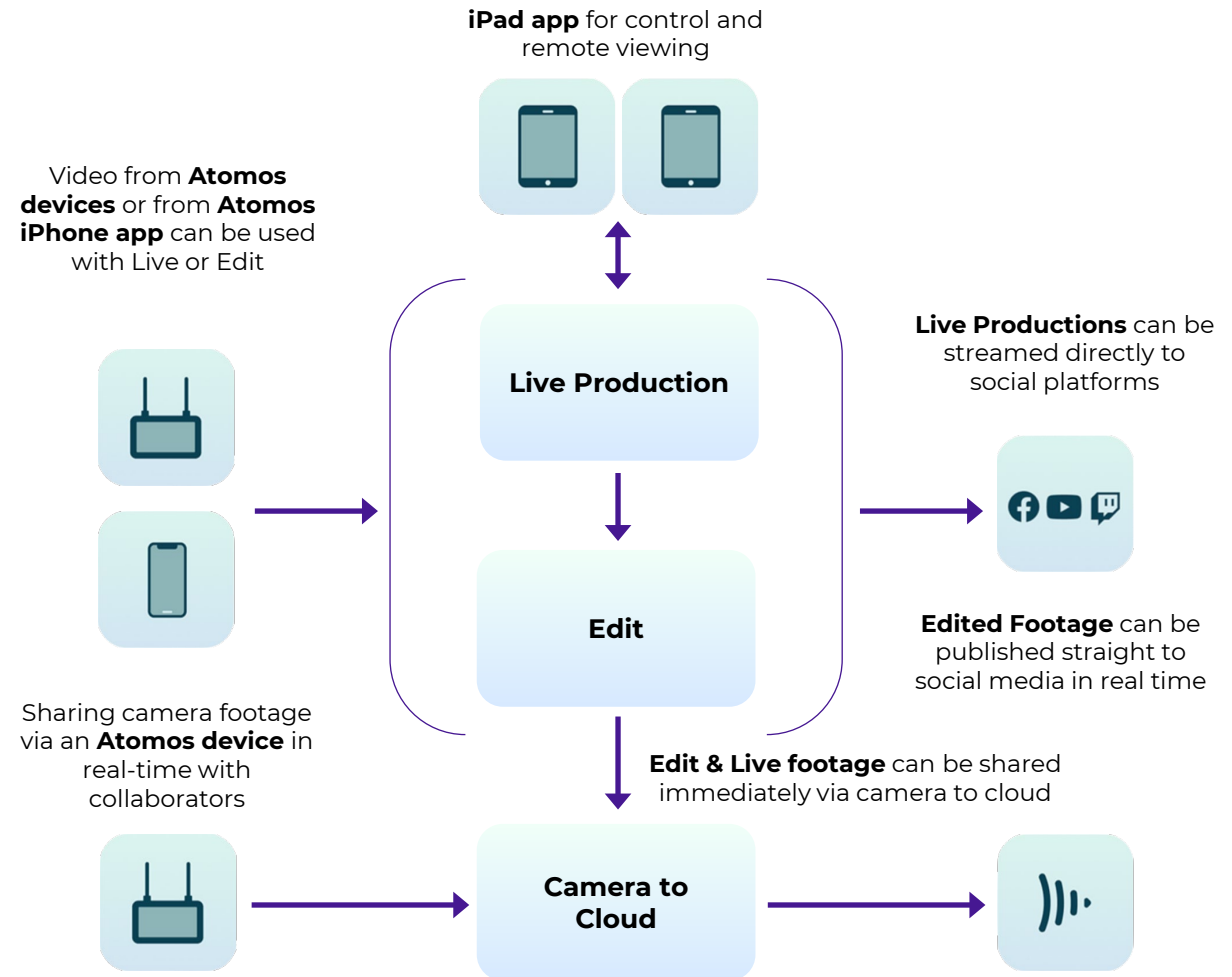


Launched March 2023

Video production technology is changing faster than ever as it migrates to the cloud. Atomos Cloud Studio (ACS) brings the cloud's advantages directly to filmmakers, live streaming producers and video content creators. It's a new and affordable way to embrace the latest advances in video production technology.

Atomos Cloud Studio can be accessed from anywhere with an internet connection offering a range of collaboration tools that help creators concentrate of their art, not on the process.

