FY2021 Results

Record revenue, earnings and cash generation

Highlights:

- Record revenue of $78.6m, up 77% on pcp (previous corresponding period)
- EBITDA of $8.2m (10.4% of sales), a $15.3m improvement on FY20 of $(7.1)m
- EBITDA margin trending towards 12-15% (with improving operational leverage)
- Strong cash flow of $7.1m, an 87% conversion rate

Atomos Limited (**ASX: AMS**, '**Atomos**' or the '**Company**') today reports its full year results ending 30 June 2021.

Pro Forma[1] (A$m)	FY20	FY21	Δ pcp
Revenue	44.4	78.6	77%
COGS	(26.7)	(41.2)	(54%)
Gross Profit	**17.7**	**37.4**	**111%**
Gross Profit Margin	*39.9%*	*47.6%*	
Variable Operating Expense	(3.5)	(5.8)	(66%)
Wages & Salaries	(8.7)	(12.9)	(48%)
Marketing	(4.6)	(2.5)	46%
General & Administration	(4.8)	(3.9)	19%
Other	0.4	0.9	125%
Operating Expenses	**(21.2)**	**(24.2)**	**(14%)**
EBITDA (pre R&D)	**(3.5)**	**13.2**	**$16.7m**
R&D Expenses	(3.8)	(5.0)	(32%)
EBITDA[2]	**(7.3)**	**8.2**	**$15.5m**
Depreciation & Amortisation	(3.8)	(3.2)	16%
EBIT[2]	**(11.1)**	**5.0**	**$16.1m**
Tax and Interest	(1.1)	(0.8)	27%
NPAT[2]	**(12.2)**	**4.2**	**$16.4m**

[1]A number of pro forma adjustments were made in the FY20 year, none were made in FY21
[2]Includes one-off gain of $0.47m resulting from the renegotiation of the Melbourne head office lease

Atomos delivered record FY21 revenue of $78.6m, up 77% on FY20 revenue of $44.4m. The Company flagged a return to pre COVID revenue levels at the end of 2Q'21 reporting strong 1H'21 revenue of $32.8m (1H'20: $32.6m). This momentum, driven by rapid adoption of Apple and AMS's ProRes RAW video standard and several new product launches, resulted in record 2H'21 revenue of $45.8m (288% up on pcp).

Gross profit margin of 47.6% (FY20: 39.8%) reflects an improvement of 7.8% driven largely by improved pricing across the entire product range (+4.1%), reduced promotional discounting (1.3%) and procurement gains (+2.4%). This resulted in gross profit of $37.4m which was up 112% on pcp.

Variable operating expenses (distribution costs, warranties and royalties) of $5.8m were 65% up on FY20 but slightly lower as a percentage of sales (7.4% vs 7.9% in FY20).

Other operating costs which were at a monthly run-rate of $2.3m pre COVID were reduced to as low as $1.0m during the early part of the COVID pandemic. The business flagged an increase to $1.6m at the half year results and with further investment in 2H'21, Atomos finished the year with a June 2021 monthly run-rate of $2.0m.

The investment in costs was across the board, including:

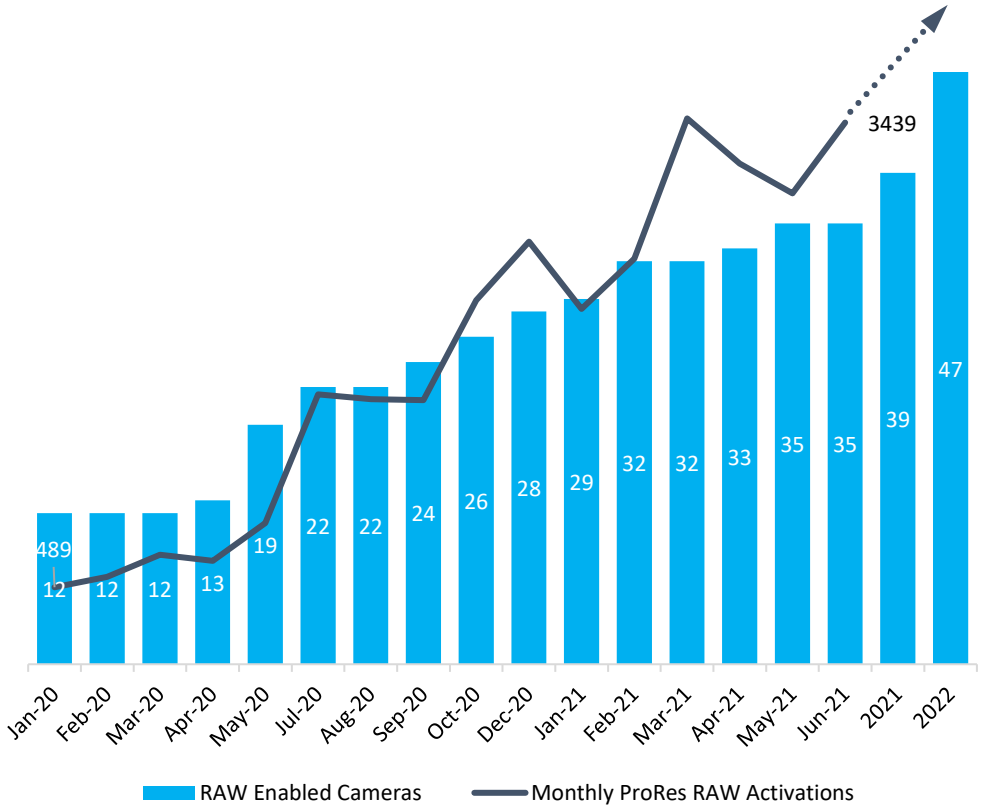
- Investment in next generation platform technologies;
- Investment in marketing to drive customer engagement; and
- Targeting new markets such as gaming, corporate and pro AV.

