

Atomos Ltd (ASX:AMS)



Hardware. Software. Cloudware.

Atomos FY24 Results Presentation

3 September 2024



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Non-IFRS information descriptors:

- EBITDA (before R&D expenditure) is earnings before research and development expenditure, interest, taxation, depreciation, amortisation and impairment charges;
- EBITDA is earnings before interest, taxation, depreciation, amortisation and impairment charges;
- EBIT is earnings before interest, taxation and impairment charges;
- Working capital is defined by the Company as trade and other receivables, inventory and other current assets less trade and other payables and other current liabilities;
- Net cash flows from operations: the operating cash flows generated by the Company calculated as EBITDA excluding non-cash items and allowing for changes in working capital; and
- Net cash flows before financing activities: being net cash flows from operations less capital expenditure and other investing expenditure.

Atomos is known for world class product innovation and design...



Over 100,000+ active users

500,000 units sold lifetime

Automated production is the future

Our flagship products are used all across the content creator universe...



Ninja Phone

Turns your smartphone into a high-end recorder, monitor and streamer



Shinobi II

Lightweight and high brightness monitor; perfect for vloggers and photographers



Ninja

Flagship monitor recorder that connects to almost every camera in the world



Sun Dragon

World's first sun spectrum, waterproof, lightweight flexible production and cinema strip light



Atomos - Returning to our core strengths ...



The Vision

Empower the democratisation of content creation in the Social, Pro Video & Entertainment Markets



Focus on the Art

User-friendly designs that make video production simple intuitive and creative. Enabling creatives to focus on their art.

Partnering with the Best

Align, integrate and partner with global technology leaders



Industry Standard Brand

Strong brand equity and customer loyalty built over 12 years of innovation, care for the customer and teaming up with the best of the best to drive technology forward

FY24 – Executive Summary



Renewed focus on leveraging our core strengths to rebuild into a growth business

Stabilised Operations & Balance Sheet

- H2'24 sales of \$18.3m, up 5.1% on H1 with underlying gross margin improving to 39% in Q4'24 (40% in June 2024)
- Right-sized fixed operating costs – reduced headcount from ~150 (during FY22) to 90 (Dec-23) and now 70 (Jun-24)
- Debt free as of 30 June - \$8.3m being repaid as part of capital raise in April 2024 and relisting to ASX on 21 May 2024
- Inventory balance reduced to reflect current sales (thorough review resulted in write-down for stock obsolescence in FY24)
- Full realisation of cost restructuring initiatives expected in Q1 FY25; targeted EBITDA breakeven of ~\$45m in sales
- \$2.9m cash as at 30 June, with further access to capital via exercise of options

Refreshed Product Roadmap

- Bottom-up review of business has facilitated the development of a clear product and growth strategy roadmap
- **Ninja Phone:** new video-coprocessor for the latest iPhone; shipped in June-24
- **SunDragon:** unique 'sun-spectrum' range of LED lights; shipping in September-24
- **Shinobi II:** upgrade to existing core product line; shipped in July-24
- Expect to build upon new product momentum over H1'25 to generate uplift in sales