Its collaborative features allow multiple users to work on the same project simultaneously, with changes and updates synced in real-time, enabling delivery of content to audiences and customers much faster.

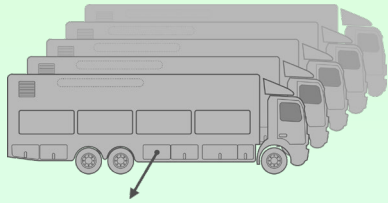


Atomos Cloud Studio

Revolutionizing live production



Outside Broadcast Vans – Legacy Live Production



Traditional Live Production

- Not scalable
- Very expensive
- Complicated
- Restrictive set of expensive cameras suitable for use



SIMPLIFY

Easier
Cheaper

Much Wider
Appeal

Eliminate
adoption barriers

*Switch, Vision Mix, PiP, Overlays,
Intercom, Audio Mix & Tally all in the
cloud!*

Atomos Cloud Studio – Live Production



Atomos Live Production

- Scalable (cloud based)
- Cost effective (SaaS model)
- Simple to setup and use (everything controlled from intuitive iPad app)
- Flexible – use ANY camera via ATOMOS monitor/recorder or use iPhone

Cloud Pricing



Range of options for all budgets and use cases

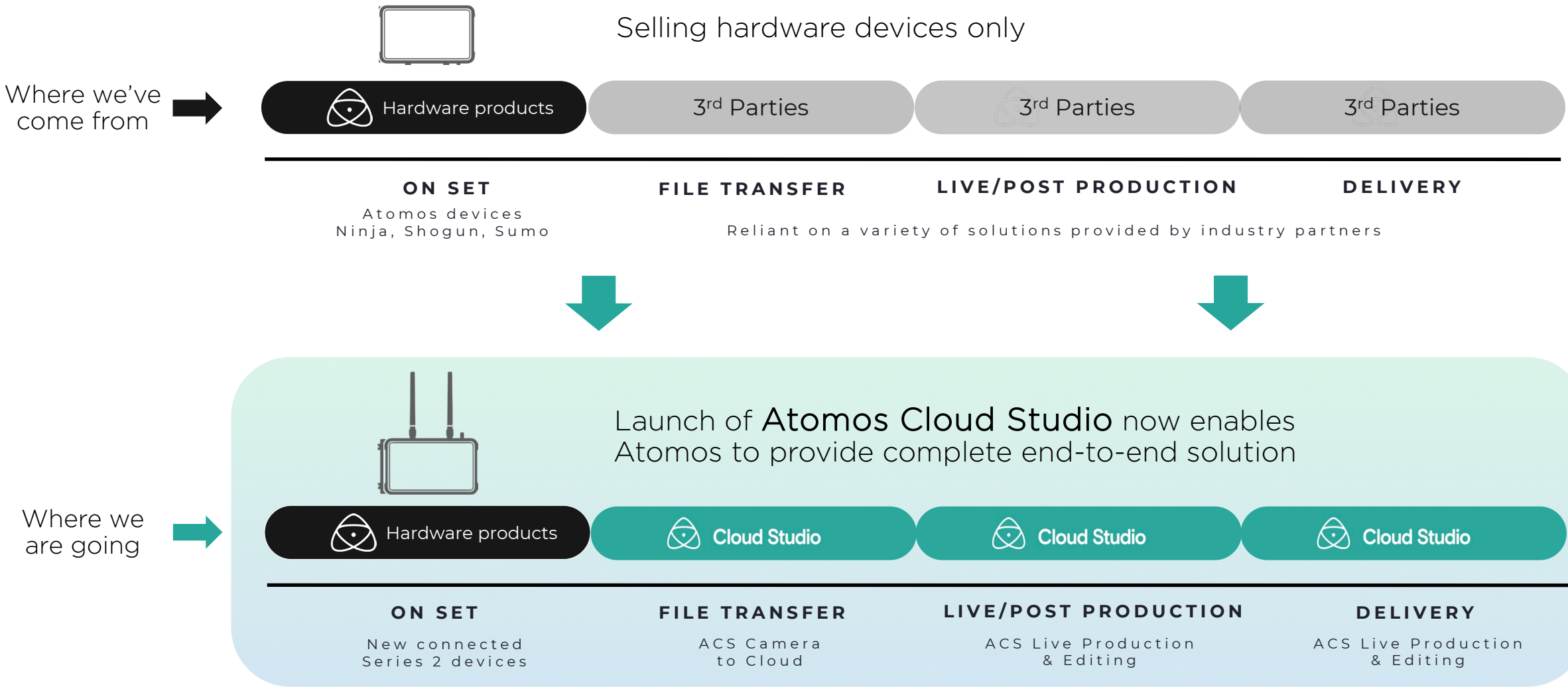
- Plans start at as little as **\$5/month** for simple streaming and camera to cloud
- Ability for higher quality video, and having more connected devices increases on the higher plans
- Plans include credits for live production, with the ability to purchase additional credits
- Additional Live production credits are \$0.50 each, and are sold in bundles of 100
- Three types of Live Production show, ranging from **Basic** to **Advanced**, and costing from **5 to 25** credits per hour
- All plans include demo credits that allow customers **free access to the Advanced Live Production**

