

# Prospectus

## Atomos Limited

ACN 139 730 500

### Entitlement Offer

1 for 1 non-renounceable pro rata entitlement offer of Atomos Limited (**Company** or **AMS**) ordinary shares (**Entitlement Offer Shares**) at an offer price of A\$0.02 per Entitlement Offer Share to raise up to A\$8 million (before costs), with 1 free quoted Option (exercisable at A\$0.03 on or before 30 November 2025) for every 2 Entitlement Offer Shares applied for and issued (**Entitlement Offer Options**) (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by Henslow Pty Ltd ACN 605 393 137 AFSL 483168 (**Lead Manager** and **Underwriter**), and is fully sub-underwritten by the Company's substantial shareholder Domazet FT 3 Pty Ltd as trustee for The Domazet Family Trust A/C No 3 (**Doma**).

### Placement Offer

A separate offer of 200,000,000 options to three of the Company's directors (being Jeromy Young, Peter Barber and Paul Greenberg (**Participating Directors**) or their nominees) and Eligible Institutional Investors who participate in the Placement announced on 12 April 2024 (**Placement**), representing 1 free quoted Option for every 2 Placement Shares issued under the Placement (**Placement Options**) (**Placement Offer**). The Placement Offer is conditional upon the Company obtaining Shareholder approval to the issue of the Placement Shares and the Placement Options at the Company's extraordinary general meeting (**EGM**) scheduled to be held on or about 16 May 2024, for which a notice of meeting is expected to be dispatched on or about 16 April 2024.

### Broker Offer

An offer of 50,000,000 quoted Options (**Broker Options**) to Henslow Pty Ltd (**Lead Manager**), as part of the consideration for the services provided by the Lead Manager to the Company in relation to the capital raising (**Broker Offer**).

### Executive Director Offer

A separate offer of 100,000,000 quoted Options (**Executive Director Options**) to the Company's executive directors (being Jeromy Young and Peter Barber (**Executive Directors**)) or their nominees (**Executive Director Offer**). The Executive Director Offer is conditional upon the Company obtaining Shareholder approval to the issue of the Executive Director Options at the EGM.

**Not for distribution or release in the United States.**

## **IMPORTANT NOTICE**

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth). Accordingly, this Prospectus does not of itself contain the same level of disclosure as an initial public offering prospectus. This is an important document which is accompanied by a personalised entitlement and acceptance form and both should be read in their entirety. Please call your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser or the share registry if you have any questions.

**The Entitlement Offer, Placement Offer and Executive Director Offer close at 5:00PM (AEST) on Monday 13 May 2024 (unless extended).**

**The Broker Offer closes at 5:00PM (AEST) on Monday 20 May 2024 (unless extended).**

**Valid applications in respect of the relevant Offer must be received before these times.**

## Important notice

### Not for distribution or release in the United States

This Prospectus is dated 12 April 2024 and was lodged with ASIC and the ASX on that date. Neither ASIC or the ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company will apply to ASX for official quotation of the Entitlement Offer Shares, Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options offered pursuant to this Prospectus.

Securities issued pursuant to this Prospectus will be issued on the terms and conditions set out in this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities and options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX. It does not contain the same level of disclosure as an initial public offering prospectus. In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisors whom investors may consult. Investors should therefore have regard to all other information disclosed to ASX in respect of the Company before deciding whether to accept the applicable offer.

Investors should read this Prospectus in its entirety and seek professional advice where necessary.

### No Representation other than in this Prospectus

No person is authorised to give information or make any representation in connection with this Prospectus that is not otherwise contained within this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, the Lead Manager or any of their respective bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives, contractors, consultants, agents or advisers in connection with this Prospectus.

Except as required by law, and only to the extent so required, neither the Company nor any other person (including any person named in this Prospectus) warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus.

Neither the Lead Manager nor their related bodies corporate or affiliates, nor any of their respective directors, officers, partners, employees, representatives, contractors, consultants, agents or advisers (together, the **Lead Manager Parties**) has authorised, permitted or caused the issue or lodgement, submission, despatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by the Lead Manager or by any of the Lead Manager Parties. To the maximum extent permitted by law, each Lead

Manager Party expressly disclaims all duties and liabilities (including for fault, negligence and negligent misstatement) for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and this Prospectus being inaccurate or incomplete in any way for any reason. None of the Lead Manager Parties make any recommendations as to whether you or your related parties should participate in the Offer, nor do they make any representations or warranties regarding the Prospectus or the Offer, and you represent, warrant and agree that you have not relied on any statements made by the Lead Manager or any of the Lead Manager Parties in relation to the Offer generally. You should rely only on the information in this Prospectus.

### Note to Applicants – Prospectus is not Financial or Investment Advice

The information contained in this Prospectus is not investment advice or financial product advice, and has been prepared without taking into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in full before deciding whether to participate in the Offer and to apply for applicable Shares and/or Options. In considering an investment in the Company, you should consider the risks that could affect the financial performance or position of the Company as set out in Section 5 of this Prospectus. You should carefully consider these risks in the light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Shares and Options the subject of this Prospectus should be considered highly speculative. There may also be risks in addition to these that should be considered in light of your personal circumstances.

### Obtaining a Prospectus

Eligible Shareholders who are entitled to participate in the Entitlement Offer will receive a copy of this Prospectus together with an accompanying personalised Entitlement and Acceptance Form.

Eligible Shareholders in Australia, New Zealand and the United Kingdom can also obtain a copy of this Prospectus (free of charge) during the Entitlement Offer period from the Company's website at [www.atomos.com](http://www.atomos.com) or by calling the Share Registry on 1300 737 760 (from within Australia) or +61 2 9290 9600 (from outside of Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday during the Entitlement Offer period. Eligible Shareholders who access the electronic version of this Prospectus on the Company's website should ensure they download and read the entire Prospectus. The electronic version of the Prospectus on the Company's website will not include a personalised Entitlement and Acceptance Form.

A copy of this Prospectus and an Application Form will be sent by the Company to each Participating Director, Eligible Institutional Investor, and the Lead Manager.

Shareholders in other jurisdictions (including the United States), or who are, or are acting for the account or benefit of, a person in the United States are not entitled to access the electronic version of this Prospectus.

## Past performance

Past performance and pro forma historical financial information included in this Prospectus is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Investors should note that past performance, including past share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including future Share price performance. The historical information included in this Prospectus is, or is based on, information that has previously been released to the market.

Investors should also be aware that certain financial data included in this Prospectus may be '*non-IFRS financial information*' under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios (if any) included in this Prospectus.

## Forward looking statements

This Prospectus contains forward looking statements which are identified by words such as '*may*', '*could*', '*believes*', '*estimates*', '*expects*', '*intends*' and other similar words that involve risks and uncertainties. Any forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Accordingly, such forward-looking statements are provided as a general guide only and are not guarantees of future performance. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management, and may cause the Company's actual results, performance or achievements to materially differ from any future results, performance or achievements expressed or implied from forward-looking statements. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and prospective investors are cautioned against placing undue reliance on these forward-looking statements. Neither the Company, the Lead Manager, any of their respective bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives, contractors, consultants, agents or advisers give any warranty, representation, assurance or guarantee that the occurrence of the events expressed or implied from any forward-looking statements in this Prospectus will actually occur. Forward-looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in the Investor Presentation, as well as the other information in this Prospectus.

The Company has no intention to update or revise forward looking statements, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

## No cooling-off period

No cooling off rights apply to applications submitted under the Prospectus.

## Company website

Any references to documents included on the Company's website at [www.atomos.com](http://www.atomos.com) are for convenience only, and none of the documents or other information available on the Company's website are incorporated herein by reference.

## Defined terms and time

Capitalised terms and abbreviations used in this Prospectus have the meanings given to them in the Glossary contained in Section 7 of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to AEST.

## Disclaimer

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

As set out in Section 3.16 of this Prospectus, it is expected that the Entitlement Offer Shares, Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options will be quoted on ASX. The Company, the Lead Manager and the Share Registry (in each case, as defined below) disclaim all liability, whether in negligence or otherwise, to persons who trade in any of those securities before receiving their holding statements.

## Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or Options being offered under the Offer, or to otherwise permit an offering of the Shares or Options, in any jurisdiction outside Australia, New Zealand, the United Kingdom and Singapore. The distribution of this Prospectus outside Australia, New Zealand, the United Kingdom and Singapore may be restricted by law and persons who come into possession of this Prospectus outside Australia, New Zealand, the United Kingdom and Singapore should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be released or distributed in the United States or to any person acting for the account or benefit of a person in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of offer to buy, in the United States or in any other jurisdiction in which such an offer would be unlawful.

In particular, the Shares and Options to be offered under the Offer have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States or to US Persons unless the Shares and/or Options are registered under the US Securities Act, or offered or sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

For further detail please see the Foreign Selling Restrictions set out in Section 6.7.

## Privacy

By filling out an Application Form, you are providing personal information to the Company through the Company's share registry, Boardroom Pty Limited, which is contracted by the Company to manage applications. The Company, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in an Application Form, the Company and the Share Registry may not be able to process or accept your application.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy (which you may access at [www.atomos.com/privacy-policy/](http://www.atomos.com/privacy-policy/)). The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- storage of subscriber data for the purpose of webmail broadcasts;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Company's issued securities and for associated actions.

By submitting an Application Form, you agree that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third-party service providers, the ASX, the ASIC and other regulatory authorities.

Collection, maintenance and disclosure of certain personal information to the Company is governed by legislation including the *Privacy Act 1988* (Cth) (as amended from time to time), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

The information contained in the Company's register of members must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including the Company's financial results, annual reports and other

information that the Company may wish to communicate to its members) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the corporate directory set out on the last page of this Prospectus.

## Timetable of Offer

Event	Date
Announcement of Entitlement Offer, Placement, Executive Director Offer, Broker Offer Lodge Prospectus with ASIC and ASX and lodge Appendix 3B with ASX	Friday 12 April 2024
Publication of Notice of EGM on ASX	Friday 12 April 2024
Notice of EGM dispatched to shareholders	Tuesday 16 April 2024
Record Date for Entitlement Offer	Thursday 18 April 2024
Prospectus and Application Forms dispatched	Tuesday 23 April 2024
Entitlement Offer opens Placement Options Offer opens Broker Offer opens Executive Director Options Offer opens	Tuesday 23 April 2024
Entitlement Offer, Placement Options Offer, Executive Director Options Offer close	Monday 13 May 2024
Announcement of results of Entitlement Offer	Wednesday 15 May 2024
EGM conducted	Thursday 16 May 2024
Settlement of Placement	Friday 17 May 2024
Settlement of Entitlement Offer (including any shortfall)	Friday 17 May 2024
Issue of Entitlement Offer Shares (and attaching Entitlement Offer Options) Issue of Placement Shares (and attaching Placement Options) Issue of Executive Director Options	Monday 20 May 2024
Broker Offer closes	Monday 20 May 2024
Entitlement Offer Shares, Placement Shares and all Options (other than Broker Options), commence trading on ASX*	Tuesday 21 May 2024
Issue of Broker Options	Tuesday 21 May 2024
Dispatch of holding statements in respect of Entitlement Offer Shares and Placement Shares and all Options (other than Broker Options)	Wednesday 22 May 2024
Broker Options commence trading on ASX*	Wednesday 22 May 2024

\* Trading of all Shares and Options offered under this Prospectus is conditional upon the Company's shares being re-instated to trading. ASX has indicated that it sees no reason why the securities of the Company should not be reinstated to quotation, subject to the satisfaction of certain conditions. Please see section 3.16 for more information.

Dates and times in this Prospectus are indicative only and subject to change. All times and dates refer to the time in Australian Eastern Standard Time (AEST), Australia. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Offer without prior notice, including extending the Entitlement Offer or accepting late Applications, either generally or in particular cases, or to withdraw the Offer or part of the Offer without prior notice. Applicants are encouraged to submit their personalised Application Forms as soon as possible. The commencement of quotation of Entitlement Offer Shares, Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options is subject to confirmation from ASX.

### Enquiries in relation to Entitlement Offer

Before making a decision about investing in the Entitlement Offer, you should seek advice from your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets your objectives, financial situation and needs. If you have any questions on how to:

1. complete your personalised Entitlement and Acceptance Form; or
2. take up the Entitlement Offer Shares (and Entitlement Offer Options) offered to you under the Entitlement Offer, either in full or in part; or
3. take up your full Entitlement and apply for Additional Entitlement Offer Shares (and Entitlement Offer Options),

please call the Share Registry between 8.30am and 5.30pm (AEST) Monday to Friday during the period from and including the date on which the Entitlement Offer opens until and including the date on which it closes:

Within Australia: 1300 737 760

Outside Australia: +61 2 9290 9600

If you have misplaced your Entitlement and Acceptance Form and would like a replacement form, please call the applicable number above. Alternatively, if you have the Shareholder Reference Number or Holder Identification Number for your holding(s), you can download a replacement form from the Share Registry's secure website at [www.investorserve.com.au](http://www.investorserve.com.au).

# Contents

<b>1.</b>	<b>Investment Overview .....</b>	<b>15</b>
1.1	Overview of Atomos Limited .....	15
1.2	Overview of the Offer and How to Apply .....	16
1.3	Key risks .....	23
<b>2.</b>	<b>Company Overview and Financial Information.....</b>	<b>29</b>
2.1	Overview .....	29
2.2	Products and Services Portfolio .....	30
2.3	Revenue Model.....	32
2.4	Proprietary Technology.....	32
2.5	Strategic Technology Partners .....	33
2.6	FY23 Financial Performance .....	34
2.7	H1 FY24 Financial Performance .....	36
2.8	Path Forward – Refocus and Refresh .....	37
2.9	Financial Outlook .....	42
2.10	Use of Proceeds .....	43
2.11	Pro Forma Balance Sheet – Post Offer .....	43
<b>3.</b>	<b>Details of the Offer and How to Apply .....</b>	<b>48</b>
3.1	Overview of the Entitlement Offer.....	48
3.2	Purpose of Entitlement Offer and impact on capital structure .....	49
3.3	Eligibility to participate in Entitlement Offer .....	49
3.4	Oversubscription Applications .....	49
3.5	Entitlements and acceptance .....	50
3.6	Reconciliation .....	51
3.7	Underwriting and role of Lead Manager .....	51
3.8	Nominees.....	51
3.9	Removal of trading restrictions .....	52
3.10	Risks .....	52
3.11	Options available to you .....	52
3.12	Ineligible Shareholders .....	54
3.13	How to accept your Entitlement.....	54
3.14	Payment methods.....	55
3.15	Confirmation of your Application and managing your holding .....	56
3.16	ASX quotation and trading.....	56
3.17	No withdrawal or cooling-off rights .....	58
3.18	Warranties made on acceptance of the Entitlement Offer.....	59
3.19	Inconsistency .....	61
3.20	Further information .....	61
3.21	Placement Offer.....	61
3.22	Broker Offer .....	62
3.23	Executive Director Offer.....	63
<b>4.</b>	<b>Purpose and Effect of the Offer .....</b>	<b>64</b>
4.1	Use of proceeds.....	64
4.2	Effect on capital structure .....	64
4.3	Pre-commitments.....	65
4.4	Effect on control.....	65
4.5	Underwriting.....	67
4.6	Sub-underwriting arrangements by Doma.....	72
4.7	Mandate Letter.....	72
<b>5.</b>	<b>Key risks .....</b>	<b>73</b>
5.1	Risks specific to an investment in the Company .....	73
5.2	General risks.....	80



<b>6.</b>	<b>Additional Information</b> .....	<b>83</b>
6.1	Rights and Liabilities attaching to Shares.....	83
6.2	Rights and Liabilities attaching to Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options .....	86
6.3	Continuous disclosure obligations .....	88
6.4	Not investment advice or financial product advice .....	93
6.5	Past performance .....	93
6.6	Notice to nominees and custodians.....	93
6.7	Foreign jurisdictions.....	94
6.8	Expenses of the Offer .....	96
6.9	Determination by ASIC .....	96
6.10	CHESS and Issuer Sponsorship .....	96
6.11	Taxation .....	96
6.12	Consents.....	96
6.13	Interests of experts and advisers.....	97
6.14	Governing law .....	98
6.15	Directors Authorisation .....	98
<b>7.</b>	<b>Glossary</b> .....	<b>99</b>

## Chairman's letter

Dear Shareholder

### Atomos Limited (ASX:AMS) – Capital Raising

Atomos has experienced a challenging period over the past 18 months, driven by both internal and external factors that collectively have resulted in a material decline in sales, excessive inventory levels, cash flow pressures and several Board and management changes.

However, a significant amount of work has been undertaken to re-position the Company towards a sustainable and profitable future. For example, there has been<sup>1</sup>:

- a reduction of inventory by approximately 62% from A\$28.8m (as at 30 June 2022) to A\$10.8m (as at 31 December 2023);
- a reduction of the debt facility from A\$12m (as at 30 June 2022) to A\$5.0m (as at 31 December 2023), coupled with materially improved financial terms following the acquisition of the debt facility by Doma from Arrowpoint in October 2023 (refer to ASX announcement on 13 October 2023). In March 2024, the Company increased the debt facility to A\$8.0m;
- a material increase in the underlying gross profit margin to 38.2% in H1 FY24 (compared to an underlying gross profit margin of 28.1% in the prior corresponding period); and
- an EBITDA loss of A\$5.8m in H1 FY24, which while not an acceptable outcome, is a material improvement compared to the loss of A\$12.7m in the prior corresponding period.

Recognising further improvement is needed, the Company has progressed a proposed recapitalisation process, which has led to a clear strategic roadmap to deliver growth, underpinned by two core pillars:

- a refreshed Board and management team; and
- an expanded product and services roadmap.

### Refreshed Board and management team

Driving the refreshed Board and management team is the return of Atomos co-founder, Jeromy Young, who was appointed Managing Director and Chief Executive Officer on 4 January 2024.

Supporting Jeromy, in the role of Chief Operating Officer and Executive Director, is experienced and highly successful video technology entrepreneur, Peter Barber. Peter is a co-founder and remains a material shareholder in Blackmagic Design Pty Ltd, one of the world's leading video technology and colour grading software businesses.

In a show of confidence in the future direction of the business, Jeromy and Peter have each committed to invest A\$2m in the Placement announced by the Company on 12 May 2024, subject to shareholder approval being received, as further described below and in Section 3.21 of this Prospectus.

### Expanded product and services roadmap

Atomos has a clear product and services roadmap, driven by hardware expertise and supported by cloud services and infrastructure to automate global video production workflows.

---

<sup>1</sup> H1 FY24 financial information contained in this Chairman's letter and in other sections of this Prospectus is based on half-year FY24 Appendix 4D Financial Accounts

In April 2024, Atomos announced the release of the Ninja Phone, a unique HDMI to USB-C, professional adaptor that securely attaches to the back of an iPhone 15 Pro or iPhone 15 Pro Max to create the world's first Apple ProRes driven high resolution monitor-recorder. The Ninja Phone will enable connection of any professional camera with an uncompressed HDMI output to Apple's magnificent OLED screen.

Atomos has made the Ninja Phone for the thousands of content creators who capture, store and share video from their iPhone 15 Pro but aspire to work with professional cameras, lenses and microphones. The Ninja Phone will cost USD\$/€399 excluding local sales taxes and is expected to begin shipping in June 2024.

Additionally, the product strategy will expand into complementary video product verticals such as flexible LED Camera and Studio Lighting (growing at CAGR of 9% to US\$1.5B industry by 2030)<sup>2</sup>. Atomos will also announce the Sun Dragon, a unique 'sun spectrum' range of LED lights which are a flexible strip light design that can be placed anywhere, using a unique bend, shape, and mount technology. Atomos expects to launch this new range of products by the end of Q4 FY24.

## Outlook

The Company is expecting H2 FY24 sales to exceed H1 FY24 sales of A\$17.4m, driven by new management implementing proven sales strategies, coupled with the launch of new products. In April 2024, the Company announced two new products, Ninja Phone and Sun Dragon, both of which are scheduled to ship in June 2024. The Company generated sales of approximately \$8.5m in Q3 FY24, noting this is historically its lower quarter for sales. In addition, the Company has already received strong interest from distributors around the world for the new products and expects to recognise some of the sales in FY24. The Company expects to generate approximately \$2.5m+ of sales in June from new products, in addition to sales from existing products which have averaged approximately \$8.6m per quarter for FY24 YTD (9 months). In the event the Company is unable to ship new products in June, the new product sales will not be recognised in the FY24 year (and therefore there is a risk that H2 FY24 sales may not exceed H1 FY24 sales).

Atomos has over the past few months continued to make significant restructuring initiatives to its operating cost base in order to reduce trading losses. Please refer to the Company's H1 FY24 Results and Trading Update released to ASX on 29 February 2024 for further information. As a result of these restructuring initiatives which will be completed over the balance of the FY24 financial year (**Costs Restructure**), the annualised fixed operating costs are expected to be approximately A\$16m by the end of FY24 financial year. The savings have been driven by a decrease in staff costs (primary driver) coupled with a full review of all operating costs such as property leases and professional services.

Based on the reduced cost base following completion of the Costs Restructure, the Company expects EBITDA breakeven to be achieved on approximate annualised sales of ~A\$45m (excluding one-off items). The revised position follows a detailed bottom-up review of the financials by the new management team.

## Capital Raise

To execute the strategic initiatives outlined above, Atomos is proposing an equity capital raise of up to \$16m.

As announced to ASX on 12 April 2024, the Company is seeking to raise up to A\$8 million in ordinary shares in Atomos from institutional investors and the Participating Directors, subject to shareholder

---

<sup>2</sup> Report by 360iresearch: LED Light for Camera Market by Product (Panel Light, Ring Light, Rope Light), Model (Off-Camera, On-Camera), Device Type, Application, Sales Channel, End-User - Global Forecast 2023-2030

approval being obtained at a general meeting of the Company to be held on or around Thursday 16 May 2024. Further details in relation to the placement are set out in section 4.3(a) of this Prospectus.

In addition to the placement, the Company is seeking to raise up to A\$8 million (before costs) through the issue of shares under this Prospectus.

On behalf of the Company, I am therefore pleased to offer:

- Eligible Shareholders the opportunity to participate in a 1 for 1 non-renounceable pro-rata entitlement offer of ordinary shares (**Entitlement Offer Shares**) at an offer price of A\$0.02 (**Offer Price**) per Entitlement Offer Share to raise up to A\$8 million (before costs), with 1 free quoted Option (exercisable at A\$0.03 on or before 30 November 2025) for every 2 Entitlement Offer Shares applied for and issued (**Entitlement Offer Option**) (**Entitlement Offer**);
- a separate offer of 200,000,000 options to three of the Company's directors (being Jeromy Young, Peter Barber and Paul Greenberg (**Participating Directors**) or their nominees) and sophisticated and institutional investors who participated in the Placement (**Eligible Institutional Investors**) announced on Friday 12 April 2024 (**Placement**), representing 1 free quoted Option for every 2 Placement Shares issued under the Placement (**Placement Options**) (**Placement Offer**), subject to approval by the Company's shareholders;
- 50,000,000 quoted Options (**Broker Options**) to Henslow Pty Ltd (**Lead Manager**), as part of the consideration for the services provided by the Lead Manager to the Company in relation to the capital raising (**Broker Offer**); and
- 100,000,000 quoted Options (**Executive Director Options**) to two of the Company's executive directors, being Jeromy Young and Peter Barber (**Executive Directors**), in consideration for services rendered to the Company (**Executive Director Offer**), subject to approval by the Company's shareholders,

(together, the **Offer**).

### **Entitlement Offer**

The Offer Price represents a discount of approximately 69.2% to the last close price of A\$0.065 of Shares on the ASX on 27 February 2023, being the last day of trading in the Company's Shares prior to the date of this Prospectus (noting the Company has been in voluntary suspension as of 28 February 2023).

The Offer Price of A\$0.02 per Entitlement Offer Share under the Entitlement Offer is equal to the offer price under the Placement.

The Entitlement Offer is fully underwritten by Henslow Pty Ltd ACN 605 393 137 AFSL 483168 (**Lead Manager or Underwriter**), and is fully sub-underwritten by the Company's substantial shareholder Domazet FT3 Pty Ltd as trustee for The Domazet Family Trust A/C No 3 (**Doma**).

### **Placement Offer**

The Company is also undertaking a separate offer of 200,000,000 options to the Participating Directors (or their nominees) and Eligible Institutional Investors who participate in the Placement, representing 1 free quoted Option for every 2 Placement Shares issued under the Placement (**Placement Options**).

The offer price under the Placement is the same price as the Offer Price under the Entitlement Offer. The Placement Options are on the same terms as the Entitlement Offer Options, and will be issued in the same class as those Options.

The issue of the Placement Shares and Placement Options is conditional upon the Company obtaining Shareholder approval for the purposes of ASX Listing Rules 7.1 and 10.11 at the Company's extraordinary general meeting (**EGM**) scheduled to be held on or about Thursday 16 May 2024, for which a notice of meeting is expected to be dispatched on or about Tuesday 16 April 2024.

