ATOMOS





Investor Update

May 2019

Rec Play Mon Edit

Atomos unlocks creativity and profit for video content creators
Advanced technology allows faster, higher quality, more flexible productions



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About Atomos



“Our VISION is to invent and deliver ground breaking products and disruptive technologies that enhance, simplify and ultimately democratise video content creation”

Atomos – A Corporate Snapshot

- Global video technology company that enhances video content creation with products that connect the imaging and computer world together
- Allows video content creators to improve recording quality, save time and maintain greater flexibility and control over the content creation process
- Advanced proprietary technologies underpin the current product suite and will be used to drive future growth into new markets
- Global strategic relationships with leading tech companies such as: Apple, Adobe and camera makers: Sony, Canon, Panasonic, RED and JVC Kenwood
- Three key market segments:
  - Social: consumers / prosumers who create and share on free, advertisement driven platforms
  - Pro Video: advertising, events, corporate, broadcast and education
  - Entertainment: production companies producing high-quality content for TV and cinema usually viewed on subscription streaming platforms



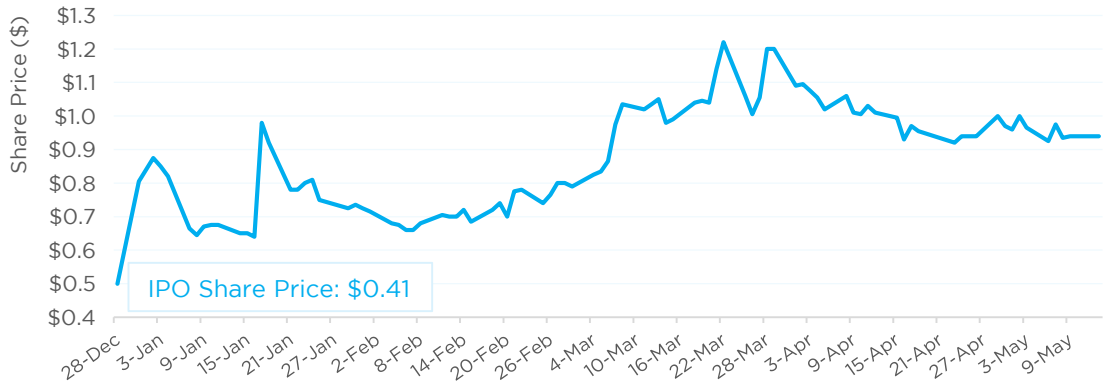
Capital Structure (as at 13 May 2019)	
Ticker	AMS
Share Price	$0.94
Shares on Issue (m)	152.0
Market Capitalisation (m)	**$142.8**
Cash Balance ($m)[1]	$5.2
Enterprise Value ($m)	**$137.6**

Major Shareholders	%
Ms Claire Louise Young[2]	12%
Ellerston Capital Ltd	11%
Domazet FT3 P/L	11%
Imagination Technologies Ltd	7%
Perennial Value Management	6%
Top 20	**76%**
Board & Management	**22%**

[1]Calculated from 1H'19 Balance Sheet

[2] Related Party to Board Member (Jeromy Young)

Share Price History



Atomos unlocks the **creative** and **commercial potential** of digital cameras

Despite the advanced technology of modern digital cameras, users are limited by:

- **Heavily compressed recorded data**
- **Not designed for computer workflows**
- **Short record times**
- **Expensive media**
- **Small lower resolution monitors**
- **Complex menus and buttons**



Atomos devices take images **directly from the camera's sensor,** then enhance, record and distribute them for content creation



BYPASS INTERNAL COMPRESSION

EDIT READY + TAGGED FOOTAGE

Camera Sensor

'RAW' sensor image
for recording, display and processing

UNLOCK
- **4K resolutions**
- **Slow motion**
- **Brightest colours**
- **Increased data rate**
- **Increased quality**
- **Longer record times**
- **Accurate monitoring**

- **Faster**
- **Simpler**
- **Higher quality**
- **Edit friendly data**

Content Creation Workflow

CAPTURE

From the sensor of
all major camera manufacturers



JVC Nikon Panasonic ARRI
Canon SONY RED

PROCESS & ENHANCE

Atomos products enhance content creation, quality and creativity





Atomos' devices are compatible with all levels of content creation & equipment



FINISH & DELIVERY

Edit, Colour Grade, Titles, Graphics Finish in Post



Adobe Microsoft

Target Markets – Current & Future

Atomos' growing product portfolio will address a **US$10B** camera equipment market[1]

Content Creation	**Social**	**Pro Video**	**Entertainment**
Camera Equipment	**Phone & Photo Cameras**	**Pro Video Cameras**	**Broadcast, TV & Cinema**
Atomos Products	**NINJA**	**SHOGUN**	**SUMO**
Future Markets	**NEW MARKETS** Social		**NEW MARKETS** Entertainment







Expansion into growing **Social & Entertainment** video content markets, target to **Double** core product range in 2 years

