

ASX Announcement
31 July 2024

Q4 FY24 Quarterly Activities Report

Highlights:

- Q4 FY24 sales (unaudited) of ~\$9.7m; FY24 sales (unaudited) of ~\$35.6m¹
- Q4 FY24 cash receipts of \$10.1m – strongest quarter in FY24
- Operating cash outflow of \$4.8m; includes over \$3.0m of one-off items following completion of the capital raise
- Announced two new products at NABSHOW global trade show in April 2024: Ninja Phone and SunDragon (LED lighting system)
 - First Ninja Phone units were shipped in the last week of June 2024
 - SunDragon units shipping in August 2024
- Upgraded version of Shinobi II, a flagship product in our portfolio, announced today, shipped to resellers last week and available to customers for purchase now
- Cost restructure well progressed following significant reduction in staff costs with less than 70 permanent staff; expect to complete restructure by Q1 FY25
- Completed \$16.2m raise with Company resuming ASX trading on 21 May 2024
- Cash balance of \$2.9m as of 30 June 2024 with no debt

Melbourne, Australia - Atomos Limited ('ASX:AMS', 'Atomos' or the 'Company') today releases its Appendix 4C and Activities Report for the quarter ended 30 June 2024 (Q4 FY24) along with an update on notable events that have occurred subsequently.

Atomos Managing Director and CEO, Jeromy Young said: *"Further to the ASX trading update provided on 4 July 2024, we are pleased to confirm the first units of our SunDragon LED lights will be shipped in August. We are incredibly proud of the Atomos team for the work they have done to get to this position. The launch of any new hardware product, particularly when targeted at professional lighting and video creatives, requires a hugely talented pool of individuals, which Atomos is fortunate to have."*

"Building on the momentum of our two new products, we have today, launched our third new product in 4 months, a brand-new version of our second best-selling product, the Shinobi II, and it's shipping today."

"While our cash receipts were strong in Q4, the highest this financial year, cash outflow of \$4.8m included over \$3.0m of one-off items. As a result, the Q4 cash outflow is not reflective of our current run-rate cost base as, in addition to the one-offs outlined, we also experienced the completion of previous discounting agreements coupled with seasonally higher spending on event-driven activities, such as the NABSHOW in April. Our investment and presence at NABSHOW was critical in repositioning Atomos as an industry leading innovation company."

"With our new products in market and shipping, we are now focused on furthering educating our customer base on the benefits of these products in being able to enhance their creative offering whilst speeding up the workflow process."

Financial Update

Atomos delivered sales (unaudited) of ~\$9.7m, the highest quarterly revenue in FY24.

FY24 sales (unaudited) of \$35.6m¹, with H2 FY24 sales (unaudited) of ~\$18.2m exceeding H1 FY24 sales of \$17.4m. The improved H2 sales included only ~\$0.5m of sales from the Ninja Phone and no new sales from SunDragon (compared to our forecast of \$2.5m based on launch of both products in June), highlighting strong 2H sales in the core existing product line.

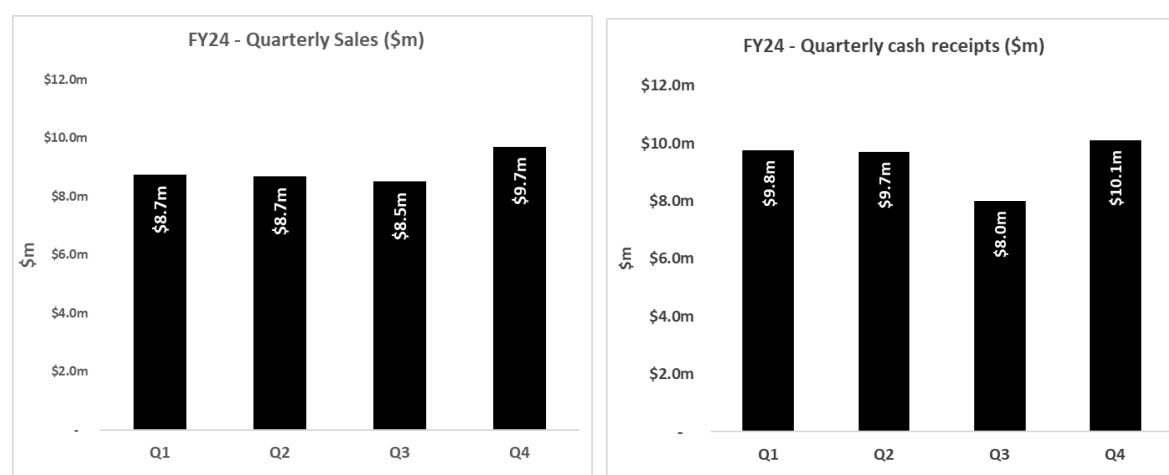
Atomos generated Q4 cash receipts of \$10.1m, the highest quarterly cash receipts in FY24.

