ATOMOS

30TH AUGUST 2022

Investor Presentation

Trevor Elbourne
Chief Executive Officer

James Cody
Chief Financial Officer



FY22

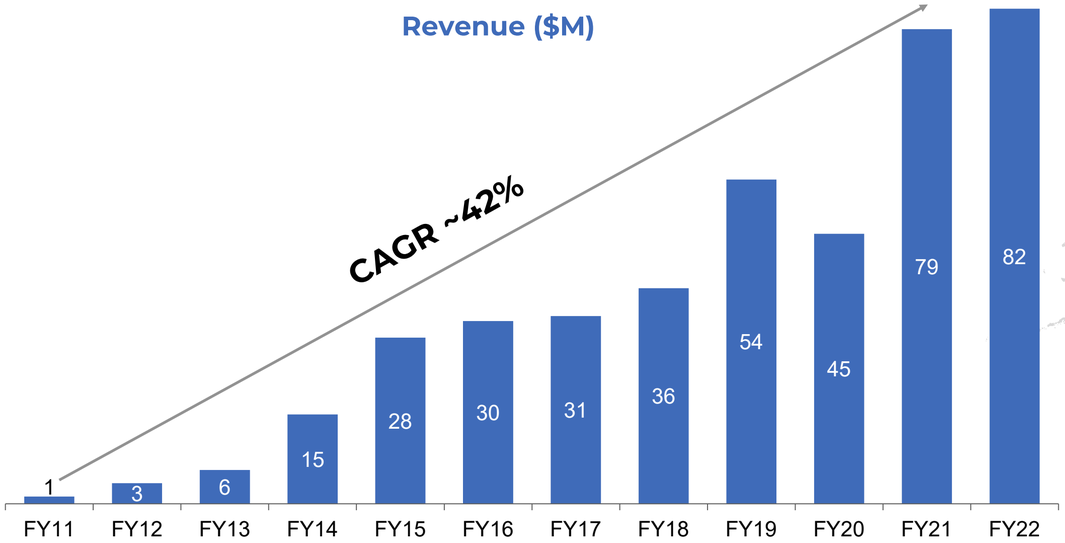
Summary

Trevor Elbourne
Chief Executive Officer



ATOMOS at a glance

HIGH-GROWTH GLOBAL BUSINESS



- Founded in 2010
- Sustained high growth achieved over 12 year period
- IPO in 2018
- 4 year CAGR of 23% since IPO

GLOBAL LEADER IN PROVIDING MUST-HAVE TOOLS FOR CONTENT CREATORS



123 STAFF ACROSS 9 COUNTRIES

ATOMOS at a glance

INNOVATIVE PRODUCT BUSINESS



Atomos Products, why our customers love us

Solving Problems

Atomos created a new product category with the release of its first Ninja – the world's first on-camera monitor/recorder which revolutionized cumbersome edit workflows

We Listen

We continue to listen to customers' needs - introducing new products to solve new problems – **now 14 products** across several customer segments

Innovation

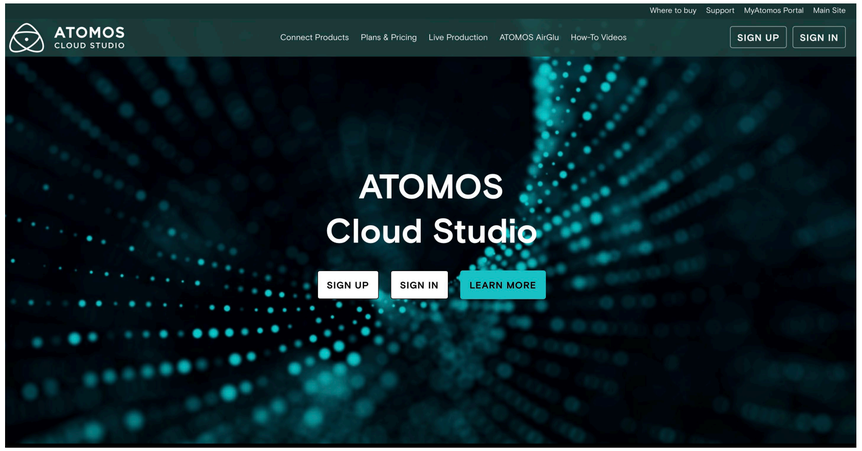
Atomos maintains its competitive advantage through innovation, most recently with new Series 2 connected products and cloud-based workflows

