

## FY23 Appendix 4E – Preliminary Final Report

**Melbourne, Australia** - Atomos Limited ('**ASX:AMS**', '**Atomos**' or the '**Company**') today releases its Appendix 4E Preliminary Final Report for the 12 month period ending 30 June 2023 (**Appendix 4E**).

The Appendix 4E provides a summary of the Company's annual financial results for the 12 months ending 30 June and has historically been released in August each year (and by no later than 31 August).

Due to challenges finalising the FY23 audited financial accounts, the Company did not release the FY23 Appendix 4E. The FY23 Annual Report was released on 19 December 2023.

To ensure compliance with relevant ASX reporting guidelines, the Company has today released the Appendix 4E for FY23.

This announcement has been authorised for lodgement with ASX by the Company's Chair.

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### Atomos' Interactive Investor Hub

Our investor hub is an interactive location to engage with the Atomos team on our announcements and updates.

Please go to the Atomos Investor Hub for all market announcements & other news <https://announcements.atomos.com>.

### About Atomos

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

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

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

For more information, please visit [www.atomos.com](http://www.atomos.com)

**ATOMOS LTD**  
**ACN 139 730 500**  
**ASX: AMS**

## Appendix 4E – Preliminary Final Report

### Reporting period

Reporting period: for the year ended 30 June 2023

Previous corresponding period: for the year ended 30 June 2022

### Results for announcement to the market

Atomos Ltd and its controlled entities is referred to as “Atomos”, “the Group” or “the Company” within this report.

Revenue and profit/(loss) after tax for the year ended 30 June 2023	2023	2022	% Change
	\$'000	\$'000	
Revenue from ordinary activities	42,763	73,282	(42%)
Profit/(Loss) from ordinary activities after tax attributable to members	(61,061)	(10,363)	489%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(25,519)	(5,078)	403%
Earnings before interest, tax, depreciation, amortisation and items not in the ordinary course of business <sup>1</sup>	(23,418)	584	(4110%)
Profit/(Loss) from ordinary activities after tax attributable to members before items not in the ordinary course of business <sup>1</sup>	(28,284)	(4,701)	502%

<sup>1</sup>Results have been presented to exclude the impact of items outside the ordinary course of business to allow shareholders to make a meaningful comparison with prior year comparatives. Further details on the material items have been provided in the notes below.

### Dividends

No dividends have been paid during the period and it is not proposed that any dividends be paid.

No dividends were paid during the previous corresponding period.

### Overview of operating results

Revenue of \$42.8 million was down \$30.5 million, or 42%, from \$73.3 million. During the year the Company experienced very weak sales as a result of a deterioration in economic conditions in the industry and slower than anticipated momentum from the Company's most recently released products. The Company also experienced lower gross margins attributed by higher cost of sales from promotional pricing and higher inventory obsolescence provisioning.

Net loss after tax for the year was at \$61.1 million as compared to a loss of \$10.4 million in 2022. This was primarily driven by:

- Drop in gross profit of \$24.1 million due to the impacts of the global economic downturn, channel de-stocking, and slow than planned momentum of our new products. Gross margin was also impacted by aggressive pricing to drive end user demand and significant provisions against finished goods inventory.
- One-off expenses incurred including:
  - Impairment of non-financial assets aggregating to \$30.7 million;

- CEO separation and legal claim fees of \$1.8 million
- Redundancy and restructuring costs of \$0.3 million.

**Annual General Meeting**

In accordance with ASX Listing Rule 3.13.1, the Company advises that its annual general meeting (AGM) was held at **11:00 am (AEDT) on Thursday, 30 November 2023** at the offices of Moore Australia Audit (VIC), Level 44, 600 Bourke Street, Melbourne, 3000.

The meeting was adjourned to **2:00 pm (AEDT) Thursday, 28 December 2023** at the offices of Henslow, Level 15, 25 Bligh Street, Sydney, 2000, to allow shareholders the opportunity to address questions and comments on the FY2023 financial report and remuneration report to the Company.

## Appendix 4E – Preliminary Final Report (continued)

### Net tangible assets per security

Net tangible assets per security	30-Jun-23	30-Jun-22
Net tangible assets per security	\$0.03	\$0.12
Total number of shares on issue at period end	401,821,079	222,267,766

For the purposes of calculating net tangible assets per security, the carrying values of the Right-of-use assets and the related lease liabilities have been excluded from the calculations.

### Entities over which control has been gained or lost during the period

There are no entities over which control has been gained or lost during the period.

### Associates and joint venture entities

There are no entities over which control has been gained or lost during the period.

### Dividend reinvestment plans

The Company currently does not have a dividend reinvestment plan.