Operating cash outflow in Q4 of \$4.8m, was driven by several one-offs and event-driven seasonally elevated expenses, including:

- Investment in inventory and R&D ahead of new product launches, along with catch-up on supplier payment plans delayed until completion of the capital raise
- Advertising and marketing increase in-line with April NABSHOW launch of new products
- Increased admin and corporate costs reflecting several remaining one-off legal, registry and advisory costs associated with completion of the capital raise and ASX re-quotations
- Interest cost of \$0.2m relating to debt now repaid
- Payment of \$0.7m relating to historic income tax liability of German subsidiary.

Cash balance of \$2.9m as of 30 June 2024 with no debt.

Payments to related parties and their associates of \$0.2m, relate to remuneration of both executive and non-executive Directors.



Outlook

The Company is well progressed on its detailed cost restructure, having already significantly reduced staff costs to under 70 permanent staff (from 90 permanent staff in December 23). The restructure is expected to be complete by Q1 FY25 with targeted EBITDA breakeven around \$45m of sales.

Atomos expects increasing sales momentum in Q1 FY25 with the launch of two new products and today's launch of the Shinobi II.

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

--ENDS--

1. Subject to any minor year-end audit adjustments

For further information, please contact:

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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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ATOMOS LIMITED

ABN

25 139 730 500

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		10,090	37,554
1.2 Payments for			
(a) research and development		(980)	(2,366)
(b) product manufacturing and operating costs		(6,375)	(23,111)
(c) advertising and marketing		(1,410)	(3,650)
(d) leased assets		(163)	(1,144)
(e) staff costs		(2,451)	(10,189)
(f) administration and corporate costs		(2,503)	(6,638)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		2	17
1.5 Interest and other costs of finance paid		(216)	(574)
1.6 Income taxes paid		(823)	(1,139)
1.7 Government grants and tax incentives		-	-
1.8 Other		-	-
1.9 Net cash from / (used in) operating activities		(4,829)	(11,240)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(6)	(41)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(6)	(41)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	16,215	16,215
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,350)	(1,350)
3.5	Proceeds from borrowings	-	5,100
3.6	Repayment of borrowings	(7,721)	(8,221)
3.7	Transaction costs related to loans and borrowings	(35)	(294)
3.8	Dividends paid	-	-
3.9	Other (movement in Credit Card balance and other items)	(398)	(185)
3.10	Net cash from / (used in) financing activities	6,711	11,265

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,227	2,943
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,829)	(11,240)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(41)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,711	11,265
4.5	Effect of movement in exchange rates on cash held	(203)	(27)
4.6	Cash and cash equivalents at end of period	2,900	2,900

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,417	751
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Rental Guarantees)	483	476
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,900	1,227

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	226
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Corporate Credit Card)	500	129
7.4	Total financing facilities	500	129
7.5	Unused financing facilities available at quarter end		371
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,829)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,900
8.3	Unused finance facilities available at quarter end (item 7.5)	371
8.4	Total available funding (item 8.2 + item 8.3)	3,271
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.7
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<p>Answer:</p> <p>No – as outlined in the Quarterly Activities Report, several operating costs incurred in Q4 were one-off (such as advisory and interest costs associated with completion of the capital raise and debt repayment) or seasonally higher 'event-driven' expenses which will be reduced in future periods. Additionally, Atomos is expected to complete its cost restructure in Q1 FY25 which will see a further reduction in the run-rate cost base. This, coupled with the launch of new products, being the Ninja Phone and Sun Dragon, will see a significant improvement in operating cashflows from July 2024 onwards.</p>	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes. Management have engaged with several lenders to provide a Working Capital facility and we believe this will be in place prior to the end of Q1, 2025.

Separately, as part of the capital raise completed in May 2024, 551m options with an exercise price of \$0.03 were issued. This represents a potential \$16.5m of further capital that may be injected into the business, subject to Atomos share price performance and investors exercising their options.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, refer above.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

31 July 2024

Date:

The Board of Atomos Limited

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.