FY2024 Results

Reset and relaunch

Highlights:

- FY24 revenue was $35.7m, down 16% on FY23
    - H2 FY24 revenue of $18.3m, 5.1% up on H1 FY24 revenue of $17.4m
    - Q4 FY24 of $10.1m, largest quarter of FY24
- Substantial improvement in gross profit margin achieved under new management
    - Reported gross profit margin improvement from 11% in FY23 to 31% in FY24
    - Underlying gross profit margin improvement to 34% in FY24 from 20% in FY23
        - 2H FY24 gross profit margin of 36%
        - June '24 gross profit margin of 40%
- Developed and announced two new products at NABSHOW global trade show in April 2024: Ninja Phone and SunDragon (LED lighting system)
    - First Ninja Phone units shipped last week of June 2024
    - SunDragon units will ship in September 2024
- New Shinobi II flagship product shipped and sold out in July and August 2024, continued strong sell through
- Cost restructure well progressed, 90 staff globally reduced to 70 as of 30 June 2024; continuing cost out and employee restructuring into FY25
- Completed $16.2m capital 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 reports its full year results for the 12 month period ending 30 June 2024.

New Management Improvements

New Management, led by the returning founder Jeromy Young, joined the business in January 2024 and set out to execute on re-building the Company and restoring shareholder value.

This involved several important steps, notably:

1. **Recapitalising and relisting the Company – successfully completed**

   This was successfully achieved with Atomos raising $16.2m and re listing on 21 May 2024.

2. **Stabilising and subsequently growing sales – partially completed**

FY24 revenue of $35.7m, down 16% on prior corresponding period which reflected:

a) low working capital resulting in constraining marketing activities and inability to product sufficient products to remain ahead of demand;

b) ongoing deterioration in economic conditions globally;

c) continued supply chain challenges; and

d) disruptions from the Writers Guild of America strike.

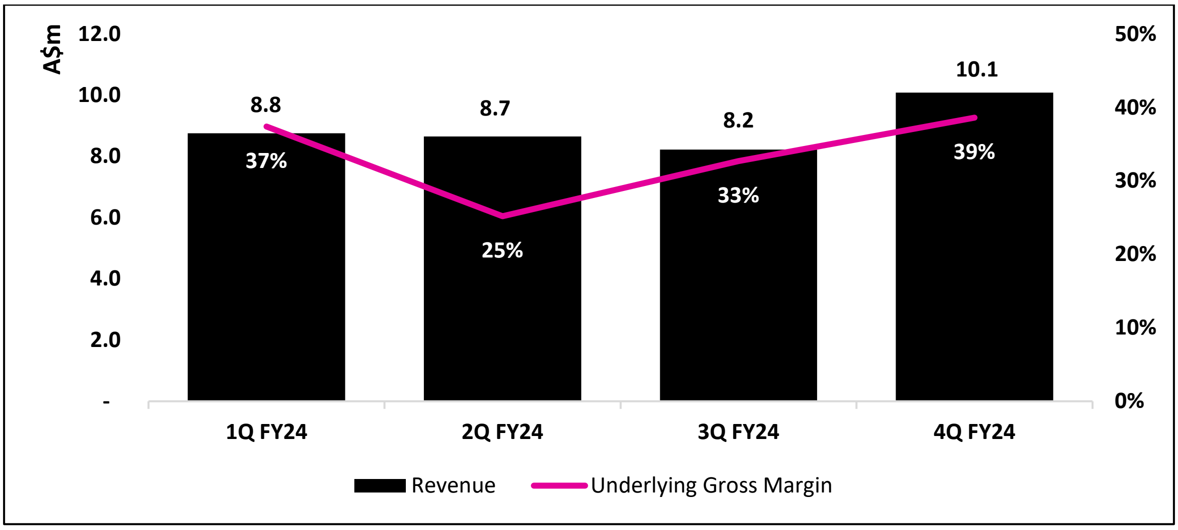
However, following the appointment of new management in January, the Company delivered revenue of $18.3m in H2 FY24, up 5.1% on H1 FY24 predominately due to reinvigorating the sales and marketing of the existing products and launching new innovative products which created demand across other product categories.

3. **Improving Gross Profit Margin – Mostly complete**

The Company experienced higher gross margins in FY24 attributed to the cessation of product discounting.

While Reported Gross profit margin improved from 11% in FY23 to 31% in FY24, Underlying gross margin improved from 20% to 34%.

A better reflection of the run-rate gross profit margin position is reflected through H2 FY24 gross profit margin of 36% compared to 31% in H1 FY24. In addition, and while it has taken some months to unwind previous management's strategies, pleasingly in Q4 FY24 gross margins were consistently just under 40% with June 2024 reaching 40%.



