Atomos Limited

Annual Report 2024

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Chair's Message

Dear Shareholders

Financial Year 2024 has been landmark period for Atomos with all key areas of the business undergoing significant transformation and re-alignment which will result in a more streamlined, capital efficient and operationally resilient Company moving forward.

Atomos is a unique business for its size, highlighted by the following key characteristics:

- market-leading video creation products (both hardware and software) in key product segments;
- global sales distribution network with direct reseller relationships in the US market;
- tech integration and sales partnerships with major global players such as Apple, Adobe, Canon, Sony and Panasonic, among others;
- proprietary technology developed in-house via world-class engineering and design teams; and
- customer base leveraged to the video content creation market which is now the communication medium globally given the growth of social media, video advertising and virtual meetings.

Whilst we recognise the poor performance of the business over the past few years, the team have worked incredibly hard to address those challenges and are now confident the necessary building blocks are in place to generate increased value for our shareholders into the future.

One of the key catalysts for our transformation during the year was Atomos co-founder, Jeromy Young, returning to the business in January 2024 as Managing Director and CEO. Jeromy was joined in February 2024 by successful video entrepreneur (and co-founder of Blackmagic Design), Peter Barber, who was appointed as Executive Director and COO.

Leveraging new management strategies and a refreshed product roadmap, Atomos successfully re-capitalised the business in May 2024, raising $16.1m which was partially underwritten by major shareholder, Doma, and supported by Directors Jeromy Young and Peter Barber invested $2.0m each. Proceeds from the capital raise were used to repay all outstanding debt, on-going restructuring costs, invest in new product inventory and provided additional working capital flexibility.

Following a 15-month period of suspension, Atomos returned to ASX trading on 21 May 2024 (post completion of the capital raise), one of the major milestones achieved during the year.

Financially, Atomos underwent a material restructure during FY24, particularly during the second half under new management. While the annualised benefits of that restructure will be realised in FY25, initial key performance drivers are positive:

- H2'24 revenue of $18.3m up 5% on H1'24 (FY24 sales: $35.7m)
- FY24 gross margins improved as constant product discounting ceased in H2'24; and
- Fixed costs reduction with permanent staff reduced to 70 as at 30 June 2024.

Chair’s Message (continued)

The Company returned to its product-focused innovative heritage with the launch of two new products in late FY24 – Ninja Phone and SunDragon. Due to the timing of shipping those products, both had a negligible impact on FY24 sales, however we expect these products to make a material contribution to revenue in FY25.

In September 2024, we announced the settlement of both the US and Australian legal cases between Atomos and the former Chief Executive Officer, Estelle McGechie. Whilst terms of the settlement remain confidential, the Company has sufficiently provided for all payments and future legal expenses relating to the matter in the FY24 accounts. This is a great outcome for the Company and removes one more negative distraction which will enable management to focus their time and resources on releasing groundbreaking products to existing and new markets.

With the cost restructure expected to be complete by Q2 FY25 resulting in breakeven EBITDA at approximately $45m of sales and coupled with the launch of several new products, we are optimistic for the outlook heading into FY25.

Lastly, I’d like to acknowledge the contributions of former Directors Sir Hossein Yassaie and Trevor Elbourne who stepped down from their director duties during the year. I’d also like to thank my fellow directors Jeromy and Peter, board advisors James Joughin, and Ben McAlister for their efforts during the year. In addition, I’d like to thank our shareholders for their ongoing support and patience as we seek to rebuild the significant latent value that sits within the Atomos business.

Kind Regards,

Paul Greenberg
Chair

CEO's Address

Dear Shareholders,

After several years away from the business, it's a pleasure to be back as CEO of Atomos; a Company Ian Overliese and I co-founded over 15 years ago. Our initial vision for the business all those years ago was simple – to democratise video content creation by providing access to simple, intuitive and technologically advanced products that foster creativity irrespective of budget. This is the same vision we continue to employ today, with the recently launched Ninja Phone and Shinobi II providing a great example of our ability to translate this vision into something tangible and value accretive.

As Paul mentioned in the Chair message, FY24 was transformational year for Atomos having delivered several key milestones that have removed various unwanted distractions from management, increasing the time and resources focused on high value growth opportunities.

Following the appointment of Peter and myself as the COO and CEO, respectively, we subsequently completed the recapitalisation process critical to resetting the financial stability of the business and enabling the Company to resume trading on the ASX following a 15-month period of suspension.

At an operational and financial level, we have implemented significant change in the business, particularly during the second half post our appointment, with several key areas highlighted below:

Stabilised and subsequently returned to sales growth

- FY24 revenue of $35.7m, down 16% on previous corresponding period ('pcp') which reflected: limited working capital to produce sufficient product to meet demand, ongoing deterioration in economic conditions and disruptions from the Writers Guild of America strike
- However, we 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.

Improving Gross Profit Margin

- Higher gross margin 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%
- Gross profit margins in H2 FY24 gross profit margin of 36% compared to 31% in H1 FY24
- In addition, and perhaps a better reflection of the run-rate, despite it taking some months to unwind previous management's strategies, in Q4 FY24 gross profit margins were consistently just under 40%, with June 2024 reaching 40%.

Restructuring the cost base well advanced

- 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 in FY24
- The Company is expected to finalise the restructure program by the end of Q2 FY25 with the full run-rate benefit being seen in H2 FY25.

In the second half of FY24, we returned to what we have become globally known for – launching innovative, groundbreaking products that converge expensive technologies into a simple form factor at a cost-effective price point.

CEO's Address (continued)

In April 2024 we announced the **Ninja Phone** – a video co-processor that enables users to use the latest iPhone models as a monitor whilst also providing recording functionality from professional cameras directly onto the iPhone's storage.

Concurrently, we also launched **SunDragon** - a unique 'sun-spectrum' range of LED lights, which expands upon Atomos' exiting product portfolio into an adjacent segment of the video production ecosystem.

In June we surprised the world with an update to the world's most popular Photo Video Monitor, the Shinobi, launching and shipping the Shinobi II in July.

The Atomos brand holds strong and has returned to its leadership position, the task at hand is to educate the rapidly growing younger content creators and bring them into the professional landscape, a task that Ninja Phone is well placed to achieve. Educating the masses on why they need to utilise the wonderful HDR screens on their phones and tablets by shooting 4K HDR and ensuring the traditional video market get the new tools they need to compete with the up and comers. The development pipeline for Atomos is strong and you can rest assured we are taking back out leadership position. Exciting times ahead.

Lastly, I'd like to thank all our staff who have been nothing short of incredible over the past few years given the various internal and external challenges they have faced. It's never easy when a Company is going through a restructure period, with most of the core building blocks now in place we firmly have light at the end of the tunnel to enable us to deliver improved financial performance moving forward.

I am confident the tide has turned for the business, giving us the momentum we require into 2025 that will return Atomos to its rightful position in the video technology landscape, one that has exciting new frontiers!

Kind Regards,

Jeromy Young
Managing Director & CEO

Directors' Report

The directors of Atomos Ltd ('Atomos' or 'the Company') present their report together with the financial statements of the consolidated entity, being Atomos and its Controlled Entities ('the Group') for the year ended 30 June 2024.

Directors

The names of the directors in office at any time during or since the end of the year are:

Mr Paul Greenberg – Non-Executive Chairman
Mr Jeromy Young – Executive Director, Managing Director (effective 4 January 2024)
Mr Peter Barber – Executive Director (effective 14 February 2024)
Sir Hossein Yassaie – Non-Executive Director (up to 16 May 2024)
Mr Trevor Elbourne (up to 4 January 2024)

The above-named directors held office during and since the end of the financial year unless otherwise stated.

Principal activities

During the year the principal activities of the Group consisted of:

- The design, manufacture and sale of video equipment; and
- The development and sale of software applications to enhance its physical products.

There have been no significant changes in the nature of these activities during the year.

Review of Results and Operations

FY24 revenue of $35.7 million was $7.0m or 16% lower compared to revenue of $42.8m in the PCP. Revenue was lower in FY24 due to the ongoing deterioration in economic conditions, working capital constraints prior to the capital raising in May 2024 impacting finished goods availability, supply chain challenges and disruptions from the Writers Guild of America strike.

Pleasingly, revenue of 18.3m in H2 FY24 was 5.1% higher than revenue of $17.4m in H1 FY24. The improved H2 sales included only approximately $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 H2 FY24 sales in the core existing product line. Management is focused on delivering the new products to market and further educating the Group's customer base on the benefits of these new products in being able to enhance their creative offering whilst speeding up the workflow process.

The Company experienced higher gross margins in FY24 attributed to improvements in the mix of margin across its product range, including higher margins from new products. Gross margin percentage improved by 20% points in FY24 from 11% in FY23 to 31% in FY24.

On an underlying basis, gross margin percentage improved by 14% points in FY24 from 20% in FY23 to 34% in FY24. Further underlying margin improvements were achieved in the second half of FY24 with gross margin percentage of 36% in H2 FY24 compared to 31% in H1 FY24.

