

Business Trading Update

HIGHLIGHTS

- FY20 unaudited revenue of \$44.5m, down on FY19 revenue of \$54.0m
- 2H'20 revenue of \$11.9m significantly impacted by COVID-19
- Video market in July starting to open and show positive signs with July revenue up approximately 50% on 2H'20 run rate, however it is too early to predict the level of sustainability
- Current cost base reduced to approximately \$1.0m per month (including both permanent and temporary reductions), fully implemented from April 2020
- As temporary cost reductions are gradually removed over the coming months (JobKeeper, salary reductions, no trade shows), monthly cost base expected to be approximately \$1.6m per month
- Following recent Sony Alpha™, Z CAM and Panasonic announcements, Atomos has expanded the recording ecosystem with 21 cameras (18 now shipping and 3 announced) able to record Apple ProRes RAW to an Atomos device, 12 of which are enabled over HDMI
- Product roadmap on schedule with several new releases targeted for early 2Q'21, along with RAW over HDMI integrations with large global camera makers. New products are expected to drive significant interest and sales
- Well-funded with \$19m cash on hand as at 30 June 2020 and access to a \$5m debt facility
- Atomos is confident as it continues to recover, subject to any ongoing COVID-19 shocks, that it can return to pre-COVID activity, albeit with a leaner and more robust cost base

Atomos Limited (**ASX:AMS**, '**Atomos**' or the '**Company**') is pleased to provide a trading update on its activities to 30 June 2020.

AMS will release its FY20 full year results on Thursday, 27 August 2020.

Financials

AMS delivered unaudited FY20 revenue of \$44.5m, down on FY19 revenue of \$54.0m.

Following strong 1H'20 growth where the Company delivered revenue of \$32.6m, a 35% increase on pcp, 2H'20 revenue was \$11.9m. This represents a clear indication of the impact that COVID-19 has had on the business.

As previously advised to the market, video production globally was materially affected by government restriction measures. Creative cinema style productions were paused, coupled with events that AMS customers work at being cancelled and/or prohibited (weddings, festivals, sports, corporate events etc.).

In response to COVID-19, the Company took swift action to implement several cost reduction initiatives, resulting in the monthly cost base being reduced by ~60% to approximately \$1.0m per month. This included both permanent and temporary reductions, temporary reductions including initiatives such as JobKeeper (in Australia), salary reductions for all staff, staff being stood down and a moratorium on

marketing expenditure. All cost initiatives were fully implemented as at the end of April 2020 and currently remain in place.

As temporary cost reductions are gradually removed in FY21, particularly those relating to staff salaries, the monthly cost base is expected to increase to approximately \$1.6m per month, which is sustainable at pre COVID-19 monthly revenue run-rates. While Management are confident of revenue improving during FY21, temporary cost savings will only be removed upon appropriate revenue support.

Pleasingly, in July the video market showed early signs of improvement, with major resellers and distributors starting to reopen in a more meaningful capacity. Revenue for the month is up approximately 50% on 2H'20 run-rate, however it is too early to predict the level of sustainability.

Operations

During the June quarter, AMS started shipping the AtomX SYNC module, which brings wireless timecode, sync and control technology to the Ninja V. The module attaches to the back of the Ninja V and can connect multiple AtomX SYNC-equipped Ninja Vs with cameras and audio recorders using reliable long-range RF wireless technology patented by Timecode Systems. At the same time, it can bring other devices into the synchronised system via in-built Bluetooth, such as an iPhone or iPad.

On 29 July 2020, AMS announced that the new Sony Alpha™ 7S III, one of the most anticipated camera releases in the past two years, will be able to record the Apple ProRes Raw format via the Ninja V. This follows similar announcements in respect of six Z CAM cameras, Panasonic's S1H, Sigma's fp and Fujifilm's GFX100 cameras. These announcements have expanded the ecosystem with 21 cameras (18 shipping and 3 announced) now able to record Apple ProRes RAW to an Atomos device. Apple ProRes RAW is now firmly established as the new standard for RAW video capture with seven major global video companies (Sony, Canon, Nikon, Fujifilm, Z CAM, Sigma and Panasonic) having announced support for RAW over HDMI. Atomos is the only company with monitor/recorders that can record to Apple ProRes RAW (from enabled cameras), positioning it to benefit from a larger addressable market.

While AMS has been expanding the Apple ProRes Raw ecosystem on the recording side, excitingly, on the editing side, global editing leader Adobe announced in May 2020 that Adobe Premiere Pro will support ProRes RAW, adding to the existing support in Apple Final Cut Pro X and Grass Valley Edius. The announcement by Adobe significantly expanded the editing options for ProRes RAW, further enhancing the Atomos ecosystem.