[1] CIPA Report, 2017

Rapidly Growing Markets

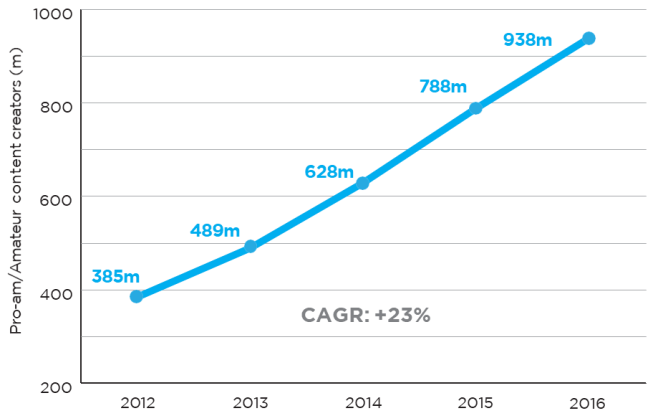
Social Content

Accessibility of new social media platform allows individuals to produce, share & monetise their content

- New Technology is allowing Everybody to create quality video content
- Growing advert driven video capable platforms allow instant mass sharing of video
- Content creators have platforms to build significant followings & monetise their content
  - DanTDM (YouTube) – US$16.5m earnings in FY17

YouTube vimeo twitch LIVE

Professional Amateurs & Amateur Content Creators[1]



[1] Boston Consulting Group, "The Future of Television", 20 September 2016

Pro Video Content

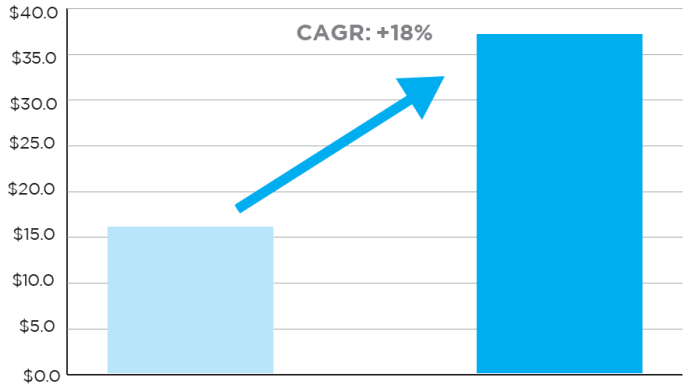
Market wide increase in video-focused corporate marketing, advertising, event and content creation

- US$135B[1] 2017 spend on US digital video marketing
- Advertisers and publishers now 'pivoting to video' for brand exposure and marketing
- ~$20k ave. estimated spend in 2017 by US businesses on video marketing[1]

Red Bull

- Redefined Video Marketing
- Create great, exciting content that audiences actively seek (Stratos Jump)
- Redbull use Atomos products

Growth in Online Video Advertising Spend (US$B)[2]

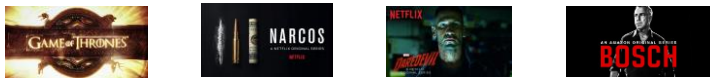


[1] Magisto Report, Oct 2017 – The Modern Marketing Dilemma and the State of Business Video
[2] Juniper Research, Future Digital Advertising AI, Ad Fraud & Ad Blocking

Entertainment Content

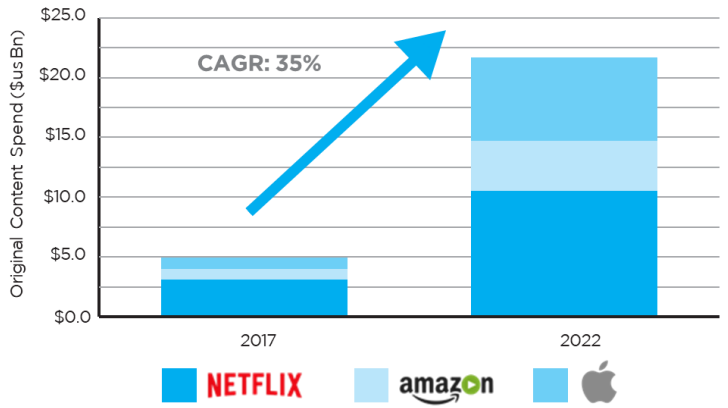
Increased original content by new online streaming platforms is driving demand for enhanced content

- Growth of on demand streaming has driven investment in original content



- Netflix, Amazon and Apple are expected to grow their combined spend for original content from US$5B in 2017 to >US$23B in 2022[1]
- Massive growth in production of scripted TV Shows[2]

Forecast growth in original content spend[1]



[1] Loup Ventures - Research, Gene Munster, Nov 21 2017
[2] FX Network Research – Adweek.com article "There's No Stopping Peak TV..."



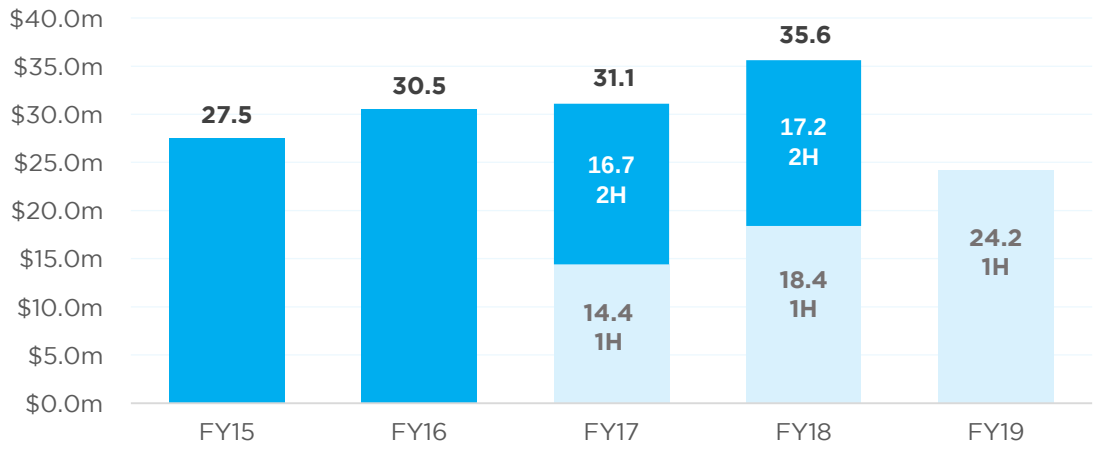
Financial Results

“At $399 it won’t break the bank either. It’s bright, very, very light, and has incredibly good battery life. Yep, I like it”