Summary of results for 2024 compared to prior period

Consolidated Statement of Profit or Loss and Other Comprehensive Income	2024 $'000	2023 $'000	Change $ $'000	Change %
Revenue	**35,721**	**42,763**	**(7,042)**	**(16%)**
Cost of sales	(24,517)	(38,050)	13,533	(36%)
Gross profit	**11,204**	**4,713**	**6,491**	**138%**
Gross Margin %	**31%**	**11%**		**20%**
Operating expenses	(28,889)	(30,597)	1,708	(6%)
Other income	349	365	(16)	(4%)
EBITDA	**(17,336)**	**(25,519)**	**8,183**	**(32%)**
Depreciation and amortisation	(1,610)	(2,973)	1,363	(46%)
Impairment of non-financial assets	0	(30,676)	30,676	(100%)
Fair value adjustment	(1,798)	0	(1,798)	N/A
Finance costs	(1,224)	(2,120)	896	(42%)
Loss before income tax	**(21,968)**	**(61,288)**	**39,320**	**(64%)**
Income tax benefit / (expense)	(394)	227	(621)	(274%)
Loss for the year	**(22,362)**	**(61,061)**	**38,699**	**(63%)**

Included in the FY24 and FY23 results were certain items which were significant and/or not incurred in the ordinary course of business and are fully detailed in the normalised earnings section on pages 10 and 11. 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	2024 $'000	2023 $'000	Change $ $'000	Change %
Revenue	**35,721**	**42,763**	**(7,042)**	**(16%)**
Gross profit	**12,041**	**8,657**	**3,384**	**39%**
Gross Margin %	34%	20%		13%
Operating expenses	(24,230)	(28,496)	4,266	(15%)
Other income	349	365	(16)	(4%)
Normalised EBITDA	**(11,840)**	**(19,474)**	**7,634**	**(39%)**

Revenue, Gross Profit and Gross Margin H2 FY24 compared to H1 FY24 – Underlying basis

Underlying Basis

Revenue, Gross Profit and Gross Margin	2HFY24 $'000	1HFY24 $'000	Change $ $'000	Change %	FY24 Total $'000
Revenue	**18,308**	**17,413**	**895**	**5%**	**35,721**
Cost of sales	(11,724)	(11,956)	232	(2%)	(23,680)
Gross profit	**6,584**	**5,457**	**1,127**	**21%**	**12,041**
Gross Margin %	**36%**	**31%**		**5%**	**34%**

Key Drivers of Performance

Revenue

FY24 revenue of $35.7 million was $7.0m or 16% lower compared to revenue of $42.8m in the PCP. Revenue was lower in FY24 due to the ongoing deterioration in economic conditions, working capital constraints prior to the capital raising in May 2024 impacting finished goods availability, supply chain challenges and disruptions from the Writers Guild of America strike.

The decline in revenue was stymied, with H2 FY24 revenue of $18.3m being 5.1% higher than revenue of $17.4m in the H1 FY24; due to higher demand of the Group's core existing product line, management's focus on delivering new products to market and management further educating the Group's customer base on the benefits of ATOMOS products in being able to enhance their creative offering whilst speeding up the workflow process.

Gross Profit and Gross Margin
FY24 gross profit of $11.2m was $6.5m or 138% favourable to gross profit of $4.7m in FY23. FY23 gross profit was impacted by de-stocking and significant provisioning against finished goods inventory which was slow-moving and provisioning against excessive levels of component inventory which was a result of component stockpiling during the COVID induced period of semi-conductor component scarcity and the resultant expansion in lead times.

The Company experienced higher gross margins in FY24 attributed to improvements in the mix of margin across its product range, including higher margins from new products. Gross margin percentage improved by 20% points in FY24 from 11% in FY23 to 31% in FY24.

On an underlying basis, gross margin percentage improved by 14% points in FY24 from 20% in FY23 to 34% in FY24. Further underlying margin improvements were achieved in the second half of FY24 with gross margin percentage of 36% in H2 FY24 compared to 31% in H1 FY24.

Operating Costs
Operating costs were $1.7m or 6% lower in FY24 compared to FY23 on a reported basis. Excluding non-recurring costs, operating costs were $4.3m or 15% lower in FY24 compared to FY23. 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 2023. The restructure is expected to be complete by the end of the second quarter in FY25, with the full financial benefit being realised from 2H25.

EBITDA
FY24 EBITDA loss of $17.3m was $8.2m or 32% favourable to EBITDA loss of $25.5m in FY23. The FY24 underlying EBITDA loss after adjusting for one-off/non-recurring items was $11.8m which was $7.6m or 39% favourable compared to FY23.

Finance Costs
Finance costs decreased by $0.9m to $1.2m in FY24 primarily due to the debt facility repayments and no debt remaining as at 30 June 2024, except for $0.1m related to credit card facilities.

Depreciation, Amortisation and Impairment
Depreciation and amortisation decreased by $1.4m in FY24 due to all intangibles being fully amortised as at 30 June 2023, reducing amortisation by $0.8m; and lower fixed asset acquisitions in FY24 further reduced depreciation by $0.6m.

Fair value adjustment
In 2022 the Company acquired a 10% interest in UK based Mavis Broadcast Limited. Mavis technology underpins the Atomos Cloud Studio suite of products.

Whilst there has been an upward trajectory in Atomos Cloud Studio Subscription Revenue since launching in May 2023, the overall result has been below expectation. Costs to deliver revenues have exceeded $1.0m, and almost all this amount was paid to Mavis for development and delivery services. These payments represent a major component of Mavis revenue.

The Company has been advised that Mavis will undertake a capital raising in early 2025, which may result in substantial dilution of the Company's interest in Mavis.

On this basis, management have assessed that the Group's investment of $1.8m in Mavis Broadcast Limited had a negligible fair value as at 30 June 2024. A resulting fair value adjustment was recognised in FY24.

Income Tax Expense
Income tax expense of $0.4m in FY24 relates to non-Australian 100% owned subsidiaries where a taxable profit was reported.

Net Loss After Tax
The consolidated loss of the Group for the financial year after providing for income tax amounted to $22.4 million (2023: loss $61.1 million).

Reconciliation of underlying earnings for 2024 and the prior financial year
Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS term which the Group uses to measure performance. Additionally, the reported 2024 and 2023 results included a number of items that were significant and/or not considered to be in the ordinary course of business and the tables below quantify these to provide a view of the underlying trading results.

	2024	Significant items[1]	Underlying Result
	$'000	$'000	$'000
Revenue	35,721	-	35,721
Cost of sales	(24,517)	837	(23,680)
Gross profit	**11,204**	**837**	**12,041**
Gross Margin %	31%		34%
Operating expenses	(28,889)	4,659	(24,230)
Other income	349		349
EBITDA	**(17,336)**	**5,496**	**(11,840)**
Depreciation and amortisation	(1,610)	-	(1,610)
Fair value adjustment	(1,798)	1,798	-
Finance costs	(1,224)	-	(1,224)
Loss before income tax	**(21,968)**	**7,294**	**(14,674)**
Income tax expense	(394)		(394)
Loss for the year	**(22,362)**	**7,294**	**(15,068)**

[1]**Items that were significant and/or not in the ordinary course of business (2024)**	**$'000**
Inventory Write-downs, Operating Expenses and Impairment Charges	
Employee restructure costs	773
Ex-CEO separation and legal claim	1,145
Debt facility novation and legal fees	259
Fees related to strategic review	134
Bad debts related to prior periods	291
Provision for inventory obsolescence	837
Provision for legacy purchase orders for component inventory	2,057
Fair value adjustment	1,798
Inventory Write-downs, Operating Expenses and Impairment Charges	**7,294**
Total Items not in the ordinary course of business	**7,294**

$'000	2023 $'000	Significant items 1 $'000	Underlying Result $'000
Revenue	42,763	-	42,763
Cost of sales	(38,050)	3,944	(34,106)
Gross profit	**4,713**	**3,944**	**8,657**
Gross Margin %	11%		20%
Operating expenses	(30,597)	2,101	(28,496)
Other income	365		365
EBITDA	**(25,519)**	**6,045**	**(19,474)**
Depreciation and amortisation	(2,973)	-	(2,973)
Impairment charge	(30,676)	30,676	-
Finance costs	(2,120)	-	(2,120)
Loss before income tax	**(61,288)**	**36,721**	**(24,567)**
Income tax expense	227		227
Loss for the year	**(61,061)**	**36,721**	**(24,340)**

1Items that were significant and/or not in the ordinary course of business (2023)	$'000
Inventory Write-downs, Operating Expenses and Impairment Charges	
Employee restructure costs	339
Ex-CEO separation and legal claim	1,762
Provision for inventory obsolescence	3,944
Impairment charge	30,676
Inventory Write-downs, Operating Expenses and Impairment Charges	**36,721**
Total Items not in the ordinary course of business	**36,721**

Financial Position

Summary of Balance Sheet	2024 $'000	2023 $'000
Cash and cash equivalents	2,900	2,943
Trade and other receivables	4,970	5,166
Inventories	8,714	15,366
Other assets	8,380	13,700
Total assets	**24,964**	**37,175**
Trade and other payables	(11,306)	(12,990)
Income taxes payable	(1,456)	(2,249)
Lease liabilities	(5,030)	(6,178)
Provisions	(4,686)	(2,629)
Borrowings	(136)	(3,359)
Total liabilities	**(22,614)**	**(27,405)**
Net assets	**2,350**	**9,770**
Issued capital	134,037	119,301
Reserves	3,246	3,040
Accumulated losses	(134,933)	(112,571)
Equity	**2,350**	**9,770**

As at 30 June 2024, Atomos had:

•$2.9m of cash on hand.

• High inventory balance as at June 2023 converted into cash with through review in FY24 resulting in a $0.8m increase in provision for inventory obsolescence.

•No debt except for $0.1m at 30 June 2024 for corporate credit cards, following completion of capital raise in May 2024.

Cash flow

Cash flows from operating activities	2024 $'000	2023 $'000
Loss for the year	(22,362)	(61,061)
Non cash items	8,007	40,111
Movements in working capital	5,236	18,388
Net cash used in operating activities	**(9,119)**	**(2,562)**
Capital expenditure	(41)	(3,123)
Financing and investing activities	9,144	3,547
Net change in cash and cash equivalents	**(16)**	**(2,138)**
Cash at the beginning of the period	2,943	5,001
Exchange differences on cash	(27)	80
Cash at the end of the period	**2,900**	**2,943**

Key cash flow movements in FY24:

•Net cash used in operating activities of $9.1m was driven by EBITDA losses of $17.3m largely offset by a reduction in working capital.

•Cash inflows from financing and investing activities of $9.1m comprise; net proceeds from the capital raise of $14.7m after capital raising costs, less $3.2m of repayment of borrowings and $2.4m of lease and interest payments.