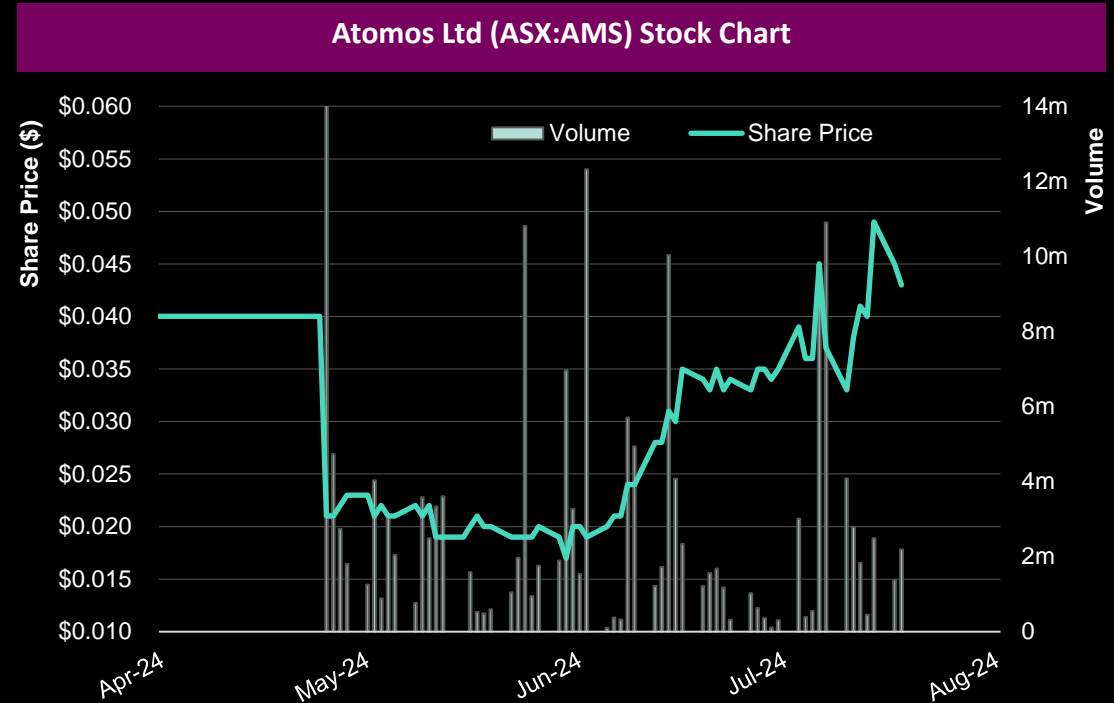
Refreshed Board & Management

- In Jan-24, return of co-founder Jeromy Young as CEO and MD, to drive new momentum to product and operations
- In Feb-24, appointed Peter Barber as Exec Director and COO; co-founder of Blackmagic Design
- In Jan-24, appointed Ben McAlister as financial advisor to the Board; assuming CFO duties to stabilise operations
- Appointment of new auditors (Moore Australia)

Capital Structure



Corporate Structure	AS AT 30 August 2024*	
Shares on Issue	1,213,662,308	
Share Price	\$0.043	
Market Capitalisation (\$)	\$52.2M	
Options on Issue (listed, ex Nov-25, \$0.03)	551,115,526	
Share Rights	170,378	
Options (Various ex dates and prices)	1,637,312	
Top 5 Shareholders*	Shares (m)	% Held
Domazet FT3 P/L	210.5	17.4%
Jeremy Young (CEO)	100.0	8.2%
Peter Barber (COO)	100.0	8.2%
Regal Funds Mgmt	87.1	7.2%
Ellerston	83.1	6.9%
Top 5 Shareholders	580.7	47.8%



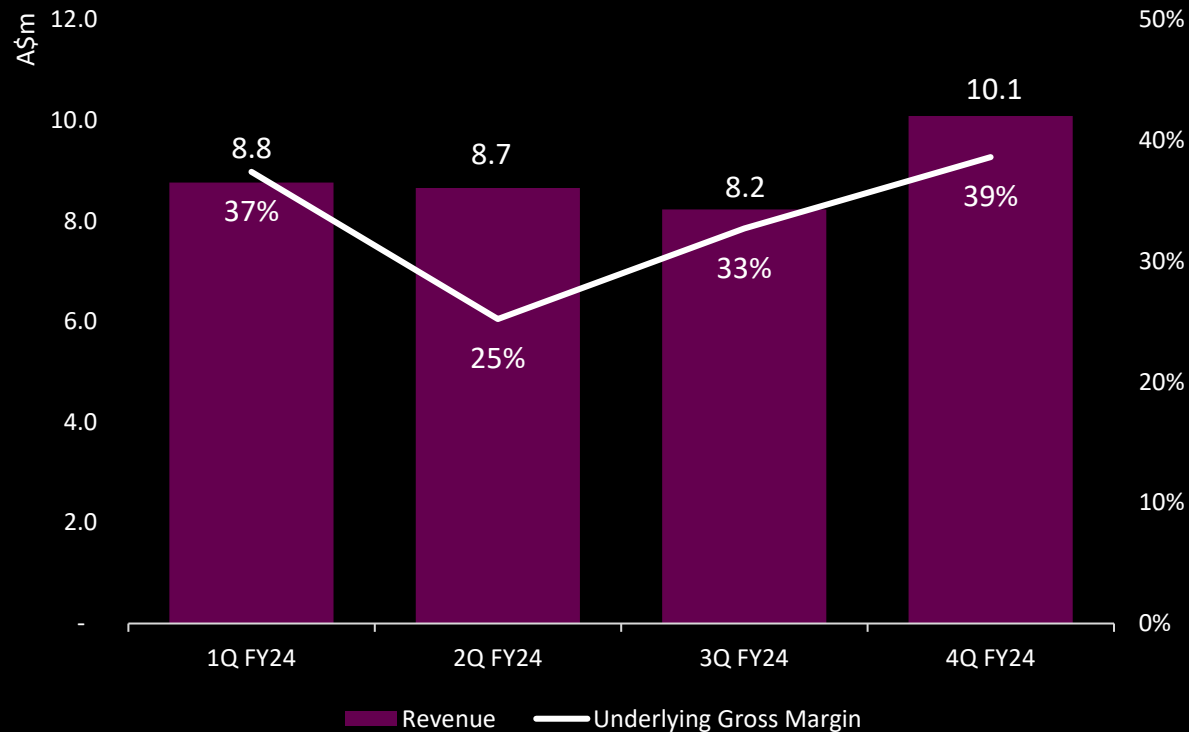
(*) As disclosed based on public filings, unless otherwise stated