### Independent audit report

This report is based on the audited consolidated financial report. The independent audit report was included in the Company's Annual Report, lodged with ASX on 19 December 2023, and includes an emphasis of matter in relation to the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

### Accounting standards

This report has been compiled using Australian Accounting Standards and International Financial Reporting Standards.

### Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2023 Annual Report (which includes the Directors' Report) which was lodged with ASX on 19 December 2023.

# **Atomos Limited** **Consolidated Statement of Profit or Loss and** **Other Comprehensive Income**

**For the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	42,763	73,282
Cost of sales	(38,050)	(44,502)
<b>Gross profit</b>	<b>4,713</b>	<b>28,780</b>
Other income	365	72
Net foreign exchange gain/(loss)	219	(480)
Employee benefits expense	(9,979)	(12,088)
Research and development expense	(4,161)	(4,624)
Advertising and marketing expense	(5,443)	(5,449)
Finance costs	(2,120)	(527)
Administration and other expense	(3,433)	(2,749)
Distribution expense	(2,739)	(4,155)
Warranty and royalty expense	(1,245)	(1,586)
Occupancy expense	(346)	(293)
Legal and professional services	(3,362)	(2,365)
Transaction costs	(108)	(141)
Depreciation and amortisation	(2,973)	(3,874)
Impairment of non-financial assets	(30,676)	-
<b>Loss before income tax</b>	<b>(61,288)</b>	<b>(9,479)</b>
Income tax benefit/(expense)	227	(884)
<b>Loss for the year</b>	<b>(61,061)</b>	<b>(10,363)</b>
Other comprehensive income, net of income tax		
<b>Items that will not be reclassified subsequently to profit or loss:</b>	-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>		
- Exchange differences on translating foreign operations	155	(346)
<b>Other comprehensive (loss)/profit for the year</b>	<b>155</b>	<b>(346)</b>
<b>Total comprehensive loss for the year</b>	<b>(60,906)</b>	<b>(10,709)</b>
<b>Earnings per share</b>		
Basic loss per share	(0.18)	(0.05)
Diluted loss per share	(0.18)	(0.05)

# Atomos Limited

## Consolidated Statement of Financial Position

As at 30 June 2023

	2023	2022
	\$'000	(Restated) \$'000
<b>Assets</b>		
<b><i>Current assets</i></b>		
Cash and cash equivalents	2,943	5,001
Trade and other receivables	5,166	20,654
Inventories	15,366	28,831
Other current assets	5,274	8,710
<b>Total current assets</b>	<b>28,749</b>	<b>63,196</b>
<b><i>Non-current assets</i></b>		
Property, plant and equipment	1,359	1,725
Right-of-use assets	5,269	6,177
Intangible assets	-	28,939
Financial assets	1,798	28
<b>Total non-current assets</b>	<b>8,426</b>	<b>36,869</b>
<b>Total assets</b>	<b>37,175</b>	<b>100,065</b>
<b>Liabilities</b>		
<b><i>Current liabilities</i></b>		
Trade and other payables	13,919	22,978
Borrowings	3,359	12,021
Provisions	2,538	1,878
Lease liabilities	1,011	1,014
<b>Total current liabilities</b>	<b>20,827</b>	<b>37,891</b>
<b><i>Non-current Liabilities</i></b>		
Trade and other payables	1,320	1,475
Provisions	91	135
Lease liabilities	5,167	5,561
Deferred tax liability	-	761
<b>Non-current Liabilities</b>	<b>6,578</b>	<b>7,932</b>
<b>Total liabilities</b>	<b>27,405</b>	<b>45,823</b>
<b>Net assets</b>	<b>9,770</b>	<b>54,242</b>
<b>Equity</b>		
Issued capital	119,301	102,492
Foreign currency translation reserve	(296)	(451)
Share based payments reserve	3,072	3,447
Options reserve	264	264
Accumulated losses	(112,571)	(51,510)
<b>Total equity</b>	<b>9,770</b>	<b>54,242</b>