The offer of the Placement Options is only open to the Participating Directors and Eligible Institutional Investors.

### **Broker Offer**

Pursuant to the Mandate Letter and Underwriting Agreement, the Company is undertaking an offer of 50,000,000 Broker Options to the Lead Manager, as part of the consideration for the services provided by the Lead Manager to the Company in relation to the capital raising.

The Company proposes to obtain shareholder approval for the issue of the Broker Options pursuant to ASX Listing Rule 7.1. However, if Shareholders do not approve the issue of the Broker Options pursuant to ASX Listing Rule 7.1, the issue of the Broker Options will be conducted under the Company's ASX Listing Rule 7.1 placement capacity and the Company will seek Shareholder ratification of the issue at a subsequent general meeting of the Company.

The Broker Options are on the same terms as the Entitlement Offer Options and Placement Options, and will be issued in the same class as those Options.

### **Executive Director Offer**

The Company is also undertaking an offer of 100,000,000 Executive Director Options to the Executive Directors, in consideration for services rendered to the Company.

The Executive Director Options are on the same terms as the Entitlement Offer Options and the Placement Options, and will be issued in the same class as those Options.

The issue of the Executive Director Options is conditional upon the Company obtaining Shareholder approval under ASX Listing Rule 10.11 at the EGM.

### **Reasons for the Entitlement Offer and the Placement**

The aggregate gross proceeds of the Entitlement Offer and the Placement of approximately A\$16m are intended to be used:

- \$8.3m – to repay the existing external debt facility (including capitalised interest);
- \$1.0m – for costs associated with the Costs Restructure, including redundancies;
- \$1.4m – in relation to development and stocking of new products;
- \$4.3m – for working capital (which comprises seasonal trading losses along with movements in inventory, accounts receivables, creditors and various other intra-month cash movements such as for employee payments); and
- \$1.0m – for costs associated with the Offer and the Placement.

### **Details of your Entitlement**

Eligible Shareholders are entitled to subscribe for 1 Entitlement Offer Share for every 1 existing Share held at 7:00PM (AEST) on the Record Date, being Thursday 18 April 2024.

Eligible Shareholders who take up their Entitlement in full may also apply for Additional Entitlement Offer Shares at the Offer Price in excess of their Entitlement, by making an Oversubscription Application. Allocation of Additional Entitlement Offer Shares is not guaranteed. Details of the process for making an Oversubscription Application is set out in Section 3.4 of this Prospectus.

As set out above, you will also receive one (1) free Option (exercisable at A\$0.03 on or before 30 November 2025) for every two (2) Entitlement Offer Shares subscribed for under the Entitlement Offer.

### **Quotation**

The Company's shares are currently suspended from quotation. ASX has advised the Company that, assuming the Company complies with certain conditions (as summarised in section 3.16), it does not see any reason why it would not re-instate the Company's shares to quotation. It is expected that, if the Company complies with those conditions, its Shares will recommence trading following completion of the Offer. Additionally, trading of all Shares and Options offered under this Prospectus is conditional upon the Company's Shares being reinstated to quotation.

### **Further information**

This Prospectus contains further information about the Entitlement Offer, the Placement Offer, the Broker Offer and the Executive Director Offer, including the terms and conditions of those offers. The terms and conditions set out the relevant criteria for determining eligibility to participate in the Entitlement Offer, the Placement Offer, the Broker Offer and the Executive Director Offer, as well as rules relating to applications for Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options.

Shareholders and offerees should read the entirety of this Prospectus carefully before deciding whether to participate in the Entitlement Offer, Placement Offer, Broker Offer and Executive Director Offer (as applicable). The Board also recommends that you read Atomos' continuous disclosure notices on ASX (at [www.asx.com.au](http://www.asx.com.au), ASX ticker code: AMS), including the ASX announcement and Investor Presentation lodged with respect to the Offer.

An investment in the Company and the Shares and Options offered pursuant to this Prospectus, is highly speculative and subject to a range of risks, which are more fully detailed in Section 5 of this Prospectus. If any of these risks or other material risks eventuate, it will likely have a material adverse impact on the Company's future financial performance and position.

On behalf of the Directors and management team of the Company, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely

A handwritten signature in black ink, appearing to be 'P. Greenberg', written in a cursive style.

**Paul Greenberg**  
**Chairman**

## 1. Investment Overview

This Section is not intended to provide full information for investors intending to apply for Shares or Options offered pursuant to this Prospectus. This Prospectus and all of its Sections should be read and considered in their entirety.

### 1.1 Overview of Atomos Limited

Topic	Summary	Reference for further information
<b>Who is Atomos Limited?</b>	<p>Atomos is a global video technology company that enhances video content creation by producing products that connect the imaging and computer worlds together, from the point of capture (camera) through to displaying (monitor), processing and recording of the latest high-quality video on to affordable computer media for creative enhancement and distribution of content.</p> <p>The Company designs, develops and commercialises award-winning, simple to use monitor-recorder products that ensure content creators consistently have access to the latest video monitoring, processing and recording technologies, regardless of how advanced the camera or production equipment they use.</p> <p>Additionally, the Company also designs and sells complementary production products and services including lights, converters, cloud streaming applications and workflows along with a range of other accessories.</p>	Section 2.1
<b>What is Atomos' business model and how does it generate revenue?</b>	<p>Atomos sells its products to a wide range of trusted electronic, photo and video distributors and resellers globally. The Company also has a direct-to-consumer (D2C) channel which provides access to select accessories along with the Atomos Cloud platform.</p> <p>Distributors play a pivotal role in supplying, educating and supporting professional video, photo and electronic resellers, retailers and online sellers which can put Atomos' products in the hands of content creators.</p>	Section 2.3
<b>Who is driving the future of Atomos?</b>	<p>Following a challenging past 18 months driven by a mix of internal and external factors, the Company has implemented several personnel and operational changes which are expected to refresh and reposition the business moving forward.</p> <p><b>Return of Co-Founder</b></p> <p>Driving the refreshed Board and management team is the return of Atomos co-founder, Jeremy Young, who was appointed Managing Director and CEO on 4 January 2024. Jeremy returns to the business with several new products and workflows which will be incorporated into the Atomos roadmap moving forward.</p>	Section 2.8

Topic	Summary	Reference for further information
	<p><b>Successful video entrepreneur, Peter Barber</b></p> <p>Supporting Jeromy, in the role of Executive Director and COO, is experienced and highly successful video technology entrepreneur, Peter Barber (refer to ASX announcement on 14 February 2024). Peter is a co-founder and remains a material shareholder in Blackmagic Design Pty Ltd, one of the world's leading video technology and colour grading software businesses.</p>	

## 1.2 Overview of the Offer and How to Apply

Topic	Summary	Reference for further information
<p><b>What is the Entitlement Offer?</b></p>	<p>The Entitlement Offer comprises a 1 for 1 non-renounceable pro rata entitlement offer at an Offer Price of A\$0.02 per Entitlement Offer Share.</p> <p>The Entitlement Offer is fully underwritten by the Lead Manager, being Henslow Pty Ltd can 605 393 137 AFSL 483168.</p> <p>The Entitlement Offer is also fully sub-underwritten by the Company's substantial shareholder Domazet FT 3 Pty Ltd as trustee for The Domazet Family Trust A/C No 3.</p> <p>The amount of Entitlement Offer Shares which an Eligible Shareholder will be entitled to under the Entitlement Offer will be determined by the amount of Shares they hold as at the Record Date of 7:00PM (AEST) on Thursday 18 April 2024.</p> <p>Eligible Shareholders will also receive one (1) free Entitlement Offer Option for every two (2) Entitlement Offer Shares (exercisable at A\$0.03 on or before 30 November 2025) subscribed for under the Entitlement Offer.</p>	<p>Section 3.1</p>
<p><b>What is the Placement Offer?</b></p>	<p>The Placement Offer is an offer to the Participating Directors (or their nominees) and Eligible Institutional Investors who participate in the Placement of one (1) free quoted Option for every two (2) Placement Shares (exercisable at A\$0.03 on or before 30 November 2025) issued under the Placement.</p> <p>Tcane issue of the Placement Shares and Placement Options remains subject to the approval of the Company's shareholders for the purposes of ASX Listing Rules 7.1 and 10.11. An extraordinary general meeting (EGM) to approve the issue is expected to be held on or around Thursday 16 May 2024.</p> <p>The offer of the Placement Options is only open to the Participating Directors and Eligible Institutional Investors.</p>	<p>Section 3.21</p>



Topic	Summary	Reference for further information
<b>What is the Broker Offer?</b>	<p>The Broker Offer is an offer to the Lead Manager to issue 50,000,000 Broker Options (exercisable at A\$0.03 on or before 30 November 2025) to the Lead Manager as part of the consideration for the services provided by the Lead Manager to the Company in relation to the capital raising.</p> <p>The issue of the Broker Options will be subject to Shareholder approval at the AGM. If the resolution to approve the issue of the Broker Options is not passed, the issue of the Broker Options will be conducted under the Company's ASX Listing Rule 7.1 capacity and the Company will seek Shareholder ratification of the issue at the Company's next general meeting after the EGM.</p>	Section 3.22
<b>What is the Executive Director Offer?</b>	<p>The Executive Director Offer is an offer to the Executive Directors to issue 100,000,000 Executive Director Options (exercisable at A\$0.03 on or before 30 November 2025) to the Executive Directors.</p> <p>The issue of the Executive Director Options will be subject to Shareholder approval under ASX Listing Rule 10.11 at the EGM.</p> <p>The purpose of the Executive Director Offer is:</p> <ul style="list-style-type: none"> <li>to recognise the valuable contributions made by the Executive Directors since the commencement of their appointment with the Company, including through the contribution of customer and supplier relationships, technology and industry know-how and the development of new products;</li> <li>to incentivise and reward the Executive Directors in light of the reduced salaries that they have each agreed to be paid (to ease the cash burden on the Company) and the lack of any other incentive arrangements being provided to the Executive Directors as part of their agreed remuneration packages; and</li> <li>to further incentivise the Executive Directors in delivering on the Company's restructure and re-capitalisation plan, and to further align the interests of the Executive Directors with Shareholders.</li> </ul>	Section 3.23
<b>What is the Offer Price under the Entitlement Offer?</b>	A\$0.02 per Entitlement Offer Share.	Section 3.1
<b>Who is the issuer of the Prospectus?</b>	Atomos Limican ACN 139 739 500.	
<b>How much will be raised through the Entitlement Offer?</b>	Up to A\$8 million (before costs) will be raised under the Entitlement Offer through the issue of the Entitlement Offer Shares.	Sections 3.1 and 4.1
<b>What is the purpose of the Entitlement Offer and the Placement and</b>	The purpose of the Entitlement Offer and the Placement is to raise funds:	Section 3.2

Topic	Summary	Reference for further information
<p><b>how will the funds from the Entitlement Offer and Placement be used?</b></p>	<ul style="list-style-type: none"> <li>• to repay the existing debt facility (including capitalised interest);</li> <li>• for costs associated with the Costs Restructure, including redundancies;</li> <li>• in relation to development and stocking of new products;</li> <li>• for working capital (which comprises seasonal trading losses along with movements in inventory, accounts receivables, creditors and various other intra-month cash movements such as for employee payments); and</li> <li>• for costs associated with the Offer.</li> </ul>	
<p><b>Is the Entitlement Offer underwritten?</b></p>	<p>Yes, the Lead Manager has agreed to fully underwrite the Entitlement Offer.</p> <p>Doma has agreed to fully sub-underwrite the Entitlement Offer.</p>	<p>Sections 4.5 and 4.6</p>
<p><b>What is the effect of the Entitlement Offer on the control of the Company?</b></p>	<p>As the Entitlement Offer is a pro-rata issue to all Eligible Shareholders, it will not have any material effect or consequence on the control of the Company if all Eligible Shareholders take up their Entitlements. However, as the Company is conducting the Placement alongside the Entitlement Offer, the holdings of Eligible Shareholders will be diluted as a result of the Placement Shares issued under the Placement, even if they accept their Entitlement in full.</p> <p>If some Shareholders do not take up their Entitlements (whether because they are Ineligible Shareholders or otherwise) or choose to take up only part of their Entitlements, their shareholding in the Company will be diluted to a greater degree than if they had taken up all of their Entitlements.</p> <p>Doma's commitment to take up its Entitlements under the Entitlement Offer and fully sub-underwrite the Entitlement Offer may result in Doma obtaining a shareholding interest of up to 39.3% after completion of the Entitlement Offer and Placement but excluding the exercise of Options into Shares, in the event of zero participation by other Shareholders (excluding any interest that Doma may obtain pursuant to the exercise of Options it holds following completion of the Entitlement Offer).</p>	<p>Section 4.4</p>
<p><b>Will the Shares and Options offered under this Prospectus be quoted?</b></p>	<p>Yes, the Company intends to apply for quotation of the Entitlement Offer Shares, Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options.</p> <p>While the Company is not aware of any reason why quotation may be denied, there is no assurance that the application will be granted. In particular, trading of all Shares and Options offered under this Prospectus is conditional upon the Company's Shares being reinstated to quotation (see further below).</p>	<p>Section 3.16</p>

Topic	Summary	Reference for further information
<b>When is trading of Atomos Shares expected to recommence?</b>	The Company's shares are currently suspended from quotation. ASX has advised the Company that, assuming the Company complies with certain conditions (as summarised in section 3.16), it does not see any reason why it would not re-instate the Company's shares to quotation. It is expected that, if the Company complies with those conditions, its Shares will recommence trading following completion of the Offer.	Section 3.16
<b>What are the costs of the Offer?</b>	The costs of the Offer are approximately A\$1m.	Section 6.8
<b>What is my Entitlement?</b>	<p>Your Entitlement is the right granted to you under the Entitlement Offer to subscribe for 1 Entitlement Offer Share for every 1 existing Share you hold at the Record Date.</p> <p>You will also be issued with 1 Entitlement Offer Option for every 2 Entitlement Offer Shares you subscribe for under the Entitlement Offer.</p> <p>If you are an Eligible Shareholder, your Entitlement will be set out in the personalised Entitlement and Acceptance Form which accompanies this Prospectus.</p>	Section 3
<b>Can I participate in the Placement Offer, Broker Offer or Executive Director Offer?</b>	<p>Participation in the Placement Offer is limited to the Participating Directors and institutional investors who participate in the Placement.</p> <p>Participation in the Broker Offer is limited to the Lead Manager.</p> <p>Participation in the Executive Director Offer is limited to the Executive Directors.</p>	Sections 3.21, 3.22 and 3.23
<b>What are the rights and liabilities attaching to the Entitlement Offer Shares?</b>	<p>Entitlement Offer Shares will rank equally to Shares currently on issue.</p> <p>Details regarding the rights and liabilities attaching to the Entitlement Offer Shares can be found within the Company's Constitution, which you may obtain a copy of free of charge. A summary of these rights and liabilities can be found at Section 6.1 of this Prospectus.</p>	Section 6.1
<b>What are the rights and liabilities attaching to the Entitlement Offer Options, the Placement Options, the Broker Options and the Executive Director Options?</b>	<p>The Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options will be issued on identical terms and may be exercised at a price of A\$0.03 per Option on or before 30 November 2025.</p> <p>Shares issued following an exercise of the Entitlement Offer Options, Placement Options, Broker Options or the Executive Director Options (as the case may be) will rank equally to Shares currently on issue.</p> <p>A summary of the rights and liabilities attaching to the Options and the Shares can be found at Section 6 of this Prospectus.</p> <p>Further details regarding the rights and liabilities attaching to the Shares can be found within the</p>	Section 6

Topic	Summary	Reference for further information
	Company's Constitution, which you may obtain a copy of free of charge.	
<b>What happens if I am not an Eligible Shareholder?</b>	If you are not an Eligible Shareholder, you will not be entitled to subscribe for Entitlement Offer Shares under the Entitlement Offer.	Section 3.12
<b>What is my Entitlement if I become a Shareholder after the Record Date?</b>	You will not be regarded as an Eligible Shareholder for the purposes of the Entitlement Offer and will not be entitled to subscribe for Entitlement Offer Shares under the Entitlement Offer.	Sections 3.3
<b>As an Eligible Shareholder, can I apply for Entitlement Offer Shares in excess of my Entitlement?</b>	<p>Eligible Shareholders who take up their Entitlement in full may subscribe for Additional Entitlement Offer Shares in excess of their Entitlements by making an Oversubscription Application.</p> <p>You will also be issued with 1 Entitlement Offer Option for every 2 Additional Entitlement Offer Shares you subscribe for under the Entitlement Offer.</p> <p>Paying Application Monies in excess of the total Offer Price under your Entitlement is indicative of a request for Additional Entitlement Offer Shares (and will be applied, in the Company's absolute discretion, to the subscription of Additional Entitlement Offer Shares on your behalf).</p> <p>There is no guarantee that you will receive any Additional Entitlement Offer Shares (or attaching Entitlement Offer Options). Additional Entitlement Offer Shares will only be available to the extent that there are Entitlements under the Entitlement Offer that are not taken up by Eligible Shareholders.</p>	Sections 3.1, 3.4, and 3.11
<b>Can I trade my Entitlement?</b>	Entitlements may not be transferred to another person.	Section 3.11
<b>If I accept my Entitlement, when will I receive confirmation?</b>	It is expected that holding statements in respect of Entitlement Offer Shares and Entitlement Offer Options issued under the Entitlement Offer will be dispatched by standard post on or around Wednesday 22 May 2024.	Section 3.15
<b>When will I receive confirmation as to the outcome of my Oversubscription Application?</b>	It is expected that holding statements in respect of Entitlement Offer Shares and Entitlement Offer Options issued under the Entitlement Offer (and any Additional Entitlement Offer Shares and Entitlement Offer Options issued under a successful Oversubscription Application) will be dispatched by standard post on or around Wednesday 22 May 2024.	Section 3.4
<b>How can I apply to participate in the Entitlement Offer?</b>	As an Eligible Shareholder residing in Australia, you may apply under the Entitlement Offer by completing a valid Entitlement and Acceptance Form attached to or accompanying this Prospectus and returning it to the Registry with your payment, or by making a payment via BPAY® in accordance	Section 3

Topic	Summary	Reference for further information
	<p>with the instructions on your Entitlement and Acceptance Form.</p> <p>As an Eligible Shareholder residing in New Zealand or the United Kingdom, you may apply for Entitlement Offer Shares under the Entitlement Offer by completing a valid Entitlement and Acceptance Form attached to or accompanying this Prospectus and returning it to the Registry with your payment, or by making a payment via EFT in accordance with the instructions on your Option Letter.</p>	
<p><b>How can I apply for Additional Entitlement Offer Shares?</b></p>	<p>An Oversubscription Application can be made simultaneously with your acceptance of your Entitlements in full under the Entitlement Offer.</p> <p>An Oversubscription Application can be made by providing Application Monies equal to the amount of Additional Entitlement Offer Shares you wish to subscribe to under the Oversubscription Application. Paying Application Monies in excess of the total Offer Price under your Entitlement is indicative of a request for Additional Entitlement Offer Shares (and attaching Entitlement Offer Options).</p>	<p>Sections 3.4, 3.5 and 3.13</p>
<p><b>Can I withdraw acceptance of my Entitlement, or the making of my Oversubscription Application?</b></p>	<p>There are no cooling off rights with respect to your Entitlement Offer or your Oversubscription Application (if you decide to apply). As such, to the extent permitted by law, once you have sent your completed Entitlement and Acceptance Form and Application Monies, your acceptance of your Entitlement Offer and your Oversubscription Application (if you decide to apply) will be irrevocable.</p>	<p>Section 3.17.</p>
<p><b>Can I sell my Entitlements under the Entitlement Offer?</b></p>	<p>You may not sell your Entitlements to another person.</p>	<p>Section 3.11</p>
<p><b>When are the Entitlement Offer Shares and Entitlement Offer Options expected to commence trading?</b></p>	<p>Quotation of the Entitlement Offer Shares and Entitlement Offer Options is subject to the Company satisfying conditions imposed by ASX and the reinstatement of the Company's shares to trading by ASX. Subject to the satisfaction of those conditions, the Company expects that:</p> <ul style="list-style-type: none"> <li>• Entitlement Offer Shares under the Entitlement Offer will commence trading on ASX on Tuesday 21 May 2024.</li> <li>• Entitlement Offer Options issued under the Entitlement Offer will commence trading on ASX on Tuesday 21 May 2024.</li> </ul>	<p>Section 3.16</p>
<p><b>When are the Placement Shares and Placement Options expected to commence trading?</b></p>	<p>As noted above, the issue of the Placement Shares and Placement Options is subject to shareholder approval at the EGM. Subject to shareholder approval being obtained, and the matters set out in the row immediately above, the Placement Shares and Placement Options are expected to commence trading on Tuesday 21 May 2024.</p>	<p>Section 3.18</p>

Topic	Summary	Reference for further information
<b>When are the Broker Options expected to commence trading?</b>	Quotation of the Entitlement Offer Shares and Entitlement Offer Options is subject to the Company satisfying conditions imposed by ASX. Subject to the satisfaction of those conditions and the reinstatement of the Company's shares to trading by ASX, the Company expects that the Broker Options will commence trading on ASX on Wednesday 22 May 2024.	Section 3.22
<b>When are the Executive Director Options expected to commence trading?</b>	Quotation of the Entitlement Offer Shares and Entitlement Offer Options is subject to the Company satisfying conditions imposed by ASX. Subject to the satisfaction of those conditions and the reinstatement of the Company's shares to trading by ASX, the Company expects that the Executive Director Options will commence trading on ASX on Tuesday 21 May 2024.	Section 3.23
<b>Can the Entitlement Offer be withdrawn?</b>	The Company reserves the right to withdraw the Entitlement Offer at any time before the issue of Entitlement Offer Shares to Eligible Shareholders.	Section 3.17
<b>Is the Entitlement Offer subject to Shareholder approval?</b>	No, the Entitlement Offer is not subject to Shareholder approval.	
<b>What are the tax implications of investing in the Entitlement Offer Shares?</b>	Tax consequences are dependent on the Eligible Shareholders particular circumstances. Eligible Shareholders should seek tax advice prior to deciding whether to invest.	Section 6.11

### 1.3 Key risks

Key general and specific risks relating to the Company and the Offer are detailed in Section 5 of this Prospectus. A summary of the most significant risks are detailed in the below table.