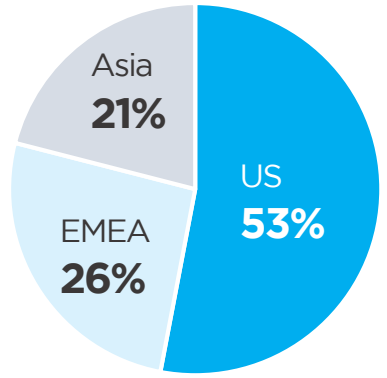
– Redshark News on new Shinobi monitor

Atomos – A financial snapshot

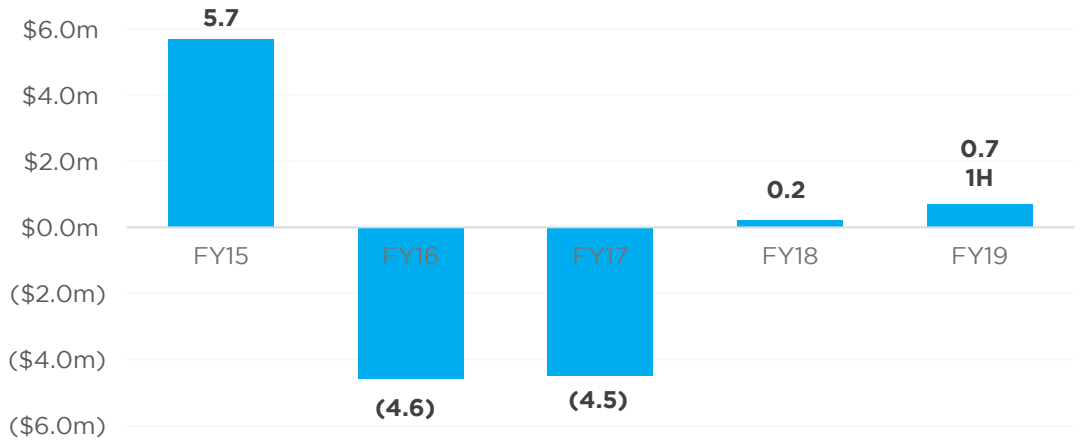
Revenue ($m)[1]



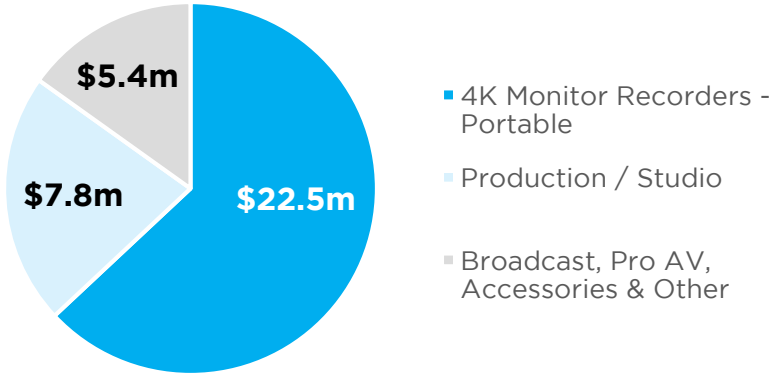
1H'19 Revenue by Region



EBITDA (Post R&D) ($m)[1]



FY18 Revenue Breakdown ($m)



[1] FY15, 1H'17, 2H'17, 1H'18 & 2H'18 Unaudited

1H'19 Executive Summary (ending 31 December 2018)

