ATOMOS



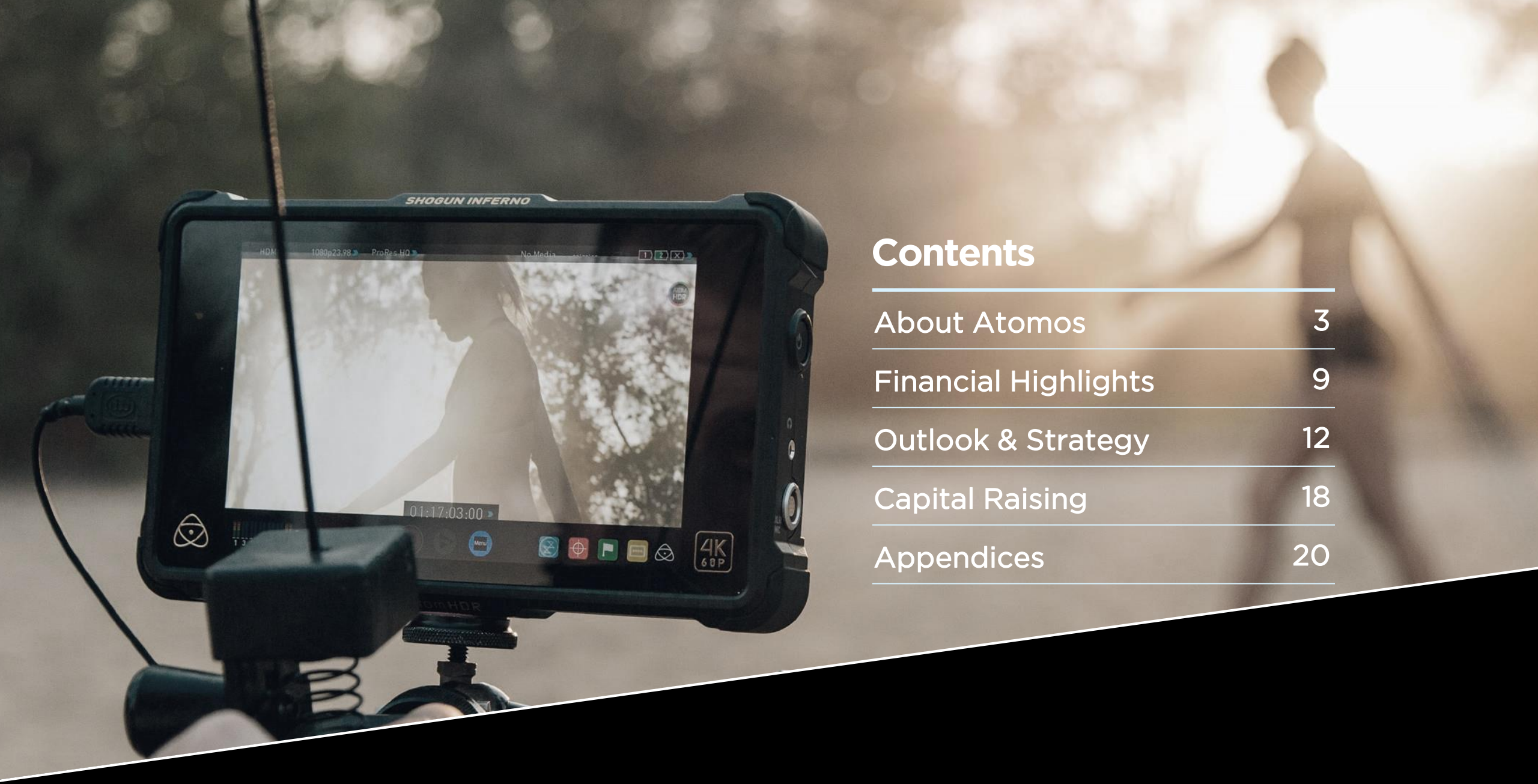


Investor Presentation

June 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 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**



Lower quality monitor



Complex menus

Expensive media



Short record times

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



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	**SHINOBI**, **NINJA**	**SHOGUN**	**SUMO**, **NEON**
Future Markets	**NEW MARKETS** Social		**NEW MARKETS** Entertainment