450,000

Total products that have found a home with an Atomos customer, who tell us they love them

ATOMOS at a glance

CLOUD SERVICES SUCCESSFULLY LAUNCHED



- Successfully launched at end of FY22 offering new and innovative workflows to content creators
- Integral part of new Series 2 products also launched end of FY22
- Currently in BETA with no charge to customers to accelerate trial
- Paid plans launch in Q2 FY23
- Atomos will host an online launch event from Melbourne Connect in FY23 Q2 using the Series 2 products and ATOMOS Cloud Studio



- Live YouTube ”Revolutionise Your Workflow” event on August 26 with panellists from **Atomos**, **Frame.IO** and **content creators** to discuss and promote new cloud workflows directly with customers
- https://www.youtube.com/watch?v=PN3e8WnTYwQ
- Very positively received in the live-chat discussion during the event

Quotes from customers

“Hi, I can tell you the C2C is amazing! We used it on a live gig last week for b-roll”

“I purchased a Shogun Connect. Tried live to YouTube and Frame.IO. Works great!”

“Thank you for bringing this innovation @Atomos! One day we will see everyone get used to using this ecosystem”

FY22 operational review

Financial Highlights	• Record revenue despite challenging circumstances • Restructured to right-size the business • Cash improvement since June, working capital to unwind through H1
Organisation	• Experienced leadership team now in place with further key roles to be filled
New Products	• Successfully launched new Series 2 ‘connected’ products in Q4 • Successful BETA launch of Atomos Cloud • Remaining Series 2 products to launch/ship in H2’FY23
External Challenges Mitigation	• Diversifying sources of supply to manage global volatility • Tightened cost management to mitigate inflationary pressures
Outlook	• Growth in revenue & margin through DTC, software & cloud services • More direct relationships with customers to start developing in FY23 • Evaluation of expansion into new markets during FY23 • FY23 expected to be stronger than FY22 (revenue, earnings & cash flow)

Group Strategy & Outlook

Trevor Elbourne
Chief Executive Officer



Group strategy & outlook

OUR STRATEGIC PILLARS



Our Strategic Pillars

The Vision

To democratise content creation and delivery.

The Mission

To combine our own deep video tech with that of other great video tech companies, to build products, services and an ecosystem that democratises content creation.

Group strategy & outlook

STRATEGIC AIMS

Grow revenue, grow margins & get closer to our customers

Evolving products into software & cloud services

Atomos currently generates almost all its revenue via one-off product sales. FY23 will see the addition of software and cloud services as well as its traditional products being sold directly to customers

Revenue growth

The introduction of subscriptions for device software and cloud services will bring recurring revenue streams

Growing margins

Direct-to consumer sales will yield much - improved product margins and when combined with the naturally high margins from recurring revenue products will result in improved overall margins

Get closer to our customers

A more direct engagement with our end customers will enable greater insight into how they use our products and how we can better meet their needs with software improvements and future products. This will allow us to more effectively use our product development and marketing resources.

Group strategy & outlook

STRATEGIC AIMS - ROLLOUT

Looking ahead, what to expect from Atomos

12 months

Expand

- Introduce recurring revenue streams via cloud services & device software subscription
- Introduction of device sales via eCommerce
- Complete roll out of Connect product lineup (Series 2)
- Start to address new product categories (e.g. audio)
- Starting to quantify our total addressable markets and use this as a basis for articulating opportunities and measuring success

2-3 years

Execute

- Launch next generation of hardware platforms “Series 3” including next-gen AtomIC technology
- Continue to add new services to Cloud platform
- Consolidate expansion into new markets
- Grow direct revenue (cloud & software subscriptions, eCommerce device sales) & achieve ARR target of $6m by end of FY24
- Continue to grow distribution channel sales
- Grow EBITDA % well into the teens