1H'19 Revenue

$24.2m

32% pcp

1H'19 Gross Profit

$10.5m

26% pcp

1H'19 EBITDA

$0.7m

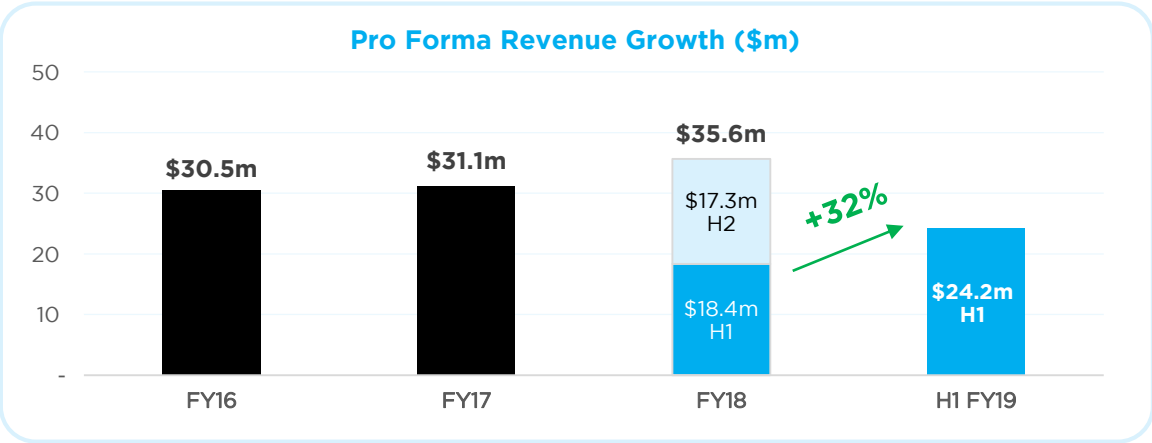
194% pcp

Achievements during 1H'19

- Completed development of Ninja Platform, launched first monitor recorder product (Ninja V) in September 2018
- Growth drivers:
  - On time new product launch (Ninja V)
  - Higher than forecast camera bundle sales across multiple products (Ninja V, Shogun Inferno)
- Ninja V continues Atomos' push into the rapidly growing 'Social' segment of the video market

Pro Forma Income Statement

Pro Forma (A$m)	1H'18	1H'19	Δ pcp
Revenue	18.4	24.2	32%
COGS	(10.0)	(13.7)	(38%)
Gross Profit	**8.4**	**10.5**	**26%**
Gross Profit Margin	45.6%	43.4%	
Wages & Salaries	(3.1)	(3.5)	(12%)
Marketing	(1.2)	(1.8)	(50%)
General & Administration	(1.3)	(2.1)	(56%)
Other	(0.6)	(0.7)	(9%)
Operating Expenses	**(6.3)**	**(8.0)**	**(28%)**
EBITDA (pre R&D)	**2.1**	**2.5**	**18%**
R&D Expenses	(1.8)	(1.7)	5%
EBITDA	**0.2**	**0.7**	**194%**



Key Insights:

- 1H'19 sales of $24.2m, up 32% pcp, driven by:
  - Strong sales of Ninja V which was released in September 2018
  - Product bundling with major camera manufacturers
- Gross Profit of $10.5m, up 26% pcp
- GP margin lower due to higher than anticipated component costs associated with the Ninja V which was accentuated by strong sales of Ninja V
  - Management have addressed these component costs and envisage monthly run-rate GP margin in line with prospectus forecast by May/June 2019, however full year FY19 GP margin expected to be lower than FY19 prospectus forecast
- EBITDA of $0.7m, up 194% pcp

Pro Forma Income Statement & FY19 Prospectus Guidance

Pro Forma (30 June Y/E)[1] (A$m)	FY18 Actual	FY19 Forecast
Revenue	35.6	42.2
COGS	(18.3)	(22.4)
Gross Profit	**17.3**	**19.9**
Gross Margin	*48.5%*	*47.1%*
Other Income	0.3	0.2
Freight	(1.2)	(1.6)
Wages & Salaries	(6.5)	(7.6)
Marketing	(2.3)	(3.3)
General & Administration	(3.6)	(3.2)
Operating Expenses	**(13.3)**	**(15.5)**
EBITDA (pre R&D)	**4.0**	**4.4**
R&D Expenses	(3.8)	(4.1)
EBITDA	**0.2**	**0.3**

Key Insights:

- Based on 1H'19 result expect stronger sales for full year FY19 than forecast in prospectus lodged 30 November 2018
- Improving GP margin in 2H'19 vs 1H'19, however overall FY19 GP margin expected to be lower than FY19 prospectus forecast
- Comfortable with forecast FY19 Pro Forma EBITDA guidance of $0.3m given in the prospectus

Pro Forma Balance Sheet

Pro Forma (A$m)	1H'19
Cash and cash equivalents	5.2
Trade and other receivables	6.1
Inventories	11.1
Other assets	2.6
Plant and equipment	0.9
Intangible assets	8.2
Total assets	**34.1**
Trade and other payables	(10.9)
Provisions	(0.6)
Borrowings	0.0
Total liabilities	**(11.5)**
Net assets	**22.6**
Issued capital	44.3
Reserves	1.9
Accumulated losses	(23.6)
Equity	**22.6**

Key Insights:

- Strong balance sheet with $5.2m cash and zero debt
  - Access to a $1.5m EFIC working capital facility if required
- Inventory levels increased reflecting:
  - Stronger than anticipated Ninja V sales
  - Stock build up of components ahead of Chinese New Year (given various lead times)
- Trade payables also reflects a build up of components (given various lead times) ahead of the Chinese New Year
- $14.4m of tax losses and R&D tax credits available to offset future tax payable (off balance sheet)

Statutory Cash Flows

Statutory Cash Flows (A$m)	1H'19
Operating activities	
Receipts from Customers	23.2
Payments to suppliers and employees	(27.6)
Income taxes paid	(0.1)
Net cash used in operating activities	**(4.5)**
Investing activities	
Payments for PP&E	(0.2)
Payments for intangible assets	(1.0)
Net cash used in investing activities	**(1.2)**
Financing activities	
Proceeds from issue of ordinary shares	6.0
Payment for equity raising costs	(1.0)
Proceeds from issue of convertible notes	6.5
Repayments of borrowings	(1.6)
Net cash inflow from financing activities	**9.8**
Net change in cash and cash equivalents	**4.1**
Cash and cash equivalents, beginning of period	1.4
Cash and cash equivalents, end of period	**5.6**

Key Insights:

- Net cash flows in line with prospectus forecast
- Growth in working capital driven by successful launch of Ninja V:
  - Build in inventory to satisfy demand; and
  - Debtors growth resulting from strong sales
- Working capital to reduce over 2H'19
- Payments for intangibles relate to completion of the Ninja Platform development