**Atomos Limited**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 30 June 2023**

	Issued capital (Ordinary shares)	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Options reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	101,749	(41,147)	(105)	3,217	-	63,714
<b>Transactions with owners</b>						
Share-based payments	-	-	-	230	-	230
Issue of options	-	-	-	-	264	264
Issue of new share capital	758	-	-	-	-	758
Transaction costs relating to issue of share capital	(15)	-	-	-	-	(15)
<b>Total transactions with owners</b>	<b>743</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>264</b>	<b>1,237</b>
<b>Comprehensive income</b>						
Loss for the period	-	(10,363)	-	-	-	(10,363)
Other comprehensive loss	-	-	(346)	-	-	(346)
<b>Total comprehensive loss</b>	<b>-</b>	<b>(10,363)</b>	<b>(346)</b>	<b>-</b>	<b>-</b>	<b>(10,709)</b>
<b>Balance at 30 June 2022</b>	<b>102,492</b>	<b>(51,510)</b>	<b>(451)</b>	<b>3,447</b>	<b>264</b>	<b>54,242</b>
Balance at 1 July 2022	102,492	(51,510)	(451)	3,447	264	54,242
<b>Transactions with owners</b>						
Share-based payments	-	-	-	(375)	-	(375)
Issue of new share capital	17,947	-	-	-	-	17,947
Transaction costs relating to issue of share capital	(1,138)	-	-	-	-	(1,138)
<b>Total transactions with owners</b>	<b>16,809</b>	<b>-</b>	<b>-</b>	<b>(375)</b>	<b>0</b>	<b>16,434</b>
<b>Comprehensive income</b>						
Loss for the period	-	(61,061)	-	-	-	(61,061)
Other comprehensive income	-	-	155	-	-	155
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>(61,061)</b>	<b>155</b>	<b>-</b>	<b>-</b>	<b>(60,906)</b>
<b>Balance at 30 June 2023</b>	<b>119,301</b>	<b>(112,571)</b>	<b>(296)</b>	<b>3,072</b>	<b>264</b>	<b>9,770</b>

**Atomos Limited**  
**Consolidated Statement of Cash Flows**  
**For the year ended 30 June 2023**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Receipts from customers	59,049	67,638
Payments to suppliers and employees	(61,079)	(93,848)
Interest received	2	1
Income taxes paid	(534)	(245)
<b>Net cash used in operating activities</b>	<b>(2,562)</b>	<b>(26,454)</b>
<b>Investing activities</b>		
Payments for property, plant and equipment	(692)	(909)
Payments for intangible assets	(2,431)	(5,016)
Payments for investments	(1,798)	(28)
<b>Net cash used in investing activities</b>	<b>(4,921)</b>	<b>(5,953)</b>
<b>Financing activities</b>		
Proceeds from issue of equity instruments in the company	17,947	758
Payment for equity raise costs	(1,138)	(15)
Interest paid on borrowings and lease liabilities	(1,361)	(484)
Repayment of lease liabilities	(682)	(837)
Proceeds of borrowings	-	11,993
Repayment of borrowings	(9,421)	-
<b>Net cash generated by financing activities</b>	<b>5,345</b>	<b>11,415</b>
Net change in cash and cash equivalents	(2,138)	(20,992)
Cash and cash equivalents, beginning of period	5,001	25,984
Exchange differences on cash and cash equivalents	80	9
<b>Cash and cash equivalents, end of period</b>	<b>2,943</b>	<b>5,001</b>



## Notes to the Consolidated Financial Statements

### Review of Operations

FY23 was impacted by several one-offs, including impairment of non-financial assets, CEO separation and legal claim, and redundancy and restructuring costs.

Revenue of \$42.8 million was down \$30.5 million due to being severely impacted by the global economic downturn, the consequent de-stocking in our channel and the slower than planned momentum of our new products. Sell through analysis obtained from our channel partners demonstrates that the underlying fall in demand was much less than our own decline in sales. Once the channel de-stocking was complete, we began to see an improvement in sales, however demand remains well below 2021 and 2022.

### Summary of results for 2023 compared to prior period

Consolidated Statement of Profit or Loss and Other Comprehensive Income	2023	2022	Change \$	Change %
	\$'000	\$'000	\$'000	
<b>Revenue</b>	<b>42,763</b>	<b>73,282</b>	<b>(30,519)</b>	<b>(42%)</b>
Cost of sales	(38,050)	(44,502)	6,452	(14%)
<b>Gross profit</b>	<b>4,713</b>	<b>28,780</b>	<b>(24,067)</b>	<b>(84%)</b>
<b>Gross Margin %</b>	<b>11%</b>	<b>39%</b>		<b>(28%)</b>
Operating expenses	(30,232)	(33,858)	3,626	(11%)
<b>EBITDA</b>	<b>(25,519)</b>	<b>(5,078)</b>	<b>(20,441)</b>	<b>403%</b>
Finance costs	(2,120)	(527)	(1,593)	302%
Depreciation and amortisation	(2,973)	(3,874)	901	(23%)
Impairment of non-financial assets	(30,676)	-	(30,676)	N/A
<b>(Loss)/Profit before income tax</b>	<b>(61,288)</b>	<b>(9,479)</b>	<b>(51,809)</b>	<b>547%</b>
Income tax expense	227	(884)	1,111	(126%)
<b>(Loss)/Profit for the year</b>	<b>(61,061)</b>	<b>(10,363)</b>	<b>(50,698)</b>	<b>489%</b>