Significant changes in the state of affairs

During the financial year ended 30 June 2024 the Company announced a $16 million (before costs) underwritten capital raise via institutional placement and a non-renounceable pro-rata entitlement offer to all eligible shareholders. The funds raised under the offer were applied towards:

- Debt reduction
- Restructuring of the business
- Marketing of new revenue streams
- Additional working capital for balance sheet flexibility

There were no other significant changes in the state of affairs of the Group during the financial year.

Events arising since the end of the reporting period

Since the end of the reporting period:

- The company announced on 13 September 2024, that it had settled the US and Australian cases between the Company and former Chief Executive Officer, Ms Estelle McGechie. Following mediation, both parties agreed and entered into a Confidential Settlement Agreement and Mutual Release (Agreement). Under the Agreement, neither party admitted liability and provided the other party mutual releases for all claims relating to the matters. While the settlement payment amount is confidential, a provision was recognised in the financial statements as at 30 June 2024 within current liabilities – trade and other payables. The amount of the provision recognised is sufficient to meet all payments relating to the settlement payment and legal expenses relating these matters. These two matters were noted in the FY23 financial statements as contingent liabilities.

There are no further matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity's operations in future financial years
- the results of those operations in future financial years; or
- the entity's state of affairs in future financial years

Future developments

Atomos will continue to develop the types of products it is known for today to grow the existing business. The Company expects increasing sales momentum in 1H 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.

Management is continuing to restructure the fixed operating cost base and implemented several cost saving initiatives during H2 FY24 which have resulted in permanent staff being reduced from 90 at December 2023 to 70 as of June 2024. The restructure is expected to be complete by Q2 FY25 with targeted EBITDA breakeven around annual revenue of approximately $45m.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environmental legislation

The Company's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of any State or Territory in Australia.

Dividends

No dividends have been paid or declared during or since the end of the financial year.

Principal Risks

Risk Area	Risk & Impact	Mitigation & Monitoring
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.	Atomos is continually innovating and developing its strategy for effectively managing the product life cycle and by ensuring upgrades of new product features and technologies are brought to market in a timely manner. A new series of products are anticipated to be deployed in FY25. A structured product roadmap is maintained which includes the introduction of new products for new segments and customer demands specifically around connectivity and workflow solutions in the highly changing video technology marketplace. Key ecosystem partners in camera manufacturing are rapidly rolling out new innovations and our integrations to support their new products is critical for ensuring Atomos becomes a stronger and more resilient business.
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 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. 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.	Atomos has continually focused on high quality products and adding new products to the range. Development research and investment are key to remaining at the leading edge of providing feature rich, affordable products with high user demand. We constantly monitor market and competitive trends in all parts of the ecosystem, building strong relationships with end user ambassadors and influencers.
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 and inventory shortages which can negatively impact sales and margins.	Atomos procurement processes include the review of supplier arrangements and component sourcing constraints prior to including a particular component in a product as well as on an ongoing basis. Other key strategies include the development of alternative supplier strategies and stock-piling of key components with longer lead times.
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.	Atomos is in constant communication and regularly monitors distributor performance. At the same time Atomos evaluates additional distributors for new and existing markets and products to ensure an effective sales and marketing channel. Atomos is increasing its investment in digital platforms as a means to market directly to end customers.

Principal Risks (continued)

Risk Area	Risk & Impact	Mitigation & Monitoring
Dependence on key distributors (continued)	Additionally, a deterioration in the financial health of a distributor could lead to potentially material delays in cash collection and/or reduced sales.	
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, 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.	Atomos implements various methods to ensure that strategic opportunities are not missed. Atomos ensures that there are sufficient resources allocated to marketing and promotional efforts taking into consideration Atomos' long-term growth potential. Atomos also continuously works with its global channel partners in promoting and increasing the brand awareness of Atomos and its product range.
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 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.	Atomos ensures that the lifecycle management of its products are monitored closely supported by production plan. The product management team also performs analysis on competing products prior to the investment and development of new products and gives Atomos the opportunity to implement improvements to existing products where required to meet the needs of customers.
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.	Atomos consistently monitors the cost of components and the quantum of inventory held ensuring that sufficient components are maintained.
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).	Atomos continuously aims to provide and improve its product range and support to meet the expectations of customers. Atomos also invests in our people and culture with the aim of attracting and retaining a talented and effective workforce that help to fulfil customer expectations and ASX reporting requirements.

Principal Risks (continued)

Risk Area	Risk & Impact	Mitigation & Monitoring
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.	Investment in our people and culture enables Atomos to attract and retain key talent and maintain a motivated and effective workforce. External hiring addresses gaps in experience and capability for more technical roles. The senior management remuneration structure is designed to retain key managers and focus them on Atomos's long-term growth potential. In addition, fostering a work environment of high engagement and high performance is also critical to attracting top talent and promoting employee retention.
Product warranty	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.	Atomos performs extensive product testing pre-production and also maintains quality control processes during production to minimise faulty products.
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.	Atomos Cloud is in the early stages of adoption and Atomos may consider engaging with external professionals to assist in the identification and implementation of mitigants to ensure that customer information remains protected.
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.	Monitored via risk register maintained at Board and Executive level.

Principal Risks (continued)

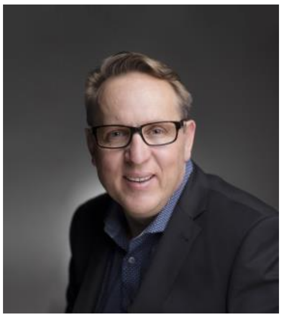
Risk Area	Risk & Impact	Mitigation & Monitoring
Dividend distribution	There is no guarantee that dividends will be paid on shares in the Company in the future, as this is a matter to be determined by the Board in its discretion and the Board's decision will have regard to, amongst other things, the financial performance and position of the Company, relative to its capital expenditure and other liabilities.	n/a
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 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.	Monitored via risk register maintained at Board and Executive level.
Intellectual property	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.	Monitored via risk register maintained at Board and Executive level.
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 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.	Monitored via risk register maintained at Board and Executive level.
Failure to realise benefits from research and development	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.	Atomos has continually focused on high quality products and adding new products to the range. Development research and investment are key to remaining at the leading edge of providing feature rich, affordable products with high user demand. We constantly monitor market and competitive trends in all parts of the ecosystem, building strong relationships with end user ambassadors and influencers.
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.	Monitored via risk register maintained at Board and Executive level.

Principal Risks (continued)

Risk Area	Risk & Impact	Mitigation & Monitoring
Country/region specific risks in new and/or unfamiliar markets (continued)	The Company may be exposed to risks relating to non-compliance of foreign legal and regulatory regimes as a result.	
Failure to attract new customers	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.	Atomos is continually innovating and developing its strategy for effectively managing the product life cycle and by ensuring upgrades of new product features and technologies are brought to market in a timely manner. A new series of products are anticipated to be deployed in FY25.

Board of Directors

Paul Greenberg, age 64
Non-Executive Chair.

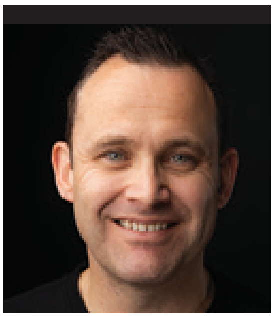


Skill and Experience
Non-executive director with expertise in founding and growing technology-enabled businesses. He was previously the Chair of MyDeal.com.au (ASX:MYD), which was acquired by Woolworths Group (ASX:WOW) in late 2022. He was also on the advisory boards of Afterpay (acquired by Block), Culture Kings (acquired by A.K.A Brands) and was the Chair Elect of Selz.com (acquired by Amazon). He currently sits on the advisory boards of technology businesses Refundid, AirRobe and StyleArcade.

Board Committee memberships
- Member Audit & Risk

Qualifications
BA. (Psychology), MBA

Jeromy Young, age 48
Managing Director and CEO from 4 January 2024.



Skill and Experience
Jeromy is a video technology expert with a vision to enhance, simply and improve video content creation workflows through the deployment of disruptive computer technologies. With over 20 years' experience working in Japan, America, Europe and Asia Jeromy is well placed to navigate the growth in global digital video content creation and to enhance the creative workflows of current and future content creators.

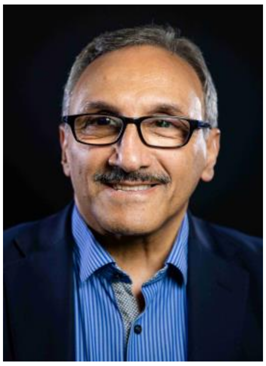
Board Committee memberships
n/a

Qualifications
BEng. (Hons).

Peter Barber, age 53
Executive Director and COO from 14 February 2024.

Skill and Experience
Peter is an industry veteran with over 30 years' experience in production and post-production workflows, including 3 years at Apple Computer where he was responsible for the rollout of Final Cut Pro and other video solutions in Asia Pacific. As co-founder and co-owner of Blackmagic Design, Peter played a key role in growing that business and orchestrating seven strategic acquisitions including DaVinci Resolve.

Board Committee memberships
n/a

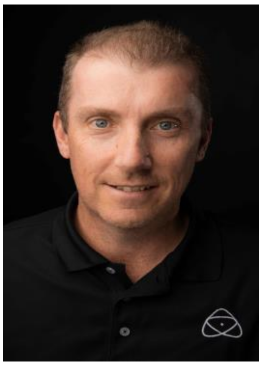


Sir Hossein Yassaie, age 67
Non-Executive Director, retired 16 May 2024.

Skill and Experience
Sir Hossein has over 35 years of experience in specialised research and development and semiconductors. Founder of Imagination Technologies Plc holding position of Chief Executive Officer for 18 years. Sir Hossein received a knighthood in 2013 in recognition of his services to technology and innovation in the United Kingdom.

Board Committee memberships
- Member Audit & Risk

Qualifications
BSc., Phd.



Trevor Elbourne, age 53
CEO and Executive Director, resigned effective 4 January 2024.