"If you need an HDR monitor that works both on set and in post-production, you should consider the Atomos Sumo19"

- Videomaker.com on SUMO19

Outlook & Strategy

Outlook - Achievements Post End 1H'19 + Full Year FY19

Achievements post end 1H'19

- Finalised license agreement with RED.com LLC
- Released four new products:
  - 2 versions of 5" Shinobi monitor-only device
  - AtomX SDI module
  - Shogun VII (7" monitor recorder)
- Won multiple awards including the prestigious Red Dot Design Award for Ninja V
- Announced license agreement with Dolby Vision and collaboration with Pond5 (world's largest video marketplace)
- Appointed Stephen Stanley and Bradley Whitcomb as Non-Executive Directors

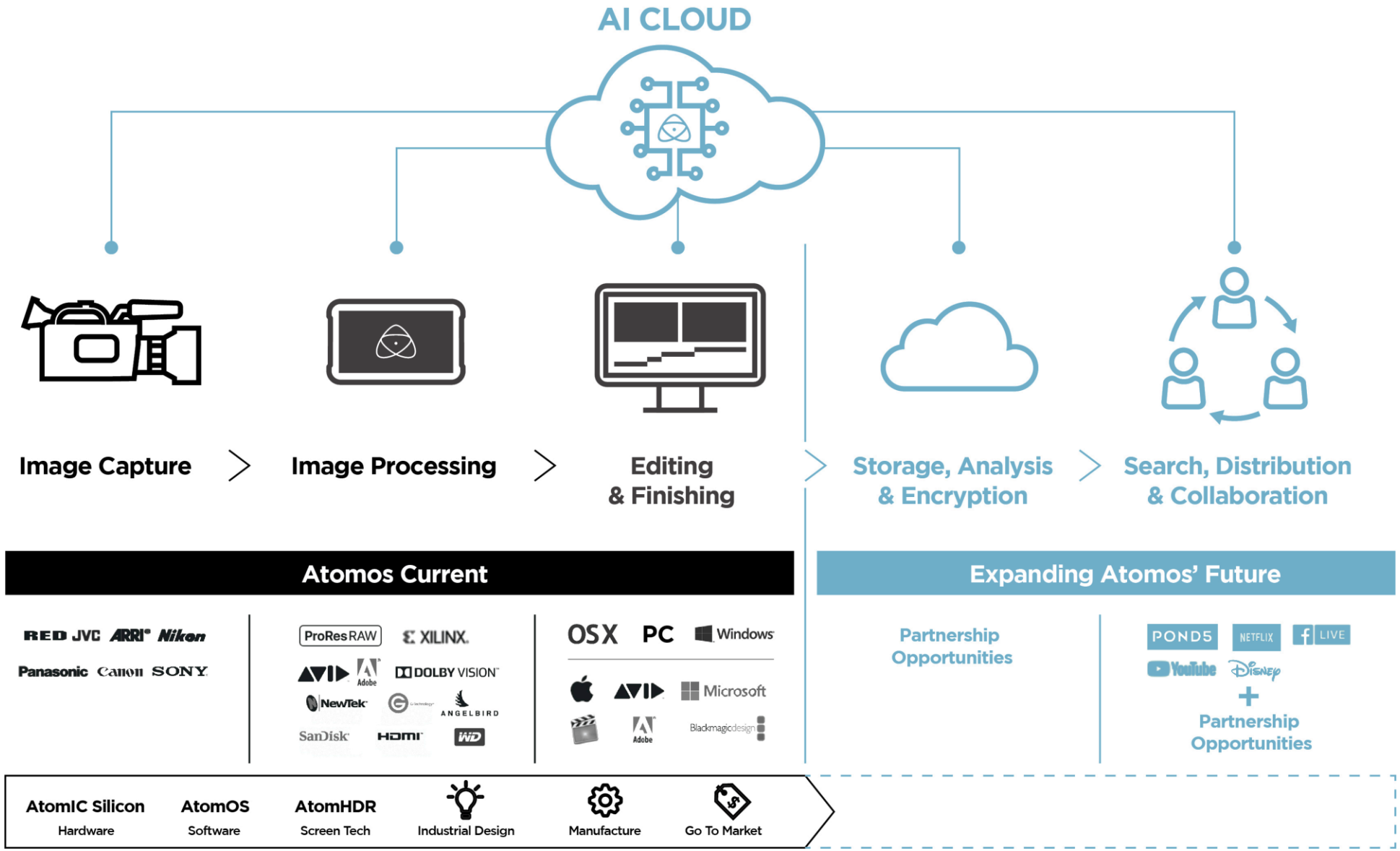
Full Year FY19 Outlook

- Expect stronger sales than forecast in prospectus lodged 30 November 2018
- Improving GP margin in 2H'19 vs 1H'19, however overall FY19 GP margin expected to be lower than FY19 prospectus forecast
- Comfortable with forecast FY19 Pro Forma EBITDA guidance of $0.3m given in the prospectus

Outlook – Growth Initiatives for 2H'19 and beyond

Growth Drivers	Description	Progress
Growing Product Portfolio	• Leverage tech portfolio to develop new future products with goal to double range over next two years	✓ Released flagship 5" Ninja V recorder/monitor ✓ Released 2 versions of Shinobi 5" monitor only ✓ Released AtomX SDI module ✓ Announced Shogun VII (7" monitor recorder)
Expand into New Adjacent Growth Segments	• Expand further into adjacent high growth market segments (leveraging existing sales channels) - Social & Entertainment	✓ Released 2 new products targeting the growing 'Social' segment with strong market acceptance
Evolve Strategic Relationships	• Continued relationships / partnerships with global camera makers and software video editing providers	✓ Announced ProRes Raw recording on Ninja V and bundled offering with Nikon camera ✓ Licence agreement entered into with RED ✓ Announced license agreement with Dolby Vision and collaboration with Pond5 (world's largest video marketplace)
Continue to Seek exceptional Management & Talent	• Seek out exceptional talent globally to enable continued development of leading content creation products	✓ Hired two former Apple Final Cut Pro X software engineers ✓ Announced two new Board members, Stephen Stanley & Bradley Whitcomb

Growing the Atomos Ecosystem...