Free	Starter	Classic	Premium	Pro
\$/€ 0	\$/€ 5 /month	\$/€ 25 /month	\$/€ 50 /month	\$/€ 100 /month
No commitment, no credit card required.	Everything in Free, plus:	Everything in Starter, plus:	Everything in Classic plus:	Everything in Premium, plus:
<ul style="list-style-type: none">✓ 3 registered devices✓ Camera to Cloud File upload on REC Stop 720p LQ proxies✓ Live Streaming Stream at 720p LQ Stream to popular social platforms	<ul style="list-style-type: none">✓ 5 registered devices✓ Camera to Cloud File upload while recording 720p or 1080p LQ/MQ proxies✓ Live Streaming Stream at 720p or 1080p LQ/MQ Stream to social or custom RTMP/S✓ Live Production BETA Access all show types✓ Pro Camera App (1 user)	<ul style="list-style-type: none">✓ 25 registered devices✓ Pro Camera App (2 users)✓ Includes 25 monthly production credits	<ul style="list-style-type: none">✓ 50 registered devices✓ Camera to Cloud HQ proxy option✓ Live Streaming HQ streaming option✓ Pro Camera App (5 users)✓ Includes 50 monthly production credits	<ul style="list-style-type: none">✓ 100 registered devices✓ Camera to Cloud Custom proxy option✓ Live Streaming Custom streaming option✓ Pro Camera App (10 users)✓ Includes 100 monthly production credits

Products

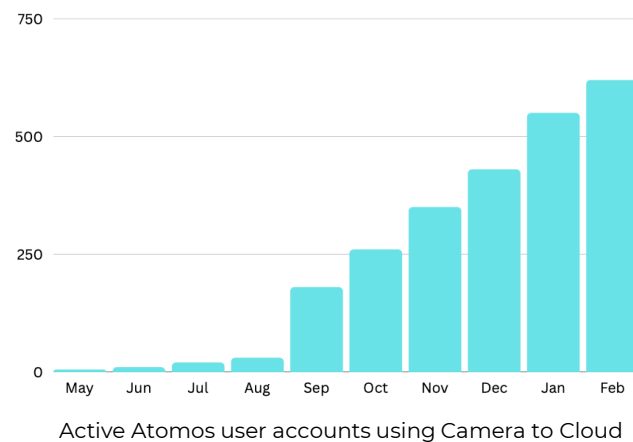
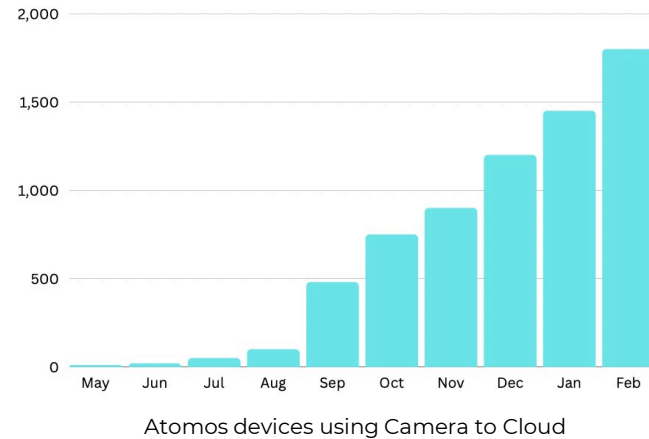