FY24 Financials



FY24 – Revenue & Gross Profit margins



- \$18.3m in H2 FY24, up 5.1% on H1 FY24
 - Driven in part by new management reinvigorating sales & marketing of existing products and launching new innovative products creating demand across other product categories
- Higher gross margins in FY24 attributed to the cessation of product discounting
- Underlying gross margin improved to 34% in FY24 (20% FY23)
 - H2'24 Underlying gross profit margin of 36% vs 31% in H1'24
- Q4 FY24 gross margins consistently just under 40%; June reaching 40%
 - Taken longer than expected to unwind previous management's strategies

Underlying Proforma Profit & Loss



A\$m 30 June Year End	FY23 (Proforma) ¹		FY24 (Proforma) ¹
Revenue	42.8	1	35.7
COGS	(34.1)		(23.7)
Gross Profit	8.7	2	12.0
<i>Gross Profit Margin %</i>	<i>20%</i>		<i>34%</i>
Variable operating costs	(4.0)	3	(3.2)
Fixed operating costs	(27.2)	4	(21.3)
Other Income / Forex	0.6		0.7
EBITDA	(22.0)²		(11.8)
Depreciation & amortisation	(3.0)		(1.6)
Finance costs	(2.1)	5	(1.2)
Profit (Loss) before tax	(27.1)		(14.7)

1. Refer Appendix for bridge between statutory P&L and proforma P&L
2. Underlying FY23 EBITDA of (\$19.5m) plus FY23 capitalised R&D costs of (\$2.5m) equals FY23 Underlying Proforma EBITDA of (\$22.0m)

- 1 FY24 sales of 35.7m, down 16% pcp
- 2 Underlying (proforma) gross profit margin of 34%, up from 20% pcp
 - Reported gross profit margin of 31% (vs 11% in FY23)
- 3 Variable operating costs remain consistent at ~9% sales, subject to product mix
- 4 New management initially targeted to reduce fixed operating cost base to a run-rate of \$16m pa by Jun-24; unforeseen challenges have resulted in longer than expected implementation of restructuring initiatives.
 - Full run-rate benefit of restructuring initiatives will be seen from beginning of Q3 FY25
- Proforma fixed operating costs reduced by \$5.9m (22%) in FY24 vs. FY23
 - Reduced from 90 people at Dec-23 to 70 people at Jun-24
 - All R&D / product development costs expensed in FY24
 - Refer Appendix and FY24 4E accounts for breakdown of one-offs
- 5 Financed costs to reduce materially with all now debt repaid post raise

Balance Sheet



A\$m - 30 June Year End	FY23 Audited	FY24 Proforma
Cash	2.9	2.9
Trade and other receivables	5.2	5.0
Inventories	15.4	8.7
Other current assets	5.3	3.3
Other current assets	28.7	19.9
PPE	1.4	0.9
Right of use assets	5.3	4.2
Financial assets	1.8	-
Total assets	37.2	25.0
Trade and other payables	13.0	11.3
Borrowings	3.4	0.1
Provisions	2.5	4.6
Lease liabilities	1.0	0.9
Income taxes payable	0.9	1.5
Current liabilities	20.8	18.4
Provisions	0.1	0.1
Lease liabilities	5.2	4.1
Income taxes payable	1.3	-
Total liabilities	27.4	22.6
Net assets	9.8	2.4