Skill and Experience
Trevor has over 25 years' experience in the electronics design industry with a particular focus on IC chip design, working with some of the world's leading technology companies including a stint at Canon's Australian research centre.

He joined Atomos in 2012 as one of the Company's founding employees and was elevated to Chief Technology Officer in 2017.

Board Committee memberships
n/a

Qualifications
BEng.

Christopher Tait, age 57
Non-Executive Chair, resigned effective 28 February 2023.

Skill and Experience
Chris has over 25 years of experience advising private and public companies on general strategic advice, mergers and acquisitions and raising capital. He has also held senior executive roles in a major public company, WHSmith PLC. Chris is also a Director of Henslow Pty Ltd, an independent advisory firm and Corporate Adviser to the Company.

Board Committee memberships
- Member Audit & Risk

Qualifications
BSc. (Econ), Chartered Accountant (ICAEW)

Directors' meetings

The number of directors' meetings (including meetings of Committees of Directors) held during the year, and the number of meetings attended by each director is as follows:

Director	Board meetings Eligible	Board meetings Attended	Audit & Risk Committee Eligible	Audit & Risk Committee Attended
Paul Greenberg	14	14	2	2
Jeromy Young	6	6	-	-
Peter Barber	5	5	-	-
Hossein Yassaie	11	11	2	1
Trevor Elbourne	8	8	-	-

During the 2023 financial year, the Board absorbed the Remuneration & Nomination Committee.

Company Secretary

On 26 August 2024, the Group announced the resignation of Ms Vanessa Chidrawi and the appointment of Ms Natalie Climo as Company Secretary effective from 26 August 2024.

Ms Natalie Climo

Natalie has 15 years of experience working in the corporate sector, previously in the legal team at Repsol S.A. Brisbane offices and more recently based in Sydney as a Company Secretary for a portfolio of ASX listed companies. She holds a Bachelor of Laws and a Graduate Diploma in Legal Practice and has extensive experience in corporate governance and board advisory of ASX listed and unlisted companies.

Ms Vanessa Chidrawi

Vanessa is a highly experienced governance professional, having held leadership and executive management roles in companies listed on ASX, TSX, Nasdaq and JSE over the past seventeen years. She obtained degrees in law and commerce and then practised as an attorney for twelve years before entering the corporate world.

Vanessa has acted as company secretary to a range of companies listed on ASX and TSX and brings with her a wealth of experience in governance management, board advisory, corporate structuring and capital raising in the listed company space. She currently acts as company secretary and governance advisor to a portfolio of companies listed on ASX, including Wisr Limited (WZR) and Income Asset Management Group Limited (IAM).

Board skills & composition

The Company reviewed the mix of skills and attributes desired within the Board composition of Atomos in line with good governance practice utilising the skills assessment criteria and gap analysis as an input.

Directors' shareholdings

The following table sets out each director's relevant interest in shares and rights or options in shares of the Company as at 30 June 2024:

Director	Shares	Listed Options (i)	Non-listed options (ii)	Share rights	Performance rights	Total
Paul Greenberg	5,600,000	2,650,000	-	-	-	8,250,000
Jeromy Young	100,500,000	100,201,982	432,955	-	-	201,134,937
Peter Barber	100,000,000	100,000,000	-	-	-	200,000,000
Total	**206,100,000**	**202,851,982**	**432,955**	**-**	**-**	**409,384,937**

i. Granted 20 May 2024. Exercise price $0.03, expiry date 30 November 2025. Options fully vested.

ii. Granted 26 February 2018. Exercise price of $0.36, expiry date 12 April 2028. Options fully vested.

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report section of this directors' report.

Share options granted to directors and senior management

100,000,000 quoted options (ASX:AMSO) were granted to Executive Directors Jeromy Young and Peter Barber (50,000,000 options each) on 20 May 2024 for services rendered to the Company. There were no vesting conditions attached to these options expiring 30 November 2025 and their exercise price is $0.03.

Shares under option or issued on exercise of options

No options were exercised during the financial year.

Details of unissued shares or interest under options as at the date of this report are:

Option series	Number	Grant date	Vesting date	Expiry Date	Exercise Price ($)
Granted: 26 Feb 2018	1,637,312	26-Feb-18	28-Dec-18	12/04/2028	0.36
Granted: 20 May 2024 (listed)	551,115,526	20-May-24	20-May-24	30/11/2025	0.03
	552,752,838				

The holders of these options do not have the right by virtue of the option, to participate in any share issue or interest issue of the Company or any other body corporate or registered scheme. No shares were issued during the current and previous financial year as a result of exercise of options.

Indemnification of officers and auditors

During the financial year, the Group paid a premium in respect of a contract insuring the directors of the Company (as named above), the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the Corporations Act. The contract of insurance prohibits the disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Company or of any related body corporate against a liability as such by an officer or auditor.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are of the opinion that the services as disclosed in Note 30 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit & Risk Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's Independence Declaration

The auditor's independence declaration is included after this report on page 24.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ATOMOS LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Johnson
Partner – Audit and Assurance
Moore Australia Audit (VIC)
Melbourne, Victoria

30 September 2024

Moore Australia
Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants

Letter from the Chair

Dear Shareholders,

On behalf of the Board we are pleased to present Atomos's FY24 Remuneration Report. During FY23, given the reduction in the number of Board members and the rationalisation of activities undertaken, the Board absorbed the Remuneration and Nomination Committee.

The Board's objective is to ensure a remuneration approach that is globally competitive, while remaining fair and reasonable in a local context and delivering outcomes that align with the long-term shareholder experience.

We thank you for your ongoing support.

Paul Greenberg
Chair

Remuneration Report

Introduction and contents

This remuneration report, which forms part of the directors' report, sets out Atomos's executive remuneration framework as well as the remuneration arrangements of the Key Management Personnel ('KMP') of the Company for the year ended 30 June 2024 ('FY24').

The term KMP refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly, including any directors (whether executive of otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

Section		Page
1	Key Management Personnel	27
2	Link between Atomos's performance and executive remuneration outcomes	28
3	Executive remuneration framework, key terms, statutory remuneration	29
4	Remuneration governance	32
5	Non-Executive Director fees	33
6	Other KMP disclosures	35

1 Key Management Personnel

The KMP covered by this report are Atomos's Executive Directors, Atomos's Non-Executive Directors ("NEDs") and other executive management personnel of the Group. Each of the KMP held their position for the whole of FY24, unless stated otherwise.

Directors	**Position**
Paul Greenberg	Non-Executive Chair
Jeromy Young	Managing Director, Chief Executive Officer (appointed effective 4 January 2024)
Peter Barber	Executive Director, Chief Operating Officer (appointed effective 14 February 2024)
Sir Hossein Yassaie	Non-Executive Director (retired effective 16 May 2024)
Trevor Elbourne	Executive Director, Chief Executive Officer (resigned effective 4 January 2024)
Megan Brownlow	Non-Executive Director (resigned effective 30 June 2023)
Christopher Tait	Non-Executive Chair (resigned effective 28 February 2023)
Stephen Stanley	Non-Executive Director, Deputy Chair (resigned effective 29 September 2022)
Lauren Williams	Non-Executive Director (resigned effective 29 September 2022)

Executive officers	**Position**
Jeromy Young	Managing Director, Chief Executive Officer (appointed effective 4 January 2024)
Peter Barber	Executive Director, Chief Operating Officer (appointed effective 14 February 2024)
Ben McAlister	Financial Advisor in capacity of Chief Financial Officer seconded from Doma Services Pty Ltd, a company related to Domazet FT3 Pty Ltd, which is a substantial shareholder of Atomos Limited.
Stephan Kexel	Chief Sales Officer (resigned and commenced notice period on 29 March 2024)
Trevor Elbourne	Executive Director, Chief Executive Officer (resigned effective 4 January 2024)

James Cody	Chief Financial Officer (resigned effective 31 January 2024)
Mark Harland	Chief Operating Officer (resigned effective 26 August 2022)

2 Link between Atomos's performance and executive remuneration outcomes

The main objective of Atomos's executive remuneration framework is to ensure close alignment between executive reward, business strategy and shareholder returns over the long-term.

FY24 and FY23 required the Atomos executive team to respond to a number of significant challenges including subdued sales, fixed operating cost reduction, a structured run-down of inventory and cash preservation.

The executive officers were provided incentives emphasising their continued support. Given the challenging circumstances the business found itself in, no other incentive schemes were implemented for FY24 and FY23.

2.1 Vesting outcomes for Atomos equity plans

2.1.1 Share options

– 100,000,000 quoted options (ASX:AMSO) were granted to Executive Directors Jeromy Young and Peter Barber (50,000,000 options each) on 20 May 2024 for services rendered to the Company. There were no vesting conditions attached to these options expiring 30 November 2025 and their exercise price is $0.03.

– No share options vested during FY23 or FY24.

2.1.2 Performance based incentive scheme – STI for FY23 – No performance rights vested during FY23. In FY24, 679,246 or 100% of the performance rights granted to executives on 18th July 2022, vested in FY24 and were exercised on 23 May 2024, see paragraph 3.5.

2.2 Atomos's five-year financial performance

The following table sets out information about the Group's performance and movements in shareholder wealth, for the past five financial years up to and including the current financial year.

Profit or Loss Statement Financial measures	**2020**	**2021**	**2022**	**2023**	**2024**
Revenue	44,740	78,611	73,282	42,763	35,721
EBITDA	(17,426)	8,175	(5,078)	(25,519)	(17,336)
Net profit/ (loss) after tax	(22,340)	4,218	(10,363)	(61,061)	(22,362)

Share price, dividends and EPS measures	**2020**	**2021**	**2022**	**2023**	**2024**
Share price on listing ($)	0.41	0.41	0.41	0.41	0.41
Share price at start of the year ($)	1.03	0.43	1.07	0.19	0.07
Share price at end of the year ($)	0.43	1.07	0.19	0.07	0.02
Dividends (cents per share)	-	-	-	-	-
Basic earnings per share ($)	(0.12)	0.02	(0.05)	(0.18)	(0.06)
Diluted earnings per share ($)	(0.12)	0.02	(0.05)	(0.18)	(0.06)

There was no return of capital to its shareholders or cancellation of shares in the Company during the reporting period.