Transition to offering cloud services



Atomos Cloud Studio

Good early momentum with high growth rate



Camera to Cloud – Early Adoption

- Private, limited BETA went live **May 2022**
- Free, open Public BETA went live **Sep 2022**
- BETA service was only a preview – didn't have all features enabled
- **66% average monthly growth** in number of Atomos devices actively connected to ACS
- **63% average monthly growth** in number of active accounts using ACS
- **Approximately 3K users** signed up in the 6 months the ACS BETA was running, including a host of top-tier broadcasters and US sports leagues
- Commercial plans launched **March 2023**

Total amount of video content uploaded to the **Adobe Frame.IO** platform **has increased 50%** since public BETA went live

Series 2 & Atomos Cloud Studio

Addressing new markets

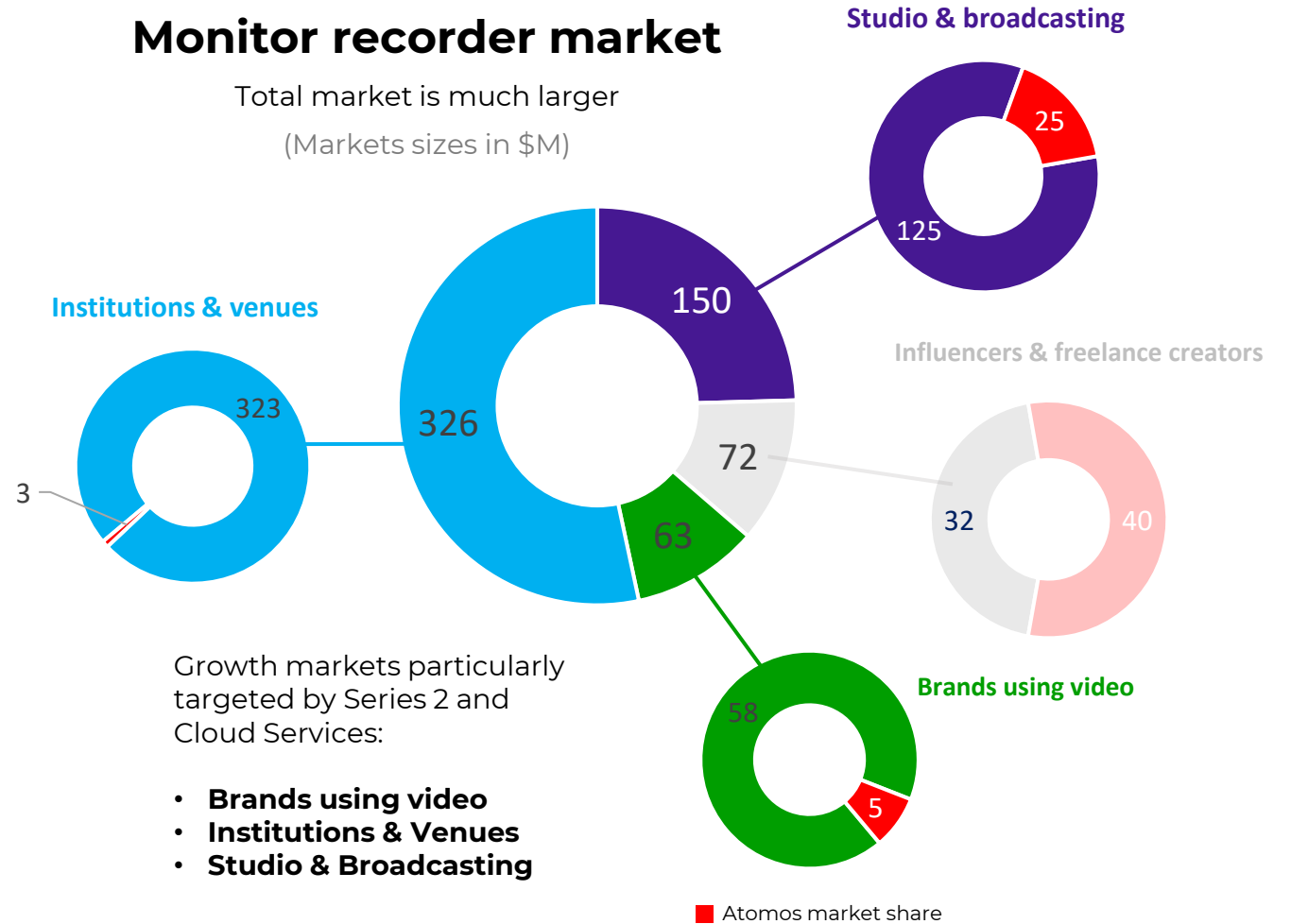
- Impressive roll-call of early participants in BETA program: **Global video studios, Major US sport leagues, Global brands such as Ralf Lauren and Sundance Film Festival** to name a few
- Series 2 products & Atomos Cloud Studio launched despite challenging to end to CY22
- Atomos Cloud Studio is live
- Very encouraging take-up of Atomos Cloud Studio BETA with **>60% average monthly growth** in active users and connected devices – more to come
- Successful real-world use at important events like **Sundance Film Festival** and **Ralph Lauren** fashion show good validation of solution
- Many new enhancements to Atomos Cloud Studio planned in the months following March launch