3-5 years

Consolidate

- Consolidation of strategy which emphasizes connected cloud-based workflows and supporting device products, and higher-value direct-to-customer relationships for devices, software and cloud services
- Direct to consumer (DTC) revenue to represent greater than 50% of total revenue
- Significant proportion of revenue derived from recurring sources
- Grow EBITDA % towards 20%

Group strategy & outlook

DIRECT SALES

eCommerce

- **Targeting launch H1 FY23** - Sell device products via eCommerce
- Well considered strategy in place to not disrupt current sales channel revenue
- Innovative deferred payments plans to reduce friction for purchase
- All connected device sales will be bundled with cloud services subscription
- Introduction of device software subscriptions. Devices ship with attractive base features, bug-fix updates at no cost, but no feature upgrades are available until paid for.
- Software subscriptions will unlock access to all device software upgrades: e.g. H265 recording, enhanced monitoring features, NDI

Reach New Customers

Targeted marketing and low-friction redirection to “buy now” button to target customers we can’t currently reach

Better margins

High-margin sales of software and cloud services, combined with better margins for direct-to-consumer sales of devices and opportunity to bundle accessories at checkout will help improve profits

Build subscription revenue

All connected devices sold via eCommerce include a cloud services subscription as well as new device software subscriptions to accelerate take-up

Direct relationship with customers

Having a direct relationship with more of our end customers will allow Atomos to deliver better products and services which directly meet their needs

Group strategy & outlook

OPERATIONS

Delivering on the plan

- Conducting organizational review during FY23. Key hires to be made. Engaged well-respected Think & Grow
- Hire Chief Commercial Officer to take responsibility for demand generating marketing and direct sales
- Chief Product Officer to be added to executive team to oversee product and engineering teams, making sure these two functions are working seamlessly together
- Head of Manufacturing and Supply Chain to be hired to continue and lead the good work around supply chain and production strategy
- Relaunch Atomos website when eCommerce goes live to provide a better customer experience, making it easier to find the right Atomos products and purchase them
- Bring online Malaysian manufacturing capability. Reducing exposure to China and eliminate China import tariffs into the US

Build management team

Fill gaps in senior management team: Chief Commercial Officer, Chief Product Officer

Right-size the business

Conduct company-wide organization review to make sure we have the right team to execute our plans

Supply chain optimisations

Reduce inventory exposure by rationalizing component use. Sharing components across a broader range of products reduces the need to carry large inventory and reduces supply-chain exposure