Key risk	Summary	Reference for further information
<b>Going concern</b>	<p>Atomos' Historical Financial Information has been prepared on a going concern basis, which assumes continuity of Atomos' normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.</p> <p>However, as set out in the Financial Information, Atomos incurred trading losses for FY23 and well as for H1 FY24. The Board believes that there is material risk that Atomos' ability to continue as a going concern depends on the success of the Offer, as this additional capital is required to fund the strategic initiatives that Atomos is proposing (see further discussion below on Turnaround Strategy). If the Offer does not complete, Atomos may not be able to continue as a going concern.</p> <p>In addition, there is no guarantee that a successful completion of the Offer, or a successful implementation of Atomos' strategic initiatives, will result in the Atomos business returning to profitability.</p>	Section 5.1(a)
<b>Turnaround Strategy</b>	<p>Atomos has implemented and, is proposing to implement, various strategic initiatives and cost saving strategies including the Costs Restructure (<b>Turnaround Strategy</b>) to return the business to profitability. The plan depends upon a number of assumptions regarding sales, gross margins and costs. Atomos may not realise all the benefits from the Turnaround Strategy and therefore the business may continue to trade unprofitability.</p> <p>Should Atomos continue to incur trading losses and a resultant material negative cashflow, there may be the need to raise further capital to sustain the business. There is no guarantee that Atomos will be able to raise such further capital.</p>	Section 5.1(b)
<b>Quotation</b>	<p>The Company's Shares are currently suspended from quotation. ASX has advised the Company that, assuming the Company complies with certain conditions (as summarised in section 3.16), it does not see any reason why it would not re-instate the Company's shares to quotation. If the Company does not satisfy those conditions, there is a risk that ASX will not reinstate the Company's shares to quotation, and that the Shares and Options issued under this Prospectus may not be issued or commence trading.</p>	Section 5.1(c)

Key risk	Summary	Reference for further information
<b>Termination of Underwriting Agreement if Shareholder approval is not obtained</b>	<p>Under the terms of the Underwriting Agreement, the Lead Manager is entitled to terminate the Underwriting Agreement in the event that the Company does not obtain Shareholder approval in relation to the issue of Shares and Options pursuant to the Placement and the Placement Offer. If this occurs, the Company intends to withdraw the Offers made under this Prospectus. As such, there is a risk that the Company will not proceed with the Offers if Shareholder approval is not obtained. In such circumstances, the Company will return all Application Monies received in relation to the Offers under this Prospectus.</p>	Section 5.1(d)
<b>Launch of new products fail to meet market expectations</b>	<p>Atomos always aims to produce products that meet the expectations of customers. Atomos faces a broad range of factors that impact the success of new product launches, including: pricing, changes in customer “user” preferences; competition; our ability to design, develop and deliver products or to support technology changes; effective education of and support from distributors; delays to product launches affecting reputation and customer confidence, as well as the effectiveness of marketing efforts.</p>	Section 5.1(e)
<b>Insufficient investment in R&amp;D and failure to rapidly innovate for changing technology</b>	<p>Atomos operates in a rapidly changing competitive environment and must ensure continuous efforts are maintained in the improvement of existing products and development of new products. Insufficient attraction of talented development and creative staff and under-allocation of resources hinder these efforts. A failure to innovate can damage perception with consumers.</p> <p>Continuous investment is required in the base product range as well as to bring new products and solutions to market for new and existing market segments.</p>	Section 5.1(f)
<b>Supply chain disruptions</b>	<p>Atomos sources components globally for the product range and actively manages component cost to ensure margin retention across the mix of products. Supply chain interruptions such as shortages of key components, production difficulties, production certification challenges or customs/transportation delays can lead to significant cost increases and inventory shortages which can negatively impact sales and margins.</p>	Section 5.1(g)



Key risk	Summary	Reference for further information
<b>Dependence on key distributors</b>	Atomos markets and sells its product range predominantly through an international high profile video technology distributor network. This network is a key supportive sales and marketing channel, however Atomos has traditionally had no formal distribution agreements. While Atomos has a wide end customer use base, a dispute with (or the loss of) a key distributor could materially impact Atomos' sales efforts. Additionally, a deterioration in the financial health of a distributor could lead to potentially material delays in cash collection and/or reduced sales.	Section 5.1(h)
<b>Ineffective sales and marketing strategy</b>	Atomos continues to adopt a growth strategy supported by a sales and marketing plan. Atomos' growth is dependent on the ability to deliver new products on time, to reach target customers and capitalise on strategic opportunities. Losing and being unable to attract talented executives and staff, unclear business strategies, incorrect pricing and competitors seizing such opportunities undermine Atomos' ability to retain and grow the business and its market share.	Section 5.1(i)
<b>Ineffective product lifecycle management</b>	Atomos operates in a rapidly changing competitive environment and inherently Atomos products remain at constant risk of being rendered unattractive by competitive offerings. New Atomos product launches also bring the potential risk of making existing Atomos products unattractive. Failure to adequately align customer demand and distribution channel inventory levels with production plans can result in insufficient or excessive inventory levels, which can lead to reduced sales or the need for higher discounting.	Section 5.1(j)
<b>Higher costs of production</b>	Atomos sources components globally for the product range and manufactures products from select key partners to supply the range of hardware products that Atomos sells. Economic pressures can cause component cost increases and the scarcity of key components can result in the need to source higher cost alternatives. Each of these scenarios drive higher costs of production and therefore reduced margins.	Section 5.1(k)

Key risk	Summary	Reference for further information
<b>Reputational damage</b>	Atomos is required to consistently provide products and product support that meets the expectations of its customers. Atomos must also ensure that key partnerships held with its distributors and suppliers are well maintained. Atomos must ensure that it complies with the terms of key agreements with suppliers, commercial partners and employees. Additionally, Atomos must ensure it remains compliant with regulatory requirements in the jurisdictions in which it operates and with the listing rules of the ASX. A failure in one or more of these areas could lead to reputational damage for the company which could lead to reduced customer engagement (and therefore sales) or negative investor perception (and therefore share price deterioration).	Section 5.1(l)
<b>Talent – attract and retain</b>	Atomos’ operating and financial performance is dependent on the ability to attract and retain top talent in a competitive environment, particularly in technology roles. This could be impeded through: poor hiring practices; inadequate training and development; poor culture or inadequate remuneration or progression opportunities for employees.	Section 5.1(m)
<b>Product warranty</b>	Atomos is liable to replace a defective product sold where the product is under warranty. Atomos is dependent on having talented designers and engineers as well as highly functioning quality control procedures to reduce the risk of product failure / quality issues. Products which fail can result in a significant cost to Atomos.	Section 5.1(n)
<b>Cyber security</b>	During FY2023, Atomos announced the introduction of Atomos Cloud providing customers with cloud-based workflow capabilities. Atomos is cognisant of the possibility of data breaches of customers’ personal information and the resulting impacts. Due to the Company’s reliance on information technology systems, the Company is at risk of being exposed to breaches of cyber security, notwithstanding the security systems implemented by the Company to prevent cyber security breaches. These risks could have a material impact on the Company’s business, operations, reputation, financial condition and performance, and may lead to potential or threatened litigation.	Section 5.1(o)
<b>Former CEO litigation</b>	The Company is in a legal dispute with Atomos’ former CEO. Whilst the Company is intending to defend the proceedings, there may be a material adverse effect on the Company’s business, reputation and financial performance depending on the outcome of the litigation.	Section 5.1(p)

Key risk	Summary	Reference for further information
<b>General litigation</b>	In the ordinary course of business, Atomos may be involved in litigation disputes from time to time. Such disputes brought by third parties including, but not limited to, customers, suppliers, business partners, employees and government bodies may adversely impact the financial performance and industry standing of the business, in the case where the impact of legal proceedings is greater than or outside the scope of Atomos' insurance. Such litigation could negatively impact the industry standing of Atomos, cause Atomos to incur unforeseen expenses, occupy a significant amount of management's time and attention and could negatively affect Atomos' business operations and financial position.	Section 5.1(q)
<b>Dividend distribution</b>	There is no guarantee that dividends will be paid on shares in the Company in the future, as this is a matter to be determined by the Board in its discretion and the Board's decision will have regard to, amongst other things, the financial performance and position of the Company, relative to its capital expenditure and other liabilities.	Section 5.1(r)
<b>Breach of third party intellectual property rights</b>	There is a risk that third parties may allege that the Company's products use intellectual property derived by them or from their products without their consent or permission. The Company may be the subject of claims which could result in dispute or litigation, which could result in the payment of monetary damages, cause delays and increase costs, which in turn could have an adverse impact on the Company's operations, reputation and financial performance.	Section 5.1)(s)
<b>Intellectual property</b>	The value of the Company's products depends in large part on the Company's ability to protect its intellectual property. The Company may be unable to detect the unauthorised use of its intellectual property rights in all instances, and action taken to protect its intellectual property may not be adequate or enforceable and actions taken to enforce its intellectual property rights may be costly and time consuming.	Section 5.1(t)
<b>Third party licence agreements on terms favourable to licensor</b>	The Company licences intellectual property and technology from third parties for incorporation into its products. The Company generally enters into licence agreements in relation to these arrangements which are on the licensors' standard terms and conditions which are more favourable to the licensor and include obligations for the Company to indemnify the licensors against third party intellectual property infringement claims which may expose the Company to potentially unquantifiable liability under these indemnification provisions.	Section 5.1(u)

Key risk	Summary	Reference for further information
<b>Failure to realise benefits from research and development</b>	An important element of the Company's business strategy is to continue to make investment in innovation and related product opportunities. The Company may not, however receive significant revenues from these investments for several years or may not realise such benefits at all.	Section 5.1(v)
<b>Country/region specific risks in new and/or unfamiliar markets</b>	The Company has operations in a number of overseas jurisdictions and is exposed to a range of different legal and regulatory regimes, including in new jurisdictions in which the Company is expanding or plans to expand its operations. The Company may be exposed to risks relating to non-compliance of foreign legal and regulatory regimes as a result.	Section 5.1(w)
<b>Failure to attract new customers</b>	Product capability, cost-effectiveness, customer support and value compared to competing products influences whether the Company will attract new customers and business, which may impact the Company's operating and financial performance.	Section 5.1(x)

---

## 2. Company Overview and Financial Information

### 2.1 Overview

Founded in 2009, Atomos is a global video technology company that enhances video content creation by producing products that connect the professional imaging and computer worlds, from the point of capture (camera) through to displaying (monitor), processing and recording of the latest high-quality video on to affordable computer media for creative enhancement and distribution of content or to internet and cloud based online workflows through very high-quality internet friendly formats.

The Company designs, develops and commercialises, award winning, simple to use and affordable monitor recorder and streaming products. These products not only enhance video content creation, but also democratise access to advanced video monitoring, processing and recording technologies, regardless of the camera, including phones or production technology they use. It is the breadth of application that the Board believes makes Atomos uniquely placed for growth in an era of fast growing video content creation.

By using the processing, streaming and recording capability of Atomos products, video creators can achieve enhanced recording quality, on sharp deep colour displays for greater flexibility and control onto lower-cost media, at the same time they can access a second internet friendly format for workflow enhancement and collaboration anywhere in the world via the internet. This streamlined workflow surpasses the limitations of standard camera functionality, empowering creators to achieve results that were once reserved for the most advanced cinema and television production setups.

Complimentary to Atomos' current hardware range of core monitor recorder products, the Company also produces a range of broadcast equipment, video converters and accessories such as cables, batteries, charging and mounting solutions that make content creation simpler.

In April 2022, Atomos launched Atomos Cloud Studio, a collection of cloud-based video production tools and services which are available to Atomos customers via B2B or B2C channels.





## 2.2 Products and Services Portfolio

Atomos offers a diverse range of products and services designed to enhance the video production and post-production workflow.

### (a) Products

Product	Description
<b>4K Monitor Recorders</b>	
	<p>Ninja Range (2 products)</p> <ul style="list-style-type: none"> <li>• Designed for both professional and enthusiast videographers; form factor easy to use on the go.</li> <li>• 5" high brightness (1000 nits) screen</li> <li>• HDMI only input/output (SDI upgrade with AMS Connect)</li> <li>• ProRes RAW, ProRes, DNxHR &amp; H.264</li> <li>• AtomOS 11 operating system + AtomHDR monitoring</li> <li>• Atomos Cloud connectivity – Ethernet, Wi-Fi, Cellular</li> </ul>
	<p>Shogun Range (2 products)</p> <ul style="list-style-type: none"> <li>• Premium feature set, designed for professional filmmakers and videographers.</li> <li>• 7" high brightness (2000 nits) screen</li> <li>• HDMI &amp; SDI inputs and outputs</li> <li>• ProRes RAW, ProRes, DNxHR &amp; H.265 in HD, 4K 6K and 8K</li> <li>• AtomOS 11 operating system + AtomHDR monitoring</li> <li>• Atomos Cloud connectivity – Ethernet, Wi-Fi, Cellular</li> </ul>
	<p>Zato</p> <ul style="list-style-type: none"> <li>• 5" high brightness (1000 nits) screen</li> <li>• HDMI only (SDI upgrade with Atomos Connect)</li> <li>• Records H.264</li> <li>• AtomOS 11 operating system + AtomHDR monitoring</li> <li>• Atomos Cloud connectivity – Ethernet, Wi-Fi, Cellular</li> </ul>
<b>4K Monitors only</b>	
	<p>Shinobi Range (2 products)</p> <ul style="list-style-type: none"> <li>• Lightweight, monitors tailored for both filmmakers and photographers, emphasising clarity and colour accuracy.</li> <li>• 5" and 7" high brightness (1000 nits) screen</li> <li>• HDMI only</li> <li>• No recording capability</li> <li>• AtomHDR monitoring</li> </ul>
<b>Production / Studio / Braodcast</b>	
	<p>SUMO Range</p> <ul style="list-style-type: none"> <li>• Larger format 19" monitor recorder – targeting studio usage</li> <li>• Ability to record ProRes RAW up to 6K</li> <li>• Quad SDI &amp; HDMI in/out</li> <li>• Record ProRes, ProRes, DNxHR,</li> </ul>
	<p>Shogun Studio 2</p> <ul style="list-style-type: none"> <li>• Rack mount 4K monitor recorder solution</li> <li>• Dual 7" screens with touchscreen interface</li> </ul>
<b>Pro AV, Accessories &amp; Other</b>	

Product	Description	
<b>4K Monitor Recorders</b>		
	Atomos Connect	<ul style="list-style-type: none"> <li>• Upgrades Ninja to include SDI input connection</li> <li>• Wireless timecode</li> <li>• Improved connectivity of Ethernet and WIFI 6</li> </ul>
	AtomX Cast,+ Ultra Sync + Accessories	<ul style="list-style-type: none"> <li>• AtomX cast is standalone switcher for 4x HDMI inputs</li> <li>• Ultra Sync enables synced wireless timecode of video</li> <li>• Range of 4K converters (SDI to HDMI or vice versa)</li> <li>• Range of accessories to compliment monitor recorder range including Media caddy's (SSD), mounting solutions, cases</li> </ul>

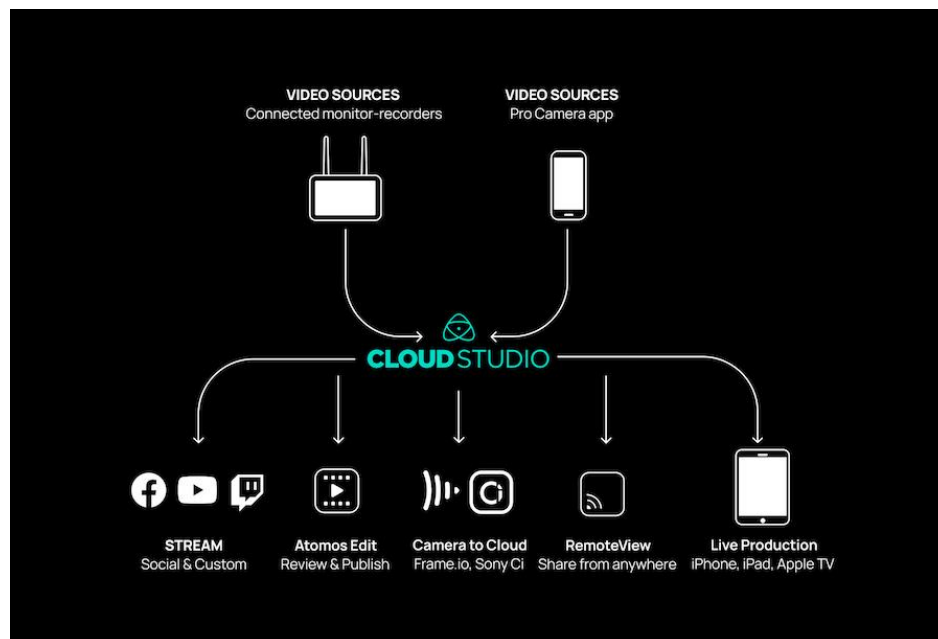
(b) Services - Atomos Cloud Studio

In April 2022, reflecting Atomos' vision to integrate and connect all 'on-set' products to facilitate direct cloud streaming and internet connectivity, Atomos launched Atomos Cloud Studio (**ACS**).

ACS is a collection of cloud-based video production tools, workflows and services that allow content creators to focus on their art, not the technology. ACS is the cloud infrastructure that supports Atomos connected range of hardware products. Leveraging Atomos, content creators are able to access camera-to-cloud, collaboration and review, cloud editing, live production, and much more.

Atomos now provides a unique offering with complete vertical integration of video capture hardware and cloud services, providing a gateway between cameras from all major manufacturers and the cloud, as depicted in Figure 1 below.

Figure 1: Atomos Cloud Studio



ACS services are available direct from Atomos (D2C) or via existing distribution channels.

## 2.3 Revenue Model

Atomos has built a revenue model based on providing valuable tools for video content creators. By partnering with dominant industry players and adopting a 'product-first' approach, Atomos strives to solve end-customer problems, fostering customer loyalty and a strong customer base.

In FY23, Atomos generated the majority of its revenue from the sale of monitor recorder products. The remaining revenue was generated from video and broadcast converters, cables, licensing, accessories and cloud services.

Atomos sells its products through a network of electronic, video and photo distributors across the world. These distributors then sell to a broad reseller and retailer network in each geographic region along with providing relevant education and support to enhance brand awareness. Atomos has long-standing relationships with many of its distributors. In specific regions, Atomos also sells directly to major resellers which have significant size and customer influence.

In FY23, approximately 39% of the Company's product sales were generated from the US region, with EMEA representing 41% of product sales and Asia Pacific representing 20%.

## 2.4 Proprietary Technology

### (a) Atomos OS (proprietary operating system)

Atomos has developed and built its own custom operating system ('**AtomOS**'). A key feature of Atomos products and a major value proposition for end users, AtomOS incorporates 'smart phone' style icons, and menu sliders to create an intuitive touch screen user interface. AtomOS is also responsible for facilitating important monitoring and recording tools used by video professionals such as exposure, zooming, colour



and focus peaking among others.

AtomOS includes AtomHDR, a proprietary image processing technology first deployed in 2016 for advanced LCD screens that for the first time allowed video professionals to view HDR on an in-field monitor as it would appear in post-production and on TV screens. This technology enhanced the ability of video professionals to use HDR technology – a shift toward ‘true to life’ image quality being shown on TV’s.

(b) **Atomos IC (Custom video SoC)**

Powering several of Atomos hardware products is a custom silicon chip called (**‘AtomIC 4’**), which leverages technology supplied by Xilinx (a US technology company) combined with Atomos’ in-house proprietary technology. AtomIC 4 is currently the platform powering the new Ninja V product along with a suite of other products.

(c) **Timecode Systems (TCS)**

Atomos acquired Timecode Systems in 2019. TCS enables content creators to wirelessly lock multiple video and/or sound sources together at point of shooting. Traditionally, timecode syncing has only been achieved by linking cameras and sound recorders via cables. The ability to now undertake wirelessly is a new evolution for the industry with Atomos having a number of patents over the IP.

(d) **Sensor technology (‘Sapphire’)**

Atomos has developed an award winning (Sapphire) 8K60p and high speed 4K video sensor capable of capturing video images suitable for use in mainstream DSLR cameras. Aside from big camera makers (i.e. Sony, Canon, etc) developing 8K sensor technology is limited given the level of expertise, time and capital required.

## **2.5 Strategic Technology Partners**

(a) **Apple**

Atomos’ relationship with Apple began in 2010 when the Company was granted a licence of Apple’s video recording format, ‘ProRes’, for use in its first monitor recorder product, Ninja 1. In 2018, Atomos entered into a licence agreement with Apple for the use of ProRes RAW, the next evolution in video recording formats, in its new products.

ProRes RAW offers users the benefits of working with RAW footage (uncompressed) without the primary drawbacks of large file sizes and lagging playback and editing performance due to limitations from conventional computing systems.

(b) **Global Camera Manufacturers**

Atomos’ products integrate with cameras from major global camera manufacturers. The Company has developed technical integrations with a number of camera manufacturers who provide access to their proprietary image processing algorithms, including how they process colour, brightness, and image clean up.

In addition, the Company works with several global camera manufacturers to either cross-promote or bundle products with camera manufacturers, which the Company believes validates Atomos’ value proposition in the video production workflow.

(c) **MAVIS (technology partner for Cloud services offering)**

In April 2022, Atomos announced Atomos Cloud Studio, developed in partnership with MAVIS, a UK based video technology company that provides broadcast solutions. As part of the partnership, Atomos entered an exclusive integrated services agreement for the sharing of the companies' respective technologies.

In October 2022, Atomos acquired a 10% shareholding in MAVIS, which it continues to hold.

**(d) Frame.io (an Adobe Company)**

In April 2022, Atomos announced a partnership with Frame.io (an Adobe company), which enabled Atomos 'Connect' range of hardware devices integrate with Frame.io's Camera to Cloud (C2C) workflow.

Frame.io (an Adobe company) is a leading video production collaboration platform, enabling video production teams to collaborate remotely on the same project. C2C allows real time transfer of footage directly from the camera to a collaborator, such as a director or editor, in another location. Since Atomos' devices work seamlessly with a wide range of cameras, this partnership helps Frame.io Camera to Cloud to reach many more content creators. In turn, Frame.io Camera to Cloud customers are incentivised to purchase Atomos' connected devices to further streamline their video production.

**(e) Axle AI Inc (technology partner for Cloud services offering)**

In April 2023, Atomos signed an integrated service agreement with Axle AI to leverage their cloud-based video editing and content management platform as part of offering to Atomos Cloud Studio customers.

## **2.6 FY23 Financial Performance**

FY23 was a challenging period for Atomos driven by a mix of internal and external factors that collectively resulted in a material decline in sales, excessive inventory levels, cash flow pressures and several Board and management changes. In addition, the Company has been suspended from trading on the ASX as of 28 February 2023.

During FY23, the Company appointed new auditors, Moore Australia Audit (Vic), with the FY23 audited financial accounts being lodged with the ASX on 19 December 2023.

Presented in Figure 2 is the audited Profit & Loss statement of the Company for the 12 months ending 30 June 2023 (**FY23**) compared to the prior 12 month period ending 30 June 2022 (**FY22**).

The Company delivered FY23 sales of A\$42.8m, down from A\$73.3m in the prior period. The decline in sales was driven by mix of factors including:

- FY22 benefited from the post COVID 'bubble', causing an increase in customer spending for video productions including associated video equipment;
- CEO and Board changes, creating internal distractions and impacting team cohesion and focus;
- US writers and actors strike, which began in late April 2023 and ended in late September, almost 5 months later; and
- macroeconomic impacts, including rising interest rates, inflation, and a broader

global economic spending slowdown, which include a significant de-valuation of major technology companies around the world.

The gross profit margin in FY23 fell to 11% compared to 39.3% in FY22. Contributing to this decline was inventory management and supply chain challenges which led to an excessive inventory holding that forced the Company to undertake large discounting activities during the year.

As a result of the above factors, the Company recorded an EBITDA loss of \$25.5m in FY23.

**Figure 2:– Profit and Loss (FY22 vs FY23)**

A\$m 30 June - Year End	FY22 Audited	FY23 Audited
Revenue	73.3	42.8
COGS	(44.5)	(38.1)
<b>Gross Profit</b>	<b>28.8</b>	<b>4.7</b>
<i>Gross Profit Margin %</i>	<i>39.3%</i>	<i>11.0%</i>
Variable operating costs	(5.7)	(4.0)
Fixed operating costs	(27.7)	(26.8)
Other income / forex	(0.4)	0.6
<b>EBITDA</b>	<b>(5.1)</b>	<b>(25.5)</b>
Depreciation & amortisation <sup>(a)</sup>	(3.9)	(3.0)
Finance costs	(0.5)	(2.1)
Impairments	-	(30.7)
<b>Profit (Loss) before income tax</b>	<b>(9.5)</b>	<b>(61.3)</b>
Capitalised R&D costs	(5.0)	(2.5)

(a) In line with AASB 16 accounting standards, rent expense of ~\$1m per annum is captured within depreciation and amortisation.

Recognising change was needed, the Board and management worked hard throughout FY23 and in H1 FY24 (as further explained below) to re-align the cost base and position the business in a way that is intended to enable future growth to be delivered profitably.

## 2.7 H1 FY24 Financial Performance<sup>3</sup>

Building upon various changes implemented in FY23, the Company has continued to improve its financial position throughout H1 FY24. For example, there has been:

- a reduction in inventory by approximately 62% from A\$28.8m (as at 30 June 2022) to A\$10.8m (as at 31 December 2023); and
- a reduction of the debt facility from A\$12m (as at 30 June 2022) to A\$5.1m, including capitalised interest (as at 31 December 2023), coupled with materially improved financial terms following the acquisition of the debt facility by Doma from Arrowpoint in October 2023 (refer ASX announcement on 13 October 2023).

Post H1 FY24, the limit on the debt facility was subsequently increased in February 2024 to \$8.0m, which was fully drawn as at end March 2024.

Presented in Figure 3 is the profit and loss for the 6 months ending 31 December 2023, taken from the Appendix 4D Interim Financial Statements (audit reviewed by Moore Australia) (H1 FY24), compared to the prior corresponding period (H1 FY23).

The Company delivered H1 FY24 sales of A\$17.4m, down ~18% on the prior corresponding period (pcp) (H1 FY23). As part of the refocused strategy (including under the leadership of the new management team), the Company has identified several opportunities (refer to Section 2.8) and is confident of improving sales growth in future periods.

Statutory gross profit margin increased to 31.3% in H1 FY24 compared to 22.5% in pcp. The improvement reflects the launch of several new Ninja and Shogun products coupled with the completion of market campaigns to clear old stock in the prior period.

The statutory gross profit margin included a \$1.2m of stock obsolescence provision (one-off item). Therefore, the underlying gross profit margin (excluding the provision) for H1 FY24 was 38.2%, a position the Company would expect to further improve upon in future periods following the launch of higher margin products.

The following table sets out the underlying gross margin percentage in H1 FY24 compared to H1 FY23.

