FY22 Results

Record revenue despite challenging conditions

Highlights:

- Record revenue of $82.0m, up 4.3% on pcp (previous corresponding period) with a record Q4 result of $37.5m
- Underlying EBITDA of $4.5m (5.5% of revenue)
- Successfully launched Atomos Cloud Studio and new Series 2 'connected' products in Q4
- Executing on strategy of expanding into connected and cloud products and services

Atomos Limited (**ASX: AMS**, '**Atomos**' or the '**Company**') today reports its full year results ending 30 June 2022.

P&L Summary (A$m)	FY22	FY21	Δ pcp[1]	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*

Atomos delivered record FY22 revenue of $82.0m despite challenging conditions faced in Q3, finishing the year with a record Q4 result of $37.5m.

Gross profit margin in FY22 (39.9%) was impacted by several one-off items, including price drops/promotions on Ninja V / V+ to drive yearend sales (-2.5% impact) and clearance of discontinued products (-1.0%), resulting in an underlying gross profit margin of 43.4%. Other factors impacting gross margin included increased input costs (-1.6% impact), downward pressure on selling prices (-1.7%) and foreign currency movements (-0.9%).

Fixed operating costs increased by $3.4m in FY22. This is primarily due to the resumption of tradeshows ($2.9m), an increase in employment costs ($1.2m), and an increase in other expenses ($1.8m) offset by a reduction in short-term incentives (-$2.5m). The movement in other expenses can be explained by the increase in travel ($0.3m), insurance ($0.3m) and non-recurring items related to the establishment of cloud services ($0.5m), restructuring expenses ($0.3m) and legal expenses associated with founder transition ($0.2m).

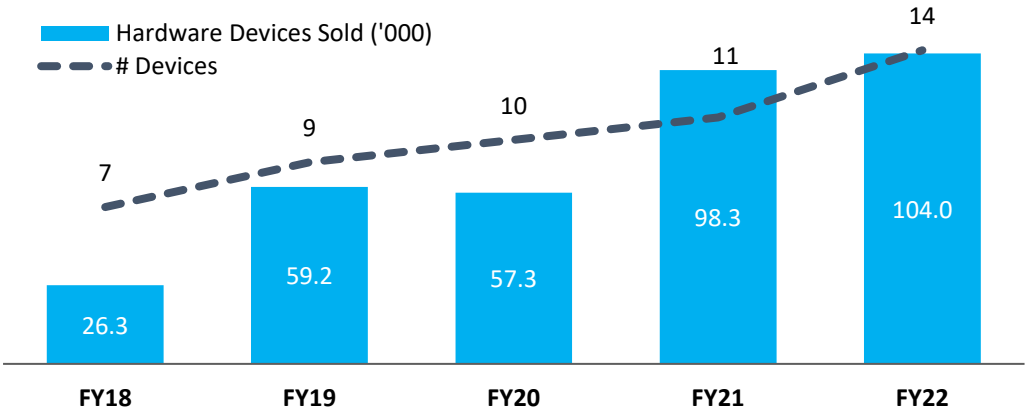
Atomos achieved underlying EBITDA of $4.5m (5.5% of sales). Underlying EBITDA is after adjusting for several non-recurring items, including: founder transition costs ($0.8m), restructuring costs ($1.9m), employee expenses related to the development of Cloud Services ($1.1m), and inventory clearance of discontinued items ($1.9m).

Cashflow for FY22 was ($21.0m) compared to $7.1m in FY21. The driving factor for the decline is related to the deterioration in EBITDA ($9.4m), capital investment in the development of the Series 2 product range ($3.9m) and movement in working capital ($24.3m). The working capital build was driven by a planned increase in inventory, to mitigate supply chain issues, which were accentuated by the *unplanned* fall in Q3 sales, as well as the increase in debtors from record Q4 sales.

The balance sheet was strengthened through a long-term $12m debt facility (replacing the existing $5m facility) to support growth / strategic initiatives and working capital requirements.

Operations

Atomos released the first of its Series 2 'connected' products in June 2022 (Shogun Connect, Atomos Connect and Zato Connect), which have each been well-received. These devices have the groundbreaking ability to connect to cloud-based workflows and support live streaming to a range of online services, including Facebook Live, Twitch, and YouTube.



Outlook

The recent launch of the new Series 2 'connected' products will continue to support the strong momentum gained in Q4. This will be enhanced further through the cloud service subscription offerings (target release date Q2 FY23) allowing content creators to instantly upload to the cloud, stream to multiple platforms and create live productions on the go.

This new subscription model will reinvigorate Atomos' gross margin % and create a strong recurring revenue source to support device sales.

Atomos will continue to release new products in its Series 2 'connected' range in 2H FY23.

Commenting on the results and outlook, Trevor Elbourne, Chief Executive Officer said:

"I'm pleased with our FY22 results and especially the successful launch of our much-anticipated range of cloud-connected products for content creators, Series 2. Our strategy to expand our revenue streams, products and customer segments is coming together and gaining momentum. I'm also satisfied that our mitigation strategies to deal with challenging external conditions, such as a volatile global supply chain and persistent inflationary pressures, saw tangible benefits in Q4, when we achieved a record result. I'm looking forward to building on the strong foundations we've created this year by gaining even more customers and quality revenues in the future".

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

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