- 1 \$2.9m cash as at 30 June
 - Potential additional cash inflow of \$16.5m if all listed options (exercise price of \$0.03) were exercised
- 2 Excessive inventory balance in FY23 progressively turned into cash with thorough review in FY24 resulting in modest write-down of \$0.8m for stock obsolesce
- 3 Impairment of Mavis investment
- 4 Trade payables being progressively reduced with various payment plans due to be paid off over next 6 months
- 5 No debt, outside of corporate credit cards, following completion of capital raise in May 2024
- 6 Includes various provisions, such as onerous contracts provision (for legacy purchase orders) and Ex-CEO separation claim



Outlook



Summary – Next chapter in the Atomos journey ...



Grow from Strength

- Atomos core monitor-recorder market stable
- Maintain revenue \$40m+ at 40%+ gross profit margins
- Global respected brand
- Right-sized - restructured to match core revenues and margins

New Adjacent Markets

- Enter adjacent LED On-Set & Studio Lighting - NEW unique tech
- Products announced and shipping in September 2024
- Large TAM opportunity – US\$1.5bn, CAGR 13%¹
- Same customers through the same sales channels

Return to Innovation

- New products that are ready to announce
- Next generation Ninja, Shogun and Sumo lines
- Market Cloud Services as essential value-add to devices

Financial Stabilisation and Growth

- Restructure expected to be complete by Q1 FY25 with targeted EBITDA breakeven around \$45m of sales
- Targeting increasing sales momentum in Q1 FY25
- Launch of new products including Shinobi II, Sun Dragon and Ninja Phone with significant roadmap of products in development

1. Report by 360iresearch: LED Light for Camera Market by Product (Panel Light, Ring Light, Rope Light), Model (Off-Camera, On-Camera), Device Type, Application, Sales Channel, End-User - Global Forecast 2023-2030.



Appendix



P&L - Statutory to Proforma Bridge



A\$m 30 June Year End	FY23 (Statutory)	One-offs	Capitalised R&D costs	FY23 (Proforma)	FY24 (Statutory)	One-offs	FY24 (Proforma)
Revenue	42.8			42.8	35.7	-	35.7
COGS ¹	(38.1)	3.9		(34.1)	(24.5)	0.8	(23.7)
Gross Profit	4.7	3.9		8.7	11.2	0.8	12.0
<i>Gross Profit Margin %</i>	<i>11%</i>			<i>20%</i>	<i>31%</i>		<i>34%</i>
Variable operating costs	(4.0)			(4.0)	(3.2)	-	(3.2)
Fixed operating costs	(26.8)	2.1	(2.5)	(27.2)	(26.0)	4.7	(21.3)
Other Income / Forex	0.6			0.6	0.7	-	0.7
EBITDA	(25.5)	6.0	(2.5)	(22.0)	(17.3)	5.5	(11.8)
Depreciation & amortisation	(3.0)			(3.0)	(1.6)	-	(1.6)
Finance costs	(2.1)			(2.1)	(1.2)	-	(1.2)
Impairments	(30.7)	30.7		-	(1.8)	1.8	-
Profit (Loss) before tax	(61.3)	36.7	(2.5)	(27.1)	(22.0)	7.3	(14.7)

1. One-offs shown within COGS relate to inventory obsolescence write-downs
2. Refer Page 12 of FY24 Appendix 4E report for breakdown of one-offs items

Ninja Phone – Now phones can be Ninjas too



Expanding upon existing market opportunity

- Video co-processor for the latest iPhones that lets you record from professional cameras onto the iPhone's storage
- Unique HDMI to USB-C, professional adaptor that securely attaches to the back of an iPhone 15 Pro or iPhone 15 Pro Max to create the world's first Apple ProRes driven high resolution monitor-recorder.
- Enable connection to any professional camera (Nikon, Panasonic, Canon, Fuji, Sony, etc) with an uncompressed HDMI output to Apple's magnificent OLED screen.