Expansion into growing **Social & Entertainment** video content markets

[1] CIPA Report, 2017

Rapidly Growing Markets

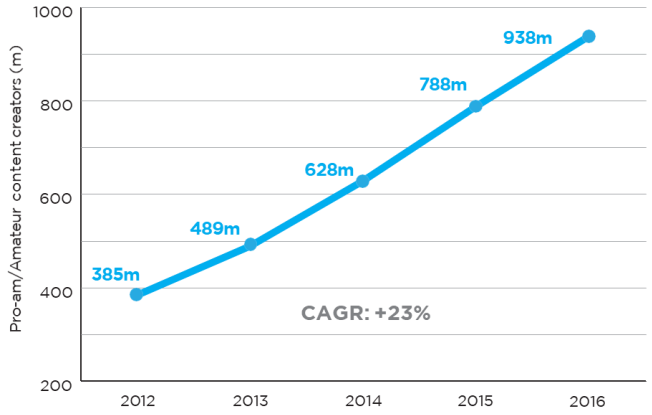
Social Content

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

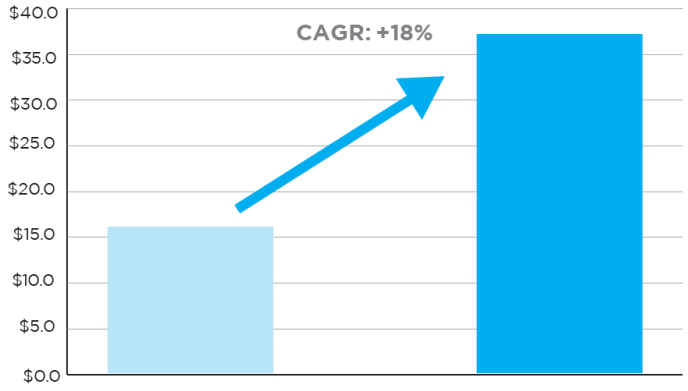
Market wide increase in video-focused corporate marketing, advertising, event and content creation

- 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]

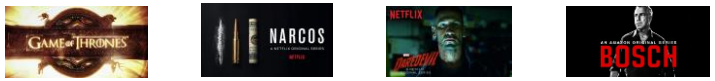


[1] Magisto Report, Oct 2017 – The Modern Marketing Dilemma and the State of Business Video
[2] Juniper Research, Future Digital Advertising AI, Ad Fraud & Ad Blocking

Entertainment Content

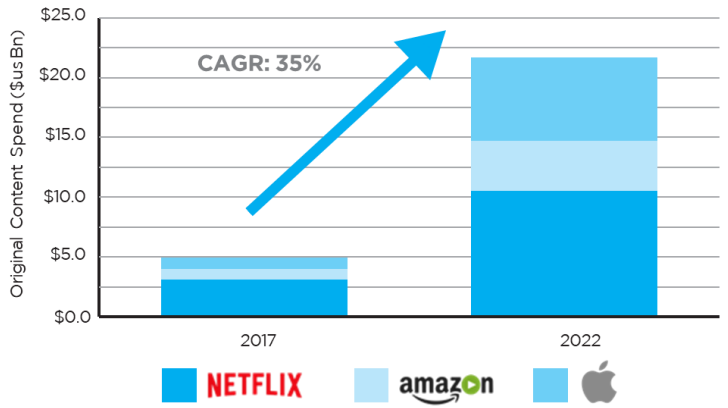
Increased original content by new online streaming platforms is driving demand for enhanced content

- 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..."