<b>Underlying Gross Profit</b>	<b>H1'23</b>	<b>H1'24</b>
Revenue	21.1	17.4
<b>Statutory gross profit</b>	<b>4.8</b>	<b>5.5</b>
Obsolesce provision	1.2	1.2
<b>Underlying gross profit</b>	<b>5.9</b>	<b>7.0</b>
Statutory gross margin %	22.5%	31.3%
<b>Underlying gross margin %</b>	<b>28.1%</b>	<b>38.2%</b>

Variable costs, which include distribution and warranty and royalty expenses, are expected to remain at approximately 10% of sales moving forward, based on both historical analysis which the Company has no reason to believe will not continue into the future. In the event of a material increase to costs, the Company would look to recoup the increase by adjusting other pricing levers to hold variable costs at 10% or less of revenue.

The Company reduced its fixed operating costs (including capitalised Research and Development costs that were previously capitalised prior to FY24) by approximately 45% in

<sup>3</sup> H1 FY24 financial information contained in this Prospectus (including in this Section 2) is taken from the Company's 4D Financial Statements released on the ASX on 29 February 2024.

H1 FY24 (\$10.1m) compared to H1 FY23 (\$18.2m). This was primarily driven by a material headcount reduction from ~150 (at its peak during FY22) to 90 at the end of December 2023. Additionally, to improve transparency, as of H1 FY24, all R&D costs will be expensed through the P&L moving forward.

Atomos delivered an EBITDA loss of A\$5.8m in H1 FY24, which while not an acceptable outcome, is a material improvement compared to the loss of A\$12.7m in the prior period.

**Figure 3:– Statutory Profit and Loss (H1 FY24 vs H1 FY23)**

A\$m 31 December Half Year End	H1 FY23 Audit reviewed	H1 FY24 Audit reviewed
Revenue	21.1	17.4
COGS	(16.4)	(12.0)
<b>Gross Margin</b>	<b>4.8</b>	<b>5.5</b>
<i>Gross Margin %</i>	22.5%	31.3%
Variable operating costs	(2.2)	(1.7)
Fixed operating costs	(15.7)	(10.1)
Other income / forex	0.4	0.5
<b>EBITDA</b>	<b>(12.7)</b>	<b>(5.8)</b>
Depreciation & amortisation <sup>(a)</sup>	(2.1)	(0.8)
Finance costs	(1.3)	(0.8)
Impairments	(32.5)	-
<b>Profit (Loss) before income tax</b>	<b>(48.6)</b>	<b>(7.4)</b>
Capitalised R&D costs	(2.5)	-

(a) In line with AASB 16 accounting standards, rent expense of ~\$1m per annum is captured within depreciation and amortisation.

## 2.8 Path Forward – Refocus and Refresh

As part of this Offer, the Company is well positioned to deliver sustainable and profitable growth as it enters the next chapter of its journey with a clear strategy and experienced team now in place to execute on the growth plans.

The next chapter will be underpinned by two core pillars:

- refreshed Board and management team; and
- expanded product and services roadmap.

### (a) Refreshed Board and management team

- (i) Return of Atomos co-founder, Jeromy Young

Driving the refreshed Board and management team is the return of Atomos co-founder, Jeromy Young, who was appointed Managing Director and Chief Executive Officer on 4 January 2024.

Jeromy, who previously held the CEO title at Atomos for 10+ years, retired from Atomos executive duties in November 2021 to pursue other business and personal interests related to the creative video and technology industries. Jeromy now returns to Atomos, with several new products and creative workflows which will be incorporated into the Atomos roadmap immediately moving forward.

In a show of confidence in the future direction of the business, Jeromy has committed to invest A\$2m in the Placement, subject to shareholder approval being obtained.

(ii) Successful video entrepreneur, Peter Barber, has joined as Executive Director

Supporting Jeromy, in the role of Chief Operating Offer and Executive Director (refer to ASX announcement on 14 February 2024), is experienced and highly successful video technology entrepreneur, Peter Barber. Peter is a co-founder and remains a material shareholder in Blackmagic Design Pty Ltd, one of the world's leading video technology and colour grading software businesses.

Peter left Blackmagic Design as an executive in 2017 to spend more time with family and pursue other business interests in Singapore. Peter is excited by the opportunity to return to a hands-on executive position and brings a wealth of experience that will be invaluable as Atomos seeks to rebuild the business.

In show of confidence to the future direction of the business, Peter has committed to invest A\$2m in the Placement, subject to shareholder approval being obtained.

(iii) Other Board and management changes

Announced to the ASX on 4 January 2024, after almost seven years with the business, Chief Financial Officer (CFO), James Cody, resigned to pursue other business interests. Atomos is in the process of undertaking a search process for a replacement CFO. While the Company has sufficient resourcing internally to manage the finance function in the interim period, Ben McAlister has been appointed to act as Financial Advisor to the Board and to the CEO to oversee financial operations. Ben has 25+ years public and private markets experience as a chartered accountant whilst also holding several senior positions including, most recently, CFO of Doma and Head of Private Equity Investments.

As part of Jeromy's transition to the CEO role, on 4 January 2024, after 10+ years with Atomos Trevor Elbourne resigned as Managing Director and CEO.

Furthermore, as announced on Friday 12 April 2024 and as part of the Company's Board refresh, after 7 years on the Board Sir Hossein Yassaie will retire as a Non-Executive Director of the Company on completion of the Offer.

Paul Greenberg will remain in the position of Non-Executive Chair. James Joughin will remain as an Advisor to the Board, with a focus on Remuneration, Audit and Risk Management.

Over time and when the Company is in a stronger financial position, the

Company expects to further strengthen the Board with appropriate skill sets and experience.

**(b) Expanded product and services roadmap**

(i) Overview

Atomos has a clear product roadmap moving forward which is underpinned by hardware expertise and supported by cloud services and infrastructure to enhance and automate global video production workflows.

(ii) Aligning the product roadmap with future workflows

As video technology and content creator workflows evolve, in the Company's view the next generation of production for social media, pro video and entertainment (which are Atomos' core markets), will be more integrated than today. Products and services on set will connect for automation to produce videos faster, with higher quality results than obsoleting manual production techniques.

The key first step to being able to lead as a solutions provider in an automated production setting is being able to produce all key products on set. Atomos already plays a major role in the camera and monitor ecosystem in every production, however does not play in the essential lighting of the camera scene. Atomos will move into lights that light the camera scene completing the essential devices on set all being offered by Atomos. These lights will be wirelessly controlled by existing Atomos devices using the Time code systems RF wireless technology (AirGlu). Simplistically, hardware products will be connected on set and to the internet through the Atomos Cloud Membership and over time the integration of hardware and software services will be improved, with the end goal of AI automated production.

(iii) New Products and Markets

## Ninja Phone - Now your phone can be a Ninja too!



In April 2024, Atomos announced the Ninja Phone, a unique HDMI to USB-C, professional adaptor that securely attaches to the back of an iPhone 15 Pro or iPhone 15 Pro Max to create the world's first Apple ProRes driven high resolution monitor-recorder. The Ninja Phone will enable connection to any professional camera (Nikon, Panasonic, Canon, Fuji, Sony, etc) with an uncompressed HDMI output to Apple's magnificent OLED screen.

Atomos has made the Ninja Phone for the thousands of content creators who capture, store and share video from their iPhone 15 Pro but aspire to work with professional cameras, lenses and microphones. The Ninja Phone will cost USD\$/€399 excluding local sales taxes and is expected to begin shipping in June 2024.

**ATOMOS**

**NINJA PHONE**  
Now phones can be Ninjas too

Ninja your iPhone 15 Pro or Pro Max into a 1600nit, 10-bit, 2,000,000:1 contrast ratio, 460ppi, HDR OLED Monitor-recorder for any pro HDMI camera, only \$399.

**ProRes**

#C4931



## Sun Dragon Lights



Atomos is developing a portfolio of new products and market opportunities that it believes complement the existing flagship business.

In particular, the product strategy will expand into complementary video product verticals such as flexible LED Camera and Studio Lighting (expected to grow at CAGR of 9% to US\$1.5B industry by 2030)<sup>4</sup>.

In April 2024, Atomos announced the Sun Dragon, a unique 'sun spectrum' range of LED lights. The lights are a flexible strip light design that can be placed anywhere, using a unique bend, shape, and mount technology. The lights will be sold via existing sales channels to a similar customer base who already know and use Atomos products.

Atomos expects to launch this new range of products by the end of Q4 FY24.

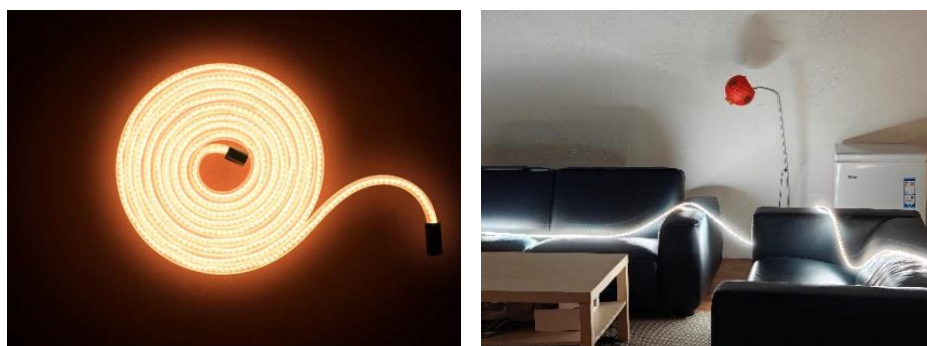
Atomos is confident the new LED lights will be successful due to the following factors:

- Atomos has an existing and well-established sales channel;
- End customer is the same as Atomos current customer;

<sup>4</sup> Report by 360iresearch: LED Light for Camera Market by Product (Panel Light, Ring Light, Rope Light), Model (Off-Camera, On-Camera), Device Type, Application, Sales Channel, End-User - Global Forecast 2023-2030.

- R&D and product testing has already been largely completed;
- Manufacturing agreements are well progressed;
- Several competitive advantages in that they are waterproof, more flexible, up to 75% less expensive and light-weight with a sleek design; and
- Electronically controlled wirelessly using in house.

**Figure 4: Images of SunDragon**



(iv) All products to leverage Atomos Cloud Membership

Over the next 12 months, Atomos is seeking to accelerate user take-up of its cloud-based production software services by offering free membership with all Series 2 hardware purchases. Atomos will progressively release new features establishing a cloud studio, a core workflow within content creators' production processes with the opportunity to monetise in the future. While it is not expected to generate material revenue or earnings in the short term it will be a core platform from which Atomos will look to build ongoing annuity style revenue and earnings in the medium term.

## 2.9 Financial Outlook

The Company is expecting H2 FY24 sales to exceed H1 FY24 sales of A\$17.4m, driven by new management implementing proven sales strategies, coupled with the launch of new products. In April 2024, the Company announced two new products, Ninja Phone and Sun Dragon, both of which are scheduled to ship in June 2024. The Company generated sales of approximately \$8.5m in Q3 FY24, noting this is historically its lower quarter for sales. In addition, the Company has already received strong interest from distributors around the world for the new products and expects to recognise some of the sales in FY24. The Company expects to generate approximately \$2.5m+ of sales in June from new products, in addition to sales from existing products which have averaged approximately \$8.6m per quarter for FY24 YTD (9 months). In the event the Company is unable to ship new products in June, the new product sales will not be recognised in the FY24 year (and therefore there is a risk that H2 FY24 sales may not exceed H1 FY24 sales).

Atomos has over the past few months continued to make significant restructuring initiatives to its operating cost base in order to reduce trading losses. Please refer to the Company's H1 FY24 Results and Trading Update released to ASX on 29 February 2024 for further information. As a result of these restructuring initiatives which will be completed over the balance of the FY24 financial year (**Costs Restructure**), the annualised fixed operating

costs are expected to be approximately A\$16m by the end of FY24 financial year. The savings have been driven by a decrease in staff costs (primary driver) coupled with a full review of all operating costs such as property leases and professional services.

Based on the reduced cost base following completion of the Costs Restructure, the Company expects EBITDA breakeven to be achieved on approximate annualised sales of ~A\$45m (excluding one-off items). The revised position follows a detailed bottom-up review of the financials by the new management team.

## 2.10 Use of Proceeds

Presented below is a summary of the use of funds raised under the Entitlement Offer and the Placement, excluding any additional funds raised via the exercise of attaching Options.

On completion of the Entitlement Offer and the Placement, the Board believes the Company will have sufficient working capital to achieve its stated objectives.

Additionally, if all of the Options are exercised, the Company will raise an additional \$16.5m in cash. It should be noted however that any future exercise of the Options is at the sole discretion of the Option holder and cannot be guaranteed.

Use of Funds	Value	Description
Debt facility repayment (including capitalised interest)	\$8.3m	Post raise Atomos will have no outstanding amounts owing under its external debt facility
Costs Restructure	\$1.0m	Primarily related to redundancy costs
New products	\$1.4m	In relation to development and stocking of new products
Working capital	\$4.3m	Working capital (which comprises seasonal trading losses along with movements in inventory, accounts receivables, creditors and various other intra-month cash movements such as for employee payments)
Costs of Offer	\$1.0m	Estimate of various costs (legal, advisory, registry) in undertaking the capital raise
<b>Total</b>	<b>\$16.0m</b>	

## 2.11 Pro Forma Balance Sheet – Post Offer

Presented in Figure 5 is a summary of the financial position of Atomos, comprising:

- audit reviewed consolidated historical statement of financial position as at 31 December 2023 (**December 2023 Balance Sheet**);
- unaudited consolidated historical statement of financial position as of 29 February 2024 (**February 2024 Balance Sheet**),

(**the Historical Financial Information**); and

- a pro forma consolidated historical statement of financial position as at 29 February 2024 (the **Pro Forma Historical Financial Information**),

(together, the **Financial Information**).

The basis of preparation and presentation of the Financial Information is summarised below.

The information in this Section 2.11 should also be read in conjunction with the key risks set out in Section 5 and other information contained in this Prospectus.

In addition to capital raised under the Offer, Atomos is reviewing, in the event of upside demand, the potential to use additional working capital solutions to support future growth in new product inventory, which may include a mix of:

- Debt Facility – the Company is in early discussions with select potential low-cost funders to provide a debt facility to the Company. However, there is no guarantee any such facility will eventuate.
- Exercise of Options – based on A\$16m being raised under the Entitlement Offer and Placement, if all Options (including Broker Options and Executive Director Options) issued are exercised prior to their expiry date at an exercise price of \$0.03, this would result in further cash inflow to the Company of A\$16.5m.

## Figure 5: – Historical Financial Information and Pro Forma Historical Financial Information

Note: Figures are subject to rounding.

A\$m	Dec-23 Audit reviewed	Feb-24 Mgmt Accts	Debt Increase <sup>(a)</sup>	Capital Raise <sup>(b,c)</sup>	Feb-24 Pro Forma <sup>(d)</sup>
Cash	1.5	1.5		7.8	9.3
Trade and other receivables	3.2	2.6			2.6
Inventories	10.8	10.9			10.9
Other current assets	3.1	2.5			2.5
<b>Other current assets</b>	<b>18.6</b>	<b>17.5</b>	<b>-</b>	<b>7.8</b>	<b>25.3</b>
PPE	1.1	1.0			1.0
Right of use assets	4.7	4.5			4.5
Other non-current assets	1.4	1.4			1.4
Financial assets	1.8	1.8			1.8
<b>Total assets</b>	<b>27.6</b>	<b>26.2</b>	<b>-</b>	<b>7.8</b>	<b>34.0</b>
Trade and other payables	(11.9)	(11.8)	2.0		(9.8)
Borrowing – credit cards	(0.2)	(0.2)			(0.2)
Provisions	(2.7)	(2.6)			(2.6)
Lease liabilities	(5.6)	(5.4)			(5.4)
Borrowings	(5.1)	(6.1)	(2.2)	8.3	-
<b>Total Liabilities</b>	<b>(25.5)</b>	<b>(26.2)</b>	<b>(0.2)</b>	<b>(8.3)</b>	<b>(18.0)</b>
<b>Net assets</b>	<b>2.1</b>	<b>0.1</b>	<b>(0.2)</b>	<b>16.1</b>	<b>16.0</b>

- (a) In February 2024, the Company increased the limit of the current debt facility with Domazet FT3 Pty Ltd as trustee for The Domazet Family Trust (**Debt Facility**) from \$5.0m to \$8.0m along with extending the maturity date to 31 March 2025. At the end of February 2024 the Company drew down on a further \$1.0m and in March 2024 the Company drew down on a further \$2.0m, being the remaining headroom in the Debt Facility. As of 31 March 2024, the Debt Facility is now fully drawn. The \$2.0m funds drawn in March were directly applied to reducing trade and other payables. The interest accrual for Q3 FY24 (Qtr. ended 31 March 2024) was \$0.2m.
- (b) Debt Facility limit is \$8.0m with remaining balance being capitalised interest incurred under the Debt Facility.
- (c) Assumes gross cash proceeds from the capital raise of \$16.0m
- (d) Proforma cash balance assumes gross proceeds; costs of the Offer expected to be approximately \$1.0m.

### (e) Further notes on the Financial Information

#### Basis of Preparation

The Directors are responsible for the preparation and presentation of Financial Information.

The December 2023 Balance Sheet has been derived from the half year Appendix 4D Financial Accounts of the Company for the half year period ending 31 December

2023, which was audit reviewed by Moore Australia.

An unqualified audit opinion was issued by Moore Australia, which included an emphasis of matter regarding a material uncertainty in relation to the Atomos' ability to continue as a going concern. The financial report of Atomos for the half year ended 31 December 2023 is available from the ASX website ([www.asx.com.au](http://www.asx.com.au)).

The December 2023 Balance Sheet has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

The February 2024 Balance Sheet is unaudited and has been derived from month-end financial accounts prepared by Atomos management.

The Pro Forma Historical Financial Information has been derived from the February 2024 Balance Sheet, after adjusting for pro forma transactions to reflect the impact of additional debt being drawn during March 2024 coupled with impacts of the Entitlement Offer and the Placement, as if the Entitlement Offer and Placement occurred on 29 February 2024.

The Pro Forma Historical Financial Information has been prepared on the assumption that the Entitlement Offer is fully subscribed and that Shareholders approve the Placement at the EGM. Any proceeds that may be paid on exercise of any of the Options issued under the Offer have not been considered in preparing the Pro Form Historical Financial Information.

The significant accounting policies adopted in the preparation of the Historical Financial Information and the Pro Forma Historical Financial Information included in this section are the same as those used in the preparation of the Company's financial report for the half-year ending 31 December 2023, available from the ASX website ([www.asx.com.au](http://www.asx.com.au)).

#### Going concern

The Historical Financial Information and Pro Forma Historical Financial Information has been prepared on a going concern basis, which assumes continuity of the Company's normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half year ended 31 December 2023, Atomos generated revenue of A\$17.4m, incurred a loss before income tax of A\$7.4m and reported negative cash flows of A\$2.0m from operating activities.

As at 31 December 2023, Atomos had cash and cash equivalents of A\$1.5m and borrowings related to the Debt Facility of A\$5.1m (which included \$0.1m of capitalised interest), with a net asset position of \$2.1m. As of 29 February 2024, the Company had cash and cash equivalents of \$1.5m and borrowings related to the Debt Facility of A\$6.1m (which included \$0.1m of capitalised interest), with a net asset position of \$0.1m.

The Entitlement Offer and Placement are expected to result in a material strengthening of the Company's balance sheet, as indicated in Figure 5 above, which includes the repayment of all outstanding amounts under the Debt Facility. The Company also expects that the reduction in the Company's costs, and other restructuring initiatives implemented as part of the Costs Restructure, will further

strengthen the Company's balance sheet. (The impact of these benefits has not been included in the Pro Forma Historical Financial Information.)

Assuming successful completion of the Entitlement Offer and the Placement, the Directors consider the going concern basis of preparation of the financial information contained in the Prospectus is appropriate and the capital raised will be adequate to repay outstanding debt and otherwise meet the Company's needs.

Assuming successful completion of the Entitlement Offer and the Placement, the Directors also consider the going concern basis of preparation to be appropriate given that the Entitlement Offer and the Placement will provide the capital required to execute the remainder of the Company's Turnaround Strategy, and will materially increase the Company's working capital position. Additionally, the Company will have sufficient working capital to develop and invest in new products. Where appropriate, the Company may seek new debt funding to assist in working capital requirements over time, to more efficiently utilise cash resources. Assuming successful completion of the Entitlement Offer and the Placement, the Company does not require additional debt funding to deliver upon the current growth plans.

The Company has appropriately provisioned for expected legal costs relating to the litigation matter against the former CEO.

The Historical Financial Information and Pro Forma Historical Financial Information do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor the classification of liabilities that might be necessary should the Company not continue as a going concern.

#### Other Information

The Historical Financial Information and the Pro Forma Historical Financial Information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The Pro Forma Historical Financial Information is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view on its future financial position. In particular:

- it does not take into account the impact of the Company's operations and cash generated or utilised by the Company from 29 February 2024 to completion of the Offer;
- it has not been prepared on a fully diluted basis meaning that it assumes that none of the Options are exercised; and
- it does not take into account the potential impact of the benefits of the Costs Restructure.

---

### 3. Details of the Offer and How to Apply

Except as expressly stated otherwise, this Section describes the Entitlement Offer and how Eligible Shareholders can take up their Entitlements under the Entitlement Offer. References to “you” are references to Eligible Shareholders and references to “your Entitlements” (or “your Entitlement and Acceptance Form”) are references to the Entitlements (or Entitlement and Acceptance Form) of Eligible Shareholders.

Details of the Placement Offer, the Broker Offer and the Executive Director Offer are set out in Sections 3.21, 3.22 and 3.23 respectively.

#### 3.1 Overview of the Entitlement Offer

The Company intends to raise up to A\$8 million (before costs) under the Entitlement Offer. The Company is also undertaking the Placement and is seeking to raise gross proceeds of A\$8 million (before costs), at the same price as the Offer Price (but the shares issued under the Placement will not participate in the Entitlement Offer).

Under the Entitlement Offer, Eligible Shareholders are being offered 1 Entitlement Offer Share for every 1 existing Share at an Offer Price of A\$0.02 per Entitlement Offer Share, together with one 1 free quoted Entitlement Offer Option (exercisable at A\$0.03 on or before 30 November 2025) for every two (2) Entitlement Offer Shares issued under the Entitlement Offer.

The Offer Price represents a discount of approximately 69.2% to the last close price of \$0.065 of Shares on the ASX on 27 February 2023, being the last day of trading in the Company’s Shares (noting the company has been in suspension as of 28 February 2023).

There is no minimum subscription to participate in the Entitlement Offer.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Prospectus. Eligible Shareholders may subscribe for all or part of their Entitlement.

The Entitlement Offer is non-renounceable, which means that Eligible Shareholders may not sell or transfer any of their Entitlements.

All of the Entitlement Offer Shares issued under the Entitlement Offer will rank *pari passu* with the Shares currently on issue. Additional information regarding the rights and liabilities attaching to the Entitlement Offer Shares can be found in Section 6.1. Information regarding the rights and liabilities attaching to the Entitlement Offer Options can be found in Section 6.2.

The choices available to Eligible Shareholders in respect of the Entitlement Offer are described in Section 3.11. The Entitlement Offer is scheduled to close at 5:00PM (AEST) on Monday 13 May 2024.

Eligible Shareholders should be aware that an investment in the Company involves risks. The key risks identified by the Company are set out in Section 5.

Eligible Shareholders should consider the Entitlement Offer in the light of their particular investment objectives and circumstances. Eligible Shareholders wishing to participate in the Entitlement Offer should refer to the instructions set out in section 3.13 of this Prospectus to understand how they may accept the Entitlement Offer and receive their Entitlement.



### **3.2 Purpose of Entitlement Offer and impact on capital structure**

Details on the purpose of the Entitlement Offer and impact of the Entitlement Offer on the capital structure (and potential effects on control of the Company) are set out in Section 4 of this Prospectus.

### **3.3 Eligibility to participate in Entitlement Offer**

The Entitlement Offer is only available to Eligible Shareholders, who are those holders of Shares who:

- (a) are registered as a holder of Shares as at the Record Date;
- (b) have an address on the Company share register in Australia, New Zealand or the United Kingdom and any other jurisdiction determined by the Company as at the Record Date;
- (c) are not in the United States or a US Person or acting for the account or benefit of a person in the United States or a US Person; and
- (d) are eligible under all applicable laws to receive and participate in the Entitlement Offer.

Shareholders who do not satisfy each of these criteria are Ineligible Shareholders. Please also refer to Section 3.12 for further information regarding Ineligible Shareholders.

The Company may (in its absolute discretion) extend the Entitlement Offer to any Shareholders in other foreign jurisdictions (subject to compliance with applicable laws).

