

Trading Update + New Product Response

Highlights:

- Demand for existing and recently released cloud-enabled products provides a strong medium-term outlook, however FY22 revenue is now expected to be \$80m - \$90m, and EBITDA margin is now expected to be 6% - 8%
- Renewed and accelerated promotional activities may see Atomos outperform new guidance however the Company believes it is prudent to update the market at this time
- Slower than expected sales occurred in the first four months of the 2022 calendar year due to a change in marketing approach and lower promotional activity. This approach was corrected mid April and promotional activity has been reinstated
- Recently initiated COVID lockdowns in Shanghai may impact the short-term production schedule for a new Connect product and is factored into the revised guidance
- Recent new product and cloud services launches have been met with exceptional reviews and multiple awards at the NAB trade show
- After considering feedback at NAB, the Company intends, via additional promotional activity and discounting, to rapidly increase its installed base of cloud-enabled products to further optimise take-up of its new cloud services. This will have a short-term EBITDA impact
- Atomos confirms previous ARR guidance for FY23 (\$3m+) and FY24 (\$6m+) and expects double digit EBITDA margins in FY23

Atomos Limited (**ASX: AMS**, 'Atomos' or the 'Company') today provides an update on recent trading activity and the response to recent new product and cloud services launches.

Trading Update

Demand for existing and recently released cloud-enabled products provides a strong foundation for FY23, however near-term FY22 revenue is now expected to be \$80m - \$90m, and EBITDA margin is now expected to be 6% - 8%.

Management has implemented strategies that may result in an outperformance to revised forecast revenue, however the Company believes it is prudent to update the market at this time.

Slower than expected sales occurred in the first four months of calendar 2022 due to a change in marketing approach and lower promotional activity. This approach was corrected in mid April and an enhanced marketing and promotional schedule has been implemented.

Recently initiated COVID lockdowns in Shanghai may impact the short-term production schedule for a yet to be announced new Connect product, which was forecast to ship in June. This potential delay has been factored into the revised guidance.

A key aspect of this schedule is accelerated promotional and discounting activity of Atomos' cloud-enabled products with a view to rapidly growing the installed base to maximise take-up of Atomos' new

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cloud services. Management anticipates that this activity could increase the installed base of its hero product, Ninja, currently at 150,000, by 15% by the beginning of FY23.

Confidence in this approach was deepened after consultation with partners and distributors at the recent NAB trade show, where Atomos' new products and cloud services were launched to exceptional reviews and multiple awards.

Rapid growth of the installed base via additional promotional activity and discounting will have a short-term gross margin and EBITDA impact.

Atomos confirms previous ARR guidance for FY23 (\$3m+) and FY24 (\$6m+) and expects double digit EBITDA margins in FY23.

New Product Launches

In April, the Company announced the launch of two new network-connected devices as well as a collection of cloud-based video production tools and services, branded Atomos Cloud Studio. These products represent the culmination of more than 18 months of development. The devices themselves are the first from the Company's 'Series 2' technology platform. The introduction of Atomos Cloud Studio and the ability to provide customers with solutions, not just through physical devices but also through cloud-based tools, is a potential game-changer for the Company.

These products were launched immediately prior to the National Association of Broadcasters (NAB) trade show in Las Vegas. This trade show provided an excellent opportunity for the Company to assess the reception to these new products as well as the strategy of building a connected ecosystem.



The feedback has consistently been extremely positive, whether that be from Silicon Valley software partners, camera companies, our distribution channel, end users or reviews from the trade press.

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Atomos won seven awards at the show including the following NAB 2022 Product of the Year Awards:

- for ATOMOS CONNECT and SHOGUN CONNECT in the Camera Support, Control and Accessories category;
- for ATOMOS CONNECT and SHOGUN CONNECT in the Monitoring and Measuring tools category; and
- for ATOMOS Cloud Studio in the Streaming category

Commenting on the announcement, Trevor Elbourne, interim CEO, said: *“The reception we have received to our recent product launches is a strong endorsement of the technology roadmap we have been executing for the last couple of years. Whilst we were confident that the approach we were taking would resonate with our customers and the industry, it is gratifying to have that validated so strongly at NAB. The response we’ve had at NAB this year from all quarters has been so positive that I would mark this the most successful NAB for Atomos that I can recall. At the same time, it is extremely disappointing to be revising our FY22 guidance, particularly considering the strong sales results achieved during 1H FY22. However, with these new products in market, and the appropriate promotional levers reactivated, we expect a strong Q4 which will ensure that we maximise the sales of our physical devices and in turn, adoption of the new connected ecosystem.”*

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