1H FY21 Results

Strong, sustainable, sales growth driving record EBITDA and cash generation

Highlights (for the 6 months ending, 31 December 2020)

- Record $32.8m of half-year sales despite the impact of COVID
- Sales driven by the accelerated integrations of ProRes RAW with 28 cameras across 10 different camera makers now capable of supporting ProRes RAW via direct RAW outputs
- Record EBITDA of $3.0m, generating $4.5m positive cash flow, resulting in $23.3m cash as at 31 December 2020

Outlook:

- Jeromy Young moving to role of Founder with a focus on future products, partnerships and growth opportunities, with Chris Tait continuing his role as Executive Chairman
- AMS will continue to invest in product development and anticipate announcing a number of new products including 'paid for' software upgrades as a new revenue stream
- Sales momentum continuing into 2H'21, and whilst cautious given the global COVID situation, AMS expects continued good progress during the second half

Atomos Limited ('**ASX:AMS**', '**Atomos**' or the '**Company**') is pleased to today report its half year results for the period ending 31 December 2020 (1H'21).

Financial

Pro Forma (A$m)	1H'20	1H'21	Δ pcp
Revenue	32.6	32.8	0.1
COGS	(17.7)	(18.0)	(0.3)
Gross Profit	**14.9**	**14.7**	**(0.2)**
Gross Profit Margin	*45.7%*	*44.9%*	
Variable Operating Expense	(2.0)	(2.4)	(0.4)
Wages & Salaries	(4.4)	(4.6)	(0.1)
Marketing	(2.7)	(0.9)	1.8
General & Administration	(2.7)	(1.8)	0.9
Other	0.0	0.1	0.1
Operating Expenses	**(11.9)**	**(9.6)**	**2.3**
EBITDA (pre R&D)	**3.0**	**5.1**	**2.1**
R&D Expenses	(2.1)	(2.1)	(0.0)
EBITDA	**1.0**	**3.0**	**2.1**
Depreciation & Amortisation	(1.6)	(1.5)	0.1
EBIT	**(0.6)**	**1.6**	**2.2**

AMS delivered 1H'21 sales of $32.8m, a record result which represents a significant turnaround from the $11.8m sales generated in 2H'20.

Gross profit for 1H'21 was $14.7m compared to $14.9m pcp, which was a gross profit margin of 44.9% compared to 45.7% pcp. AMS anticipates upside to future margin from new product launches and the introduction of paid software upgrades.

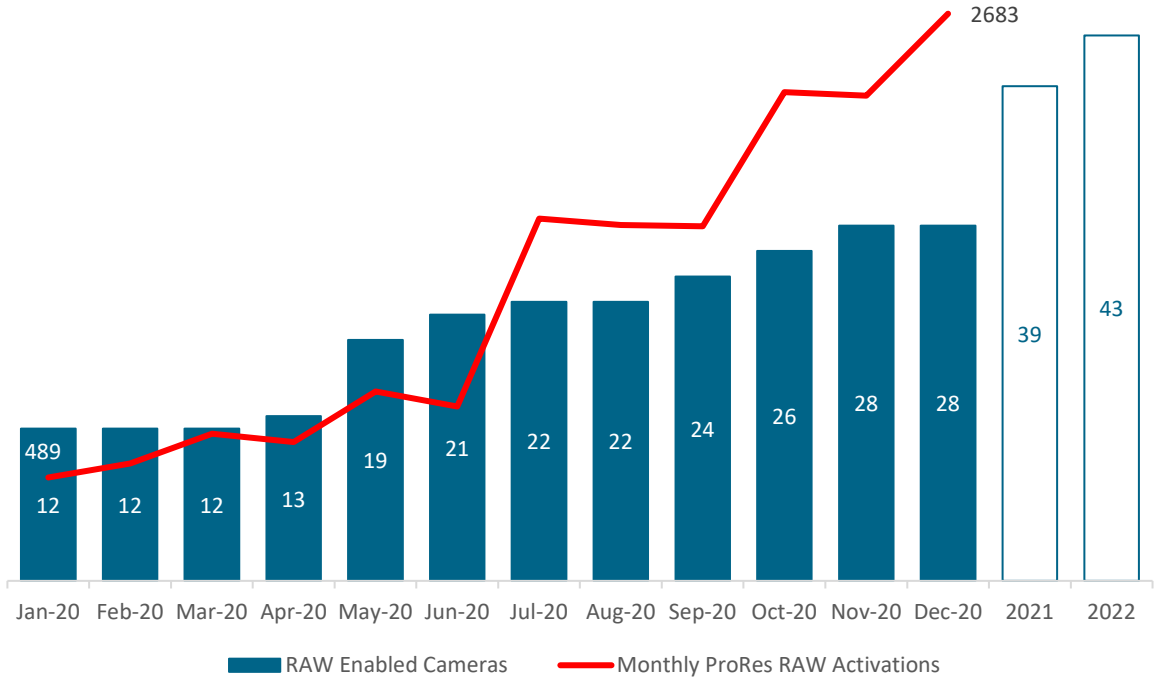
Record half year EBITDA of $3.0m was up 210% on pcp, reflecting the strong sales and a leaner operating cost-base, whilst still continuing to maintain important R&D investment relating to the planned future growth.