Diversify manufacturing footprint

Bring online manufacturing capability in Malaysia

Financial Review

James Cody
Chief Financial Officer



Financial review

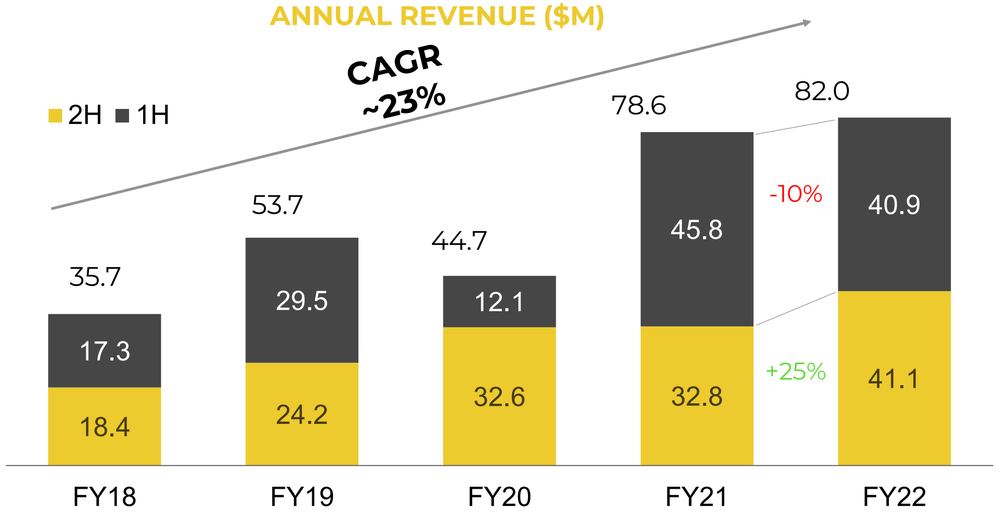
SUMMARY

Sales	• Record sales of $82m, 4-year CAGR of 23%
Margin	• Underlying gross margin of 43.4%
Costs	• Business restructured to right-size - $2m of cost removed • Investment made to deliver Series 2 platform
Earnings	• Underlying EBITDA of $4.5m (5.5% of revenue)
Balance Sheet & Cash	• Cash position has improved since $5m at June • Working capital to unwind through first half
Looking Ahead	• Seeking more regular cadence to revenue • Focused on improving margins, operating leverage • Working capital reduction • FY23 expected to be stronger than FY22 (revenue, margin & earnings) but will skew more to second half

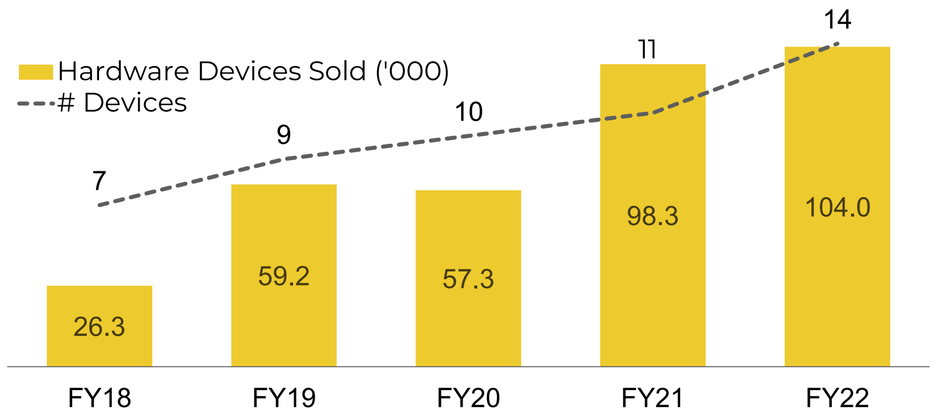
Financial review

REVENUE ANALYSIS

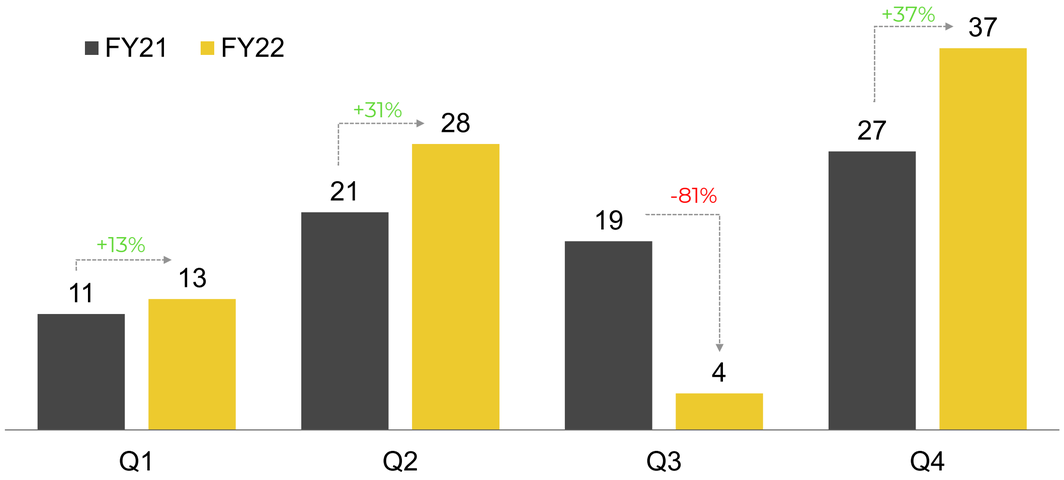
ANNUAL REVENUE ($M)



HARDWARE DEVICES SOLD ('000) / # DEVICES



QUARTERLY REVENUE ($M)