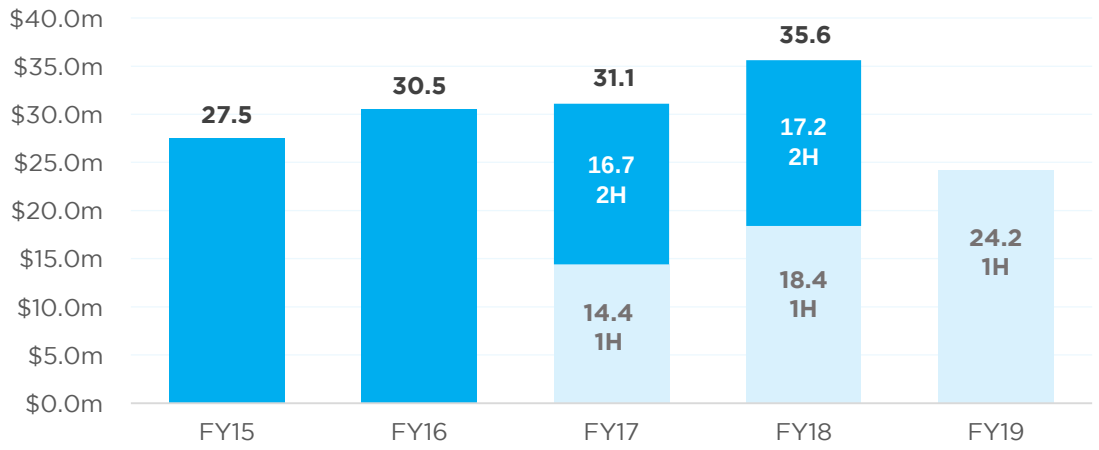
Financial Highlights

“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”

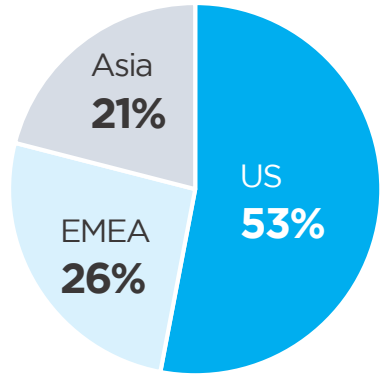
– Redshark News on new Shinobi monitor

Atomos – A financial snapshot

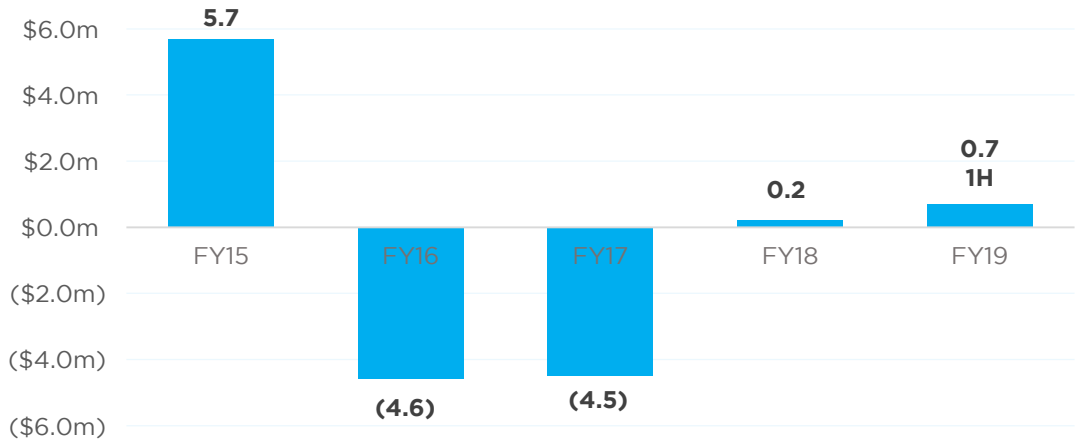
Revenue ($m)[1]



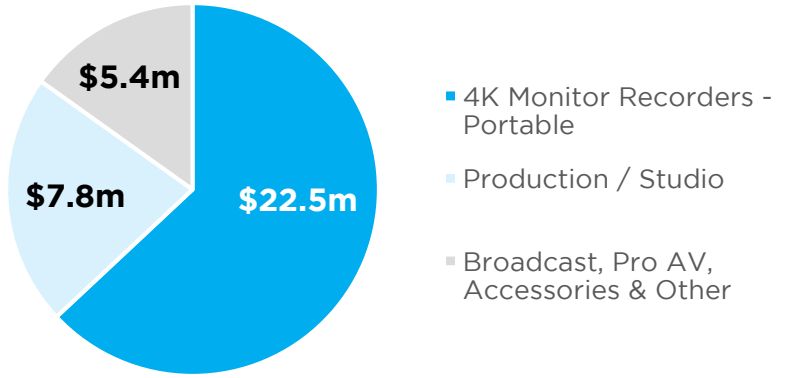
1H'19 Revenue by Region



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



FY18 Revenue Breakdown ($m)