The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and is therefore able to participate in the Entitlement Offer, or an Ineligible Shareholder and is therefore unable to participate in the Entitlement Offer. The Company disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

The Entitlement Offer is not being extended to any Shareholders outside Australia, New Zealand and the United Kingdom, unless otherwise determined by the Company. By returning a completed Entitlement and Acceptance Form or making a payment by BPAY or cheque, you will be taken to have represented and warranted that you satisfy each of the criteria listed above. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

### **3.4 Oversubscription Applications**

Eligible Shareholders who take up their Entitlements in full may subscribe for Additional Entitlement Offer Shares in excess of their Entitlements by making an Oversubscription Application. This can be done by lodging an Oversubscription Application for a dollar amount of Additional Entitlement Offer Shares.

If you subscribe for Additional Entitlement Offer Shares, you will also receive 1 free Entitlement Offer Option for every 2 Additional Entitlement Offer Shares that you subscribe for and are issued.

Subject to this Prospectus and applicable legal and regulatory requirements, there is no cap on the amount of Additional Entitlement Offer Shares that Eligible Shareholders can apply to take up through their Oversubscription Applications.

The Application Monies payable will be equal to the Offer Price multiplied by the total of the number of the Entitlement Offer Shares comprising your Entitlement and the number of Additional Entitlement Offer Shares that you wish to take up – you will need to calculate this number yourself. Any Application Monies received for more than your full Entitlement will be treated as applying for as many Additional Entitlement Offer Shares as it will pay for in full at the Offer Price.

Additional Entitlement Offer Shares will only be available to the extent that there are Entitlements under the Entitlement Offer that are not taken up by Eligible Shareholders. If you apply for Additional Entitlement Offer Shares, there is no guarantee you will be allocated any.

The price for the Additional Entitlement Offer Shares will be \$0.02 per share, being the price at which Shares have been offered under the Entitlement Offer.

All decisions regarding the allocation of Additional Entitlement Offer Shares will be made by the Board. Any decision regarding the allocation of the Additional Entitlement Offer Shares will be final and binding on all applicants; as such there is no guarantee that any Additional Entitlement Offer Shares applied for will be issued.

If the total amount of Oversubscription Applications is greater than the amount of Additional Entitlement Offer Shares available under the Entitlement Offer, then those Oversubscription Applications will be scaled back on a pro rata basis (i.e. the proportion the Eligible Shareholder's shareholding represents of the total shareholding of all Eligible Shareholders that have lodged an Oversubscription Application).

The Company will only issue Shares under the Entitlement Offer where the Directors are satisfied, in their discretion, that the issue of such Shares will not increase a Shareholder's voting power in contravention of the takeovers prohibitions in the Corporations Act.

### **3.5 Entitlements and acceptance**

Your Entitlement is set out in the accompanying personalised Entitlement and Acceptance Form and has been calculated as 1 Entitlement Offer Share for every 1 existing Share you hold as at the Record Date. As set out above, you are also entitled to receive 1 Entitlement Offer Option for every two 2 Entitlement Offer Shares subscribed for under the Entitlement Offer.

If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Details on your options and how to apply under the Entitlement Offer are set out respectively in Sections 3.11 and 3.13 of this Prospectus.

Any fractional entitlements will be rounded to the nearest whole number of Entitlement Offer Shares and Entitlement Offer Options, with a fractional entitlement of 0.5 being rounded up.

If you decide to take up all or part of your Entitlement, or apply for Additional Entitlement Offer Shares, please refer to the personalised Entitlement and Acceptance Form and apply for Entitlement Offer Shares (and Additional Entitlement Offer Shares, if applicable) and attaching Entitlement Offer Options, pursuant to the instructions set out on the personalised Entitlement and Acceptance Form.

The Company reserves the right (in its absolute discretion) to reduce the number of Entitlement Offer Shares and Entitlement Offer Options allocated to Eligible Shareholders or

persons claiming to be Eligible Shareholders if their claims prove to be incorrect or overstated or if they fail to provide information to substantiate their claims.

### **3.6 Reconciliation**

The Entitlement Offer is a complex structure and in some cases investors may believe that they owned more Shares on the Record Date than they do. This may result in a need for reconciliation to ensure all Eligible Shareholders have the opportunity to receive their full Entitlement.

The Company may need to issue a small quantity of additional Entitlement Offer Shares to ensure all Eligible Shareholders have the opportunity to receive their appropriate allocation of Entitlement Offer Shares. The price at which these Entitlement Offer Shares would be issued, if required, is the same as the Offer Price.

The Company reserves the right to reduce the number of an Entitlement or Entitlement Offer Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees fail to provide information requested to substantiate their entitlement claims, or if they are Ineligible Shareholders.

### **3.7 Underwriting and role of Lead Manager**

The Entitlement Offer is fully underwritten by the Lead Manager, being Henslow Pty Ltd (ACN 605 393 137 AFSL 483168). The Company and the Lead Manager have entered into an underwriting agreement, with a summary of the key terms set out in Section 4.5 of this Prospectus.

The Lead Manager may appoint sub-underwriters to sub-underwrite the Entitlement Offer.

The Entitlement Offer will be fully sub-underwritten by Doma, a substantial shareholder of the Company holding approximately 17.65% of the Company's issued shares as at the date of this Prospectus. Further information in respect to Doma's sub-underwriting is provided at section 4.6.

The Lead Manager has also been appointed as the lead manager of the Entitlement Offer and Placement. A summary of the key terms of this mandate are set out in section 4.7 of this Prospectus.

Broker Options will be issued to the Lead Manager (or its nominee) as part consideration for lead manager services provided by the Lead Manager in relation to the Entitlement Offer and Placement. The Broker Options will be issued on the same terms and conditions as the Options. Only the Lead Manager may accept the Broker Options.

### **3.8 Nominees**

The Entitlement Offer is only being made to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (e.g. for the purposes of determining whether any such persons may participate in the Entitlement Offer).

Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compliant with applicable foreign laws. Any person that is in the United States or is a US Person with a holding through a nominee may not participate in the Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be in the United States or a US Person.

The Company assumes no obligation to advise you on any foreign laws.

### **3.9 Removal of trading restrictions**

Section 707(3) of the Corporations Act requires a prospectus to be given to investors to otherwise enable a person issued securities without disclosure under Chapter 6D to then on-sell the securities within 12 months of issuance.

The Company is precluded from relying on the exception to this requirement granted under Section 708A(5) of the Corporations Act, due to the Company's recent suspension from trading. However, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
  - (i) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

Accordingly, this Prospectus has also been prepared for the purpose of removing any trading restrictions that may have attached to:

- Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the closing date of the Entitlement Offer, pursuant to section 708A(11)(b)(i) of the Corporations Act; and
- the Placement Shares to be issued by the Company without disclosure under Chapter 6D of the Corporations Act on or around Monday 20 May 2024, pursuant to section 708A(11)(b)(ii) of the Corporations Act

### **3.10 Risks**

As with any securities investment, there are risks associated with investing in the Company. Having regard to the risks applicable to the Company and its business, Eligible Shareholders should be aware that an investment in the Entitlement Offer Shares and attaching Entitlement Offer Options offered under this Prospectus should be considered speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, you should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 5 of this Prospectus) and should consider all factors in light of your personal circumstances and seek appropriate professional advice.

### **3.11 Options available to you**

If you are an Eligible Shareholder, you may take any one of the following options:

Option	Action
Take up all of your Entitlement	<p>If you take up and pay for all of your Entitlement in accordance with the instructions below, before the close of the Entitlement Offer, you will be issued your Entitlement Offer Shares and Entitlement Offer Options with respect to your Application on Monday 20 May 2024.</p>
Take up all of your Entitlement and also apply for Additional Entitlement Offer Shares in excess of your Entitlement	<p>If you take up and pay for all of your Entitlement, before the close of the Entitlement Offer, you will be issued your Entitlement Offer Shares and Entitlement Offer Options on Monday 20 May 2024.</p> <p>If you take up your Entitlement in full, you may apply for Additional Entitlement Offer Shares in excess of your Entitlement.</p> <p>The Company's decision on the number of Additional Entitlement Offer Shares to be allocated to you will be final.</p> <p>Additional Entitlement Offer Shares will only be available to the extent that there are Entitlements under the Entitlement Offer that are not taken up by Eligible Shareholders. If you apply for Additional Entitlement Offer Shares, there is no guarantee you will be allocated any.</p> <p>If the total amount of Oversubscription Applications is greater than the amount of Additional Entitlement Offer Shares available under the Entitlement Offer, then those Oversubscription Applications will be scaled back on a pro rata basis (i.e. the proportion the Eligible Shareholder's shareholding represents of the total shareholding of all Eligible Shareholders that have lodged an Oversubscription Application).</p> <p>Other than to the extent that Additional Entitlement Offer Shares are issued to you, any surplus Application Monies received for more than your Entitlement will be refunded as soon as practicable after the close of the Entitlement Offer (except for where the amount is less than A\$5, in which case it will be donated to a charity chosen by the Company). Refunds will be made by sending a cheque in the post to the address the Company records on its share register for you on or around the Allotment Date, as applicable. No interest will be paid to Eligible Shareholders on any Application Monies received or refunded (wholly or partially).</p>
Take up part of your Entitlement	<p>If you elect to take up and pay for part of your Entitlement in accordance with the instructions below, before the close of the Entitlement Offer, you will be issued Entitlement Offer Shares (and applicable Entitlement Offer Options) with respect to that part of your Entitlement on Monday 20 May 2024.</p>
Do nothing	<p>If you take no action or your Application is not supported by cleared funds, you will not be issued any Entitlement Offer Shares or Entitlement Offer Options.</p> <p>By doing nothing, you will forgo any exposure to increases or decreases in the value of the Entitlement Offer Shares and Entitlement Offer Options had you taken up your Entitlement. Your percentage shareholding in the Company will also be diluted to a greater degree than if you had participated in the Entitlement Offer to the full extent of your Entitlement.</p>

### 3.12 Ineligible Shareholders

The Company has decided that it is unreasonable to make offers under the Entitlement Offer to Shareholders who are holders of Shares and who have registered addresses outside Australia, New Zealand and the United Kingdom, having regard to the number of such holders in those places and the number and value of Shares and Options that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places. As a result, these Shareholders will not be able to participate in the Entitlement Offer, unless otherwise determined by the Company.

Ineligible Shareholders are not eligible to participate in the Entitlement Offer. However, the Entitlements that Ineligible Shareholders would otherwise have been entitled to will instead be issued to Berne No 132 Nominees Pty Ltd (**Nominee**), who the Company has appointed to sell the Entitlement Offer Shares and Entitlement Offer Options on a best endeavours basis.

The Nominee will have the absolute and sole discretion to determine the timing, the price at which the Entitlement Offer Shares and Entitlement Offer Options will be sold.

The net proceeds above the Offer Price (in Australian dollars), if any, of the sale of the relevant Entitlement Offer Shares and Entitlement Offer Options will be distributed to the Ineligible Shareholders pro rata in proportion to their respective shareholdings as at the Record Date (after deducting costs, including costs of the sale and costs of distributing the proceeds). There is no assurance that the Nominee will be able to sell the Entitlement Offer Shares and Entitlement Offer Options issued pursuant to the Ineligible Shareholder's Entitlements at an offer price that will result in Ineligible Shareholders receiving any net proceeds for their Entitlement Offer Shares and Entitlement Offer Options such that Ineligible Shareholders may receive no value for their Entitlement Offer Shares and Entitlement Offer Options.

Neither the Company nor the Nominee will be subject to any liability for failure to sell the Entitlement Offer Shares and Entitlement Offer Options that would have been offered to Ineligible Shareholder or to sell them at a particular price. There is no guarantee that any proceeds will be realised from the sale of the Entitlement Offer Shares and Entitlement Offer Options or that any net proceeds will be available for distribution to the Ineligible Shareholders. Any Entitlement Offer Shares and Entitlement Offer Options not sold may be covered by the partial underwriting.

The Company has received in-principle approval from ASIC to the appointment of the Nominee for the purposes described in this Section 3.12 and section 615 of the Corporations Act.

### 3.13 How to accept your Entitlement

#### Australian shareholders

If you are a shareholder residing in Australia and you decide to take up all or part of your Entitlement, or take up all of your Entitlement and also apply for Additional Entitlement Offer Shares in excess of your Entitlement, please:

- (a) pay your Application Monies via BPAY; or
- (b) complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies via cheque, by following the instructions set out on the personalised Entitlement and Acceptance Form.

If payment of the Application Monies is made via BPAY, you do not need to return the Entitlement and Acceptance Form as your acceptance and details are recorded electronically.

The Application Monies payable will be equal to the Offer Price multiplied by the total number of Entitlement Offer Shares comprising your Entitlement and the number of any Additional Entitlement Offer Shares that you may wish to take up (which you will need to

calculate). Any Application Monies received for more than your full Entitlement will be treated as applying for as many Additional Entitlement Offer Shares as it will pay for in full at the Offer Price.

To participate in the Entitlement Offer, your payment must be received no later than the close of the Entitlement Offer, being 5:00PM (AEST) on Monday 13 May 2024. It is recommended that Australian Eligible Shareholders wishing to accept their Entitlement by returning a completed Entitlement and Acceptance Form consider postage times to ensure that ample time is given for the completed Entitlement and Acceptance Form and requisite Application Monies to be received prior to 5:00PM (AEST) on Monday 13 May 2024.

#### *New Zealand and United Kingdom shareholders*

If you are a shareholder residing in New Zealand or the United Kingdom and you decide to take up all or part of your Entitlement, or take up all of your Entitlement and also apply for Additional Entitlement Offer Shares in excess of your Entitlement, please complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies via EFT, by following the instructions set out in the additional Option Letter sent to New Zealand and United Kingdom shareholders.

The Application Monies payable will be equal to the Offer Price multiplied by the total number of Entitlement Offer Shares comprising your Entitlement and the number of any Additional Entitlement Offer Shares that you may wish to take up (which you will need to calculate). Any Application Monies received for more than your full Entitlement will be treated as applying for as many Additional Entitlement Offer Shares as it will pay for in full at the Offer Price.

To participate in the Entitlement Offer, your payment must be received no later than the close of the Entitlement Offer, being 5:00PM (AEST) on Monday 13 May 2024. It is recommended that Eligible Shareholders located in New Zealand and the United Kingdom wishing to accept their Entitlement by returning a completing Entitlement and Acceptance Form consider postage times to ensure that ample time is given for the completed Entitlement and Acceptance Form and requisite Application Monies to be received prior to 5:00PM (AEST) on Monday 13 May 2024.

### **3.14 Payment methods**

#### **(a) Payment by BPAY**

For payment by BPAY, please follow the instructions on your personalised Entitlement and Acceptance Form (which includes the biller code and your unique Customer Reference Number (**CRN**)). You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions. Please note that should you choose to pay by BPAY:

- (i) you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that personalised Entitlement and Acceptance Form; and
- (ii) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of Entitlement Offer Shares as is covered in full by your Application Monies.

When completing your BPAY payment, please make sure to use the specific biller code and unique CRN provided on your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form (i.e., where you have multiple holdings), please only use the CRN specific to

the Entitlement on that form. If you inadvertently use the same CRN for more than one of your Entitlements when paying by BPAY, you will be deemed to have taken up your Entitlement and applied for Additional Entitlement Offer Shares over and above your Entitlement on that holding to which that CRN applies and your applications in respect of your other CRNs will be deemed to have been rejected and will lapse.

Should you choose to pay by BPAY it is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 5:00PM (AEST) on Monday 13 May 2024. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. The Company takes no responsibility for any failure to receive Application Monies or payment by BPAY before the Entitlement Offer closes arising as a result of, among other things, delays in postage or processing of payments by financial institutions.

**(b) Payment by cheque**

Payments made via cheque from an Eligible Shareholder accepting their Entitlement or a buyer subscribing for Entitlement Offer Shares following the sale of an Entitlement is to be made in Australian dollars, marked “Not Negotiable” and made payable to “Atomos Limited”. Please ensure that the cheque and relevant forms are received by the Share Registry on or before 5:00PM (AEST) on Monday 13 May 2024 and consider applicable postage time.

**(c) Payment by EFT (New Zealand and United Kingdom Shareholders only)**

Payments may be made via EFT for New Zealand and United Kingdom Shareholders only. Payments made via EFT are to be made in Australian dollars and paid to the nominated trust account for Atomos Limited. Please ensure that the EFT payment and relevant forms are received by the Share Registry on or before 5:00PM (AEST) on Monday 13 May 2024 and consider applicable postage time. Instructions on how to make payments by EFT are set out in the Option Letter.

**3.15 Confirmation of your Application and managing your holding**

You may access information on your shareholding, including your Record Date balance and the issue of Entitlement Offer Shares or Additional Entitlement Offer Shares from this Entitlement Offer, and manage the standing instructions the Share Registry records on your holding on the share registry website [www.investorserve.com.au](http://www.investorserve.com.au). To access the share registry, you will need your Security Reference Number (**SRN**), or Holder Identification Number (**HIN**) as shown on your Issuer Sponsored or CHESSE statements and you will need to pass the security requirements on the site. To log into the Share Registry the Shareholder will need to use the username and password that they have already established. If they do not have one, they can contact the Share Registry by phone fax or mail to update details, but identification processes will need to be gone through.

**3.16 ASX quotation and trading**

The Company will apply for quotation of the Entitlement Offer Shares, Entitlement Offer Options, Placement Options and Broker Options on ASX.

The Company's Shares have been suspended from official quotation since 28 February 2023. ASX has advised the Company that, based solely on the information provided to ASX, ASX sees no reason why the securities of the Company should not be reinstated to official quotation, subject to compliance with the following conditions precedent:



- The Company giving ASX final copies of the investor presentation for the Offer, and Appendix 4C and quarterly activities report for the period ended 31 March 2024, ASX confirming that it has no further comments or queries regarding these materials, and the Company lodging them on the Market Announcements Platform (**MAP**).
- The Company lodging this Prospectus on MAP with the following statements and information included:
  - a working capital statement similar to that required by Listing Rule 1.3.3(a) to the effect that following completion of the Placement and Entitlement Offer, AMS will have sufficient working capital to carry out its stated objectives. A statement to this effect is included in Section 2.10 of this Prospectus;
  - a statement to the effect that on completion of the Offers the Directors consider the going concern basis of preparation of the financial information contained in the Prospectus is appropriate and the capital raised will be adequate to repay outstanding debt and otherwise meet the Company's needs. A statement to this effect is included in Section 2.11 of this Prospectus; and
  - a proforma statement of financial position following completion of the Offers based on accounts as at a date no more than 2 months prior to the date of this Prospectus. Please refer to Section 2.11 of this Prospectus for the statement of financial position.
- Completion of the issue of shares under the Offers.
- The Company lodging on MAP an announcement in a form satisfactory to ASX prior to reinstatement confirming completion of the issue of shares under the Offers and containing any other information required or requested by ASX for disclosure to the market including the following:
  - confirmation of receipt of cleared funds;
  - a statement confirming the Company is in compliance with the ASX Listing Rules and is not aware of any reason its securities should not be reinstated to quotation;
  - the Company disclosing its current quarters funded following the completion of the Offers and addressing the questions in section 8.6 of the Appendix 4C template.
- Lodgement of all outstanding Appendices 2A, 3B and 3G (if any) with ASX for issues of new securities.
- Lodgement of any outstanding Director's Interest Notices, being either Appendix 3Xs, 3Ys, or 3Zs, as required.
- Payment of any ASX fees, including listing fees, applicable and outstanding.
- Provision of the following documents, in a form suitable for release to the market:
  - A statement setting out the names of the 20 largest holders of each class of securities to be quoted, including the number and percentage of each class of securities held by those holders.

- A distribution schedule of the numbers of holders in each class of security to be quoted, setting out the number of holders in the following categories:
  - 1-1,000
  - 1,001-5,000
  - 5,001-10,000
  - 10,001 - 100,000
  - 100,001 and over
- A statement outlining the Company's capital structure.

If the Company does not satisfy ASX's conditions for re-quotation, or if re-quotation is not granted for any other reason, re-quotation of the Company's existing Shares will not occur, the Shares and Options offered pursuant to this Prospectus will not be issued, and Application Monies will be refunded to Applicants without interest.

Further, if the Company does not receive sufficient Applications to meet the requirements for quotation of a second class of securities (being the Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options) under the ASX Listing Rules, the Company will not issue any Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options and will refund all Application Monies received for the Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options (which will be \$nil as they are free attaching options) within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant quotation of the Shares and Options offered pursuant to this Prospectus is not to be taken in any way as an indication of the merits of the Company, or the Shares or Options issued under the Offer.

It is expected that, if quotation is granted by ASX, the quotation and trading of Entitlement Offer Shares will commence on or about Tuesday 21 May 2024 (on a normal settlement basis), and the Entitlement Offer Options will commence on or about Tuesday 21 May 2024 (on a normal settlement basis).

Holding statements for the Entitlement Offer Shares, Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options will be mailed in accordance with the ASX Listing Rules as soon as practicable after their issue. It is the responsibility of each Applicant to confirm their holding before trading in Shares or Options. Any Applicant who sells Shares or Options before receiving their confirmation of issue will do so at their own risk. The Company, the Share Registry and the Lead Manager disclaim all liability in tort (including negligence), statute or otherwise, to any person who trades in Shares or Options before receiving their confirmation of issue, whether on the basis of a confirmation of issue provided by the Company, the Share Registry or the Lead Manager, or otherwise.

### **3.17 No withdrawal or cooling-off rights**

You cannot withdraw your Application once it has been accepted. Cooling-off rights do not apply to an investment in Entitlement Offer Shares.

The Company reserves the right to withdraw the Entitlement Offer at any time before the issue of Entitlement Offer Shares and Entitlement Offer Options to Eligible Shareholders, in which case the Company will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

### 3.18 Warranties made on acceptance of the Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY (or EFT, for United Kingdom and New Zealand Shareholders), you will be deemed to have acknowledged, represented and warranted that you, and each person on whose account you are acting:

- (a) acknowledge that you have fully read and understood both this Prospectus and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Prospectus and the Entitlement and Acceptance Form;
- (b) agree to be bound by the terms of the Entitlement Offer, the provisions of this Prospectus and the Company's Constitution;
- (c) authorise the Company to register you as the holder(s) of Entitlement Offer Shares and Entitlement Offer Options issued to you;
- (d) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (e) declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (f) acknowledge that once the Company receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY (or EFT, for United Kingdom and New Zealand Shareholders), you may not withdraw your Application or funds provided except as allowed by law;
- (g) agree to apply for and be issued with up to the number of Entitlement Offer Shares specified in the Entitlement and Acceptance Form (and related number of Entitlement Offer Options), or for which you have submitted payment of any Application Monies via BPAY (or EFT, for United Kingdom and New Zealand Shareholders), including, in each case, any Additional Entitlement Offer Shares (and related number of Entitlement Offer Options), at the Offer Price per Entitlement Offer Share;
- (h) authorise the Company, the Lead Manager, the Share Registry and any of their respective officers or agents to do anything on your behalf necessary for Entitlement Offer Shares and Entitlement Offer Options to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- (i) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) acknowledge that the information contained in this Prospectus and your Entitlement and Acceptance Form is not investment advice or financial product advice nor have they been prepared taking into account your investment objectives, financial circumstances or particular needs or circumstances;
- (k) acknowledge that this Prospectus and your Entitlement and Acceptance Form is not a recommendation that Entitlement Offer Shares or Entitlement Offer Options are suitable for you given your investment objectives, financial situation or particular needs;

- (l) acknowledge that you have read and understood the risks set out in this Prospectus and that investments in the Company are subject to a high degree of risk;
- (m) acknowledge that none of the Company, the Lead Manager, or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of the Company, nor do they guarantee the repayment of capital;
- (n) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (o) authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- (p) represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Entitlement and Acceptance Form, nor does it prohibit you from making an Application for Entitlement Offer Shares (or Additional Entitlement Offer Shares); and
- (q) represent and warrant that your acceptance of the Entitlement Offer does not breach any laws in a jurisdiction outside Australia, New Zealand and the United Kingdom or any other applicable jurisdiction.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY (or EFT, for United Kingdom and New Zealand Shareholders), you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are an Eligible Shareholder (as defined in the *'Additional information'* section) or otherwise eligible to participate in the Entitlement Offer and:

- (a) you are not in the United States or a US Person;
- (b) you and each person on whose account you are acting are not in the United States or a US Person, and are not otherwise a person to whom it would be illegal to make an offer of or issue of Entitlements or Entitlement Offer Shares under the Entitlement Offer and under any applicable laws and regulations;
- (c) the Entitlement Offer Shares and Entitlement Offer Options have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, and, accordingly, the Entitlement Offer Shares and Entitlement Offer Options may not be offered or sold in the United States or to US Persons, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (d) understand and acknowledge that the Entitlement Offer Shares and Entitlement Offer Options may only be sold outside the United States to non-US Persons in *'offshore transactions'* (as defined in and in compliance with Regulation S under the US Securities Act);
- (e) you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer to any person in the United States or any US Person, or a person that is acting for the account or benefit of a person in the United States or a US Person, or elsewhere outside Australia, New Zealand and the United Kingdom;

- (f) if in the future you decide to sell or otherwise transfer the Entitlement Offer Shares and/or Entitlement Offer Options, you will only do so in regular transactions on ASX where neither you nor any person acting on your behalf know, or have reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or a US Person; and
- (g) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form (i) is resident in Australia, New Zealand and the United Kingdom and (ii) is not in the United States or a US Person, or elsewhere outside Australia, New Zealand and the United Kingdom.