**Sundance
Film Festival
2023**



Monitor recorder market

Total market is much larger
(Markets sizes in \$M)



Data source: Global Video Cameras Production Market 2021-2031, SDKI; Management estimates



1H FY23

Financial Review

James Cody

Chief Financial Officer

Financial Review



Summary

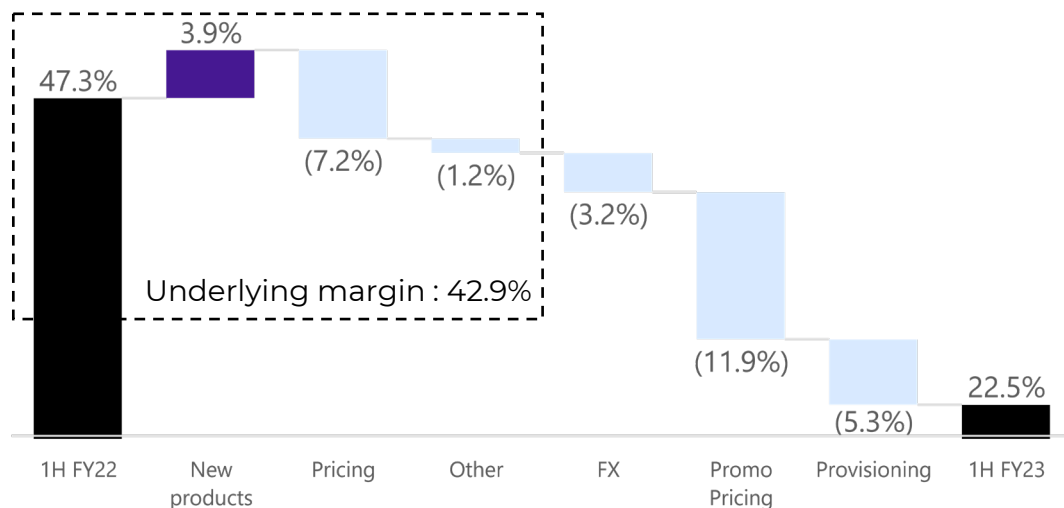
Revenue	<ul style="list-style-type: none">First half revenue of \$21.1m (1H FY22: \$40.9m)
Margin	<ul style="list-style-type: none">Underlying gross margin of 42.9% before impact of promotional pricing & provisioning
Costs	<ul style="list-style-type: none">Restructured to right-size, >30% of fixed costs removedBusiness now breakeven at mid fifties \$m (FY22: revenue of \$73m / EBITDA of \$0.6m)
Earnings	<ul style="list-style-type: none">Underlying EBITDA loss of \$10.7m (1H FY22: profit of \$3.2m)
Balance Sheet	<ul style="list-style-type: none">Inventory of \$27.9m down slightly since June (\$28.8m)Debt reduced from \$12.0m at June 2022 to \$4.9m at December 2022
Looking Ahead	<ul style="list-style-type: none">High inventory and low-cost base will enable the company to be cash flow positive even with low salesForecast allows for full repayment of debt by June 2024