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

Pro Forma FY18 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**

22 May 2019: AMS issued upgraded FY19 Guidance:

- FY19 revenue now anticipated to be in excess of $50.0m (FY18: $35.6m), compared to Prospectus forecast of $42.2m
- Second half FY19 Pro Forma EBITDA anticipated to be ahead of expectations and broadly in line with the first half Pro Forma EBITDA of $0.7m.
  This compares to the Prospectus forecast of $0.3m for the full year (FY18: $0.2m)

[1] For FY18 Pro Forma to Statutory reconciliation, refer to the Prospectus released to the ASX on 27 December 2018



"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 new products:
  - 2 versions of 5" Shinobi monitor-only device
  - AtomX SDI module
  - Shogun VII (7" monitor recorder)
  - Neon series of HDR cinema-monitor recorders & Apple ProRes RAW 8K recording capability
- 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)

Full Year FY19 Outlook

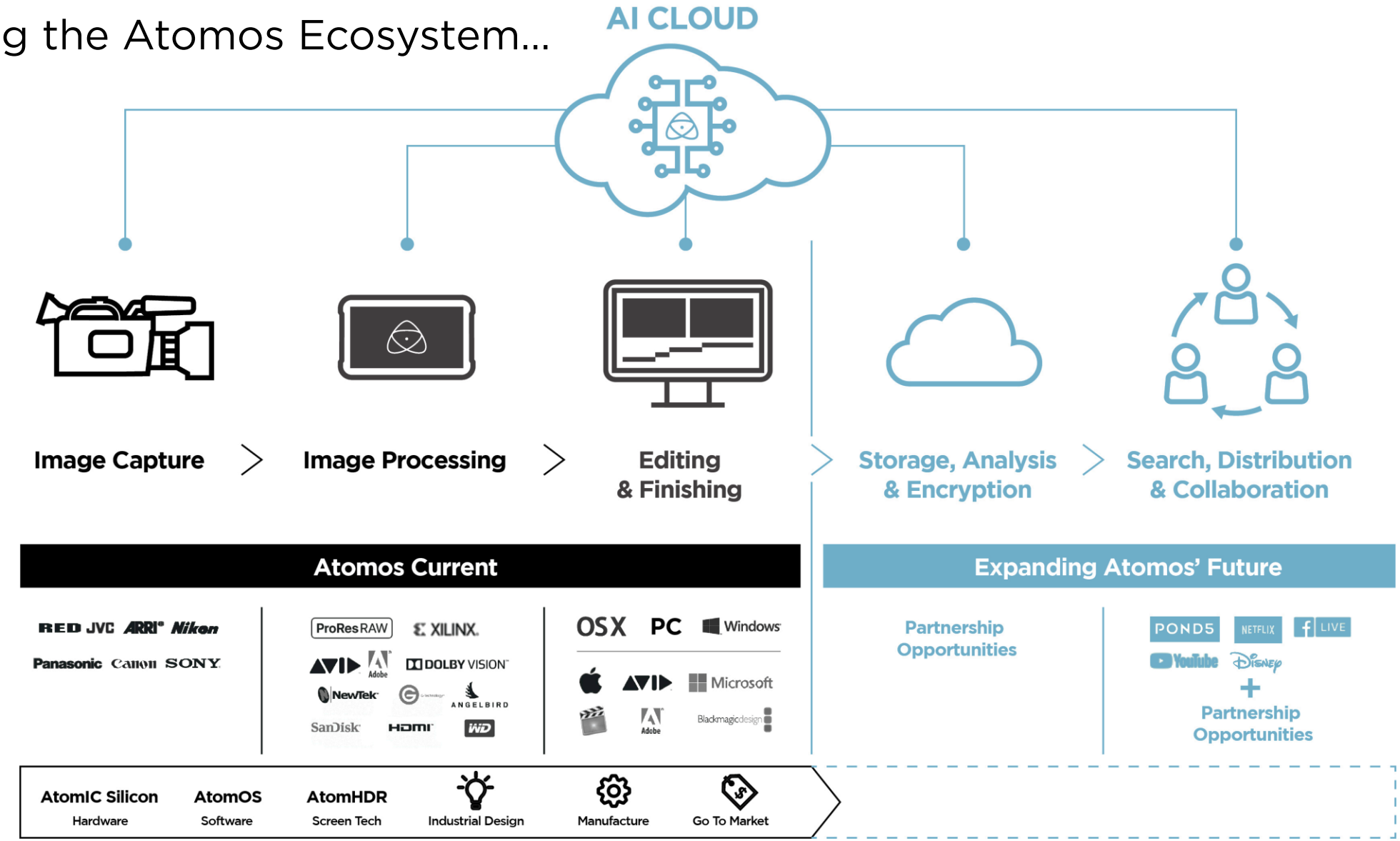
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Outlook – Growth Initiatives for 2H'19 and beyond