ATOMOS

NINJA PHONE

**Now phones can be
Ninjas too**

ProRes

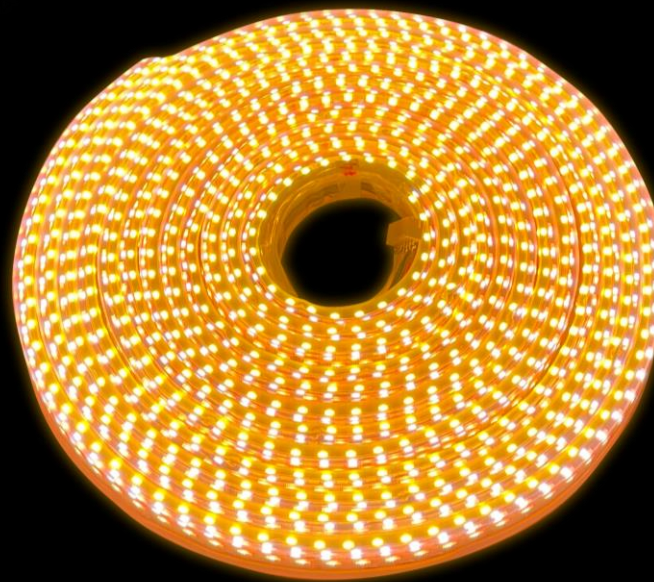
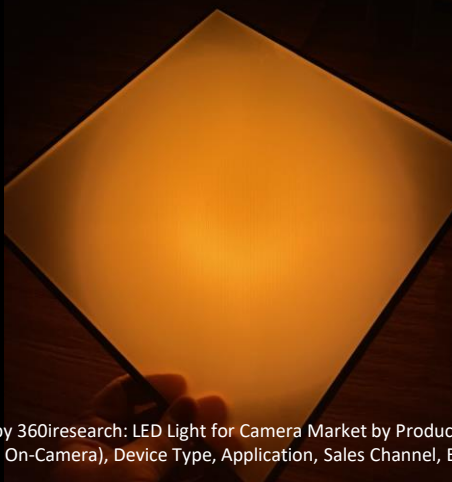


The 'Light Bulb/LED Moment' – introducing Ninja Dragon

New Adjacent Markets

Expand into LED On-Set & Studio Lights

- Unique **sun spectrum**, Ninja controllable camera LED lights
- **Waterproof**, flexible **strip light** design
- Place anywhere, **bend, shape and mount** technology
- Achievable adjacent market penetration
- **Able to leverage existing sales infrastructure** and customer relationships
- Large addressable market opportunity ~US\$1.5bn¹



3m light strip ships in a case that facilitates rolling up into a Light Panel with included diffuser - Replacing Light Panels



SUNDRAGON

Enter the Sun Dragon

World's first sun spectrum, HDR, waterproof, Ninja Controlled, AirGlu™ wireless DMX, 5-color LED, mount-anywhere, lightweight flexible production lights



#C4931

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New Products and Markets: LED On-Set & Studio Lighting



Portfolio of new products and market – complementary to Atomos' existing flagship products

Atomos brings innovation and creative flexibility to simple LED lighting

Ninja Dragon can be LED panel, striplight or focused beam light



Various competitor designs can be heavy, with a dated design



ARRI SkyPanel S60-C LED Softlight with Manual Yoke (Black, Edison)

\$5,600⁰⁰

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In Stock

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Order now to ship tomorrow

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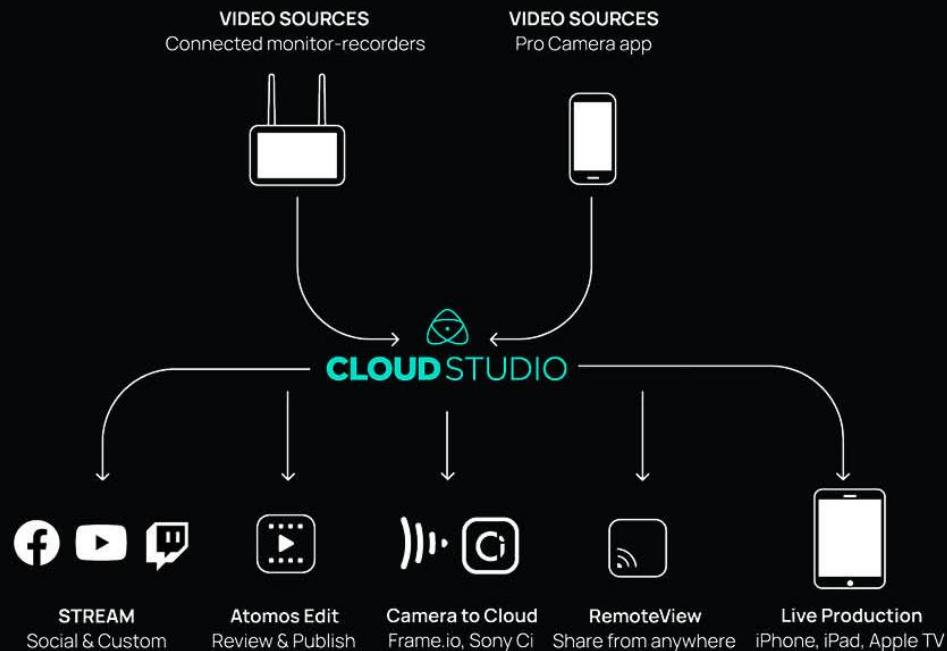
Competition can be up to ~350% more expensive with minimal flexibility or adjustable features