Financial Review

Earnings Analysis

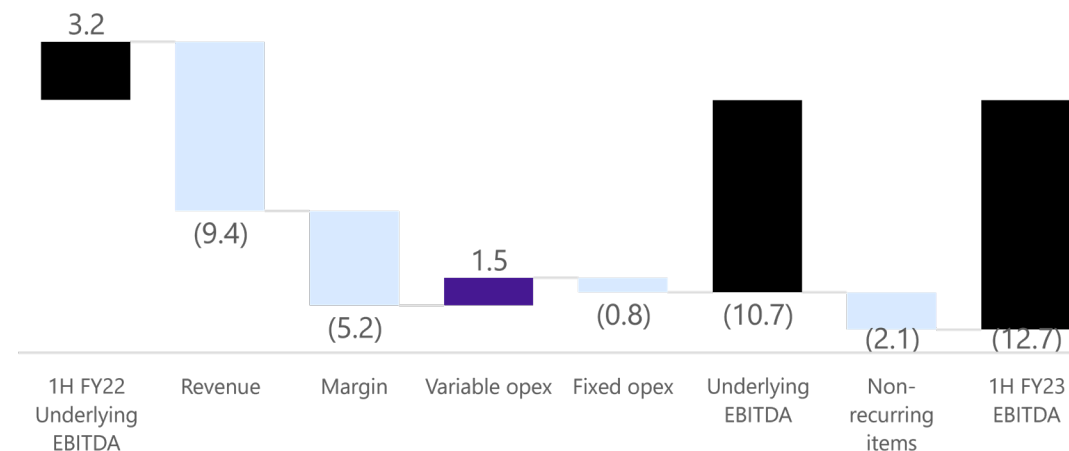


GROSS MARGIN BRIDGE (%)



- Underlying Gross Margin of 42.9% before impact of discounting to drive sales
- Downward pressure on selling prices influenced a 7.2% reduction in margin, this was partially offset by higher margins from new products
- Weakening of the AUD provided a 3.2% margin deterioration
- Weight of inventory combined with low sales drove increased provisioning

EBITDA BRIDGE (\$m)



- Net fall in gross profit of \$14.6m
- Variable costs lower due to lower revenue
- Fixed opex slightly higher with post restructure run-rate 30% lower
- Non-recurring expenses higher due to CEO separation & legal costs (\$1.8m) and restructuring costs (\$0.3m)

Financial Review

Income Statement



A\$m	1H FY23	1H FY22	Δ pcp ¹ (A\$m)	Δ pcp ¹ (%)
Revenue	21.1	40.9	(19.8)	(48%)
Gross profit	4.8	19.4	(14.6)	(75%)
<i>Gross profit margin</i>	<i>23%</i>	<i>47%</i>	<i>n/a</i>	<i>(25%)</i>
Variable operating expense	(2.2)	(3.7)	1.5	41%
Fixed operating expense	(15.3)	(13.3)	(2.0)	(15%)
Reported EBITDA	(12.7)	2.4	(15.1)	NM²
Non-recurring items	2.1	0.9	1.2	(139%)
Underlying EBITDA	(10.7)	3.2	(13.9)	NM²
Impairment charges	(32.5)	0.0	(32.5)	NM ²
EBIT	(47.3)	0.6	(47.9)	NM ²
NPAT	(48.2)	0.3	(48.5)	NM ²

¹ Previous corresponding period

² Not meaningful

Non-recurring items (A\$m)	1H FY23	1H FY22
Founder transition costs	-	0.8
Redundancies (restructuring)	0.3	-
CEO separation and legal claim	1.8	-
Impairment charge	30.7	-
Impairment of investment in associate	1.8	-
Others	(0.1)	0.1
Total non-recurring items	34.5	0.9

- Fixed operating costs have been reduced to a full year run rate of \$19m
- CEO separation & legal claim expenses incurred / provisioned to date
- Impairment charge relates to a reduction in the carrying value of intangible assets and the investment in MAVIS which has been impaired given pre-commercialization of the technology

Financial Review

Balance Sheet



A\$m	30 Dec'22	30 Jun'22	Δ pcp ¹ (A\$m)	Δ pcp ¹ (%)
Cash & cash equivalents	6.2	5.0	1.2	24%
Trade & other receivables	4.6	20.7	(16.0)	(78%)
Inventories	27.9	28.8	(1.0)	(3%)
Fixed & intangible assets	7.7	36.8	(29.1)	(79%)
Other assets	7.0	8.7	(1.7)	(19%)
Total assets	53.5	100.1	(46.6)	(47%)
Trade & other payables	(16.3)	(24.7)	8.4	(34%)
Other liabilities	(9.3)	(9.3)	0.0	(0%)
Borrowings	(4.4)	(11.8)	7.4	(63%)
Total liabilities	(30.0)	(45.8)	15.8	(35%)
Net assets	23.5	54.2	(30.8)	(57%)