Growth Drivers	Description	Progress
Growing Product Portfolio	• Leverage tech portfolio to continue to develop new future products catering to Atomos' market segments	✓ 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) ✓ Launch of Neon series of HDR cinema monitor-recorders & Apple ProRes RAW 8K recording capability
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 ✓ Released Neon series targeted at the high-end 'Entertainment' growth market
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
- FY19 revenue now anticipated to be in excess of $50.0m (FY18: $35.6m), compared to Prospectus forecast of $42.2m

Strong sales network & global operations

- Trusted network of electronic equipment distributors globally who sell to resellers & retailers
- Approximately 84 employees across 10 offices in 7 countries, each servicing a key part of the global market

Capital Raising



“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

Capital Raising - Placement

Details	
Placement	• Placement offer to raise approximately $7.5 million via the issue of approximately 7.5 million fully paid ordinary shares ('Placement') • The Placement is within the Company's existing placement capacity under ASX Listing Rule 7.1 • Issue price of $1.00 per share, representing: – 7.5% discount to the previous 5-day VWAP ($1.081) – 5.9% discount to the previous 10-day VWAP ($1.063) – 7.7% discount to the previous 15-day VWAP ($1.084)
Secondary Sell Down	• Concurrent with the Placement, various sellers (non directors or management) will offer up to approximately 30 million existing fully paid ordinary shares to investors via a secondary offering (Secondary Offering). The shares offered under the Secondary Offering will be sold at the same price as the Placement.
Use of Funds	The Placement funds are expected to be used as follows: • To strengthen the Company's balance sheet as it continues to pursue opportunities for market development and accelerate growth • Capital raising costs

Timetable	
Trading halt	Thursday, 27 June 2019 – Friday, 28 June 2019
Company announces capital raising details	Monday, 1 July 2019
Settlement of Placement & Secondary Offering	Thursday, 4 July 2019
Allotment of Securities under the Institutional Placement	Friday, 5 July 2019
Quotation of Securities under the Institutional Placement	Friday, 5 July 2019

Note: times and dates above are based on AEST (Sydney, Australia). The above timetable is indicative only and may change without notice.

Appendices



Product Suite

4K Monitor Recorders		Production / Studio		Broadcast & Accessories
				
NINJA + SHINOBI Range	**SHOGUN Range**	**SUMO Range**	**NEON Range**	**Shogun Studio + Converters + Accessories**
• Ninja HDMI only – includes AtomX adaptor range • 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 • Shinobi available in both HDMI & SDI capability	• 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	• HDR cinema monitor-recorder range for on-set and in-studio usage • Capable of 8K ProRes RAW recording by upgrading with Neon 8K Master Control Unit • Four screen size options – 17”, 24”, 31” and 55” • Bluetooth controlled by using either Atomos iOS App or a physical remote control	<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</u> • Cables, Caddies & Adaptors
Social / Pro-Video Segment	**Pro-Video / Entertainment**	**Pro-Video / Entertainment**	**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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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.



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