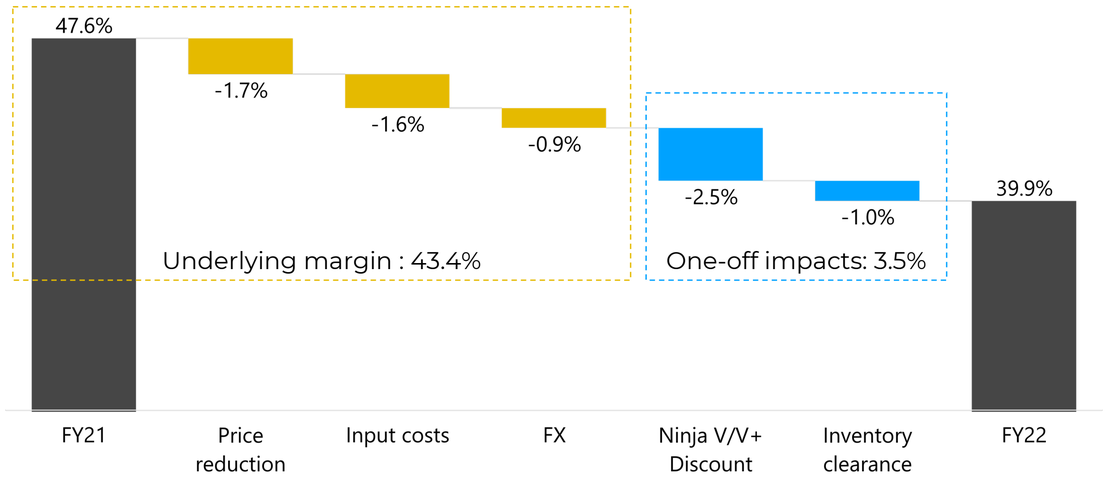


- Record first half revenue followed by extremely poor Q3
- Average growth (excl. Q3) of 27%
- $37m (+37%) Q4 to achieve record full year revenue
- Growth in devices sold with milestone of 100k units shipped in year
- 5.3k software downloads sold for $0.7m at 100% margin

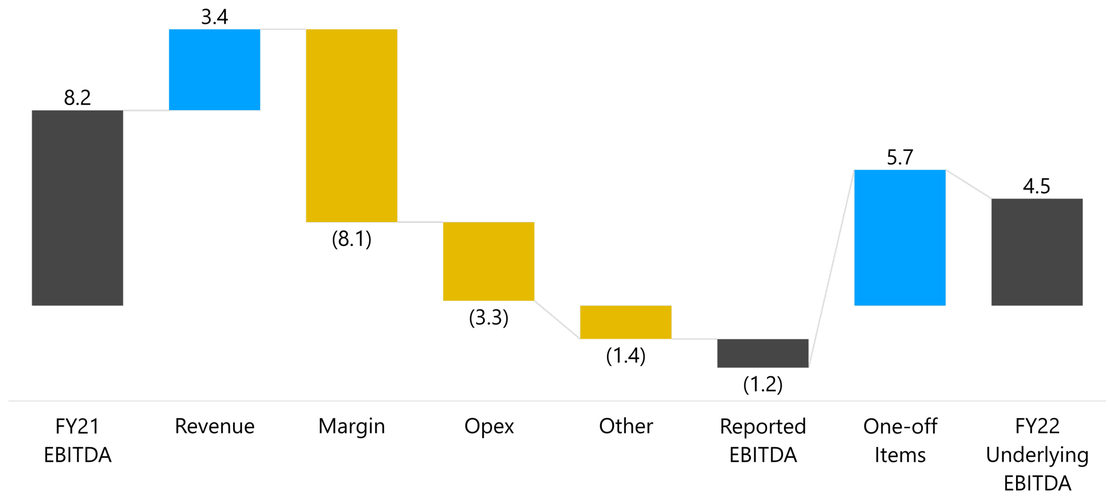
Financial review

EARNINGS ANALYSIS

GROSS MARGIN BRIDGE (%)



EBITDA BRIDGE ($M)



- Underlying Gross Margin of 43.4% before impact of year end discounting to drive sales and clear discontinued product
- Downward pressure on selling prices influenced a 1.7% reduction in margin
- Input cost increases drove a 1.6% decline in margins year-on-year
- Weakening of the AUD late in FY22 drove a 0.9% margin decline