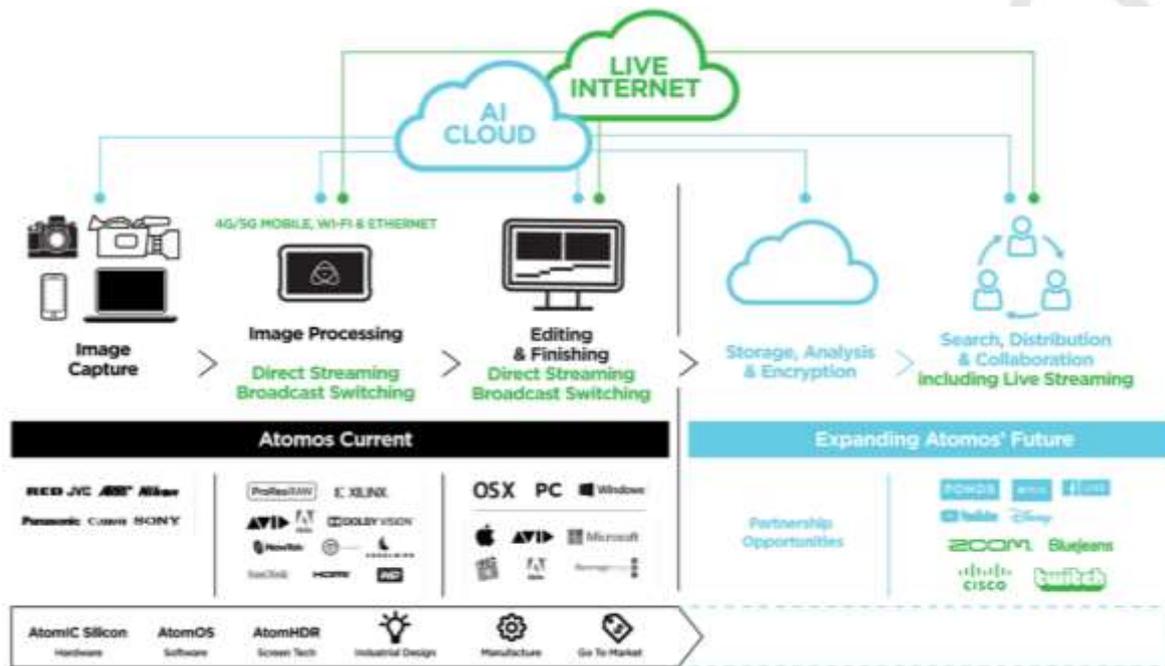
AMS is already in collaboration and expects to add RAW over HDMI implementations with several other major full-frame mirrorless camera makers over the next six months.

The NEON Cinema Series is now in the final phase engineering sign-off, with mass production to begin thereafter. The first units are expected to ship in Q2'21.

The production roadmap for a range of new products is on schedule with first products due for release in Q2'21. The Company expects these products to be a meaningful contributor to revenue in FY21.

Strategy - Building the Ecosystem

Atomos' strategic vision is to democratise video production, helping creatives deliver their vision in the highest possible quality whilst ensuring it's done in an easy and cost-effective way. In a COVID world video consumption has grown significantly, be it consumption of professional content via platforms such as Netflix or live streaming of events such as cookery, gym or yoga classes. The following infographic shows how Atomos participates in this new growing live streaming environment:



Outlook

Whilst July is showing some initial positive signs of market recovery from COVID-19 and cause for optimism, the Company is still cautious in the near term given the rising number of cases in some of our key markets.

However, AMS is more confident in its medium to long term growth profile, due to the rapid adoption of video technologies, including video streaming, in all global geographies. Leveraging our existing monitor recording products, screen technology, operating software and timecode sync capability, Atomos is able to develop solutions that accelerate the democratisation of video for all content creators.

Chris Tait, Atomos' Executive Chairman, said: "As for most businesses, the first half of this calendar year has been challenging for Atomos. However, the decisive actions we took to address our cost base and provide additional capital have ensured that as we begin to emerge from this crisis, we do so in a better position than we were going in. Whilst the pace of recovery is unknown, we are encouraged by what we are seeing. The continued expansion of the RAW ecosystem combined with the progression of our new product development, gives us confidence that Atomos will have significant opportunity and will prosper in a post COVID world."

Authorised for ASX release by the Atomos Board of Directors.

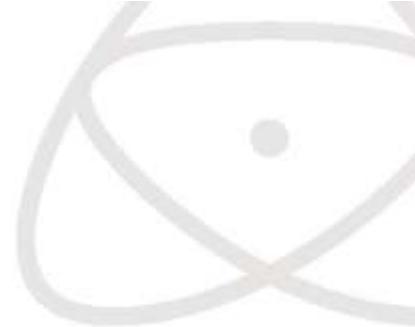
--ENDS--

For further information please contact:

James Cody
Chief Financial Officer
+61 407 048 514
james@atomos.com

Chris Tait
Executive Chairman
+61 438 862 355
chris.tait@atomos.com

Simon Hinsley
Investor/Media Relations
+61 401 809 653
simon@atomos.com



About Atomos:

Atomos is a global video technology company delivering award-winning, simple to use monitor-recorder content creation products. These products give content creators across the rapidly growing social, pro-video and entertainment markets a faster, higher quality and more affordable production system.

Atomos' range of products take images directly from the sensor of all major camera manufacturers, then enhance, record and distribute them in high-quality formats for content creation using the major video editing software programs. Since being founded in 2010, Atomos has established strategic relationships with key technology providers within the ecosystem including Apple, Adobe, Sony, Canon, Panasonic, Nikon and JVC Kenwood.

Atomos is based in Australia with offices in the USA, Japan, China, UK and Germany and has a worldwide distribution partner network.

For more information please visit www.atomos.com