AMS generated positive cash flow (before financing/investing) of $4.3m for the half, a significant improvement over the $12.1m reduction in cash during 1H'20. Driven by the strong cash generation, AMS had $23.3m of cash as at 31 December 2020, along with access to a working capital facility of $5m (currently undrawn).

Operational

Underpinning the strength in sales was the accelerating adoption of Apple's ProRes RAW as the global industry standard for video recording formats. To record ProRes RAW, requires a camera with the capability to output 'RAW video', a feature that is becoming more prevalent with each new camara release. The number of 'RAW enabled' cameras increased from 12 in January 2020 to 28 as of December 2020 (from 10 different global camera companies), a 175% increase over the period. The growth in ProRes RAW supported cameras is set to continue, with 43 cameras expected to output RAW by 2022.

Atomos, through its longstanding relationship with Apple, is the only monitor-recorder licensed to record natively in ProRes RAW (and also the only licensee of RED's compressed RAW encoding patent). This places Atomos at the heart of the rapidly expanding ProRes RAW ecosystem, with monthly activations of ProRes RAW by Atomos customers increasing by over 500% in 12 months.



Late in 1H'21, AMS successfully 'soft-launched' the NEON range of products, targeted at the entertainment market. Customer feedback to date has been very positive with early 2H'21 sales continuing to underpin confidence in the acceleration of NEON for the remainder of 2H'21.

AMS continued to focus on building out its operational structure to enable the sustained delivery of future growth opportunities, with the notable appointments of Mark Harland (ex. General Motors) as Chief Operating Officer and Rodney Block (ex. Go Pro) as Head of Business Development. Several other key appointments were also made, all part of the planned growth roadmap to strength the capability within sales and marketing, product development and new market penetration.

Outlook

Sales momentum has continued into 2H'21, and whilst remaining cautious given the global COVID situation, the Board expects continuing good progress during the second half.

In February 2021, AMS launched their first 'paid for' software upgrade, with an SDI RAW upgrade available for Ninja V. AMS has the ability to create relevant apps which will 'plug-in' to Atomos products opening the potential for a new high margin revenue stream.

New products within our planned roadmap, including further ProRes Raw integrations, remain on schedule with several new releases targeted for 2H'21.

To align the operational structure of the business more closely, Jeromy Young will be moving to the role of Founder with a focus on future products, partnerships and growth opportunities. Chris Tait will continue in his role as Executive Chairman.

Commenting on the 1H'21 results, Chris Tait, Atomos' Executive Chairman said: *"The record results that we have delivered across all financial metrics, highlight the fact that we have emerged from COVID-19 as a leaner and more efficient business. Heading into 2H'21 we have a solid tailwind of sales momentum which will be further enhanced by new RAW enabled cameras coming to market, the result of substantial work by our product and development team, along with the roll-out of several new products including our streaming range.*

As part of our evolving corporate structure and to ensure our future roadmap keeps us as a global leader, Jeromy has moved to the role of Founder, focusing his time and energy on future products and revenue opportunities, a position the Board believes will add most to building longer term value."

Jeromy Young, AMS Founder said: *"With this new role I am very excited to be focusing my time on creating and developing new product and revenue ideas, getting back to more of what I used to do 10 years ago when I (and Ian Overliese) founded Atomos. Over the past year we have significantly strengthened our management team, which now puts us in a position where others can take over the daily administrative duties, leaving me to focus solely on growing Atomos into a much more substantial global company."*

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

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