- Net fall in gross profit of $4.7m
- Opex increase driven by fixed costs: employment costs ($1.2m), marketing and tradeshows ($2.9m) and other ($1.8m), partially offset by lower STI expense (-$2.5m)
- Non-recurring expenses include: founder transition costs ($0.8m), restructuring to right-size the business resulted in salary savings ($1.2m) and severance costs ($0.2m) for 13 terminated employees/advisors, costs for legal advice and other related expenses ($0.5m), inventory clearance ($1.9m) and costs to build cloud services ($1.1m)

Financial review

FIXED COST BASE

A$m	FY22	FY21	Δ pcp[1] (A$m)	Δ pcp[1] (%)
Employment Costs	(16.5)	(15.3)	(1.2)	(8%)
STI Expense	0.0	(2.5)	2.5	100%
Marketing & Tradeshows	(5.4)	(2.5)	(2.9)	(116%)
Other Operating Expenses	(5.8)	(4.0)	(1.8)	(45%)
Fixed Operating Expenses	**(27.7)**	**(24.3)**	**(3.4)**	**(14%)**
Capitalised Employment Costs	(2.7)	(0.2)	(2.5)	NM[2]
Cash Operating Costs	**(30.4)**	**(24.5)**	**(5.9)**	**(24%)**

Key Insights

- Investment in headcount to drive delivery of Series 2 platform
- Significant further headcount added under previous leadership - largely unwound
- Resumption of tradeshows in FY22 drove additional costs
- Other operating expenses primarily increased due to:
  - Non-recurring costs to establish cloud services ($0.5m), restructuring expenses ($0.3m) and legal expenses associated with founder transition ($0.2m)
  - Increase in insurance costs ($0.2m)
  - Increase in travel expenses ($0.3m)
- Capitalised employment costs in respect of the Series 2 platform development ($2.2m) and Cloud ($0.5m)
- Ongoing monthly fixed costs expected to be ~$2.2m in FY23

[1] Previous corresponding period
[2] Not meaningful

Financial review

INCOME STATEMENT

A$m	FY22	FY21	Δ pcp[1] (A$m)	Δ pcp[1] (%)
Revenue	82.0	78.6	3.4	4%
Gross Profit	32.7	37.4	(4.7)	(13%)
Gross Profit Margin	39.9%	*47.6%*	n/a	*(8%)*
Variable Operating Expense	(5.7)	(5.8)	0.1	2%
Fixed Operating Expense	(27.7)	(24.3)	(3.4)	(14%)
Other	(0.5)	0.9	(1.4)	(156%)
Reported EBITDA	**(1.2)**	**8.2**	**(9.4)**	**(115%)**
Non-recurring items	5.7	(0.5)	6.2	NM[2]
Underlying EBITDA	**4.5**	**7.7**	**(3.2)**	**(42%)**
EBIT	(5.1)	5.0	(10.1)	(202%)
NPAT	(6.0)	4.2	(10.2)	(243%)

[1] Previous corresponding period

[2] Not meaningful

Non-recurring items	FY22	FY21
Founder Transition Costs	0.8	-
Restructuring Costs	1.9	-
Cloud Services Build	1.1	-
Inventory Clearance	1.9	-
Other	0.0	(0.5)
Subtotal	**5.7**	**(0.5)**

- Founder transition costs includes salary/accrued entitlements ($0.4m), legal ($0.2m) and other associated costs ($0.2m)
- Restructuring to right-size the business resulted in salary savings ($1.2m) and severance costs ($0.2m) for 13 terminated employees/advisors, costs for legal advice ($0.1m) and other expenses ($0.4m). Represents unnecessary hires who will not be replaced
- Cloud Services build costs predominantly relate to the cost of Atomos employees deployed to develop the cloud services offerings ($0.8m) as well as fees paid to MAVIS ($0.3m)
- Inventory clearance - discounting to clear Neon product line ($1.6m); write off Ninja Stream inventory ($0.3m)