Key Insights

- Receivables reduced following huge May/June revenues
- Inventory balance moderately lower – future purchases limited to immediate production requirement. Balance will reduce progressively through FY23/FY24
- Reduction in carrying value of intangible assets taken as impairment charge
- Reduction in borrowings due to amortization in the period

Financial Review

Cash Flow

A\$m	30 Dec'22	30 Jun'22	Δ pcp ¹ (A\$m)
Reported EBITDA	(12.7)	2.4	(15.1)
Non-cash items in EBITDA	0.6	(0.2)	0.8
Capital expenditure	(2.9)	(3.0)	0.2
Investments	(1.8)	(0.0)	(1.7)
Movement in working capital	1.9	(9.0)	10.9
Taxation & Interest	(0.8)	(0.2)	(0.7)
Cash flow before financing	(15.6)	(10.0)	(5.6)
Financing	16.8	0.7	16.1
Total cash flow	1.2	(9.2)	10.5

Key Insights

- Deterioration in earnings due to revenue and margin pressure
- Capex to drive investment in the future – Series 2 (connected products and cloud services development)
- Working capital stabilised:
 - Future reduction in inventory will release cash to support business until sales recover
- Proceeds from capital raise used for debt reduction, investment in MAVIS and funding the operations



Corporate Snapshot



Pricing Snapshot

Ticker	AMS
Share price	\$0.069
Shares on issue (m)	401.8
Market capitalization	\$27.7m

Board of Directors

Paul Greenberg	Non-Executive Chair
Megan Brownlow	Non-Executive Director
Sir Hossein Yassaie	Non-Executive Director
Trevor Elbourne	Executive Director

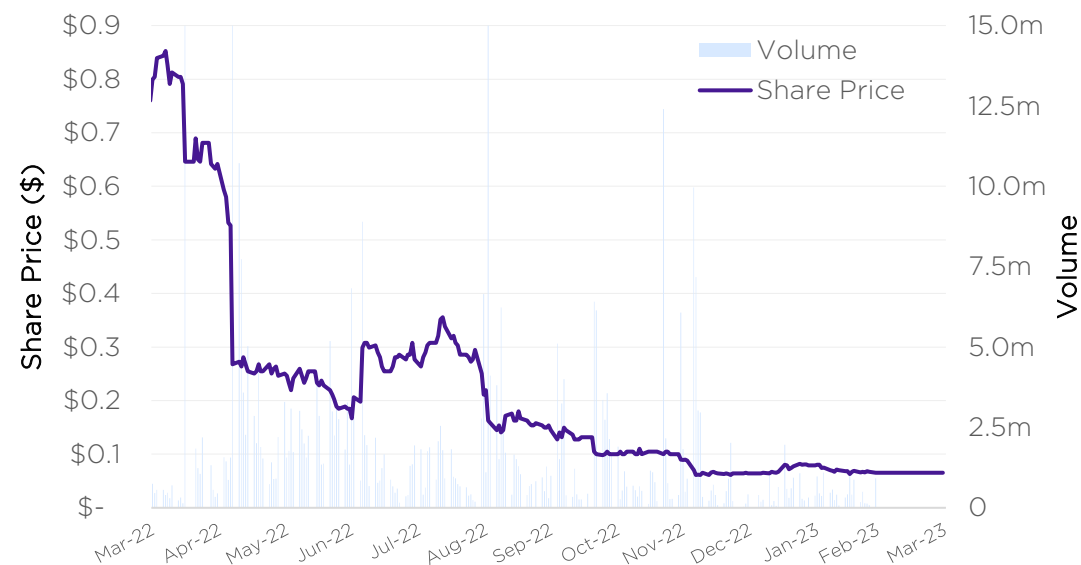
Senior Management Team

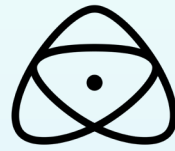
Trevor Elbourne	Chief Executive Officer
James Cody	Chief Financial Officer
Stephan Kexel	Chief Sales Officer

Major Shareholders

Doma Group	17.6%
Ellerston Capital	11.1%
Regal Funds Management	11.0%
Top 10 Shareholders	~46%
Board and Senior Management	~4%

Share Price History





Hardware. Software. Cloudware.