Control lights, cameras and monitors from your Ninja!



ATOMOS CLOUD STUDIO

Camera to cloud. Made easy.



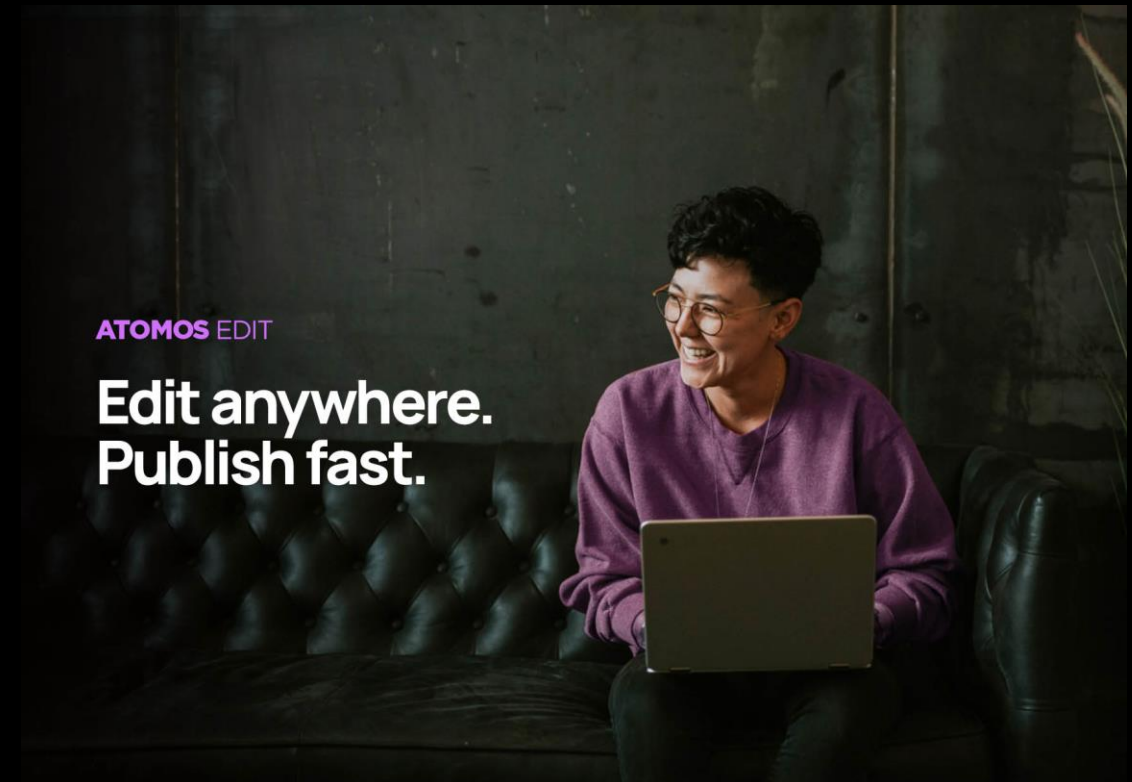
A suite of intuitive cloud-based production services to allow creators to focus on their art, not on the tech

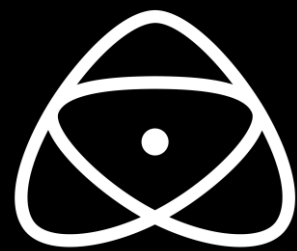
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