Included in the 2023 results above are certain items which were significant and/or not incurred in the ordinary course of business and are fully detailed in the normalised earnings section overleaf. The impact of excluding these items from the Consolidated Statement of Profit or Loss and Other Comprehensive Income is as follows:

Normalised Consolidated Statement of Profit or Loss and Other Comprehensive Income	2023	2022	Change \$	Change %
	\$'000	\$'000	\$'000	
<b>Revenue</b>	<b>42,763</b>	<b>73,282</b>	<b>(30,519)</b>	<b>(42%)</b>
<b>Gross profit</b>	<b>4,713</b>	<b>30,643</b>	<b>(25,930)</b>	<b>(85%)</b>
Gross Margin %	11%	42%		(31%)
Operating expenses	(30,232)	(30,059)	(173)	1%
<b>Normalised EBITDA</b>	<b>(25,519)</b>	<b>584</b>	<b>(26,103)</b>	<b>(4470%)</b>

## **Review of Operations (continued)**

### ***Revenue***

Revenue was severely impacted by the global economic downturn, the consequent de-stocking in our channel and the slower than planned momentum of our new products. Sell through analysis obtained from our channel partners demonstrates that the underlying fall in demand was much less than our own decline in sales. Once the channel de-stocking was complete, we began to see an improvement in sales, however demand remains well below 2021 and 2022.

### ***Gross Profit***

Gross margin of 11% is significantly lower than in previous years. Atomos began 2023 carrying much higher inventory levels than desirable, this was as a result of component stockpiling during the COVID induced period of semi-conductor component scarcity and the resultant expansion in lead times, combined with a sharp decline in demand. With our channel partners expressing the need to de-stock, we used aggressive pricing to drive end user demand. We also made significant provisions against finished goods inventory which is slow-moving and excessive levels of component inventory.

### ***Operating Costs***

We took prompt action to address the weaker sales performance by reducing our cost base, predominantly through a reduction in headcount, marketing expenditure as well as other operating expenses. These actions result in a fixed cost base for FY23 of \$25.2m, 19% lower than in FY22 and is expected to result in an annualised cost base of \$17m in FY24 (a 44% reduction overall).

### ***EBITDA***

The EBITDA loss of \$25.5 million is impacted by the factors above. The underlying EBITDA loss after adjusting for one-off/non-recurring items is \$23.4 million which is \$24.0 million or 4,100% lower than 2022.

### ***Finance Costs***

Finance costs increased by \$1.6 million primarily due to the debt facility undertaken in June 2022.

### ***Depreciation and Amortisation***

Depreciation and amortisation decreased by \$0.9 million primarily driven by the impairment of non-financial assets. This also includes one-off/non-recurring items of \$30.7 million for impairment of non-financial assets incurred on 31 December 2022.

### ***Income Tax Expense***

Income tax received \$0.2 million during the period relates to non-Australian 100% owned subsidiaries where a taxable profit was reported, offset by de-recognition of deferred tax liability.

### ***Net Profit / (Loss) After Tax***

The consolidated loss of the Group for the financial year after providing for income tax amounted to \$61.1 million (2022: loss \$10.4 million).

### Reconciliation of underlying earnings

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS term which the Group uses to measure performance. Additionally, the reported 2023 result includes a number of items that were significant and/or not considered to be in the ordinary course of business and the table below quantifies these to provide a view of the underlying trading result.

	2023	Items that were significant and/or not in the ordinary course of business <sup>1</sup>	Underlying Result
<b>\$'000</b>			
Revenue	42,763	-	42,763
Cost of sales	(38,050)	-	(38,050)
<b>Gross profit</b>	<b>4,713</b>	-	<b>4,713</b>
Gross Margin %	11%		11%
Operating Expenses – ongoing	(28,131)	-	(28,131)
Operating Expenses – one-off	(2,101)	2,101	-
<b>EBITDA</b>	<b>(25,519)</b>	<b>2,101</b>	<b>(23,418)</b>
Depreciation and amortisation	(2,973)	-	(2,973)
Impairment charge	(30,676)	30,676	-
Finance costs	(2,120)	-	(2,120)
<b>Loss before income tax</b>	<b>(61,288)</b>	<b>32,777</b>	<b>(28,511)</b>
Income tax expense	227	-	227
<b>Loss for the year</b>	<b>(61,061)</b>	<b>32,777</b>	<b>(28,284)</b>

<sup>1</sup> Items that were significant and/or not in the ordinary course of business (2023)	<b>\$'000</b>
<b>Operating Expenses</b>	
Redundancies (restructuring)	339
CEO separation and legal claim	1,762
Impairment charge	30,676
<b>Operating Expenses</b>	<b>32,777</b>
<b>Total Items not in the ordinary course of business</b>	<b>32,777</b>

-End of Appendix 4E – preliminary final report-