Vision Statement

“Our Vision is to invent and deliver ground breaking and disruptive technologies that enhance, simplify and ultimately democratise video content creation”

To achieve our vision we focus on:

1. Controlling and optimising processing, storage and display of raw video images from cameras to our monitor recorder devices to enhance story telling;

2. Improving the content creator’s range of tools from any camera by increasing record time, quality, resolution, frame rate and decreasing complexity and cost of equipment;

3. Delivering cohesive integrated solutions through strategic relationships with leaders in the imaging and computer industries to enhance end to end video content creation.



Investment Highlights

Leading technology & recognised brand

- Invested heavily in technology development resulting in significant proprietary processes, systems & 'trade secrets'
- Recognised brand equity and proven track record improving the video content creation process and workflow

Significant market opportunity

- Demand for video content continues to grow globally, coupled with the accessibility and expectation for high quality video production
- Annual spend on original TV content from Netflix, Amazon and Apple forecast to grow to US$23b in 2022

Strategic relationships

- Global license agreement with Apple to record ProRes & ProRes RAW formats
- Relationships with global camera manufacturers and major software video editing providers
- Development agreement with JVC Kenwood, a global electronics manufacturer

Extensive growth prospects

- Developed platform and ability to leverage future products without major investment
- Plans to expand further into adjacent high growth market segments including social and entertainment content markets

Strong financial performance

- Strong 1H'19 results: $24.2m revenue and $0.7m EBITDA
- $42.2 million FY19 projected revenue, expecting to exceed this based on 1H'19 results

Strong sales network & global operations

- Trusted network of electronic equipment distributors globally who sell to resellers & retailers
- 77 employees across 10 offices in 7 countries, each servicing a key part of the global market

Contacts

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

For more information please visit www.atomos.com

Key upcoming Tradeshows / Conferences:

Name	Location	2019 Dates
KOBA	Seoul	22 - 25 May
Cine Gear	Los Angeles	31 May – 1 June
Media Production Show	London	11 - 12 June
Electronic Entertainment Expo (E3)	Los Angeles	11 - 13 June
Broadcast Asia	Singapore	18 - 20 June
IBC	Amsterdam	12 - 17 September

Key Tradeshow

Appendices



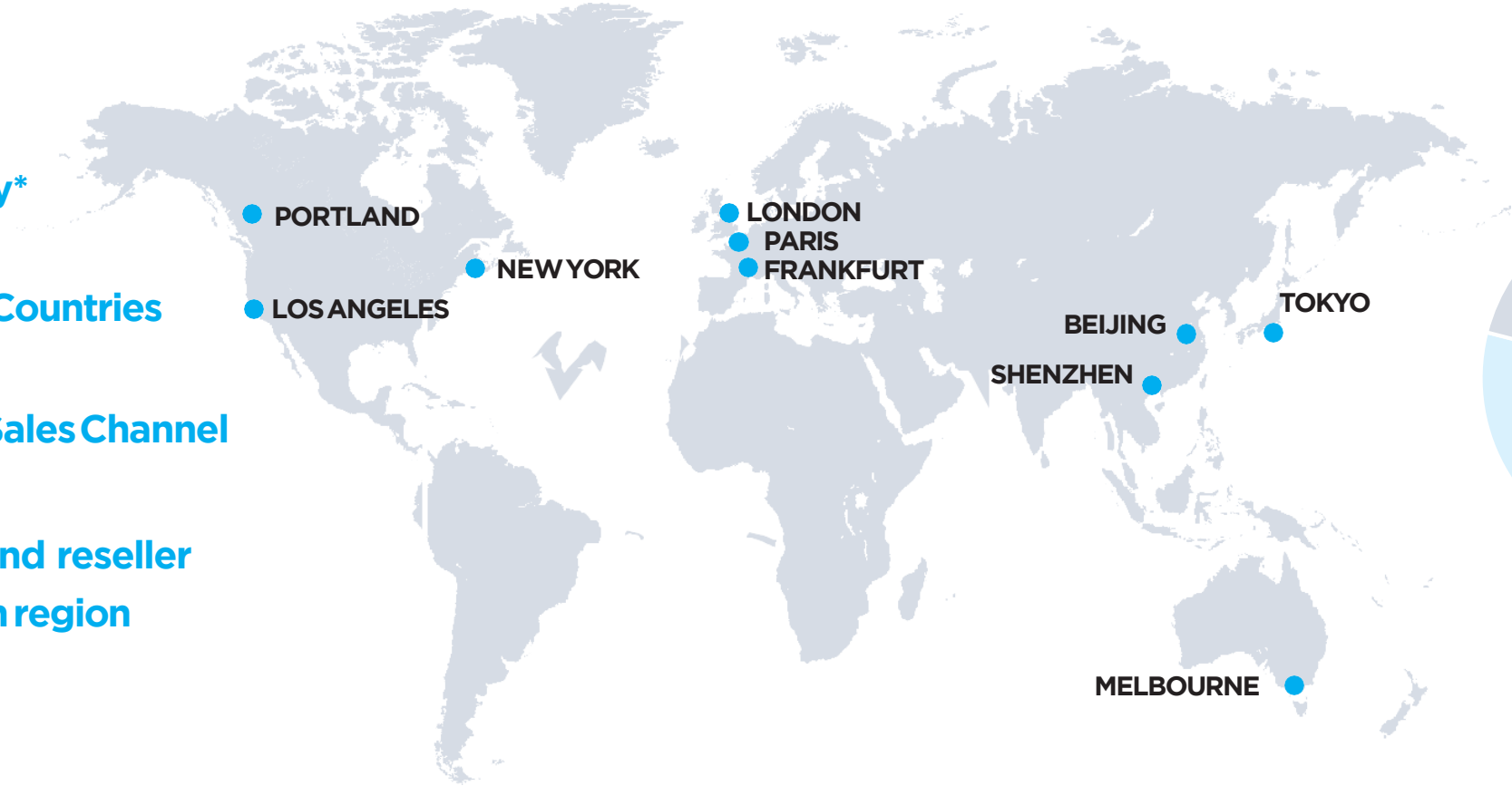
“This is how you can supercharge any camera… You definitely want to check out the Ninja V. I was thoroughly impressed and I’m definitely going to be using this a lot more from now on.”

