

Atomos delivers record 1H FY22 results

Highlights:

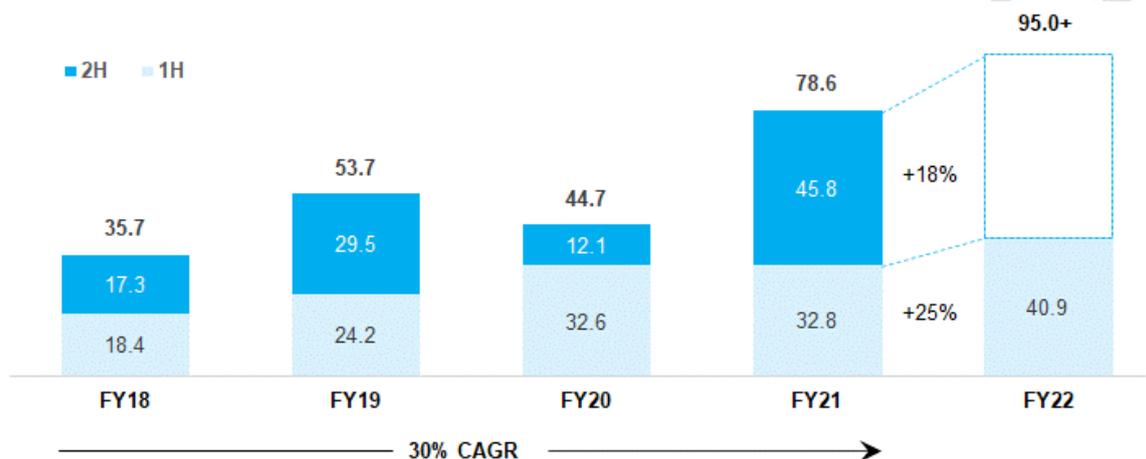
- Record revenue of \$40.9m, up 25% on pcp (previous corresponding period)
- Proforma EBITDA of \$3.2m (7.8% of sales) up 33% on pcp, 1H FY21: \$2.4m (7.3% of sales)
- Inventory investment protecting against supply chain interruptions
- Atomos expects new product launches to drive sales growth in 2H FY22 and maintains revenue guidance of \$95m+ for the full year as well as EBITDA of 12-15%
- Results webinar on Tuesday, 15 February 2022 at 9:00am AEST

Atomos Limited (**ASX: AMS**, 'Atomos' or the 'Company') today reports its half year results ending 31 December 2021.

Pro Forma ¹ (A\$m)	1H'21	1H'22	Δ pcp
Revenue	32.8	40.9	8.1
COGS	(18.0)	(21.6)	(3.6)
Gross Profit	14.8	19.3	4.5
<i>Gross Profit Margin</i>	44.9%	47.3%	n/a
Variable Operating Expense	(2.4)	(3.7)	(1.3)
Wages & Salaries	(5.2)	(5.4)	(0.2)
Marketing	(0.9)	(2.3)	(1.4)
General & Administration	(1.8)	(2.1)	(0.3)
Other	0.0	(0.1)	(0.1)
Operating Expenses	(10.3)	(13.6)	(3.3)
Pro Forma EBITDA (pre R&D)¹	4.5	5.7	1.2
R&D Expenses	(2.1)	(2.5)	(0.4)
Pro Forma EBITDA¹	2.4	3.2	0.8

¹1H FY21 excludes one-off gain resulting from the renegotiation of the Melbourne head office lease (\$0.47m) and income from government subsidies (\$0.6m). 2H FY22 excludes founder transition costs (\$0.7m), costs associated with Cinemacraft (\$0.2m) and income from government subsidies (\$0.1m).

Atomos delivered record first half revenue of \$40.9m, up 25% on 1H FY21 revenue of \$32.8m. This follows record full year revenue of \$78.6m for FY21 (77% up on the prior year). The continued momentum was driven by strong demand for our core products, particularly those launched late in FY21, which accounted for 28% of 1H FY22 sales.



Gross profit margin of 47.3% (1H FY21: 44.9%) reflects an improvement of 2.4% driven by higher margin new products, including the 100% margin software applications. This resulted in gross profit of \$19.3m which was up 32% on pcp.

Variable operating expenses (distribution costs, warranties and royalties) of \$3.7m were 58% up on 1H FY21 predominantly driven by increased distribution expenses, reflecting a 1.7% increase as a percentage of sales (9.0% vs 7.3% in 1H FY21). As global freight capacity begins to improve, distribution expenses are expected to revert to historical levels over the next 1-2 years.

Atomos has continued to invest for growth and scalability, particularly in:

- marketing to drive customer engagement;
- engineering resource to deliver the next generation of products; and
- in sales and product teams to develop future revenue opportunities in software and cloud-based services

Pro forma EBITDA of \$3.2m was achieved representing 7.8% of sales (1H FY21: 7.3%).

Investment in inventory to better insulate the business from supply chain volatility accounted for the reduction in cash during the period of \$9.2m. The Company maintained a strong cash position of \$16.8m at December 2021, supported by an undrawn \$5.0m working capital facility.

Operations

Atomos launched several new products in late FY21, including both hardware devices and software applications. The new devices included Ninja V+, AtomX Cast and Shinobi 7. These products contributed over \$11m, or 28% of 1H FY22 revenue. The two software applications launched in FY21, which are applicable to two of our devices, accounted for 1% of 1H FY22 sales.

Outlook

The Company will launch several new products in the coming months, the first on its new 'Series 2' technology platform. The Series 2 platform is a game changer for Atomos. For the first time, the entire product lineup will utilise the same unified underlying technology. This will enable offering several new features including integration with our Timecode Systems technology across the entire product range, component sourcing will be improved with greater commonality of parts and technical support will be simplified. The Series 2 platform will introduce connectivity of devices and more software applications across more devices. Connectivity allows for different software solutions, for example cloud-based offerings.

Atomos expects the new product launches to drive sales growth in 2H FY22, accounting for over 20% of second half revenue, and reiterates its guidance of \$95m+ of revenue for the full year, as well as EBITDA of 12-15%.

Commenting on the results and outlook, Estelle McGechie, Chief Executive Officer said: *“It gives me great pleasure to be reporting these record results. Atomos again delivered strong growth in revenue and earnings despite challenges in the global supply chain. This was achieved whilst continuing to invest in our next generation technologies and products as well as marketing and talent to drive growth and scalability.*

As we prepare to launch our new Series 2 products, video has never been more pervasive, and we sit at the centre of this world. As we begin to execute on our strategy of offering cloud-based workflows for our customers and increasing the number of software applications we offer, the future is extremely exciting.”

Investor Webinar

Atomos will hold an investor webinar, Tuesday, 15 February 2022 at 9:00am AEST with Managing Director Estelle McGechie and Chief Financial Officer James Cody to discuss the FY22 half year results.

Register for the investor webinar at the link below:

https://us02web.zoom.us/webinar/register/WN_QQswsbB4QfeH5x8UjUPdOg

After registering, you will receive a confirmation email containing information about joining the webinar. A recording will be made available shortly after the conclusion of the webinar at the same link.

Authorised for ASX release by the Atomos Board of Directors.

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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, UK, Germany, China and Japan and has a worldwide distribution partner network.

For more information please visit **www.atomos.com**