### **3.19 Inconsistency**

The terms and conditions of the Entitlement Offer set out in this Prospectus prevail to the extent of any inconsistency with the Entitlement and Acceptance Form.

### **3.20 Further information**

Please consult with your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Entitlement Offer.

If you have any questions on how to:

- complete your personalised entitlement and acceptance form; or
- take up the Entitlement Offer Shares offered to you under the Entitlement Offer, either in full or in part; or
- take up your full Entitlement and apply for Additional Entitlement Offer Shares,

please call the Share Registry between 8.30am and 5.30pm (Sydney time) Monday to Friday during the period from and including the date on which the Entitlement Offer opens until and including the date on which it closes:

Within Australia: 1300 737 760

Outside Australia: +61 2 9290 9600

### **3.21 Placement Offer**

Subject to obtaining Shareholder approval at the EGM, this Prospectus also includes a separate offer of 200,000,000 options to the Participating Directors (or their nominees) and Eligible Institutional Investors, representing 1 free quoted Option for every 2 Placement Shares issued under the Placement.

The offer price of the Placement Shares is the same as the Offer Price for the Entitlement Offer Shares, and the terms of the Placement Options are the same as the terms for the Entitlement Offer Options and Broker Options. The Placement Options will be issued in the same class as the Entitlement Offer Options.

Allocations under the Placement and Placement Offer will be as follows:

- (a) Jeromy Young (or his nominee): 100,000,000 Shares and 50,000,000 Options;
- (b) Peter Barber (or his nominee): 100,000,000 Shares and 50,000,000 Options;

- (c) Paul Greenberg (or his nominee): 5,000,000 Shares and 2,500,000 Options; and
- (d) Institutional investors: 100,000,000 Shares and 50,000,000 Options.

Assuming Shareholder approval for the issue of the Placement Shares and Placement Options is obtained at the EGM, and assuming the Placement is fully subscribed, the Company will raise gross proceeds of A\$8 million (before costs) pursuant to the issue of the Placement Shares.

If all of the Placement Options are exercised, the Company will receive approximately \$4.5 million. However, the exercise of the Placement Options is entirely at the discretion of the holder.

The issue of the Placement Shares and Placement Options is conditional upon the Company obtaining Shareholder approval at the EGM under ASX Listing Rule 7.1 and, in relation to the issue of Shares and Options to the Participating Directors, to the issue of Shares and Options to the Company's related parties under ASX Listing Rule 10.11. The EGM is scheduled to be held on or about Thursday 16 May 2024, for which a notice of meeting is expected to be dispatched on or about Tuesday 16 April 2024.

If Shareholder approval is not received, the Company will not proceed with the Placement and the Placement Offer and no Placement Shares or Placement Options will be issued to Participating Directors or institutional investors that have submitted applications under the Placement and the Placement Offer and all funds received by the Company under the Placement will be refunded to applicants without interest.

Only the Participating Directors (or their nominee) and Eligible Institutional Investors may accept the Placement Offer. A personalised Application Form in relation to the Placement Offer will be issued to the Participating Directors (or their nominees) and Eligible Institutional Investors together with a copy of this Prospectus.

### **3.22 Broker Offer**

Pursuant to the Mandate Letter and the Underwriting Agreement, this Prospectus also includes a Broker Offer to the Lead Manager to subscribe for 50,000,000 Broker Options as part of the consideration for the services provided by the Lead Manager to the Company in relation to the capital raising.

The issue of the Broker Options is subject to Shareholder approval at the EGM. If Shareholders do not approve the resolution to issue the Broker Options, the issue of the Broker Options will be conducted under the Company's ASX Listing Rule 7.1 capacity and the Company will seek Shareholder ratification of the issue at a subsequent general meeting, so as to refresh the Company's placement capacity under ASX Listing Rule 7.1.

The Broker Options are on the same terms as the Entitlement Offer Options and the Placement Options and will be issued in the same class as those Options. Quotation of the Options is subject to a number of conditions imposed by ASX, as summarised in section 3.16. If the Company satisfies those conditions, it is expected that the Broker Options will commence trading on ASX on Wednesday 22 May 2024.

If all of the Broker Options are exercised, the Company will receive approximately A\$1.5 million. However, the exercise of the Broker Options is entirely at the discretion of the holder.

Applications for Broker Options can only be made by the Lead Manager and must be made using a Broker Offer Application Form accompanying this Prospectus.

### 3.23 Executive Director Offer

Subject to obtaining Shareholder approval at the EGM, this Prospectus also includes a separate offer of 100,000,000 Executive Director Options to the Executive Directors (or their nominees).

The terms of the Executive Director Options are the same as the terms for the Entitlement Offer Options, the Placement Options and the Broker Options.

Allocations under the Executive Director Offer will be as follows:

- (a) Jeromy Young (or his nominee): 50,000,000 Executive Director Options; and
- (b) Peter Barber (or his nominee): 50,000,000 Executive Director Options.

The purpose of the Executive Director Offer is:

- to recognise the valuable contributions made by the Executive Directors since the commencement of their appointment with the Company, including through the contribution of customer and supplier relationships, technology and industry know-how and the development of new products;
- to incentivise and reward the Executive Directors in light of the reduced salaries that they have each agreed to be paid (to ease the cash burden on the Company) and the lack of any other incentive arrangements being provided to the Executive Directors as part of their agreed remuneration packages; and
- to further incentivise the Executive Directors in delivering on the Company's restructure and re-capitalisation plan, and to further align the interests of the Executive Directors with Shareholders.

If all of the Executive Director Options are exercised, the Company will receive approximately \$3 million. However, the exercise of the Executive Director Options is entirely at the discretion of the holder.

The issue of the Executive Director Options is conditional upon the Company obtaining Shareholder approval at the EGM under ASX Listing Rule 10.11. The EGM is scheduled to be held on or about Thursday 16 May 2024, for which a notice of meeting is expected to be dispatched on or about Tuesday 16 April 2024.

If Shareholder approval is not received, no Executive Director Options will be issued to the Executive Directors under the Executive Director Offer.

Only the Executive Directors (or their nominee) may accept the Executive Director Offer. A personalised Application Form in relation to the Executive Director Offer will be issued to the Executive Directors together with a copy of this Prospectus.

---

## 4. Purpose and Effect of the Offer

### 4.1 Use of proceeds

The Company is seeking to raise approximately A\$8 million under the Entitlement Offer. As announced on Friday 12 April 2024, the Company is also seeking to raise up to A\$8 million under the Placement.

The gross proceeds of the Entitlement Offer and the Placement will be used:

- \$8.3m – to repay the existing external debt facility (including capitalised interest);
- \$1.0m – for costs associated with the Costs Restructure, including redundancies;
- \$1.4m – in relation to development and stocking of new products;
- \$4.3m – for working capital (which comprises seasonal trading losses along with movements in inventory, accounts receivables, creditors and various other intra-month cash movements such as for employee payments); and
- \$1.0m – for costs associated with the Offer and the Placement.

Entitlement Offer Options will also be issued under the Entitlement Offer. If all Eligible Shareholders participate in the Entitlement Offer (which will include the issue of free Entitlement Offer Options), if fully exercised before their expiry, the issue of the Entitlement Offer Options, Placement Options, Broker Options and the Executive Director Options could potentially raise a further A\$16.5 million (before costs), on an approximate basis.

### 4.2 Effect on capital structure

A table setting out the effect of the Offer and Placement on the capital structure of the Company is set out below:

<b>Shares and Options (in millions)</b>	<b>Number (if the Placement, Placement Offer, Broker Offer and Executive Director Offer are approved at the EGM, the Placement is fully subscribed and \$8.0m raised under Entitlement Offer)</b>
<b>Shares currently on issue</b>	402,230,851
<b>Entitlement Offer Shares to be issued</b>	402,230,851
<b>Placement Shares to be issued</b>	400,000,000
<b>Total Shares</b>	1,204,461,702
<b>Unquoted performance rights currently on issue</b>	170,378
<b>Entitlement Offer Options to be issued</b>	201,115,426
<b>Placement Options to be issued</b>	200,000,000
<b>Broker Options to be issued</b>	50,000,000



Shares and Options (in millions)	Number (if the Placement, Placement Offer, Broker Offer and Executive Director Offer are approved at the EGM, the Placement is fully subscribed and \$8.0m raised under Entitlement Offer)
Executive Director Options to be issued	100,000,000
Total share capital (on a fully diluted basis)	1,755,747,506

#### 4.3 Pre-commitments

##### (a) Directors

The Company has obtained commitments from Paul Greenberg and Jeromy Young that they will take up their Entitlements under the Entitlement Offer in full.

Additionally, Jeromy Young, Peter Barber and Paul Greenberg have committed to participate in the Placement.

Below is a table setting out the relevant interests of the Directors before and following completion of the Offer and the Placement:

Director	At the Record Date	On completion of the Entitlement Offer, Placement and Placement Offer
Paul Dennis Greenberg	300,000 Shares	5,600,000 Shares 2,650,000 Options
Jeromy Young	96,037 Shares	100,192,074 Shares 100,048,019 Options
Peter Barber	Nil	100,000,000 Shares 100,000,000 Options
Sir Hossein Yassaie	2,438,937 Shares	2,438,937 Shares

#### 4.4 Effect on control

##### (a) Dilution

Eligible Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted.

If all Entitlements were accepted by Eligible Shareholders to the full extent, then the Entitlement Offer itself will not result in any material change to the control of the Company.

However, as the Company is conducting the Placement alongside the Entitlement Offer, the holdings of Eligible Shareholders will be diluted as a result of the Placement Shares issued under the Placement, even if they accept their Entitlement in full.

In the more likely event that some Eligible Shareholders do not take up all of their Entitlement under the Entitlement Offer, then the interests of those Eligible Shareholders in the Company will be diluted even further relative to those Eligible Shareholders who subscribe for their full Entitlement, or those Eligible Shareholders who take up their full Entitlement and subscribe for additional Shares pursuant to an Oversubscription Application.

*(b) Substantial shareholders (excluding Doma)*

The table below sets out the voting power of the substantial shareholders of the Company (excluding Doma) before and after the issue of Shares under the Entitlement Offer and the Placement, assuming that each of the Entitlement Offer and the Placement are fully subscribed and that either (i) the substantial shareholders take up their full entitlements under the Entitlement Offer or (ii) the substantial shareholders do not take up their entitlements.

Shareholder	Voting power as at the date of this Prospectus	Potential voting power following completion of the Entitlement Offer and Placement assuming full take-up of Entitlements	Potential voting power following completion of the Entitlement Offer and Placement assuming no take up of Entitlements
Regal Partners Ltd	14.0%	9.3%	4.7%
Ellerston Capital Ltd	10.4%	6.9%	3.5%

*(c) Effect on control*

The potential effect the Entitlement Offer will have on the control of the Company and the consequences of that effect will depend on a number of factors, including the extent to which Eligible Shareholders take up their Entitlements and any Additional Entitlement Offer Shares. The impact of the potential exercise of the Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options will also have an effect of the control of the Company.

However, it is noted that Doma is a sub-underwriter of the Entitlement Offer. In circumstances where Doma is required to subscribe for shares under the Entitlement Offer in its capacity as sub-underwriter to the Entitlement Offer, Doma's shareholding in the Company may increase above its current shareholding percentage, thereby affecting the control of the Company.

On the basis that Doma takes up its full entitlement under the Entitlement Offer, Doma's voting power in the Company is expected to be:

- (i) up to 39.3% following completion of the Entitlement Offer and Placement and assuming 100% shortfall;
- (ii) up to 30.4% following completion of the Entitlement Offer and Placement and assuming all Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options are exercised (other than the exercise of Entitlement Offer Options held by Doma).

The number of shares that ultimately will be required to be taken up by Doma, and therefore the increase in Doma's relevant interest in the voting shares of the Company as a result of

the Entitlement Offer and associated sub-underwriting, will depend on how many Entitlement Offer Shares are taken up under the Entitlement Offer by persons other than Doma and its associates, including by the other sub-underwriters (if any).

The table below sets out Doma's approximate relevant interests in the Company following completion of the Entitlement Offer and Placement under several scenarios (including to show the impact of the exercise of the Options, other than the Options that may be exercised by Doma):

Event	Voting power of Doma		
	Assuming no Options issued under this Prospectus exercised	Fully diluted basis (all Options issued under this Prospectus exercised, except those held by Doma)	Fully diluted basis (all Options issued under this Prospectus exercised, including those held by Doma)
<b>100% take up by Eligible Shareholders under the Entitlement Offer</b>	11.8%	8.2%	10.1%
<b>75% take up by Eligible Shareholders under the Entitlement Offer</b>	18.7%	13.4%	17.2%
<b>50% take up by Eligible Shareholders under the Entitlement Offer</b>	25.5%	18.8%	24.3%
<b>25% take up by Eligible Shareholders under the Entitlement Offer</b>	32.4%	24.5%	31.3%
<b>0% take up by Eligible Shareholders under the Entitlement Offer (other than the Sub-Underwriters)</b>	39.3%	30.4%	38.4%

The above table assumes that Doma takes up all of its rights under the Entitlement Offer and reflects that Doma will not participate in the Placement.

Accordingly, following completion of the Entitlement Offer and the Placement and on the assumption that the Underwriting Agreement is not terminated, Doma's voting power in the Company will be no less than 11.8% and will not exceed 39.3% (assuming no Options issued under the Offer or the Placement have been exercised). In the unlikely event there is 0% take-up by Eligible Shareholders under the Entitlement Offer and only Doma exercises its Options (ie all Options issued under this document are not exercised), Doma's voting power will be a maximum of approximately 46.3%.

#### 4.5 Underwriting

The Entitlement Offer is lead managed and fully underwritten by the Lead Manager pursuant to the Underwriting Agreement. The Lead Manager is not currently a Shareholder and is not a related party of the Company for the purposes of the Corporations Act.

The material terms and conditions of the Underwriting Agreement are summarised below:

### ***Fees, costs and expenses***

The Lead Manager will be entitled to:

- (a) a selling, management and underwriting fee equal to 5.0% of the proceeds of the Entitlement Offer;
- (b) a selling and management fee equal to 5.0% of the proceeds of the Placement;  
and
- (c) 50,000,000 Broker Options to be issued to the Lead Manager (or its nominee(s)).

The Company will also be required to reimburse the Lead Manager for certain costs and expenses incurred by the Lead Manager in relation to the Entitlement Offer, the Placement and the Placement Offer.

### ***Termination Events***

As is customary with these types of arrangements, the Lead Manager is entitled to terminate its obligations under the Underwriting Agreement in the following circumstances:

- (a) The Lead Manager is entitled to terminate its obligations under the Underwriting Agreement if:
  - (i) **(Shareholder approval not obtained)** The Company does not obtain shareholder approval at the EGM in relation to the issue of the Placement Shares and the Placement Options.
  - (ii) **(Listing)** The Company ceases to be admitted to the official list of ASX or the Shares are suspended from trading on, or cease to be quoted on ASX or it is announced by ASX or the Company that such an event will occur.
  - (iii) **(Insolvency)** The Company or a subsidiary which represents 5% or more of the consolidated assets or earnings of the Group is insolvent or there is an act or omission, or a circumstance arises, which is likely to result in the Company or the subsidiary becoming insolvent.
  - (iv) **(Withdrawal)** The Company withdraws all or any part of the Entitlement Offer, the Placement or Placement Offer.
  - (v) **(Offer force majeure)** There is an event or occurrence, including any statute, order, rule, regulation, directive or request of any governmental agency, which makes it illegal for the Lead Manager to satisfy a material obligation of the Underwriting Agreement or to market, promote or settle the Entitlement Offer, the Placement or the Placement Offer.
  - (vi) **(Unable to issue)** The Company is unable to issue or is prevented from issuing any Placement Shares or Entitlement Offer Shares (or any attaching Options) by virtue of the ASX Listing Rules, applicable laws, a governmental agency or an order of a court of competent jurisdiction.
  - (vii) **(Regulatory action in relation to affairs of the Company)** Any regulatory body commences any public enforcement action or investigation against the Company, or any director or the chief executive officer or chief financial officer of the Company in relation to the affairs of the Company, or publicly announces that it intends to take any such action or commence such investigation.
  - (viii) **(Change in management)** There is a change (or a change is announced) in the chief executive officer, chief financial officer or chairman of the Company not otherwise disclosed to the ASX or to the Lead Manager prior to the date of the Underwriting Agreement.

- (ix) **(Capital structure)** Except as contemplated by the Offer, there is an alteration to the Company's capital structure in a material respect without the prior consent of the Lead Manager.
- (x) **(Supplementary prospectus)** A supplementary prospectus is lodged by the Company without the prior written consent of the Lead Manager or must be lodged under section 719.
- (xi) **(Market fall)** The S&P/ASX Small Ordinaries Index falls to a level which is 10% or more below the level of that index on the close of trading on the business day before the date of the Underwriting Agreement and closes at or below that level on:
  - (A) any two consecutive business days after the date of the Underwriting Agreement and on or before the business day immediately prior to the settlement date of the Entitlement Offer; or
  - (B) at the close of trading on the business day immediately prior to the settlement date of the Entitlement Offer.
- (xii) **(ASIC action)** Certain actions are taken (or notice is given of certain actions to be taken) by ASIC against the Company or any of its officers, employees or agents in relation to the Entitlement Offer, the Placement or Placement Offer (and the associated issue of Shares and disclosure) that have not otherwise been withdrawn or dismissed by certain dates.
- (xiii) **(Application)** A governmental agency (including the Takeovers Panel) issues an adverse order, declaration or other remedy in connection with the Entitlement Offer, the Placement or Placement Offer (or any part of them) that has not otherwise been withdrawn, discontinued or terminated by certain dates.
- (xiv) **(Determination)** ASIC makes a determination under section 713(6) of the Corporations Act that it is satisfied that the Company has, within the previous 12 months, contravened any of the provisions listed in such section.
- (xv) **(Certificate)** A certificate which is required to be furnished by the Company under the Underwriting Agreement is not furnished when required, or if furnished is untrue, incorrect or misleading or deceptive in any material respect (including by omission).
- (xvi) **(ASX approval)** Unconditional approval (or conditional approval, provided such condition would not have a material adverse effect on the success or settlement of the Offer) by ASX for official quotation of the Entitlement Offer Shares or Placement Shares (and attaching Options) is refused or is not granted by the time required to issue the relevant Shares or Options in accordance with the timetable or, if granted, is modified (in a manner which would have a material adverse effect on the success or settlement of the Entitlement Offer, Placement or Placement Offer) or withdrawn.
- (xvii) **(Section 730 notice)** A person, other than the Lead Manager, gives a notice to the Company under section 730 of the Corporations Act that is in the reasonable opinion of the Lead Manager materially adverse from the point of view of an investor.
- (xviii) **(Timetable)** Any event specified in the timetable for the Entitlement Offer, the Placement or the Placement Offer is delayed, other than as permitted under the Underwriting Agreement.

(b) The Lead Manager may exercise its termination rights in relation to the below if the Lead Manager has reasonable grounds to believe and does believe that an event:

- has had, or is likely to have, a material adverse effect on:
  - the financial position or performance, shareholders' equity, profits, losses, results, condition, operations or prospects of the Company or the Group;
  - the success or outcome of the Entitlement Offer, Placement or Placement Offer;
  - the willingness of investors to subscribe for Entitlement Offer Shares or Placement Shares;
  - the likely price at which Shares will trade on ASX; or
  - the ability of the Lead Manager to market, promote or effect settlement of, the Entitlement Offer, Placement or Placement Offer; or
- has given rise to or could reasonably be expected to give rise to a contravention by, or a liability of, the Lead Manager under any applicable law or regulation:

- (xix) **(Prospectus)** The Prospectus is or becomes misleading or deceptive or does not contain all information required to comply with the Corporations Act.
- (xx) **(Breach)** The Company fails to perform or observe any of its obligations under Underwriting Agreement.
- (xxi) **(Compliance)** The Company commits a breach of the Corporations Act, ASX Listing Rules, its Constitution, or other applicable laws.
- (xxii) **(Regulatory action in relation to directors and senior executives)** A director or the chief executive officer or chief financial officer of the Company is charged with an indictable offence or fraudulent conduct or any director of the Company is disqualified under the Corporations Act from managing a corporation.
- (xxiii) **(Information)** the information documents (including the Prospectus) or the Entitlement Offer or Placement Offer, is false, misleading or deceptive or likely to mislead or deceive (including by omission).
- (xxiv) **(Representations and warranties)** A representation or warranty made or given by the Company under the Underwriting Agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive.
- (xxv) **(Legal proceedings)** Legal proceedings against the Company or any related body corporate or against any director of the Company or any related body corporate is commenced or any regulatory body commences any enquiry or public action against the Company or any related body corporate.
- (xxvi) **(Conduct)** The Company or any of its directors or officers engages in misleading or deceptive conduct or activity in connection with the Entitlement Offer, Placement or Placement Offer.
- (xxvii) **(New circumstance)** A new circumstance arises which is a matter adverse to investors in Entitlement Offer Shares or Placement Shares and which would have been required by the Corporations Act to be included in the Prospectus had the new circumstance arisen before the Prospectus was lodged with ASIC.

- (xxviii) **(Adverse change)** There is an adverse change, or an event occurs that is likely to give rise to an adverse change, in the business, assets, liabilities, financial position or performance, operations, management, outlook or prospects of the Company or the Group.
- (xxix) **(Future matters)** Any expression of belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data) in an information document or public information is or becomes incapable of being met or unlikely to be met in the projected timeframe.
- (xxx) **(Information documents misleading)** Any statement in an information document (including the Prospectus) is or becomes false, misleading or deceptive or likely to mislead or deceive (whether by omission or otherwise) or the information document does not contain all information required to comply with all applicable laws.
- (xxxi) **(Information documents issued or varied without approval)** The Company issues an information document or varies or withdraws an existing information document (including the Prospectus) without the prior approval of the Lead Manager.
- (xxxii) **(Authorisations)** Any material licence, lease, permit, concession, tenement, authorisation or concession of the Company or any of its related bodies corporate is, or is likely to be, invalid, revoked or unenforceable, including as a result of the introduction of new legislation in the relevant jurisdiction or the relevant authorisation is breached or not complied with.
- (xxxiii) **(Change in law)** A new law, regulation or policy is made or announced which does or is likely to prohibit or regulate the Entitlement Offer, Placement or Placement Offer or adversely affects the Company or the Group.
- (xxxiv) **(Disruption in financial markets)** the occurrence of certain financial market disruptions, including:
  - (A) a general moratorium on commercial banking activities in certain countries or a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
  - (B) trading in all securities quoted or listed on the certain securities exchanges is suspended or limited in a material respect; or
  - (C) the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in certain countries or any change or development involving such a prospective adverse change in any of those conditions or markets.
- (xxxv) **(Hostilities)** Major hostilities not existing at the date of the Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving certain countries or a national emergency is declared by any of those countries, or a major terrorist act is perpetrated anywhere in the world.
- (xxxvi) **(Prescribed Occurrence)** A “Prescribed Occurrence” occurs during the Offer Period, other than as contemplated by the Offer, where “Prescribed Occurrence” means events specified in paragraphs (a) to (h) of subsection 652C(1) of the Corporations Act as if references to ‘the target’ were replaced by reference to ‘the Company’.

***Other terms and conditions***

The Underwriting Agreement is also subject to satisfaction of various conditions and otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties, indemnities and confidentiality provisions).

#### **4.6 Sub-underwriting arrangements by Doma**

Doma has agreed to sub-underwrite the Entitlement Offer, pursuant to a sub-underwriting agreement dated 12 April 2024 between the Lead Manager and Doma (**Doma Sub-Underwriting Agreement**). As noted above, Doma currently holds 17.65% of the Shares and is regarded as a substantial shareholder of the Company.

Doma has confirmed that it is willing to subscribe for up to \$8.0 million in Entitlement Offer Shares in the Company, with such commitment to be provided by way of the following:

- (a) taking up its Entitlements under the Entitlement Offer; and
- (b) fully sub-underwriting the Entitlement Offer.

Doma will not be participating in the Placement.

Pursuant to the Doma Sub-Underwriting Agreement, Doma will receive a sub-underwriting fee equal to 2% of the proceeds of the Entitlement Offer. The Doma Sub-Underwriting Agreement will terminate if the Underwriting Agreement is terminated in accordance with its terms.