3 Executive remuneration framework, key terms and statutory remuneration

Atomos markets products on a global basis and has international operations in key strategic locations. Atomos is an innovative and growth-orientated company. Our success in a rapidly changing environment of user requirements and features derives from our flexibility and ability to attract, motivate and retain world-class talent and appropriately reward for behaviours and actions which result in long-term shareholder value creation.

The guiding principles of the Group's executive remuneration framework and supporting incentive programs are to:

- align rewards to business strategy and outcomes that deliver value to shareholders;
- drive a high-performance culture by setting challenging objectives and rewarding high performing individuals;
- ensure remuneration is relatively market competitive and flexible in the relevant employment marketplace to support the attraction, motivation and retention of executive talent; and
- ensure programs are simple, easy to understand and explain, measurable and make sense.

The Board is responsible for determining and reviewing compensation arrangements for the directors and executives.

3.1 Executive Remuneration Framework:

Components

- Base salary & Superannuation;
- Performance based incentive scheme – short–term; and
- Performance based equity incentive scheme – long-term.

The Board assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to market and comparator group benchmarking with the objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

The award of incentive payments is reviewed by the Board as part of the review of executive remuneration. All incentives are linked to pre-determined performance criteria.

3.2 Performance based incentive scheme – short-term (STI)

The short-term incentives provided to the Executive Officers focused on the continued employment of these individuals up to 31st October 2023. The share-based performance rights were approved by the Board of Directors and granted on 18th July 2022. The performance rights were issued in value at the end of the FY2022 financial year by reference to the 30-day VWAP (volume weighted average price). 679,246 or 100% of the performance rights granted to executives on 18th July 2022 were exercised on 23 May 2024, see paragraph 3.5.

3.3 Performance based equity incentive scheme – long-term (LTI)

No long-term performance based incentives were granted during FY24 and FY23.

3.4 Executive Contract Terms

Each executive's remuneration and other key employment terms are formalised in individual employee services agreements. Each agreement details a base salary and superannuation arrangement as well as participation in the Company's performance-based schemes, subject to plan rules. The executive contract terms at the date of this report are:

Name	Term of agreement	Notice period
Executive Officers		
Jeromy Young	No fixed term	Six (6) months employer/ Six (6) months employee
Peter Barber (Consultancy engagement)	No fixed term	n/a n/a
Trevor Elbourne (Resigned effective 4 January 2024)	No fixed term	Six (6) months employer/ Four (4) months employee
James Cody (Resigned effective 31 January 2024)	No fixed term	Six (6) months employer/ Three (3) months employee
Stephan Kexel	No fixed term	Six (6) months employer/ Six (6) months employee

3.5 Executive statutory remuneration for FY24 and FY23

AUD $		Short term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments			
Name	Year	Salary & fees	Annual leave	Cash bonus	Superannuation	Long service leave	Performance rights (vi)	Options	Share rights	Total
Key management personnel										
Mark Harland (i)	2024	-	-	-	-	-	-	-	-	-
Chief Operating Officer	2023	147,198	-	-	11,302	-	32,038	-	2,178	192,716
James Cody (ii)	2024	198,393	15,850	-	16,466	-	-	-	-	230,709
Chief Financial Officer	2023	309,708	9,350	-	25,292	9,814	64,075	(82,371)	2,178	338,046
Stephan Kexel	2024	294,760	13,051	-	27,525	-	-	-	-	335,336
Chief Sales Officer	2023	341,517	40,866	-	26,357	-	32,038	(82,371)	2,178	360,585
Executive directors										
Jeromy Young (iii)	2024	148,456	12,885	-	9,492	122	-	300,000	-	470,955
Chief Executive Officer	2023	-	-	-	-	-	-	-	-	-
Peter Barber (iv)	2024	180,413	-	-	-	-	-	300,000	-	480,413
Chief Operating Officer	2023	-	-	-	-	-	-	-	-	-
Trevor Elbourne (v)	2024	349,836	32,466	-	27,399	12,037	-	(44,706)	-	377,032
Chief Executive Officer	2023	374,708	53,150	-	25,292	18,293	64,075	(82,371)	2,178	455,325
2024 Total		**1,171,858**	**74,252**	**-**	**80,882**	**12,159**	**-**	**555,294**	**-**	**1,894,445**
2023 Total		**1,173,131**	**103,366**	**-**	**88,243**	**28,107**	**192,226**	**(247,113)**	**8,712**	**1,346,672**

(i) Mark Harland resigned as Chief Operating Officer effective 26 August 2022.
(ii) James Cody resigned as Chief Financial Officer effective 31 January 2024.
(iii) Jeromy Young, appointed as Managing Director and Chief Executive Officer effective 4 January 2024.
(iv) Peter Barber, appointed as Executive Director and Chief Operating Officer effective 14 February 2024. Fees for consulting services were paid to MonReii Pte. Ltd., a company associated with Mr Barber.
(v) Trevor Elbourne, resigned as Chief Executive Officer and Executive Director effective 4 January 2024.
(vi) The number of Executive Director and Key Management Personnel performance rights granted in FY23 were calculated using the agreed remuneration divided by the VWAP at 18 July 2022, $0.29 per share. However, the valuation (for accounting purposes) on grant dates resulted in different values. Consequently, the aggregate share-based payments expense for FY23 disclosed above is lower than the agreed remuneration.

Ben McAlister is a Financial Advisor to Atomos Limited acting in the capacity of Chief Financial Officer. Mr McAlister has been seconded from Doma Services Pty Ltd, a company related to Domazet FT3 Pty Ltd, which is a substantial shareholder of Atomos Limited. Doma Services Pty Ltd invoiced the Company $132,500 for the provision of CFO Advisory Services from January 2024 to June 2024.

Performance Rights - Granted in FY23

	Grant Date	Number of rights	Exercise date	Grant Date Value ($)	Agreed Remuneration ($) - Performance Rights
Trevor Elbourne (vi)	18-Jul-22	226,415	23-May-24	0.28	65,660
James Cody (vi)	18-Jul-22	226,415	23-May-24	0.28	65,660
Stephan Kexel (vi)	18-Jul-22	113,208	23-May-24	0.28	32,830
Mark Harland (vi)	18-Jul-22	113,208	23-May-24	0.28	32,830
Total		**679,246**			**196,981**

679,246 or 100% of the performance rights granted to executives on 18th July 2022, vested in FY24 and were exercised on 23 May 2024.

100,000,000 quoted options (ASX:AMSO) were granted to Executive Directors Jeromy Young and Peter Barber (50,000,000 options each) on 20 May 2024 for services rendered to the Company. There were no vesting conditions attached to these options expiring 30 November 2025, exercise price is $0.03; with their grant date value being $0.006/option.

The relative proportions of those elements of remuneration of Key Management Personnel that are linked to performance are noted in the table below:

	Fixed remuneration		Remuneration linked to performance	
	2024	2023	2024	2023
Executive Officers				
Jeromy Young	100%	n/a	0%	n/a
Peter Barber	100%	n/a	0%	n/a
Trevor Elbourne	112%	104%	(12%)	(4%)
Mark Harland	n/a	82%	n/a	18%
James Cody	100%	105%	0%	(5%)
Stephan Kexel	100%	113%	0%	(13%)

No Key Management Personnel appointed during the period received a payment as part of his or her consideration for agreeing to take or hold the position.

4. Remuneration Governance

Atomos's remuneration governance framework and related policies support the Company.

The Board reviews and approves remuneration quantum and structure for the KMP, Executive and Non-Executive Directors. The Board consults and engages independent remuneration advisors on an as needs basis to provide advice, practical support and information regarding market movements, trends, human resource programs and regulatory developments. Together with best practice insights this provides the Board with the necessary information for consideration and decisions in relation to remuneration.

4.1 Executive performance evaluations

Executive performance sessions were conducted during the year providing valuable development and learning with the executive team.

4.2 Minimum Shareholding Guidelines

Atomos introduced a minimum shareholding guideline that applies to Executive and Non-Executive Directors to promote the alignment of interests with those of shareholders. All directors as at 30 June 2024 and 30 June 2023 were in compliance with the guideline.

Under this policy guideline, Non-Executive Directors are encouraged to acquire on market and hold a minimum of one year's fees, by value, in Atomos equity accumulated over the initial tenure period for the Non-Executive Director.

4.3 Share Trading Policy

Atomos has a Share Trading Policy, which aims to ensure that all employees understand their obligations in relation to insider trading and describes restriction periods and processes on buying and selling Atomos shares by directors, executives and other parties.

The Share Trading Policy can be found on the Governance page in the investor section of the Company's website at https://www.atomos.com/investor-center.

5. Non- Executive Director Fees

Atomos's Non-Executive Director fees aim to appropriately recognise the time and contribution and expertise of each director. The following sets out how the director fees are determined and details the fees paid in FY24 and FY23.

5.1 Aggregate Non-Executive Director fee limits

The Constitution provides that the remuneration of directors (excluding salaries to executive directors) will not be more than the aggregated fixed sum determined by a general meeting or, until so determined, as resolved by directors. The current aggregate fee limit is $1 million.

Any increase to the aggregate amount needs to be approved by shareholders. Directors will seek approval of the shareholders from time to time, as appropriate.

5.2 Non-Executive Director Fees:

Current fees agreed are:

	$ per annum (2024)	**$ per annum (2023)**
Chairman of the Board	56,250	56,250
Non-Executive Directors	37,500	37,500
Additional Items are paid for:		
Director Exertion	$2,500 - $3,000 per day	$2,500 - $3,000 per day

5.3 Non-Executive Director shareholding requirement

Refer paragraph 4.2.