EBITDA of $8.2m was achieved representing 10.4% of sales. This was after the accrual of the maximum payable under a companywide STI scheme put in place to drive a post COVID recovery. This STI scheme impacted EBITDA by 3.2% and with ongoing profitability, future STI schemes will significantly decrease as a percentage of EBITDA.

Cash flow for FY21 was $7.1m, an 87% conversion rate. This resulted in a strong cash position of $26m at the end of FY21 (FY20: $18.8m), supported by an undrawn $5.0m working capital facility.

Operations

A key revenue driver throughout FY21 has been the rapid adoption of the ProRes RAW video standard which is enabled via Atomos products. Ten major camera partners have now introduced RAW enabled cameras and Atomos has seen monthly activations of ProRes RAW on its devices increase sevenfold in 18 months. The total number of cameras capable of RAW output increased by 200% in 18 months, with 47 to be supported by the end of CY2022.



In addition to the momentum provided by the expansion of the RAW ecosystem, the Company also launched several new products in FY21. These included both hardware devices and, for the first time, software applications.

New devices introduced in the period included Ninja V+, the world's first 8K and high frame rate monitor recorder; AtomX Cast, which when paired with a Ninja, creates a broadcast quality studio solution for everyone; and the 7" Shinobi was added to Atomos' popular 'monitor-only' lineup.

Additionally, Ninja V was enabled for the popular streaming format, H.265 via a USD 99 software app. This was the Company's 2nd paid for software offering and an important new area for future growth.

Outlook

The Company reports that the recently launched new products are performing well and will help ensure sales momentum continues. This will be enhanced through the implementation of new products in FY22 in both hardware and software including the new 'Series 2' technology platform and product range upgrade. With the improved gross margin percentage combined with ongoing operational leverage, the company expects EBITDA margins to trend towards 12-15%.

Commenting on the results and outlook, Chris Tait, Executive Chairman said: *"I am delighted to be reporting these outstanding results. It seems a long time ago when at the start of FY21 we were unsure of the extent and pace of the Atomos recovery from the pandemic. The speed and strength of that recovery and the ongoing momentum is a testament to the skill and hard work of the entire Atomos team. We spent the year focussing on commercialising our core IP and strengthening our global video technology partnerships, as we looked to maximise our opportunity around the growing global video boom.*

In particular we are pleased to see the establishment of the ProRes RAW ecosystem with Atomos playing an integral part in its global adoption. With six new products coming to market in the last few months of FY21, including our first two software offerings and with the new Series 2 platform well under development, we are excited about what FY22 will bring.

Investor Day

The Company is holding an Investor Day on Monday, 13 September 2021 to provide investors with the opportunity to gain a more detailed understanding of the Company's strategic plans in a presentation delivered by the senior executive team.

Subject to travel restrictions, the Australian-based team and board members will attend the event in person with those overseas and otherwise unable to attend able to join via video link.

The Investor Day will be held in 'Forum 1' at Melbourne Connect, 700 Swanston Street, Carlton, VIC.

Please register to attend the event here.

Authorised for ASX release by the Atomos Board of Directors.

--ENDS--

For further information please contact:

James Cody
Chief Financial Officer

Chris Tait
Executive Chairman

Simon Hinsley
Investor/Media Relations

+61 407 048 514
james@atomos.com

+61 438 862 355
chris.tait@atomos.com

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

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