#### **4.7 Mandate Letter**

The Lead Manager was appointed by the Company to act as lead manager to the Entitlement Offer, the Placement and Placement Offer pursuant to the Mandate Letter.

Pursuant to the Mandate Letter, the Lead Manager will receive:

- (a) a selling, management and underwriting fee equal to 5.0% of the proceeds of the Entitlement Offer;
- (b) a selling and management fee equal to 5.0% of the proceeds of the Placement; and
- (c) 50,000,000 Broker Options will be issued to the Lead Manager (or its nominee(s)).



---

## 5. Key risks

This Section 5 describes the potential material risks of an investment in the Company associated with the Company's business and the industry in which the Company operates, as well as the general risks associated with an investment in Shares and Options.

This Section 5 does not purport to list every risk that may be associated with the Company's business or the industry in which the Company operates, or an investment in Shares and Options, now or in the future. The occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside of the Company's control, or the control of the Company's Directors and management.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors and management as at the date of this Prospectus, but there is no guarantee or assurance that the risks will not change or that other risks or matters that may adversely affect the Company will not emerge.

Before applying for Entitlement Offer Shares (and attaching Entitlement Offer Options), you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment for you, having regard to your investment objectives, financial circumstances and taxation position. You should read this Prospectus in its entirety and seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to apply for Shares and Options.

### 5.1 Risks specific to an investment in the Company

#### (a) Going Concern

Atomos' Historical Financial Information has been prepared on a going concern basis, which assumes continuity of Atomos' normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

However, as set out in the Financial Information, Atomos has incurred trading losses in FY23, as well as in H1 FY24.

The following, in order of priority, have been considered by the Board as factors that will enable the Company to continue as a going concern:

- the success of the Offer, which is required to fund the Turnaround Strategy (including the Costs Restructure) that Atomos has implemented (and proposes to implement) to steer the business to profitability;
- the successful implementation of the Turnaround Strategy (including the Costs Restructure) to return the business to profitability; and
- the ability of Atomos to raise further funds (if required) to continue to fund Atomos working capital requirements including for the continued implementation of the Turnaround Strategy to return the business to profitability.

Accordingly, the Board believe that there is material risk that Atomos' ability to continue as a going concern depends on the success of the Offer, which is required to fund the Turnaround Strategy. If the Offer do not complete, Atomos may not be able to continue as a going concern.

There is also no guarantee that a successful completion of the Offer, or a successful implementation of Atomos' Turnaround Strategy, will result in Atomos coming into profitability.

In addition, while the Board believes that upon the successful completion of the Offer, Atomos will have sufficient funds to adequately meet its current working capital requirements, including to continue to implement its Turnaround Strategy, further funding may be required in the medium term. No assurance can be given that such future funding will be available to Atomos on favourable terms (or at all). If adequate funds are not available on acceptable terms in such circumstances, then Atomos may not be able to further continue to implement its Turnaround Strategy, which may impact on Atomos' ability to continue as a going concern.

**(b) Turnaround Strategy**

Atomos has implemented (and proposes to implement) a Turnaround Strategy to return the business to profitability. The plan depends upon a number of a number of assumptions regarding sales, gross margins and costs. Atomos may not realise all the benefits from the plan and therefore the business may continue to trade unprofitably. Should Atomos continue to incur trading losses and a resultant material negative cashflow there may be the need to raise further capital to sustain the business. There is no guarantee that Atomos will be able to raise such further capital.

**(c) Quotation**

The Company's shares are currently suspended from quotation. ASX has advised the Company that, assuming the Company complies with certain conditions (as summarised in section 3.16), it does not see any reason why it would not re-instate the Company's shares to quotation. However, re-quotation is subject to AMS' compliance with those conditions. If the Company does not satisfy those conditions, there is a risk that ASX will not reinstate the Company's existing shares to quotation and will not grant quotation in relation to the Shares and Options issued under the Offer.

**(d) Shareholder approval not obtained**

Under the terms of the Underwriting Agreement, the Lead Manager is entitled to terminate the Underwriting Agreement in the event that the Company does not obtain Shareholder approval in relation to the issue of Shares and Options pursuant to the Placement and the Placement Offer. If this occurs, the Company intends to withdraw the Offers made under this Prospectus. As such, there is a risk that the Company will not proceed with the Offers if Shareholder approval is not obtained. In such circumstances, the Company will return all Application Monies received in relation to the Offers under this Prospectus.

**(e) Launch of new products fail to meet market expectations**

Atomos always aims to produce products that meet the expectations of customers. Atomos faces a broad range of factors that impact the success of new product launches, including: pricing, changes in customer "user" preferences; competition; our ability to design, develop and deliver products or to support technology changes; effective education of and support from distributors; delays to product launches affecting reputation and customer confidence, as well as the effectiveness of marketing efforts.

**(f) Insufficient investment in R&D and failure to rapidly innovate for changing technology**

Atomos operates in a rapidly changing competitive environment and must ensure continuous efforts are maintained in the improvement of existing products and the development of new products. Insufficient attraction of talented development and creative staff and an under-allocation of resources hinder these efforts. A failure to innovate can damage perception with consumers.

Continuous investment is required in the base product range as well as to bring new products and solutions to market for new and existing market segments.

**(g) Supply chain disruptions**

Atomos sources components globally for the product range and actively manages component cost to ensure margin retention across the mix of products. Supply chain interruptions such as shortages of key components, production difficulties, production certification challenges or customs/transportation delays can lead to significant cost increases an inventory shortages which can negatively impact sales and margins.

**(h) Dependence on key distributors**

Atomos markets and sells its product range predominantly through an international high profile video technology distributor network. This network is a key supportive sales and marketing channel, however Atomos has traditionally had no formal distribution agreements. While Atomos has a wide end customer use base, a dispute with (or the loss of) a key distributor could materially impact Atomos' sales efforts. Additionally, a deterioration in the financial health of a distributor could lead to potentially material delays in cash collection and/or reduced sales.

**(i) Ineffective sales and marketing strategy**

Atomos continues to adopt a growth strategy supported by a sales and marketing plan. Atomos' growth is dependent on the ability to deliver new products on time, reach target customers and capitalise on strategic opportunities. Losing and being unable to attract talented executives and staff, unclear business strategies, incorrect pricing and competitors seizing such opportunities undermine Atomos' ability to retain and grow the business and its market share.

**(j) Ineffective product lifecycle management**

Atomos operates in a rapidly changing competitive environment and inherently Atomos products remain at constant risk of being rendered unattractive by competitive offerings. New Atomos product launches also bring the potential risk of making existing Atomos products unattractive. Failure to properly manage the transition from an old product to a new product can lead to the business holding obsolete inventory and delays in fulfilling customer demand. Failure to adequately align customer demand and distribution channel inventory levels with production plans can result in insufficient or excessive inventory levels, which can lead to reduced sales or the need for higher discounting.

**(k) Higher costs of production**

Atomos sources components globally for the product range and manufactures products from select key partners to supply the range of hardware products that

Atomos sells. Economic pressures can cause component cost increases and the scarcity of key components can result in the need to source higher cost alternatives. Each of these scenarios drive higher costs of production and therefore reduced margins.

**(l) Reputational damage**

Atomos is required to consistently provide products and product support that meets the expectations of its customers. Atomos must also ensure that key partnerships held with its distributors and suppliers are well maintained. Atomos must ensure that it complies with the terms of key agreements with suppliers, commercial partners and employees. Additionally, Atomos must ensure it remains compliant with regulatory requirements in the jurisdictions in which it operates and with the listing rules of the ASX. A failure in one or more of these areas could lead to reputational damage for the company which could lead to reduced customer engagement (and therefore sales) or negative investor perception (and therefore share price deterioration).

**(m) Talent – attract and retain**

Atomos' operating and financial performance is dependent on the ability to attract and retain top talent in a competitive environment, particularly in technology roles. This could be impeded through: poor hiring practices; inadequate training and development; poor culture or inadequate remuneration or progression opportunities for employees.

**(n) Product warranty**

Atomos products can be susceptible to design flaws which Atomos is liable to replace where the product is under warranty. Atomos is dependent on having talented designers and engineers as well as highly functioning quality control procedures to reduce the risk of product failure / quality issues. Products which fail can result in a significant cost to Atomos.

**(o) Cyber security**

During FY2023, Atomos announced the introduction of Atomos Cloud providing customers with cloud-based workflow capabilities. Atomos is cognisant of the possibility of data breaches of customers' personal information and the resulting impacts.

Due to the Company's reliance on information technology systems, the Company is at risk of being exposed to breaches of cyber security, notwithstanding the security systems implemented by the Company to prevent cyber security breaches. These risks could have a material impact on the Company's business, operations, reputation, financial condition and performance, and may lead to potential or threatened litigation.

**(p) Former CEO litigation**

The Company is in a legal dispute with Atomos' former CEO. There are two elements to this:

- Firstly, the former CEO has brought a claim in the United States in relation to the termination of her employment with Atomos, which the Company intends to vigorously defend.
- Secondly, on 15 September 2022, the Company commenced proceedings against the former CEO in the Supreme Court of Victoria in relation to non-payment of a bridging loan extended to the former CEO. The former CEO applied to have the proceeding dismissed or stayed on the basis that the Supreme Court of Victoria is an inappropriate forum to hear the dispute. That application was dismissed at first instance in March 2023, and again on appeal in December 2023. The proceedings in the Supreme Court of Victoria will be listed for directions in April 2024.

Whilst the Company is intending to defend the proceedings, there may be a material adverse effect on the Company's business, reputation and financial performance depending on the outcome of the litigation.

**(q) General litigation**

In the ordinary course of business, Atomos may be involved in litigation disputes from time to time. Such disputes brought by third parties including, but not limited to, customers, suppliers, business partners, employees and government bodies may adversely impact the financial performance and industry standing of the business, in the case where the impact of legal proceedings is greater than or outside the scope of Atomos' insurance. Such litigation could negatively impact the industry standing of Atomos, cause Atomos to incur unforeseen expenses, occupy a significant amount of management's time and attention and could negatively affect Atomos' business operations and financial position.

**(r) Dividend distribution**

There is no guarantee that dividends will be paid on shares in the Company in the future, as this is a matter to be determined by the Board in its discretion and the Board's decision will have regard to, amongst other things, the financial performance and position of the Company, relative to its capital expenditure and other liabilities.

**(s) Breach of third party intellectual property rights**

There is a risk that third parties may allege that the Company's products use intellectual property derived by them or from their products without their consent or permission. The Company may be the subject of claims which could result in dispute or litigation, which could result in monetary damages, cause delays and increase costs, and have an adverse impact on the Company's operations, reputation or financial performance.

**(t) Intellectual property**

The value of the Company's products is dependent on the Company's ability to effectively identify, protect, defend, and in certain circumstances keep secret, its intellectual property, including business processes and know-how, copyrights, patents, trade secrets and trademarks. There is a risk that the Company may be unable to detect the unauthorised use of its intellectual property rights in all instances. Further, actions the Company takes to protect its intellectual property may not be adequate or enforceable and therefore may not prevent the misappropriation of its intellectual property and proprietary information. Breach of

the Company's intellectual property may result in the need for the Company to commence legal action, such as infringement or administrative proceedings, which could be costly, time consuming and potentially difficult to enforce in certain jurisdictions and may ultimately prove unfavourable to the Company. The Company's failure to protect its intellectual property rights could have an adverse impact on the Company's operations and financial performance. In particular:

- The Company's patents, trademarks, trade secrets, copyrights, and other intellectual property rights are important and valuable assets. Various events outside of the Company's control pose a threat to its intellectual property rights, as well as to its products and technologies. For example, effective intellectual property protection may not be available or feasible in every country in which the Company's products and services could be distributed. Also, the efforts the Company have taken to protect its proprietary rights may not be sufficient or effective.
- Whilst the Company seeks to register its trademarks and has obtained / acquired patents for its innovations and technology, it largely relies on trade secrets and encryption technology rather than formal legal mechanisms to protect its intellectual property. There is always the possibility, despite the Company's efforts, that the intellectual property protections the Company implements will be insufficient to protect the Company's intellectual property. In particular, the Company cannot guarantee that its encryption technology will be sufficient to restrict access to the Company's sensitive intellectual property or that employees and others who have had the encryption keys to access to the Company's sensitive intellectual property during the course of their employment or engagement with the Company, do not unlawfully use such sensitive intellectual property either during or after their employments ceases or is terminated. The secrecy of this information could be compromised by outside parties or by employees or others engaged by the Company.
- There is always the possibility that the Company's registered or unregistered intellectual property (including its patents or trade marks) may be deemed invalid or unenforceable. It is also possible the Company may not be able to protect some of its innovations and technology. Further to this, the Company may not have adequate patent or copyright protection for certain innovations and technology that later turn out to be important.

**(u) Third party licence agreements on terms favourable to licensor**

The Company licences intellectual property and technology from third parties for incorporation into its products. The Company generally enters into licence agreements in relation to these arrangements which are on the licensors' standard terms and conditions which are generally more favourable to the licensor and which generally include obligations for the Company to indemnify the licensors against third party intellectual property infringement claims. In some instances, the Company's liability under these indemnities is not capped or limited. The risks associated with these indemnification obligations are that the Company may be obliged to pay amounts on behalf of its licensors in connection with the defence and settlement of allegations, demands, claims or legal proceedings made or brought by a third party against the Company which alleges that the Company's technologies infringe the intellectual property rights (including copyright or patents) of that third party. The Company may be liable for potentially significant and unquantifiable liability under these indemnification provisions contained in some of these licence agreements which may materially adversely affect the Company's financial position.

The majority of the Company's licence agreements are either terminable for convenience by the licensor or, following the end of their current terms, continue on a rolling basis and may be terminated for convenience by either party. If a licensor were to terminate a licence agreement and the Company was unable to find an alternative supplier, or the Company fails to negotiate satisfactory pricing terms, the Company's operations and results may be adversely affected.

**(v) Failure to realise benefits from research and development costs**

Developing technology is expensive and the investment in the development of these product offerings often involves an extended period of time to achieve a return on investment. An important element of the Company's business strategy is to continue to make investments in innovation and related product opportunities. The Company believes that it must continue to dedicate resources to the Company's innovation efforts to develop technology product offerings in order to maintain the Company's competitive position. The Company may not, however, receive significant revenues from these investments for several years, or may not realise such benefits at all.

**(w) Country/region specific risks in new and/or unfamiliar markets**

The Company has operations in a number of overseas jurisdictions and is exposed to a range of different legal and regulatory regimes, including in new jurisdictions in which the Company is expanding or plans to expand its operations. As the Company expands its presence in new international jurisdictions, it is subject to the risks associated with doing business in regions that may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks, including:

- unexpected changes in, or inconsistent application of, applicable foreign laws and regulatory requirements;
- less sophisticated technology standards;
- difficulties engaging local resources; and
- potential for political upheaval or civil unrest.

As the Company increases its operations in existing regions or enters newer regions there is a risk that the Company may fail to understand the laws, regulations and business customs of those regions. This gives rise to risks relating to labour practices, foreign ownership restrictions, tax regulation, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regimes and other issues in foreign jurisdictions in which the Company may operate. This could interrupt or adversely affect parts of the Company's business and may have an adverse effect on the Company's operations and financial performance.

The introduction of new or increased trading tariffs, import or export duties or other trade restrictions may affect the Company's competitiveness in, and limit its access to, particular markets.

**(x) Failure to attract new customers**

The success of the Company's business also relies on its ability to attract new business from existing customers and attract new customers.

The capacity to attract new customers and attract new business from existing customers will be dependent on many factors including the capability, cost-effectiveness, customer support and value compared to competing products. If customers do not continue to use the Company's products and increase their usage over time, and if new customers do not choose to use the Company's products, the growth in the Company's revenue may slow, or the Company's revenue may decline, which will have an adverse impact on the Company's operating and financial performance.

## **5.2 General risks**

### **(a) Risks of Shareholder dilution**

The Company may in the future elect to issue Shares or engage in capital raisings to fund ongoing working capital requirements of the Company or acquisitions that the Company may decide to make, although none are contemplated in the short term. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such issues of Shares and capital raisings.

### **(b) Additional funding**

The Company may need to raise additional funds from time to time to finance ongoing development and growth and meet its other longer-term objectives. Directors can give no assurance that future funds can be raised on favourable terms, if at all. If further funds are required but cannot be raised, this may force curtailment of product development initiatives, operations and may adversely impact the Company's financial position.

### **(c) COVID-19**

The COVID-19 pandemic continues to impact the global economy and the ability of individuals, businesses and governments to operate and travel. There continues to be considerable uncertainty as to the duration of and further impact of COVID-19 including the emergence of new strains and measures which may be taken by governments and regulatory authorities to manage future stages of the pandemic. The impact of some or all of these factors could cause significant disruption to the Company's operations and financial performance.

### **(d) General economic conditions**

The general economic climate in which the Company operates may experience changes, which adversely affect the Company's financial performance. Factors that may influence the general economic climate include but are not limited to:

- changes in Government policies, taxation and other laws;
- future demand for video technology, software and products;
- the strength of the equity and share markets in Australia and throughout the world;
- changes in investor sentiment toward particular market sectors;
- movement in, or outlook on, exchange rates, interest rates and inflation rates;



- industrial disputes in regions in which the Group operates;
- financial failure or default by an entity with which the Company may become involved in a contractual relationship; and
- natural disasters, social upheaval or war.

**(e) Conflict in Ukraine and Israel**

The current and evolving conflicts taking place within Ukraine and Israel (**Conflicts**) are, and may further, impact global economic markets. The nature and extent of these current Conflicts on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by economic uncertainty of these Conflicts.

The Directors are monitoring the potential secondary and tertiary macroeconomic impacts of the unfolding events surrounding the Conflicts, including the changing prices of commodities and energy markets, and the potential risk of cyber activity affecting governments and businesses. Further, any governmental or industrial measures taken in response to the Conflicts, including limitations on travel and changes to import/export restrictions and arrangements of involved countries (e.g. Russia), may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Company is monitoring these Conflicts closely and consider the impact of these Conflicts on the Company's business and financial performance to be, at this stage, limited. However, these Conflicts are continually evolving, and the consequences are therefore inevitably uncertain.

**(f) Force majeure events**

Events may occur within or outside Australia that could impact upon the Australian economy, the Company and the price of Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business. The Company only has a limited ability to insure against some of these risks.

**(g) Foreign exchange risk**

The proceeds of the Offer will be received in Australian Dollars, while the Company incurs a significant proportion of its costs in foreign currency, primarily US Dollars and Euro. The Company is not currently hedging against exchange rate fluctuations, and consequently will be at the risk of any adverse movement in the US Dollar/Euro: Australian Dollar exchange rates between the closing of the Offer and to such time as proceeds are exchanged for US Dollars and Euro.

Over 86% of revenue is transacted in USD or EUR, and over 85% of the cost of goods sold and operating costs of the Company are forecast in foreign currencies. As such, the Company's reported earnings as reported in AUD are inherently subject to actual translation rates that may fluctuate relative to forecast assumptions.

**(h) Government and regulator factors**

Laws and regulations may be adopted with respect to the Company's products in relation to issues such as user privacy, intellectual property, securities regulation, information security and the content and quality of products and services, which could increase costs or limit the Company's proposed scope of activity.

**(i) Market conditions**

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if the Company's sales and earnings increase.

Some of the factors which may adversely impact the price of the Shares include, but are not limited to, the number of potential buyers or sellers of Shares on the ASX at any given time, fluctuations in the domestic and international markets for listed securities, general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings, changes in legislation or regulation, inclusion in or removal from market indices, recommendations by brokers or analysts, global hostilities, tensions and acts of terrorism, the nature of the markets in which the Company operates and general operational and business risks.

Deterioration of general economic conditions may also affect the Company's business operations, and the consequent returns from an investment in Shares.

**(j) Australian Accounting Standards**

Australian Accounting Standards are issued by the Australian Accounting Standards Board and are not within the control of the Company and its Directors. Any changes to the accounting standards or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

---

## **6. Additional Information**

### **6.1 Rights and Liabilities attaching to Shares**

Immediately after issue and allotment, the Shares being offered under the Entitlement Offer will be fully paid Shares and will rank *pari passu* with the Shares currently on issue.

Significant rights and liabilities attaching to the Shares pursuant to this Prospectus are summarised in this Section. However, this is not a definitive statement of rights and liabilities of Shareholders. Those wishing to obtain such definitive statements should seek independent legal advice.

Detailed provisions relating to the rights and liabilities attaching to the Shares are set out in the Company's Constitution. A copy of the Company's Constitution can be inspected during office hours at the registered office of the Company and Shareholders have the right to obtain a copy of the Company's Constitution, free of charge.

#### **(a) General meeting**

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

The Company's Constitution was amended and adopted on 25 November 2022 and now enables the Company to hold general meetings at one or more physical venues, at one or more physical venues using virtual meeting technology, or using virtual meeting technology only. The chairperson of an annual general meeting must allow a reasonable opportunity for Shareholders as a whole at the meeting to ask questions about or make comments on the management of the Company.

#### **(b) Decisions at general meetings**

The Company's Constitution was amended and adopted on 25 November 2022 and now requires the Company to decide a resolution put to the vote at a general meeting on a poll (and not a show of hands) if:

- (i) the notice of meeting set out an intention to propose the resolution and stated the resolution;
- (ii) the Company has given notice of the resolution in accordance with section 249) or the Corporations Act; or
- (iii) a poll is demanded.

If the votes are equal on a proposed resolution, the chairperson of a general meeting does not have a casting vote on a show of hands or on a poll.

#### **(c) Dividend rights**

The Board may by resolution declare a dividend or determine that a dividend is payable (and fix the amount, the time for, and method of payment) if, in its judgement, and subject to the requirements of the Corporations Act and common law relating to the declaration of dividends, the financial position of the Company justifies it.

**(d) Transfer of Shares**

Subject to the Constitution, a Shareholder may transfer Shares held by that Shareholder by a written transfer instrument in any usual form or common form, or any other form approved by the Board (that is not otherwise prohibited by the Corporations Act, the ASX Listing Rules, the operating rules of ASX Settlement Pty Limited (**ASX Settlement Rules**) and the operating rules of an applicable CS facility licensee (**CS Facility Rules**), or corresponding laws or securities exchange rules in any other country to which the Company is bound). The Board may decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

The Company may participate in any computerised or electronic system for market settlement, securities transfer and registration conducted in accordance with the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and the CS Facility Rules (or corresponding laws or securities exchange rules in any other country to which the Company is bound).

**(e) Issues of further Shares**

The Board may, subject to the Constitution, the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and the CS Facility Rules, issue and allot, or dispose of, Shares on such terms as the Board decides.

**(f) Winding up**

If the Company is wound up, then subject to the rights of the holders of Shares issued on special terms, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind all or any of the Company's assets and decide how the division is to be carried out between the different classes of shareholders, but may not require a Shareholder to accept any Shares or other securities in respect of which there is any liability.

**(g) Less than marketable parcels**

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. A marketable parcel of shares is defined in the ASX Listing Rules and is generally a holding of shares with a market value of not less than \$500.

**(h) Variation of class rights**

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under the Constitution, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may only be varied:

- (iv) with the written consent of the holders of 75% of the shares of the class; or
- (v) by a special resolution passed at a separate meeting of the holders of shares of the class.

**(i) Directors – Appointment and retirement**

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of 10 Directors, unless the Company resolves otherwise by

resolution passed at a general meeting. Directors are elected or re-elected by resolution passed at a general meeting of the Company.

At each annual general meeting, every Director (excluding the person appointed as managing director) who has been in office throughout the longer of:

- (vi) a period of three years as at the commencement of that meeting; and
- (vii) the period since the conclusion of the earliest of the three annual general meetings immediately preceding that meeting,

must retire.

Subject to the Corporations Act and the Constitution, the Company may appoint a person as a Director, either as an addition to the existing Directors or to fill a casual vacancy, by resolution passed in general meeting.

**(j) Directors – Voting**

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present and voting on the matter. Subject to the ASX Listing Rules, if the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote.

**(k) Directors – Remuneration**

Under the Constitution, and subject to the ASX Listing Rules, the Non-Executive Directors as a whole may be paid or provided remuneration for their services, the total amount or value of which must not exceed such maximum amount determined from time to time by the Company in general meeting. A proposal that Shareholders approve an increase of the aggregate maximum sum payable to the Non-Executive Directors as a whole must be determined by the Company in general meeting. The remuneration of a Director (who is not the person appointed as managing director or an executive Director) must not include a commission on, or a percentage of, profits or operating revenue.

Non- Executive Directors are entitled to be paid for all travelling, hotel and other expenses properly incurred by them in attending and returning from general meetings of the Company, meetings of the Board or meetings of Board Committees, or otherwise in connection with the Company's affairs. If a Non-Executive Director is required to perform services for the Company which, in the opinion of the Board, are outside the scope of ordinary duties of a Non-Executive Director, the Company may pay or provide the Non-Executive Director remuneration determined by the Board, which may be either in addition to or instead of the Non-Executive Director's existing remuneration.

