

ASX Announcement

30 November 2023

AGM - CHAIR ADDRESS

Atomos Limited (**ASX: AMS**, '**Atomos**' or the '**Company**') is pleased to release the Chair's address to be presented at the Annual General Meeting (**AGM**) to be held at 11:00 a.m. (AEDT) today.

Chair Address

Thank you all for attending the Atomos Limited Annual General Meeting for the financial year ending 30 June 2023.

This is my first AGM address since taking over the Chair role in February 2023 and I want to take the opportunity to acknowledge our shareholders' concerns regarding the challenging period Atomos has been going through.

At our core, we are one of the world's leading video technology companies that have been instrumental in connecting the imaging and computer worlds via a suite of innovative products and technologies. However, at various times over the past 18 months, impacted by various internal and external factors, we have fallen short of the high standards to which we hold ourselves.

Our FY23 unaudited sales of \$43m were significantly down on FY22, and further impacted by margin compression as we unwound excessive inventory through various marketing and sales campaigns. This results in a large EBITDA loss which was further compounded by various intangible write-downs.

In saying this, the Board and Senior Management have taken steps to rectify several operational and financial challenges within the business. Notably, fixed operating costs have reduced by around 45% from \$31.1m in FY22 to an annualised run-rate of about \$17m as of October 2023. As part of this process, we reduced our headcount across the business from circa 150 in April 2022 to 94 as of October 2023. We have now reduced our inventory position by over 45% from a peak of \$30.8m in September 2022 to \$16.8m as of October 2023. And importantly, we have reduced our debt position by over 75% from \$12m in July 2022 to only \$2.9m as of October 2023. Additionally, our cloud user base has grown to over 7,000, with continuing momentum. This provides a solid platform for future growth of quality recurring revenues.

At a corporate level, since 1 March 2023, Atomos shares have been suspended from trading on ASX, initially due to the Company having requested a voluntary suspension to allow for the completion of the audit-reviewed half-year financial report. ASX subsequently extended the suspension due to the independent auditor's disclaimer opinion reflected in the audit review report for the half year ended 31 December 2022. ASX has advised that the suspension will remain in place until the Company is able to lodge an annual financial report for FY23, accompanied by an unqualified audit report.

As previously advised to shareholders, in June this year we appointed a new auditor, Moore Australia Audit (Vic), following the resignation of Deloitte. Moore Australia are currently undertaking their final testing and review of the accounts and we expect to be able to lodge those accounts with ASX by the end of December 2023.

The delay in finalising the accounts has primarily been driven by auditor queries around our future performance and funding capacity. In this respect, we are currently working through several strategic options in consultation with our corporate and legal advisors with the overarching aim to maximise shareholder value.

The Board is also reviewing an incremental restructure plan to further refine the cost base, allowing for future profitability. To effect part of the restructure plan, the Company will require additional financing and is well progressed in discussions with funding providers.

We expect to provide a further update on the incremental restructure and financing arrangements prior to the end of the calendar year.

The finalisation of the financial report and audit, and subsequent resumption of trading on ASX is subject to several inter-related matters including the outcome of the aforementioned funding and incremental restructure plan.

The Notice of Meeting for today's meeting set out five items of business to be addressed. While we will continue to conduct the vote on items 3 to 5 today, we are unable to address items 1 and 2 – the consideration of the FY23 financial report and the review and vote on the FY23 Remuneration Report, due to the relevant reports not yet being available. We will therefore be adjourning the meeting following the vote on items 3 to 5, to 28 December 2023, to allow further time for the release of the financial report and consideration of the report by shareholders. Should there be any change to the anticipated schedule, we will advise shareholders via the ASX platform and by letter despatched according to their preferred method of communication.

To my fellow board directors, Trevor, Sir Hossein, and the entire Atomos team - thank you for your hard work, diligence, and significant contributions in what has been a very challenging period.

Finally, I'd like to thank our shareholders for their support and patience throughout the year. We acknowledge your concerns and would like to reiterate that I and my fellow directors remain available to address your questions and comments.

Despite the hurdles we have faced over the past 18 months, the Company has worked hard to put the foundations in place to support measured and profitable future growth.

Following the incremental restructuring I mentioned earlier, we expect that the business will be able to reach EBTIDA breakeven on approximately \$36m of revenue, a run-rate of sales that is lower than what has already been achieved over the past 6 months. Additionally, we have new flagship products to replace our legacy line-up and reinforce the cloud strategy with a major upgrade to be released in December, while maintaining our current markets.

Thank you.

This announcement has been authorised for lodgement with ASX by the Atomos Board of Directors.

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Atomos' Interactive Investor Hub

Our investor hub is an interactive location to engage with the Atomos team on our announcements and updates. Please go to the Atomos Investor Hub for all market announcements and other news <https://announcements.atomos.com>.

We welcome investors to ask questions and add comments to which our team can respond where possible.

About Atomos:

ATOMOS designs pioneering products that transform the way film and video content is made around the world. From our range of hardware devices for monitoring and recording, easy-to-use software tools, and intelligent cloud services, we engineer best-in-class technologies and create products for the next generation of filmmakers.

Through relentless innovation, we simplify your workflow. Whether you record cinema-quality footage, monitor a scene with crystal clear colour accuracy, switch between multiple cameras, or stream a live event with a portable studio, ATOMOS empowers anyone to realize the best possible version of their creative potential.

ATOMOS is based in Melbourne, Australia, with a distributed worldwide team and offices in the USA, Japan, China, UK, and Germany and has a worldwide distribution partner network.

For more information, please visit www.atomos.com