Financial review

BALANCE SHEET

A$m	30 Jun'22	30 Jun'21	Δ pcp[1] (A$m)	Δ pcp[1] (%)
Cash and cash equivalent	5.0	26.0	(21.0)	(81%)
Trade & other receivables	29.3	12.8	16.5	129%
Inventories	24.0	16.6	7.4	45%
Fixed & intangible assets	36.9	30.6	6.3	21%
Other assets	8.7	5.2	3.5	67%
Total assets	**103.9**	**91.2**	**12.7**	**14%**
Trade and other payables	(24.3)	(21.9)	(2.4)	11%
Other liabilities	(9.2)	(5.6)	(3.6)	64%
Borrowings	(11.8)	(0.0)	(11.8)	100%
Total liabilities	**(45.3)**	**(27.5)**	**(17.8)**	**65%**
Net assets	**58.6**	**63.7**	**(5.1)**	**(8%)**

Key Insights

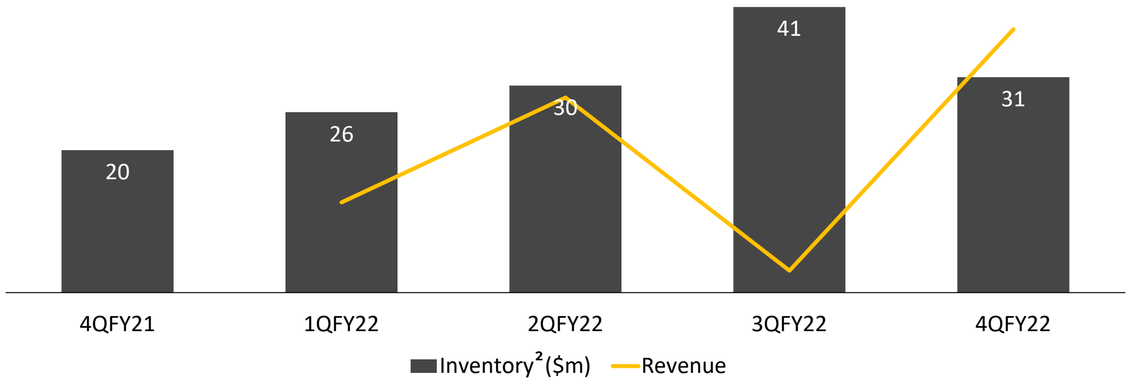
- Cash utilised in working capital build and investment funding
- Receivables driven by huge May/June revenues
- Inventory balance significantly reduced from Q3 peak
- Increase in intangible assets reflects investment in Series 2 platform and cloud
- Increase in borrowings due to new increased / longer term debt facility
- Cash position has improved since June
- Working capital will be unwound through first half of FY23

[1] Previous corresponding period

Financial review

CASH FLOW

A$m	FY22	FY21	Δ pcp[1] (A$m)
Reported EBITDA	(1.2)	8.2	(9.4)
Capital Expenditure	(6.0)	(2.0)	(4.0)
Movement in Working Capital	(24.6)	0.8	(25.4)
Tax, Interest & Other	(0.6)	0.9	(1.5)
Cash Flow Before Financing	**(32.4)**	**7.9**	**(40.3)**
Financing	11.4	(0.8)	12.2
Total Cash Flow	**(21.0)**	**7.1**	**(28.1)**



Key Insights

- Deterioration in earnings (promotional approach and cost load)
- Capex to drive investment in the future – Series 2 (connected products and cloud services development)
- Working capital build due to:
  - Planned investment in inventory[2] to mitigate supply chain volatility
  - Unplanned sales collapse in Q3 drove huge build in inventory[2]
  - Extraordinary May/June sales drove closing debtors of $29m (FY21: $13m)
- Debt – secured new $12m working capital facility to provide greater flexibility to support growth in sales and working capital

[1] Previous corresponding period

[2] Inventory includes supplier prepayments

Corporate Snapshot

Pricing Snapshot	
Ticker	AMS
Share price	$0.285
Shares on issue (m)	222.3
Market Capitalisation	$63.3m

Major Shareholders	
Ellerston Capital	13.3%
Regal Funds Management	9.1%
Top 10 shareholders	~40%
Board and Senior Management	~4%