5.4 Fee payment structure

The Non-Executive Director fees are currently paid 100% in cash. This structure is discussed by the Board and agreed upon every year. The Board believes at this time this structure aligns directors' interests to those of shareholders.

5.5 Other fees

The former Executive Chairman's fee arrangements in FY23 were negotiated at arm's length in line with the position and role performed as an executive.

5.6 Non-Executive Director fees

AUD $		Short term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments			
Name	Year	Salary & fees	Annual leave	Cash bonus	Superannuation	Long service leave	Performance rights	Options	Share rights	Total
Non-executive directors (Independent)										
Paul Greenberg	2024	50,676	-	-	5,574	-	-	-	-	56,250
Non Executive Chairman	2023	37,852	-	-	3,975	-	-	-	-	41,827
Chris Tait (i)	2024	-	-	-	-	-	-	-	-	-
Former Non Executive Chairman	2023	83,750	-	-	-	-	-	-	-	83,750
Sir Hossein Yassaie (ii)	2024	30,670	-	-	2,738	-	-	-	-	33,408
	2023	78,167	-	-	10,575	-	-	-	-	88,742
Stephen Stanley (iii)	2024	-	-	-	-	-	-	-	-	-
	2023	31,109	-	-	3,266	-	-	-	-	34,375
Megan Brownlow (iv)	2024	-	-	-	-	-	-	-	-	-
	2023	81,637	-	-	8,572	-	-	-	-	90,209
Lauren Williams (v)	2024	-	-	-	-	-	-	-	-	-
	2023	25,000	-	-	-	-	-	-	-	25,000
2024 Total		81,346	-	-	8,312	-	-	-	-	89,658
2023 Total		**337,515**	**-**	**-**	**26,388**	**-**	**-**	**-**	**-**	**363,903**

(i) Chris Tait retired as Non-Executive Chairman and Director effective 28 February 2023.
(ii) Sir Hossein Yassaie retired as Non-Executive Director effective 16 May 2024.
(iii) Stephen Stanley resigned as Non-Executive Director effective 29 September 2022.
(iv) Megan Brownlow resigned as Non-Executive Director and Chair of the Company's Audit and Risk Committee effective 30 June 2023.
(v) Lauren Williams resigned as Non-Executive Director effective 29 September 2022.

The relative proportions of those elements of remuneration of Non-Executive Directors that are linked to performance are noted in the table below:

	Fixed remuneration		Remuneration linked to performance	
	2024	**2023**	**2024**	**2023**
Non-executive Directors				
Paul Greenberg	100%	100%	0%	0%
Chris Tait	n/a	100%	n/a	0%
Sir Hossein Yassaie	100%	100%	0%	0%
Stephen Stanley	n/a	100%	n/a	0%
Megan Brownlow	n/a	100%	n/a	0%
Lauren Williams	n/a	100%	n/a	0%

6. Other KMP disclosures

6.1 Fully Paid Ordinary Shares – Atomos Limited

The number of ordinary shares in the Company held during the FY24 reporting period by each of the Group's Key Management Personnel, including their related parties, is set out below:

Chair and Non-Executive Directors:

Name	Balance at start of year	Granted as remuneration	Received on exercise of options / settlement of performance rights	Other changes	Held at the end of reporting period
Paul Greenberg	300,000	-	-	5,300,000	5,600,000
Sir Hossein Yassaie (i)	2,389,579	-	49,358	-	2,438,937
	2,689,579	**-**	**49,358**	**5,300,000**	**8,038,937**

(i) Sir Hossein Yassaie resigned as Non-Executive Director effective 16 May 2024 and therefore is not a Non-Executive Director at the end of the reporting period.

Executive KMP:

Name	Balance at start of year	Granted as remuneration	Received on settlement of performance rights	Other changes	Held at the end of reporting period
Jeromy Young	96,037	-	-	100,403,963	100,500,000
Peter Barber	-	-	-	100,000,000	100,000,000
Trevor Elbourne (i)	977,787	-	226,415	977,787	2,181,989
James Cody (ii)	854,972	-	226,415	-	1,081,387
Stephan Kexel	276,537	-	113,208	(71,141)	318,604
	2,205,333	**-**	**566,038**	**201,310,609**	**204,081,980**

(i) Trevor Elbourne resigned as Chief Executive Officer effective 4 January 2024 and therefore is not a Key Management Personnel at the end of the reporting period.
(ii) James Cody resigned as Chief Financial Officer effective 31 January 2024 and therefore is not a Key Management Personnel at the end of the reporting period.

None of the shares included in the tables above are held nominally by Key Management Personnel.

6.2 Other Equity holdings

Share options

The number of options to acquire ordinary shares in the Company held during the FY24 reporting period by each of the Group's Key Management Personnel is set out below:

Unlisted share options
Executive KMP:

Name	Balance at start of year	Grant date	Granted as remuneration	Forfeited	Converted to shares	Held at the end of reporting period	Balance vested at the end of reporting period	Options Expiry Date	Exercise Price
Jeromy Young	432,955	26-Feb-18	-	-	-	432,955	432,955	12/04/2028	$ 0.36
Trevor Elbourne (i)	93,971	26-Feb-18	-	-	-	93,971	93,971	12/04/2028	$ 0.36
James Cody (ii)	335,612	26-Feb-18	-	-	-	335,612	335,612	12/04/2028	$ 0.36
Stephan Kexel	55,023	26-Feb-18	-	-	-	55,023	55,023	12/04/2028	$ 0.36
	917,561		**-**	**-**	**-**	**917,561**	**917,561**		

(i) Trevor Elbourne, resigned as Chief Executive Officer and Executive Director effective 4 January 2024.
(ii) James Cody resigned as Chief Financial Officer effective 31 January 2024.

Listed share options (ASX:AMSO)

Name	Balance at start of year	Grant date	Number of options	Granted as remuneration	Option value on grant date	Vesting conditions	Share based payments expense recognised	Other changes	Held at the end of reporting period	Balance vested at the end of reporting period	Options Expiry Date	Exercise Price
Paul Greenberg	-	n/a	n/a	No	n/a	n/a	n/a	2,650,000	2,650,000	2,650,000	30/11/2025	$ 0.03
Jeromy Young (i)	-	20/05/2024	50,000,000	Yes	$ 0.006	none	$ 300,000	50,201,982	100,201,982	100,201,982	30/11/2025	$ 0.03
Peter Barber (ii)	-	20/05/2024	50,000,000	Yes	$ 0.006	none	$ 300,000	50,000,000	100,000,000	100,000,000	30/11/2025	$ 0.03
	-		**100,000,000**				**$ 600,000**	**102,851,982**	**202,851,982**	**202,851,982**		

(i) Jeromy Young, appointed as Managing Director and Chief Executive Officer effective 4 January 2024.
(ii) Peter Barber, appointed as Executive Director and Chief Operating Officer effective 14 February 2024.

100,000,000 quoted options (ASX:AMSO) were granted to Executive Directors Jeromy Young and Peter Barber on 20 May 2024 for services rendered to the Company. There were no vesting conditions attached to these options expiring 30 November 2025 and their exercise price is $0.03.

Performance rights

The number of performance rights held during the FY24 reporting period by each of the Group's Key Management Personnel, is set out below:

Chair and Non-Executive Directors:

Name	Balance at start of year	Granted as remuneration	Forfeited	Converted to shares	Held at the end of reporting period
Chris Tait (i)	200,000	-	-	(200,000)	-
Stephen Stanley (ii)	61,698	-	-	(61,698)	-
Lauren Williams (iiii)	49,358	-	-	(49,358)	-
Megan Brownlow (iv)	49,358	-	-	(49,358)	-
Sir Hossein Yassaie (v)	49,358	-	-	(49,358)	-
	409,772	**-**	**-**	**(409,772)**	**-**

(i) Chris Tait retired as Non-Executive Chairman and Director effective 28 February 2023.
(ii) Stephen Stanley resigned as Non-Executive Director effective 29 September 2022.
(iii) Lauren Williams resigned as Non-Executive Director effective 29 September 2022.
(iv) Megan Brownlow resigned as Non-Executive Director and Chair of the Company's Audit and Risk Committee effective 30 June 2023.
(v) Sir Hossein Yassaie retired as Non-Executive Director effective 16 May 2024.

The 409,722 performance rights above were converted to ordinary shares in December 2023.
Executive KMP:

Name	Balance at start of year	Granted as remuneration	Forfeited	Converted to shares	Held at the end of reporting period
Trevor Elbourne (i)	226,415	-	-	(226,415)	-
James Cody (ii)	226,415	-	-	(226,415)	-
Stephan Kexel	113,208	-	-	(113,208)	-
Mark Harland (iii)	113,208	-	-	(113,208)	-
	679,246	**-**	**-**	**(679,246)**	**-**

(i) Trevor Elbourne, resigned as Chief Executive Officer and Executive Director effective 4 January 2024.
(ii) James Cody resigned as Chief Financial Officer effective 31 January 2024.
(iii) Mark Harland resigned as Chief Operating Officer effective 26 August 2022.

The 679,246 performance rights above were converted to ordinary shares in May 2024.

Refer to 3.2 for the for details of the performance rights issued to Key Management Personnel.

Share rights

The number of share rights held during the FY24 reporting period by each of the Group's Key Management Personnel, is set out below:

Name	Balance at start of year	Granted as remuneration	Forfeited	Converted to shares	Held at the end of reporting period
Trevor Elbourne (i)	12,709	-	(4,902)	-	7,807
James Cody (ii)	12,709	-	(10,991)	-	1,718
Stephan Kexel	12,823	-	-	-	12,823
	38,241	**-**	**(15,893)**	**-**	**22,348**

(i) Trevor Elbourne, resigned as Chief Executive Officer and Executive Director effective 4 January 2024.
(ii) James Cody resigned as Chief Financial Officer effective 31 January 2024.

The share rights issued to Key Management Personnel focused on the continued commitment of Executive Officers and are approved by the Board of Directors. Contingent upon further investment into Atomos by the respective individuals, the Company agreed to match the investment with rights equal to 60% of shares invested by the Executive Officers.