– YouTube star Matti Haapoja on Ninja V

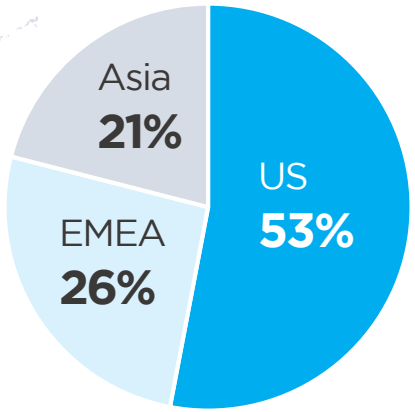
Global Operations

Offices in major global locations and strong sales channels

- 77 Staff Globally*
- 10 Offices in 7 Countries
- Strong Global Sales Channel
- Broad retailer and reseller network in each region



1H'19 Sales by Region



*As of 31 December 2018

Board



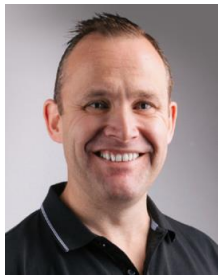
Chris Tait

Non-Executive Director

Chairman

Director since 2017

- 25+ years experience advising local and multinational companies both private & public
- Co-Founder and Managing Director of Henslow
- Previously, Director of Strategy for WH Smith PLC and CFO of WH Smith's APAC operations
- Chairman of The BlueRock and Neo Products



Jeromy Young

Executive Director

Co-Founder & CEO

Director since 2009

- 20+ years technology & management experience
- Previously global BDM for Blackmagic growing sales from $7m to $30m in two years
- Prior to Blackmagic, global BDM Director for Canopus (GV) Japan growing sales from $5m to $60m in four years



Sir Hossein Yassaie

Non-Executive Director

Director since 2016

- 35 years in specialised R&D and semiconductors
- Founder & CEO of Imagination Technologies Plc for 18 years, growing the company from £15m to £1bn+
- Received knighthood at 2013 New Year Honours for services to UK Technology



Stephen Stanley

Non-Executive Director

Director since 2019

- 25+ years experience across a number of senior management roles at leading global organisations
- Previously CEO of Mayne Logistics
- Previously, Director for Corp. Development for Toll Holdings, overseeing its development into a leading international logistics player



Bradley Whitcomb

Non-Executive Director

Director since 2019

- 25+ years experience in the telecommunications and technology sectors across North America, Japan and Australia
- Spent five years in senior Marketing, Corporate Development and Board roles in Vodafone's Japanese operations
- Chief Customer Officer of NBN Australia

Neil Chatfield

Advisor to the Board

Stepped down as a NED on 1 February 2019 (as outlined in the Prospectus), however remains as an Advisor to the Board

Senior Management



Jeromy Young

Co-Founder & CEO

Location: Australia

- 20+ years technology & management experience
- Previously global BDM for Blackmagic growing sales from $7m to $30m in two years
- Prior to Blackmagic, global BDM Director for Canopus (now Grass Valley) Japan growing sales from $5m to $60m in four years

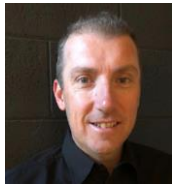


James Cody

Chief Financial Officer

Location: Australia

- 20+ years financial & accounting experience in both private & public businesses
- Previously CFO and Principal at Henslow, a corporate advisory firm in Melbourne
- Prior to Henslow, CFO at Funtastic, an ASX listed supplier of children's products with revenue of $200m+



Trevor Elbourne

Chief Technology Officer

Location: Australia

- 23+ years experience as a hardware engineer with particular focus on IC and ASIC design
- At Atomos Trevor started as a Senior Hardware Engineer before moving to Director of Systems Engineering
- Previously, Engineering and Hardware manager at Canon and various electronic firms