Board of Directors	
Chris Tait	Non-Executive Chair
Stephen Stanley	Deputy Chair
Megan Brownlow	Non-Executive Director
Lauren Williams	Non-Executive Director
Sir Hossein Yassaie	Non-Executive Director

Senior Management Team	
Trevor Elbourne	Chief Executive Officer
James Cody	Chief Financial Officer
Stephan Kexel	Chief Sales Officer

Share Price History



Group strategy & outlook

STRATEGIC AIMS - ROLLOUT

Looking ahead, what to expect from Atomos

12 months

Expand

- Introduce recurring revenue streams via cloud services & device software subscription
- Introduction of device sales via eCommerce
- Complete roll out of Connect product lineup (Series 2)
- Start to address new product categories (e.g. audio)
- Starting to quantify our total addressable markets and use this as a basis for articulating opportunities and measuring success

2-3 years

Execute

- Launch next generation of hardware platforms "Series 3" including [illegible] technology
- Continue to add new services to Cloud platform
- Consolidate expansion into new markets
- Grow direct revenue (cloud & software subscriptions, eCommerce device sales) & achieve ARR target of [illegible]
- Continue to grow distribution channel sales
- Grow EBITDA % well into the teens

3-5 years

Consolidate

- Consolidation of strategy which emphasizes connected cloud-based workflows and supporting device products, and higher-value direct-to-customer relationships for devices, software and cloud services
- Direct to consumer (DTC) revenue to represent greater than 50% of total revenue
- Significant proportion of revenue derived from recurring sources
- Grow EBITDA % towards 20%

ATOMOS

HARDWARE. SOFTWARE. CLOUD.

Q&A

Appendices



Group Strategy

DIRECT SALES – CLOUD SERVICES

eCommerce cloud services

- **Targeting commercial launch Q2 FY23**
- BETA launch of cloud services launched in Q1 FY23 via cloud.atomos.com
- Range of plans at different price points which offer a range of useful tools: higher cost plans have more features
- Live streaming directly from Atomos Connect devices, and from older “legacy” devices via new ZATO Connect
- Range of video sharing and collaboration services like Adobe/Frame.IO, with more to follow
- Simple live production-in-the-cloud solution which seamlessly make multi-camera and multi-collaborator production simple and intuitive from anywhere in the world
- New Atomos Camera App for iPhone as video source for cloud services
- Range of phone and tablet apps to make these experiences easy

Higher quality revenue

More dependable recurring revenue which is independent of prevailing supply-chain conditions

Simpler logistics

Centralized nature of delivering cloud services eases the challenges of making devices and shipping them all over the world

No supply chain risk

Ability to deliver cloud software services independent of prevailing supply chain conditions

Leverage partnerships

Leverage close relationships with world-leading cloud software companies (like Adobe/Frame.IO) to add value to Atomos customers

Group Strategy

CLOUD SERVICES OVERVIEW

Cloud Services Plans ranging from $5 - $40 per month

More services to come

More to plans come

	Free $0 per month	Tier 1 $ per month	Tier 2 $$ per month	Tier 3 $$$ per month
Included use**	Unlimited	Unlimited	Unlimited	Unlimited
Video Quality	+	+	++	+++
Number of Devices supported	1	+	++	+++
Camera to Cloud (C2C) with instant upload	Not available	✓	✓	✓
Streaming Options	Social	Social	Social	Social & Professional
Number of simultaneous streaming destinations	1	1	++	+++
Simultaneous C2C and Live Streaming	Not available	Not available	✓	✓
Live Production Cost (per hour)	Not available	$$$	$$	$
Atomos Camera App as video source	Not available	Single Camera	More Cameras	Even more Cameras

Group Strategy

CLOUD SERVICES CUSTOMER SEGMENTS

Cloud Services Plans ranging from $5 - $40 per month

	Free $0 per month	Tier 1 $ per month	Tier 2 $$ per month	Tier 3 $$$ per month	More to plans come
Hobbyist	✓	✓	✓		
Social Influencer			✓	✓	
Gamer Streamer			✓	✓	
Video Freelancer / Journalist			✓	✓	✓
Corporate				✓	✓
Education				✓	✓
House-of-worship / Events				✓	✓
Broadcaster				✓	✓