6.3 Other transactions with Key Management Personnel

Chris Tait retired as Non-Executive Chairman in the previous financial year on 28 February 2023. While Chris Tait was a Director at Atomos, he was also a shareholder and director of Henslow and the Advisory Board Chair of Bluerock Group.

Henslow
During FY23, Henslow provided corporate broking services and charged $24,750. The amount payable as at 30 June 2023 was Nil.

Bluerock
Atomos Group utilised Bluerock for certain consulting services. Fees charged were $4,180 for the FY23. The amount payable as at 30 June 2023 was Nil.

End of audited Remuneration Report.

Signed in accordance with a resolution of the Directors, pursuant to section 298(2) of the *Corporations Act 2001*:

This 30th day of September 2024

Atomos Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024

	Notes	2024 $'000	2023 $'000
Revenue	5	35,721	42,763
Cost of sales		(24,517)	(38,050)
Gross profit		**11,204**	**4,713**
Gross profit %		*31%*	*11%*
Other income	5	349	365
Net foreign exchange gain/(loss)		302	219
Employee benefits expense	7	(10,326)	(9,979)
Research and development expense		(2,348)	(4,161)
Advertising and marketing expense		(3,543)	(5,443)
Finance costs	7	(1,224)	(2,120)
Administration and other expense		(6,702)	(3,433)
Distribution expense		(2,258)	(2,739)
Warranty and royalty expense		(936)	(1,245)
Occupancy expense		(343)	(346)
Legal and professional services		(2,114)	(3,362)
Transaction costs		(621)	(108)
Depreciation and amortisation	7	(1,610)	(2,973)
Impairment of non-financial assets	17	0	(30,676)
Fair value adjustment	18	(1,798)	-
Loss before income tax		**(21,968)**	**(61,288)**
Income tax benefit/(expense)	8	(394)	227
Loss for the year		**(22,362)**	**(61,061)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:		-	-
Items that may be reclassified subsequently to profit or loss:			
- Exchange differences on translating foreign operations		(349)	155
Other comprehensive (loss)/profit for the year		**(349)**	**155**
Total comprehensive loss for the year		**(22,711)**	**(60,906)**
Earnings per share			
Basic loss per share	10	(0.06)	(0.18)
Diluted loss per share	10	(0.06)	(0.18)

Note: This statement should be read in conjunction with the notes to the financial statements.

Atomos Limited
Consolidated Statement of Financial Position
As at 30 June 2024

	Notes	2024 $'000	2023 $'000
Assets			
Current assets			
Cash and cash equivalents	11	2,900	2,943
Trade and other receivables	12	4,970	5,166
Inventories	13	8,714	15,366
Other current assets	14	3,346	5,274
Total current assets		**19,930**	**28,749**
Non-current assets			
Property, plant and equipment	15	876	1,359
Right-of-use assets	16	4,158	5,269
Intangible assets	17	-	-
Financial assets	18	-	1,798
Total non-current assets		**5,034**	**8,426**
Total assets		**24,964**	**37,175**
Liabilities			
Current liabilities			
Trade and other payables	19	11,306	12,990
Borrowings	20	136	3,359
Provisions	21	4,603	2,538
Lease liabilities	22	916	1,011
Income taxes payable	23	1,456	929
Total current liabilities		**18,417**	**20,827**
Non-current Liabilities			
Provisions	21	83	91
Lease liabilities	22	4,114	5,167
Income taxes payable	23	-	1,320
Non-current Liabilities		**4,197**	**6,578**
Total liabilities		**22,614**	**27,405**
Net assets		**2,350**	**9,770**
Equity			
Issued capital	24	134,037	119,301
Foreign currency translation reserve		(645)	(296)
Share based payments reserve		3,627	3,072
Options reserve		264	264
Accumulated losses		(134,933)	(112,571)
Total equity		**2,350**	**9,770**

Note: This statement should be read in conjunction with the notes to the financial statements.

Atomos Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2024

	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 2022	102,492	(51,510)	(451)	3,447	264	54,242
Transactions with owners						
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)
Total transactions with owners	**16,809**	**-**	**-**	**(375)**	**-**	**16,434**
Comprehensive income						
Loss for the period	-	(61,061)	-	-	-	(61,061)
Other comprehensive income	-	-	155	-	-	155
Total comprehensive income/(loss)	**-**	**(61,061)**	**155**	**-**	**-**	**(60,906)**
Balance at 30 June 2023	**119,301**	**(112,571)**	**(296)**	**3,072**	**264**	**9,770**
Balance at 1 July 2023	119,301	(112,571)	(296)	3,072	264	9,770
Transactions with owners						
Share-based payments	-	-	-	555	-	555
Issue of new share capital	16,215	-	-	-	-	16,215
Transaction costs relating to issue of share capital	(1,479)	-	-	-	-	(1,479)
Total transactions with owners	**14,736**	**-**	**-**	**555**	**-**	**15,291**
Comprehensive income						
Loss for the period	-	(22,362)	-	-	-	(22,362)
Other comprehensive income	-	-	(349)	-	-	(349)
Total comprehensive income/(loss)	**-**	**(22,362)**	**(349)**	**-**	**-**	**(22,711)**
Balance at 30 June 2024	**134,037**	**(134,933)**	**(645)**	**3,627**	**264**	**2,350**

Note: This statement should be read in conjunction with the notes to the financial statements.

Atomos Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2024

	Notes	2024 $'000	2023 $'000
Operating activities			
Receipts from customers		37,554	59,049
Payments to suppliers and employees		(45,551)	(61,079)
Interest received		17	2
Income taxes paid		(1,139)	(534)
Net cash used in operating activities	25	**(9,119)**	**(2,562)**
Investing activities			
Payments for property, plant and equipment		(41)	(692)
Payments for intangible assets		-	(2,431)
Payments for investments		-	(1,798)
Net cash used in investing activities		**(41)**	**(4,921)**
Financing activities			
Proceeds from issue of equity instruments in the company	24	16,215	17,947
Payment for equity raise costs		(1,479)	(1,138)
Interest paid on borrowings and lease liabilities		(1,224)	(1,361)
Repayment of lease liabilities		(1,145)	(682)
Proceeds of borrowings		5,100	-
Repayment of borrowings		(8,323)	(9,421)
Net cash generated by financing activities		**9,144**	**5,345**
Net change in cash and cash equivalents		(16)	(2,138)
Cash and cash equivalents, beginning of period		2,943	5,001
Exchange differences on cash and cash equivalents		(27)	80
Cash and cash equivalents, end of period	**11**	**2,900**	**2,943**

Note: This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1. General information

Atomos Limited and its controlled entities ("Atomos", the "Group" or the "Company") is a public company limited by shares, incorporated and domiciled in Australia. Atomos is the Group's ultimate holding Company.

The principal activities of the Group were the manufacture and sale of video equipment. There have been no significant changes in the nature of these activities during the year. The address of its registered office and principal place of business is 700 Swanston Street, Carlton, Victoria 3053.

These financial statements are presented in Australian Dollars.

The Consolidated Financial Statements for the year ended 30 June 2024 were approved and authorised for issue by the board of Directors on Monday, 30th of September 2024.

2. Adoption of new and revised Australian Accounting Standards

The Group has adopted all new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to its operations for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations does not have a material impact on these financial statements.

3. Material accounting policies

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

3.2 Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis, except for, where applicable, the revaluation of certain non-current assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3.3 Going concern

The financial statements have been prepared on the going concern basis which assumes the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

3. Material accounting policies (continued)
3.3 Going concern (continued)

For the year ended 30 June 2024, the Group generated revenue of $35.7m (June 2023 $42.8m), incurred a loss after tax of $22.4m (June 2023 loss of $61.1m), including a $1.8m fair value adjustment, and reported negative cash flows of $9.1m (June 2023 negative $2.6m) and $0.0m (June 2023 negative $4.9m) from operating and investing activities respectively.

FY24 revenue of $35.7 million was $7.0m or 16% lower compared to revenue of $42.8m in the FY23. Revenue was lower in FY24 due to the ongoing deterioration in economic conditions, working capital constraints prior to the capital raising in May 2024 impacting finished goods availability, supply chain challenges and disruptions from the Writers Guild of America strike.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

In the opinion of the directors, the ability of the Group to continue as a going concern is dependent on the following;

- Achieving short term revenue targets and executing its cost reduction plans.

  - 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 2023. The Company has commenced a further reduction in the cost base of the business which will further reduce the annual breakeven revenue level to approximately $45m; and

  - The ability to generate the level of revenues forecast and receive payment from customers in accordance with standard trading terms and conditions.

  - Though revenue in FY24 was $7.0m or 16% lower compared to FY23, the Company experienced higher gross margins in FY24 attributed to improvements in the mix of margin across its product range, including higher margins from new products. Gross margin percentage improved by 20% points in FY24 from 11% in FY23 to 31% in FY24.

- Adhering to the payment plans agreed with key suppliers, and having access to their continued supply beyond that on standard payment terms.

  - Extended supplier payment plans have been agreed with suppliers as a mitigation to short term cashflow risks. These payment plans are being adhered to and are forecast to be adhered to. It is expected that these suppliers will continue to supply and that the Group will be able to meet their payment obligations in terms of standard payment terms.

If the Group is unable to achieve successful outcomes in respect of the above matters, particularly in respect of the cost reduction initiatives, in the directors' opinion the Group could pursue the following additional actions:

3. Material accounting policies (continued)

3.3 Going concern (continued)

- Obtain further accommodation from suppliers with regards to extending the repayment plans;
- Obtain working capital or invoice financing; and
- Obtain access to financial support from major shareholders.

Furthermore, 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

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in on consolidation.

3.5 Revenue

The Group recognises revenue predominantly from the sale of goods to the wholesale market and software upgrades. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product to a customer.