Stephan Kexel

Global Sales Director

Location: Germany

- 25+ years experience in business development and sales primarily focused in the video and electronics industry
- Previously, Senior Manager of EMEA channel sales for Grass Valley
- Prior to Grass Valley, General Manager of Canopus GmbH



Mark Sehler

Chief Marketing Officer

Location: Australia

- 25+ years experience in film production, design, UX, brand strategy, business development and marketing
- Previously, National Marketing Manager & Snr. Market Dev. Manager at Sonos
- Prior to Sonos, worked as a Lawyer specialising in criminal & commercial law, Head of UX Design at MYOB, and Creative Director, Global Marketing at Canopus



Naofumi Yoneda

Chief Design Officer

Location: Japan

- 20+ years industrial design experience in consumer electronics, professional cameras & broadcast equipment
- Previously, acting Chief Art Director at Sony Corporation developing products for the Professional Solution Business Division
- Prior to that role, Naofumi was Art Director designing consumer products (cameras, home audio, TV, laptop)



Frankie Liu

Global Production Manager

Location: China

- 23+ years experience in electronics production and quality control – currently leads the production operation in China
- Previously, General Manager for an electronics manufacturer based in China
- Worked at both Mobile Tech & Seiko Instruments in senior positions responsible for production & process control

Product Suite

4K Monitor Recorders		Production / Studio	Broadcast, Pro AV, Accessories & O
			
Ninja Range	**Shogun Range**	**SUMO Range**	**Shogun Studio + Converters + Accessories**
• HDMI only • Broad market application due to portability • Both 5” and 7” screen options • Record ProRes®, DNxHR at 60p frame rates • AtomHDR monitoring • Includes recently released 5” Shinobi monitor only	• HDMI & Quad SDI inputs • Broad market application due to portability • 7” high brightness screen • Record ProRes, DNxHR at 60p frame rates • ProRes RAW capability • AtomHDR monitoring	• Larger format 19” monitor recorder – targeting studio usage • Quad SDI & HDMI in/out • Record ProRes/ProRes RAW, DNxHR, among others	<u>Shogun Studio</u> • Rack mount 4K monitor recorder solution • Dual 7” screens with touchscreen interface <u>Converters</u> • Range of 4K converters • SDI to HDMI or vice versa <u>Accessories (Cables, Caddies & Adaptors)</u> • Range of accessories to compliment monitor recorder range • Media caddies (SSD)
Social / Pro-Video Segment	**Pro-Video / Entertainment**	**Pro-Video / Entertainment**	**Various**

ATOMOS

We have worked hard to ensure our Brand Strength matches our Product Strength



Key Terms Explained

"4k60p"

Refers to: Resolution / Frame Rates

- **Resolution** refers to the number of pixels displayed within each frame - simplistically, greater pixels (higher resolution) results in a sharper, clearer and more detailed image (video)

Standard	Resolution (W x H)
Standard Definition (SD)	720 x 480
Full High Definition (HD)	1920 x 1080
4K (UHD)	3840 x 2160
8K	7680 x 4320

- 4K contains 8 million pixels compared to 2 million pixels for Full HD
- The 'p' stands for progressive scanning and is increasingly become the standard over 'i' (or interlaced) which was popular in the early TV era
- **Frame Rates** refers to the frequency (no. of frames) that an image is recorded per second - the higher the frame rate the smoother the video appears
- There is a often a trade off between resolution & frame rate depending on application, setting, budget and editing software

Frame rates p/s (fps)	Usage
24 / 30	Standard for home movies
60	Suited for faster paced video, e.g. sports
240	Slow motion video

"ProRes recording"

Refers to: Recording Format

- **Recording Format** or **"Codec"** refers to how a video is captured & recorded by the camera or recording device
- The codec (abbreviation for Coder/Decoder) describes the type of compression used to record a video - the codec encodes a video stream thereby making the video file smaller & easier to manage/transport to editing software
- The editing software (assuming the codec is supported) is then able to decode (unpack) the video file based on the rules set by that codec, providing the user access to all the video information during post production (editing)
- For professionals some of the main codec's include:
  - ProRes or ProRes RAW → Apple
  - DNxHR → Avid
  - CinemaDNG → Adobe
- For simplicity, we are only referring to codec's typically used by video professionals – that is users who require video to be edited via an editing suite in post production
- For 'amateur' video requiring only minimal editing with the aim of uploading to a video streaming site other codec's may be more applicable (e.g. H.264)
- RAW refers to uncompressed video footage taken directly from a camera's sensor. Although it provides the highest level of colour and image detail, it requires huge data capability and therefore is impractical for most users

"1,500 Nits brightness & HDR"

Refers to: Screen Brightness (Nits) / HDR

- **Nits** refers to a measurement of light that a screen sends to your eyes (luminance) within a given area – the greater Nits the more light output the screen can display
- Tabled below are few examples for comparison:

Device	Nits
iPhone X	625
Galaxy Note 8	1,200
Shogun Inferno	1,500
Samsung QLED Q9F TV	Up to 1,800

- **HDR (High Dynamic Range)** refers to the brightness range of an image and aims to present a similar range of colour and brightness to that experienced by the human eye
- In HDR video each pixel can capture a much wider and more granular range of light (whites appear whiter and darks appear darker)
- Atomos invented the ability to view (on an in-field monitor) what HDR video will look like once it has been through post-production
- Prior to Atomos, the only way to 'approximate' HDR while shooting in the field was to apply a LUT (colour style filter) to the video image

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