The remuneration of an Executive Director may from time to time be fixed by the Directors. The remuneration may be by way of salary or commission or participation in profits or by all or any of these modes but may not be by commission on, or a percentage of, operating revenue.

**(l) Powers and duties of Directors**

The business of the Company is managed by or under the direction of the Board who may exercise all powers of the Company that the Constitution, the Corporations Act or the ASX Listing Rules do not require to be exercised in general meeting.

**(m) Preference shares**

The Company may issue preference shares including preference shares which are, or at the option of the Company or holder are, liable to be redeemed or converted into ordinary shares. The rights attaching to preference shares are those set out in the Constitution or that have been otherwise approved by special resolution of the Company in accordance with the procedure set out in Section 6.1(h) above.

**(n) Indemnities**

To the extent permitted by law and subject to the restrictions in section 199A of the Corporations Act, the Company indemnifies every person who is or has been an officer of the Company (being a Director or secretary of the Company) against any liability (other than for legal costs) incurred by that person as an officer of the Company (including liabilities incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer to accept that appointment).

To the extent permitted by law and subject to the restrictions in section 199A of the Corporations Act, the Company indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred or allegedly incurred by that person as an officer of the Company (including such legal costs incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer to accept that appointment).

**(o) Amendment**

The Constitution can only be amended by special resolution passed by at least 75% of Shareholders present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of the Company.

**6.2 Rights and Liabilities attaching to Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options**

The Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options each have the same terms and conditions as set out in this section.

**(a) Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

**(b) Exercise Price**

The amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).

**(c) Expiry Date**

Each Option will expire at 5:00 pm (Australian Eastern Standard Time) on 30 November 2025 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

**(d) Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

**(e) Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

**(f) Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

**(g) Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will, subject to compliance with all applicable laws and the ASX Listing Rules:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 7.2(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**(h) Shares issued on exercise**

Shares issued on exercise of the Options will rank equally with the then issued shares of the Company.

**(i) Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed or reorganised, all rights of a holder of an Option will be changed to the extent necessary to comply with the Corporations Act and the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

**(j) Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**(k) Change in exercise price**

Subject to compliance with the ASX Listing Rules, an Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

**(l) Transferability**

Application will be made for the Options to be quoted on ASX. The Options will be transferable subject to any restrictions imposed by ASX.

**6.3 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities. The Shares which will be issued pursuant to this Prospectus are in the same class as Shares that have been continuously quoted on the official list of the ASX during the three months prior to the issue of this Prospectus. The Entitlement Offer Options, the Placement Options, Broker Options and Executive Director Options are options to acquire Shares, such shares having been continuously quoted securities on the official list of the ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a “transaction specific prospectus” to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities or an offer of options to acquire securities in a class of securities that has been continuously quoted by ASX in the three months prior to the date of the Prospectus. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of the Entitlement Offer Shares, the Entitlement Offer Options, the Placement Options, the Broker Options and the Executive Director Options on the Company and the rights and liabilities attaching to the Entitlement Offer Shares, the Entitlement Offer Options, the Placement Options, the Broker Options and the Executive Director Options. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Eligible Shareholders, the Participating Directors, Eligible Institutional Investors, the Lead Manager and the Sub-underwriters should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest pursuant to the Offer.

Generally, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the closing date of the Entitlement Offer:



- (i) the annual financial report most recently lodged by the Company with ASIC;
- (ii) any half-year financial report lodged by the Company with ASIC after the lodgement of that annual financial report and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the Company's principal place of business during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below:

<b>Date</b>	<b>Description of Announcement</b>	<b>Type of Announcement</b>
29/02/2024	AMS H1 FY24 Results and Trading Update	Periodic Reports & Company Administration
29/02/2024	Half Yearly Report and Accounts	Periodic Reports
19/02/2024	Initial Director's Interest Notice – P Barber	Initial Director's Interest Notice
14/02/2024	AMS Appoints Peter Barber as Executive Director and COO	Director Appointment/Resignation Company Administration - Other
11/01/2024	Initial Director's Interest Notice - J Young	Initial Director's Interest Notice
10/01/2024	Final Director's Interest Notice - T Elbourne	Final Director's Interest Notice
04/01/2024	AMS Board and Management Changes	Director Appointment/Resignation Company Administration - Other
28/12/2023	Results of Meeting – Adjourned AGM	Results of Meeting
28/12/2023	Change of Director's Interest Notice	Appendix 3Y
20/12/2023	Application for quotation of securities - AMS	Appendix 2A
19/12/2023	Corporate Governance Statement and Appendix 4G	Corporate Governance Appendix 4G

<b>Date</b>	<b>Description of Announcement</b>	<b>Type of Announcement</b>
19/12/2023	Annual Report to Shareholders	Annual Reports
30/11/2023	Results of Meeting	Results of Meeting
30/11/2023	Chair's Address to Shareholders	Chair's Address to Shareholders
15/11/2023	Update on Audit Schedule	Company Administration - Other
6/11/2023	Notice of Annual General Meeting/Proxy Form	Notice of Annual General Meeting Proxy Form
23/10/2023	Completion of Novation and Timing Update	Periodic Reports - Other Company Administration - Other
13/10/2023	Acquisition of Arrowpoint Facility by Doma and ASX Waiver	Waiver Company Administration - Other Debt Facility
31/07/2023	AMS Company Update	Company Administration
04/07/2023	Final Director's Interest Notice – M Brownlow	Security Holder Notices
27/06/2023	NED Resignation and Reduction in Board Fees	Company Administration
20/06/2023	Atomos appoints Board Advisor, James Joughin	Company Administration
16/06/2023	Details of Auditor Appointment/Resignation	AGMs
11/04/2023	AMS Half Year Results Presentation	Periodic Reports
11/04/2023	AMS Half Year Results and Strategic Review	Periodic Reports & Company Administration
11/04/2023	Continued Suspension	
11/04/2023	Half Yearly Report and Accounts	Periodic Reports
16/03/2023	AMS Audit Review Status	Company Administration
03/03/2023	S&P DJI Announces March 2023 Quarterly Rebalance	
02/03/2023	Final Director's Interest Notice – C Tait	Security Holder Notices

<b>Date</b>	<b>Description of Announcement</b>	<b>Type of Announcement</b>
01/03/2023	AMS Director Retirement – C Tait	Company Administration
01/03/2023	AMS Trading Update and Commencement of Strategic Review	Company Administration
28/02/2023	CORRECTION – Voluntary Suspension	
28/02/2023	Voluntary Suspension	
21/02/2023	Initial Director's Interest Notice – P Greenberg	Security Holder Notices
15/02/2023	AMS Announces Experienced Technology Director as New Chair	Company Administration
20/01/2023	Company Secretary Appointment and Resignation	Company Administration
05/12/2022	Trading Update	
01/12/2022	Appendix 3Y – Late Lodgement Notice	Security Holder Notices & Director Transactions
29/11/2022	Amended Constitution	Company Administration
25/11/2022	Change in substantial holding	Security Holder Notices
25/11/2022	Results of Meeting	
25/11/2022	AGM Presentation	
24/11/2022	Becoming a substantial holder	Security Holder Notices
21/11/2022	Appendix 2A	
21/11/2022	Results of Retail Offer	Capital Raises & Escrow
07/11/2022	Retail Entitlement Offer Extension	Capital Raises & Escrow
07/11/2022	Further Updated Appendix 3B – Retail Entitlement Offer	Non-Procedural
03/11/2022	Nikon joins ATOMOS Wireless Sync Ecosystem	
31/10/2022	Change of Registry Address	Company Administration

<b>Date</b>	<b>Description of Announcement</b>	<b>Type of Announcement</b>
27/10/2022	Change in substantial holding	Security Holder Notices
26/10/2022	Change of Share Registry Address	Company Administration
25/10/2022	Letter to Ineligible Shareholders	Capital Raises & Escrow
25/10/2022	Retail Entitlement Offer Booklet	Capital Raises & Escrow
25/10/2022	Despatch of Retail Offer Booklet	Capital Raises & Escrow
25/10/2022	Cleansing Notice - Placement	
24/10/2022	Notice of Annual General Meeting/Proxy Form	
24/10/2022	Appendix 2A	
20/10/2022	Completion of Placement and Institutional Entitlement Offer	Capital Raises & Escrow & Trading Halts
18/10/2022	Appendix 3B – Updated	Non-Procedural
18/10/2022	Appendix 3B	Non-Procedural
18/10/2022	Cleansing Notice – Entitlement Offer	
18/10/2022	Strategic Investment and Capital Raise Investor Presentation	Capital Raises & Escrow
18/10/2022	Underwritten \$18m capital raise and strategic investment	
18/10/2022	Trading Halt	Trading Halts
18/10/2022	Pause in Trading	
06/10/2022	Initial Director's Interest Notice – T Elbourne	Security Holder Notices
06/10/2022	AMS Completes Development of 8K Sensor	
05/10/2022	Change in substantial holding	Security Holder Notices
05/10/2022	AMS Chair Letter to Shareholders	Periodic Reports & Company Administration

Date	Description of Announcement	Type of Announcement
04/10/2022	Final Director's Interest Notice – L Williams	Security Holder Notices
04/10/2022	Final Director's Interest Notice – S Stanley	Security Holder Notices
04/10/2022	2022 Appendix 4G and Corporate Governance Statement	Periodic Reports
03/10/2022	AMS Change to Annual Accounts	Periodic Reports
03/10/2022	Annual Report to shareholders	Annual Reports

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website, [www.atomos.com](http://www.atomos.com).

#### 6.4 Not investment advice or financial product advice

The information in this Prospectus is not investment advice or financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances. The Company is not licensed to (and does not) provide investment advice or financial product advice in respect of the Shares or Options.

The information in this Prospectus does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for Shares or Options, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of Shares and Options the subject of the Offer. If, after reading this Prospectus, you have any questions about the Offer, you should contact your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser.

#### 6.5 Past performance

Past performance and pro-forma historical financial information given in this Prospectus is provided for illustrative purposes only and is not, and should not be relied upon as, an indication of future performance. The historical information in this Prospectus is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX which can be accessed at [www.asx.com.au](http://www.asx.com.au).

#### 6.6 Notice to nominees and custodians

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Entitlement Offer is not available to Ineligible Shareholders.

## 6.7 Foreign jurisdictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In particular, the Entitlement Offer is only being extended to Shareholders with a registered address in Australia, New Zealand and the United Kingdom (unless otherwise determined by the Company). The Placement Offer is only being extended to those Participating Directors and Eligible Institutional Investors and have a registered address in Australia and Singapore.

The distribution of this document (and the accompanying Entitlement and Acceptance Forms and letters) (including electronic copy) outside Australia, New Zealand, the United Kingdom and Singapore may be restricted by law. If you come into possession of this information, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

To the extent that a Shareholder holds Shares on behalf of another person outside Australia, New Zealand, the United Kingdom and Singapore, it is that Shareholder's responsibility to ensure that any acceptance complies with all applicable foreign laws.

### **New Zealand**

#### Entitlement Offer

The securities being offered under the Entitlement Offer in this document are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

#### Placement Offer

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The securities being offered under the Placement Offer in this document are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### **United Kingdom**

Neither this document nor any other document relating to the offer of securities has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the securities.

The securities may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing shareholders of the Company. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together, the **relevant persons**). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

### **Singapore**

This document and any other materials relating to the securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of the securities, may not be issued, circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (**SFA**) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the securities being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **6.8 Expenses of the Offer**

The total expenses of the Offer are estimated to be approximately \$1 million (excluding GST), assuming full subscription.

## **6.9 Determination by ASIC**

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares and Options.

## **6.10 CHESS and Issuer Sponsorship**

The Company participates in CHESS, which is operated by ASX Settlement, a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including Shares and Options issued under this Prospectus. If an investor is broker sponsored, ASX Settlement will send a CHESS statement.

The CHESS statement will set out the number of Shares and Options issued to an investor under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Registry and will contain the number of Shares and Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

## **6.11 Taxation**

Shareholders, Participating Directors and other investors (including the Lead Manager) should be aware that there may be taxation implications associated with participating in the Offer and receiving Shares and Options. The Company does not consider it appropriate to give Shareholders, the Participating Directors and other investors (including the Lead Manager) advice regarding the taxation consequences of subscribing for Shares and Options under the Offer. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences.

Shareholders, Participating Directors and other investors (including the Lead Manager) should consult their professional tax adviser in connection with subscribing for Shares and Options under this Prospectus.

## **6.12 Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares and Options), the Directors, the persons named in the Prospectus with their consent as Directors, the Underwriter, any sub-underwriter, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.



Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Mills Oakley has given its written consent to being named in this Prospectus as the legal adviser to the Company in the form and manner in which it is named. Mills Oakley has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Boardroom Pty Limited has given its written consent to being named in this Prospectus as the Share Registry in the form and manner in which it is named. Boardroom Pty Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Henslow Pty Ltd has given its written consent to being named in this Prospectus as Lead Manager and Underwriter to the Entitlement Offer in the form and manner in which it is named. Henslow has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Domazet FT3 Pty Ltd atf The Domazet Family Trust A/C No 3 has given its written consent to being named in this Prospectus as sub-underwriter to the Entitlement Offer in the form and manner in which they are named. Doma has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Jeromy Young and Peter Barber have given their written consent to being names in this Prospectus as Executive Directors and Participating Directors in the form and manner in which they are named. Neither Jeromy Young nor Peter Barber have withdrawn their respective consent prior to the lodgement of this Prospectus with ASIC.

Paul Greenberg has given his written consent to being named in this Prospectus as a Participating Director in the form and manner in which he is named. Paul Greenberg has not withdrawn his consent prior to the lodgement of this Prospectus with ASIC.

### **6.13 Interests of experts and advisers**

Other than as set out in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company;
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or

- (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (d) the formation or promotion of the Company; or
- (e) the Offer.

Henslow Pty Ltd is acting as Lead Manager and Underwriter to the Entitlement Offer. In addition to being offered the Broker Options, Henslow Pty Ltd will be paid the fees set out in Section 4.5.

Domazet FT3 Pty Ltd atf The Domazet Family Trust A/C No 3 (is acting as sub-underwriter to the Entitlement Offer. Doma will be paid the fees set out in Section 4.6

The Company has paid or agreed to pay other advisers, including Mills Oakley as legal adviser and Boardroom Pty Ltd as share registry, total fees of approximately \$244,000 (excluding GST and disbursements) in connection with services provided for the Offer. Mills Oakley may also be paid additional amounts in accordance with its standard hourly rates.

#### **6.14 Governing law**

The information in this Prospectus, the Offer and the contracts formed on acceptance of the Offer are governed by the law applicable in Victoria, Australia. Any dispute arising out of, or in connection with this Prospectus or the Offer will be determined by the courts of Victoria. By accepting the Offer, you agree to submit to the non-exclusive jurisdiction of the courts in Victoria.

#### **6.15 Directors Authorisation**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

**Paul Greenberg**  
**Chairman**  
**Atomos Limited**

## 7. Glossary

<b>Term</b>	<b>Meaning</b>
<b>Additional Entitlement Offer Shares</b>	Entitlement Offer Shares which Eligible Shareholders are able to apply for in excess of their Entitlement pursuant to Oversubscription Applications
<b>AEST</b>	Australian Eastern Standard Time
<b>Applicant</b>	A person who submits an Application Form
<b>Application Form</b>	(a) In respect of the Entitlement Offer, an Entitlement and Acceptance Form (b) In respect of the Placement Offer, a Placement Options Application Form (c) In respect of the Broker Offer, a Broker Offer Application Form (d) In respect of the Executive Director Offer, an Executive Director Options Application Form
<b>Application</b>	An application made for: (a) Entitlement Offer Shares (and, if applicable, Additional Entitlement Offer Shares), together with attaching Entitlement Offer Options; (b) Placement Options; (c) Broker Options; or (d) Executive Director Options, (as applicable), each of which is offered under this Prospectus
<b>Application Monies</b>	Money submitted by Applicants under the Entitlement Offer
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited (ABN 98 008 624 691), or the financial market operated by it, as the context requires
<b>ASX Listing Rules</b>	The official listing rules of ASX, as amended or waived from time to time
<b>ASX Settlement</b>	ASX Settlement Pty Limited (ABN 49 008 504 532)
<b>AUD, A\$, \$ or Australian dollar or cent</b>	The lawful currency of the Commonwealth of Australia
<b>Australian Accounting Standards</b>	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
<b>Board</b>	The board of Directors of the Company from time to time
<b>Broker Offer</b>	The offer of 50,000,000 quoted Options to be issued to the Lead Manager as part of the consideration for the services provided by the Lead Manager to the Company in relation to the capital raising.
<b>Broker Offer Application Form</b>	The relevant personalised form accompanying this Prospectus which the Lead Manager may use to apply for Broker Options
<b>Broker Options</b>	The Options to be issued under the Broker Offer
<b>CHESS</b>	Clearing House Electronic Subregister System operated in accordance with the Corporations Act

<b>Term</b>	<b>Meaning</b>
<b>Company, Atomos or AMS</b>	Atomos Limited ACN 139 730 500
<b>Constitution</b>	The Company's constitution
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Costs Restructure</b>	Cost saving initiatives proposed in Q3 FY24, following an operating cost review undertaken by the Company
<b>CRN</b>	Customer Reference Number
<b>Director or Directors</b>	A member of the Board from time to time
<b>Doma</b>	Domazet FT3 Pty Ltd aff The Domazet Family Trust A/C No 3
<b>EGM</b>	The extraordinary general meeting of the members of the Company, expected to be held on Thursday 16 May 2024 to approve the issue of the Placement Shares, Placement Options, Broker Options and Executive Director Options
<b>Eligible Institutional Investors</b>	Sophisticated and institutional investors who participated in the Placement
<b>Eligible Shareholder</b>	A Shareholder as at the Record Date who satisfies the eligibility criteria under Section 3.3
<b>Entitlement</b>	The number of Entitlement Offer Shares and attaching Entitlement Offer Options that an Eligible Shareholder is entitled to apply for under the Entitlement Offer, as determined by the number of Shares held by that Eligible Shareholder on the Record Date
<b>Entitlement and Acceptance Form</b>	The relevant personalised form accompanying this Prospectus which Eligible Shareholders may use to apply for Entitlement Offer Shares (and, if applicable, Additional Entitlement Offer Shares) and attaching Entitlement Offer Options
<b>Entitlement Offer</b>	The 1 for 1 non-renounceable pro rata entitlement offer of ordinary shares at an offer price of A\$0.02 per Entitlement Offer Share to raise up to A\$8 million (before costs), with 1 free quoted Option (exercisable at A\$0.03 on or before 30 November 2025) for every 2 Entitlement Offer Shares applied for and issued (and, where the context permits, includes the offer of Additional Entitlement Offer Shares)
<b>Entitlement Offer Shares</b>	The Shares to be issued under the Entitlement Offer
<b>Entitlement Offer Options</b>	The Options to be issued under the Entitlement Offer
<b>Excess Amount</b>	Refer to Section 3.13
<b>Executive Director Offer</b>	A separate offer of 100,000,000 quoted Options to the Executive Directors (or their nominees), subject to approval by the Company's Shareholders
<b>Executive Director Options</b>	The Options to be issued under the Executive Director Offer
<b>Executive Director Options Application Form</b>	The relevant personalised form accompanying this Prospectus which the Executive Directors may use to apply for Executive Director Options

<b>Term</b>	<b>Meaning</b>
<b>Executive Directors</b>	Jeromy Young and Peter Barber
<b>Financial Information</b>	Refer to Section 2.11
<b>Foreign Selling Restrictions</b>	Refer to Section 6.7
<b>FY22</b>	The financial year of the Company commencing 1 July 2021 and ending 30 June 2022
<b>FY23</b>	The financial year of the Company commencing 1 July 2022 and ending 30 June 2023
<b>FY24</b>	The financial year of the Company commencing 1 July 2023 and ending 30 June 2024
<b>Group</b>	The Company and its subsidiaries and affiliates
<b>H1</b>	First half of the applicable financial year
<b>H2</b>	Second half of the applicable financial year
<b>HIN</b>	Holder Identification Number
<b>Historical Financial Information</b>	Refer to Section 2.11
<b>IFRS</b>	International Financial Reporting Standards
<b>Ineligible Foreign Shareholder</b>	A Shareholders who is in the United States or are a US Person, or has a registered addresses outside Australia, New Zealand and the United Kingdom (unless otherwise determined by the Company)
<b>Ineligible Shareholder</b>	A Shareholders who does not satisfy each of the criteria under Section 3.3, including Ineligible Foreign Shareholders
<b>Investor Presentation</b>	The investor presentation announced at the same time as this Prospectus
<b>Lead Manager</b>	Henslow Pty Ltd ACN 605 393 137 AFSL 483168
<b>Mandate Letter</b>	The mandate letter entered into between the Company and the Lead Manager dated 31 December 2023 in relation to the Entitlement Offer, Placement and Placement Offer
<b>Nominee</b>	Refer to Section 3.12
<b>Offer</b>	The Entitlement Offer, Placement Offer, Broker Offer and Executive Director Offer
<b>Offer Price</b>	In the case of the Entitlement Offer, the price payable for Entitlement Offer Share (or Additional Entitlement Offer Share, if applicable) under the Entitlement Offer, being A\$0.02 per Entitlement Offer Share
<b>Option</b>	An option to acquire a Share and, as the context so requires, the Entitlement Offer Options, Placement Options, Broker Options and Executive Director Options
<b>Option Letter</b>	The letter accompanying the Entitlement and Acceptance Form for Eligible Shareholders residing in New Zealand or the United Kingdom, that contains instructions to make payments (including via EFT)

<b>Term</b>	<b>Meaning</b>
<b>Oversubscription Application</b>	An Application by an Eligible Shareholder for Additional Entitlement Offer Shares
<b>Participating Directors</b>	Jeromy Young, Peter Barber and Paul Greenberg
<b>Placement</b>	The placement of ordinary shares to the Participating Directors and Eligible Institutional Investors at an offer price of A\$0.02 per share to raise up to A\$8 million (before costs), as announced by the Company on Friday 12 April 2024
<b>Placement Offer</b>	A separate offer of 200,000,000 options to the Participating Directors or their nominees) and Eligible Institutional Investors, representing 1 free quoted Option for every 2 Placement Shares to be issued under the Placement, subject to approval by the Company's shareholders
<b>Placement Option</b>	The Options to be issued under the Placement Offer
<b>Placement Options Application Form</b>	The relevant personalised form accompanying this Prospectus which the Participating Directors or Eligible Institutional Investors may use to apply for Placement Options
<b>Placement Shares</b>	The Shares to be issued under the Placement
<b>Pro Forma Historical Financial Information</b>	Refer to Section 2.11
<b>Q1, Q2, Q3 and Q4</b>	First quarter, second quarter, third quarter and fourth quarter of an applicable financial year
<b>Record Date</b>	The record date for the Entitlement Offer, being 7:00PM (AEST) on Thursday 18 April 2024
<b>Share</b>	A fully paid ordinary share in the capital of the Company
<b>Shareholder</b>	The registered holder of a Share
<b>Share Registry</b>	Boardroom Pty Limited
<b>SRN</b>	Security Reference Number
<b>Turnaround Strategy</b>	Various strategic initiatives and cost saving strategies, including the Costs Restructure, implemented (and proposed to be implemented) by the Company
<b>Underwriter</b>	Henslow Pty Ltd ACN 605 393 137 AFSL 483168, who is also the Lead Manager.
<b>Underwriting Agreement</b>	The agreement between the Lead Manager and the Company dated 12 April 2024 for the partial underwriting of the Entitlement Offer.
<b>US Person</b>	US Person as defined in Rule 902(k) of Regulation S under US Securities Act
<b>U.S. Securities Act</b>	United States Securities Act of 1933, as amended

---

## Corporate directory

### Address

Level 6, 700 Swanston Street  
Carlton VIC 3053

### Registered office

Level 6, 700 Swanston Street  
Carlton VIC 3053

### Directors

Paul Dennis Greenberg	Non-Executive Chairman
Sir Hossein Yassaie	Non-Executive Director
Jeromy Young	Executive Director and Chief Executive Officer
Peter Barber	Executive Director and Chief Operating Officer

### Website

<https://www.atomos.com>

### Stock exchange listing

Company's Shares are listed on ASX (code 'AMS')

### Lead Manager

Henslow Pty Ltd  
Level 7, 333 Collins Street  
Melbourne VIC 3000

### Australian legal adviser

Mills Oakley  
Level 6,  
530 Collins Street  
Melbourne VIC 3000

### Share Registry

Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000

### Offer information line

Australia 1300 737 760  
International +61 2 9290 9600  
Open 8.30am to 5.30pm (Sydney time) Monday to Friday (during the Entitlement Offer period)

**ENTITLEMENT AND ACCEPTANCE FORM**