Now that the existing product range has been stabilised, with new products shipping at higher GP margins, management is confident of gross profit margins remaining in excess of 40%.

4. **Restructuring the cost base and returning to cashflow positive – Well Advanced**

At the time of being appointed in January 2024, new Management advised they were targeting to restructure the fixed operating cost base to a run-rate of $16m per annum by June 2024.

Over the past six months, the team have discovered several items (not previously disclosed) that have presented material challenges and resulted in longer than expected implementation of restructuring initiatives.

The Company has implemented several cost saving initiatives during H2 FY24 which has resulted in permanent staff being reduced from 90 at December 2023 to 70 as of June 2024.

Excluding non-recurring costs, fixed operating costs (which includes capitalised R&D in FY23) were reduced by $5.9m or 22% in FY24 compared to FY23 to approximately $21.3m. The Company is expected to finalise the restructure program by the end of the Q1 FY25 with the full run-rate benefit being seen in H2 FY25.

The FY24 underlying EBITDA loss after adjusting for one-off/non-recurring items was $11.8m which was a $10.1m improvement compared to FY23.

Finance costs decreased by $0.9m to $1.2m in FY24 primarily due to the debt facility repayments, with the Company holding no debt as at 30 June 2024, except for $0.1m related to credit card facilities. Atomos cash balance as at 30 June 2024 was 2.9m.

5. **Returning the business to profitability**

   Over the past two years the company has incurred several material impairments which have resulting in significant reported net losses. The Company heads into FY25 with immaterial intangibles assets and an inventory position that has been thoroughly reviewed with any aged or obsolete stock written off.

Refer Appendix A for a summary of Reported and Underlying Profit and Loss statements.

<u>Outlook</u>

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 new products including the launch of the Shinobi II, Sun Dragon and Ninja Phone with a significant roadmap of innovative products in development.

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

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Atomos' Interactive Investor Hub

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

Please go to the Atomos Investor Hub for all market announcements & other news [https://announcements.atomos.com.](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 A

Reported Profit and Loss

Condensed Profit or Loss - Reported Basis	2024 AUD$m	2023 AUD$m	Change $ AUD$m	Change %
Revenue	**35.7**	**42.8**	**(7.0)**	**(16%)**
Cost of sales	(24.5)	(38.1)	13.5	(36%)
Gross profit	**11.2**	**4.7**	**6.5**	**138%**
Gross Margin %	**31%**	**11%**		**20%**
Operating expenses	(28.9)	(30.6)	1.7	(6%)
Other income	0.3	0.4	(0.0)	(4%)
Reported EBITDA	**(17.3)**	**(25.5)**	**8.2**	**(32%)**
Depreciation and amortisation	(1.6)	(3.0)	1.4	(46%)
Impairment of non-financial assets	0.0	(30.7)	30.7	(100%)
Impairment of associate	(1.8)	0.0	(1.8)	100%
Finance costs	(1.2)	(2.1)	0.9	(42%)
Loss before income tax	**(22.0)**	**(61.3)**	**39.3**	**(64%)**
Income tax benefit / (expense)	(0.4)	0.2	(0.6)	(274%)
Loss for the year	**(22.4)**	**(61.1)**	**38.7**	**(63%)**

Underlying Profit and Loss

Condensed Profit or Loss - Underlying	2024 AUD$m	2023 AUD$m	Change $ AUD$m	Change %
Revenue	**35.7**	**42.8**	**(7.0)**	**(16%)**
Cost of sales	(23.7)	(34.1)	10.4	(31%)
Gross profit	**12.0**	**8.7**	**3.4**	**39%**
Gross Margin %	**34%**	**20%**		**13%**
Operating expenses	(24.2)	(28.5)	4.3	(15%)
Other income	0.3	0.4	(0.0)	(4%)
Underlying EBITDA	**(11.8)**	**(19.5)**	**7.6**	**(39%)**

Reconciliation of Reported EBITDA to Underlying EBITDA	2024 AUD$m	2023 AUD$m	Change $ AUD$m
Reported EBITDA	**(17.3)**	**(25.5)**	**8.2**
Items that were significant or not in the ordinary course of business:			
Employee restructure costs	0.8	0.3	0.4
CEO separation and legal claim	1.1	1.8	(0.6)
Provision for inventory obsolescence	0.8	3.9	(3.1)
Debt facility novation and legal fees	0.3	0.0	0.3
Fees related to strategic review	0.1	0.0	0.1
Bad debts related to prior periods	0.3	0.0	0.3
Provision for legacy purchase orders for	2.1	0.0	2.1
Underlying EBITDA	**(11.8)**	**(19.5)**	**7.6**