Sale of goods

Sale of goods (video monitor recorder products, broadcast equipment and accessories) is recognised at a point in time when the performance obligation of the sale have been fulfilled and control of the goods has transferred to the customers as determined by the shipping terms. In recognising revenue from the sale of goods, the Group considers its historical experience with sales returns to determine if it is highly probable that a significant reversal of revenue will arise in the future.

3. Material accounting policies (continued)
3.5 Revenue (continued)

Sale of software & software upgrades

Sale of software & software upgrades are recognised at a point in time – being that of purchase, which is when the Group has fulfilled its performance obligation.

3.6 Leases

The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate determined for the Group ranges from 0.1% in Japan to 7.7% in the United Kingdom, depending on country and specific risk premium.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

3. Material accounting policies (continued)
3.6 Leases (continued)

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under *AASB 137*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies *AASB 136* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

3.7 Foreign currencies

<u>Foreign currency transactions and balances</u>

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Material accounting policies (continued)
3.7 Foreign currencies (continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary terms. For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

3.8 Short-term and long-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages, salaries and annual and long service leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.9 Share based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. Material accounting policies (continued)

3.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible on other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying mount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. Material accounting policies (continued)

3.10 Taxation (continued)

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11 Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets to their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The following depreciation rates are applied:

- Plant & equipment: 10 – 33%
- Motor vehicles: 25%
- Leasehold improvements: 10% or if the lease period is less than ten years, the rate applicable so that the leasehold improvements are fully depreciated over the lease period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.12 Intangible assets excluding goodwill

Intangible assets - development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Intangible assets generated internally comprise product development costs and are recognised when all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. When no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. Material accounting policies (continued)

3.12 Intangible assets excluding goodwill (continued)

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Patents and Product IP, Trademarks and Brand Name and Customer Relationships

These assets are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Capitalised product development costs – carried at cost less accumulated amortisation or impairment losses

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.13 Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.14 Impairment of plant and equipment and intangible assets other than goodwill

At each reporting date, the Group reviews the carrying amounts of its plant and equipment and intangible assets other than goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. Material accounting policies (continued)

3.14 Impairment of plant and equipment and intangible assets other than goodwill (continued)

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. For the purposes of assessing impairment, one CGU, has been identified in the Company.

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs incurred in marketing, selling and distribution.

3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Material accounting policies (continued)

3.16 Provisions (continued)

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, as the directors' best estimate of the expenditure required to settle the Group's obligation.

Onerous contracts

The provision for onerous contracts relates to the Group's exposure to the unavoidable cost of meeting its obligations under the contracts, which exceeds the expected benefits to be derived by the Group. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contracts.

Make good

The Group's best estimate of the future outflow required when the leased office premises are vacated.

3.17 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets held that relate solely to payments of principal and interest and where the business model is to collect contractual cash flows, are measured at amortised cost.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3. Material accounting policies (continued)
3.17 Financial instruments (continued)

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Effective interest rate method
The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on trade and other receivables that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The entity makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3. Material accounting policies (continued)

3.17 Financial instruments (continued)

Financial liabilities and equity instruments

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'. All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in money market instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

3.19 Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current period.

3.20 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of the expense; or
(ii) for receivables and payables in the statement of financial position which are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

3.21 Rounding of amounts

The Group has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 and accordingly, amounts in the financial statements and Directors' report have been rounded off to the nearest $1,000, or in certain cases, the nearest dollar.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The preparation of the financial statements requires the directors to evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information.

The following are the critical judgements or estimates in which the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment testing

AASB 136 Impairment of Assets requires goodwill and intangible assets with an indefinite useful life to be assessed at the end of each reporting period. For impairment assessment a single Cash Generating Unit ("CGU"), being the Atomos Global Group, was identified. The recoverable amount of the assets relating to the CGU were assessed using a value-in-use discounted cash flow model. This model uses cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond five-year periods are extrapolated using a terminal growth rate.

The Group fully impaired Goodwill in the FY23 financial year. The impairment charge was included within the FY23 Consolidated Statement of Profit or Loss and Other Comprehensive Income. The model was prepared as at 31 December 2022, when an impairment charge of $30.7 million was recognised in respect of Goodwill, Patents and Product IP and Capitalised Development Costs. The decrease in the recoverable amount of the CGU in FY23 reflected weak consumer demand and slower than anticipated momentum from the company's most recently released products; which reduced future cashflow expectations from customers.

The key assumptions used in the model prepared in 31 December 2022 were:

- Long term growth rate of 2%
- Post tax discount rate of 14.5%
- Average revenue growth rate across the forecast period of 19%

The recoverable amount is highly sensitive to changes in the revenue growth assumption. Whilst non-current intangible assets have been impaired in totality, improvements in forecast revenue growth may result in reversals of the impairment charge for intangible assets other than goodwill in the future. The impairment charge recognised in respect of goodwill cannot be reversed in future periods.

4.1 Critical judgements in applying accounting policies (continued)

Amortisation of Intangible Assets

The Group exercises judgement in relation to the estimated useful lives of the product range including considering the likelihood of changes in technology that could affect the useful lives related to capitalised product development costs. The Group considers the useful lives in the context of each category or project to which capitalised costs pertain and determine the useful life based on the expected sales life of products utilising or that will utilise that technology.

4.2 Key sources of estimation uncertainty

Trade receivables collectability

Management estimates the recoverable amount of any outstanding trade receivable balances at reporting date and recognises an allowance for impairment if required.

Inventory net realisable value

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Warranties

Management estimates the expected cost of warranty obligations under local sale of goods legislation from the date of sale of the relevant products. The estimate is based on historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

5. Revenue – recognised at a "point in time"

	2024 $'000	2023 $'000
Revenue		
Sale of goods	34,439	41,936
Sale of software upgrades	1,244	687
Other revenue	38	140
Total revenue	**35,721**	**42,763**
Other income		
Interest	17	2
Government subsidies	0	12
Other income	332	351
Total other income	**349**	**365**
Total revenue and other income	**36,070**	**43,128**

The Group recognises revenue predominantly from the sale of goods to the wholesale market and software upgrades. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product to a customer.

Sale of goods

Sale of goods (video monitor recorder products, broadcast equipment and accessories) is recognised at a point in time when the performance obligations of the sale have been fulfilled and control of the goods has transferred to the customers as determined by the shipping terms. The pre-agreed shipping terms can and do change depending on the circumstances. In recognising revenue from the sale of goods, the Group considers its historical experience with sales returns to determine if it is highly probable that a significant reversal of revenue will arise in the future.

Sale of software & software upgrades

Sale of software upgrades are recognised at a point in time – being that of purchase, which is when the Group has fulfilled its performance obligation.

6. Segment reporting

The Group operates in one segment being the manufacture and sale of video equipment. No operating segments have been aggregated in arriving at the reportable segment of the Group. Non-current assets are held in Australia. The Company reports revenues from external customers attributable to the following geographic regions:

- North America
- Europe, the Middle East and Africa (EMEA) and
- Asia Pacific (APAC)

During the financial year there were 3 customers who represented 20%, 16% and 15% of total sales respectively (FY23: 10%, 22% and 16% respectively).

The Group's revenue from external customers by geographical location are detailed below:

	2024	**2023**
North America	16,002	16,798
Europe, the Middle East and Africa (EMEA)	12,310	17,564
Asia Pacific (APAC)	7,409	8,401
	35,721	**42,763**

7. Loss for the year

Loss for the year from operations has been arrived at after charging (crediting):

Expenses

	2024 $'000	**2023 $'000**
Depreciation and amortisation		
Leasehold improvements	106	103
Plant and equipment	416	951
Motor vehicles	2	4
Capitalised product development costs	-	457
Patents and Product IP	-	151
Trademarks and Brand Name	-	97
Customer Relationships	-	17
Right of use assets	1,086	1,193
Total depreciation and amortisation	**1,610**	**2,973**
Impairment of non-financial assets and fair value adjustment		
Fair value adjustment	1,798	-
Impairment of non-financial assets	-	30,676
Finance costs		
Interest and costs associated with borrowing facilities	1,092	1,970
Interest on lease liabilities	132	150
Total interest expense for financial liabilities at amortised cost	**1,224**	**2,120**

7. Loss for the year (continued)

	2024 $'000	2023 $'000
Employee benefits expense		
Post-employment benefits	527	709
Share-based payments	555	(375)
Other employee benefits	9,244	9,645
Employee benefits expense per Statement of Profit or Loss	**10,326**	**9,979**

8. Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Atomos at 30% (2022: 30%) and the reported tax expense in profit or loss are as follows:

	2024 $'000	2023 $'000
Loss before tax	(20,872)	(61,288)
Domestic tax rate for Atomos Ltd - 30%		
Expected tax benefit	6,262	18,386
Adjustments:		
· Effect of income that is not assessable in determining taxable profit	(27)	(374)
· Effect of expenses that are not deductible in determining taxable profit	171	112
· Effect of Research and Development tax offset	-	-
· Effect of different tax rates of subsidiaries operating in other jurisdictions	(92)	294
· Other Adjustments	11	(1,435)
· Fair value adjustment	540	-
· Prior year goodwill impairment	(0)	-
· Prior Years Unders/Overs	(2,288)	-
· Deferred tax asset on incremental share raising costs not recognised	444	-
· Deferred tax asset on tax losses not recognised	(5,414)	(16,756)
Actual tax benefit/(expense)	**(394)**	**227**
Tax expense comprises:		
· current tax expense	(394)	(534)
· deferred tax benefit	-	761
Actual tax benefit/(expense)	**(394)**	**227**

Information on deferred tax assets and liabilities is provided in Note 23.

The current tax expense of $394,000 for the year relates to non-Australian based fully owned subsidiaries where a taxable profit was reported.

9. Dividends

There were no dividends paid or declared to equity holders during or since the year ended 30 June 2024. (2023: Nil).

10. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following:

	2024 $'000	2023 $'000
Loss attributable to the owners of the Company	(22,362)	(61,061)
	No.	**No.**
Weighted average number of shares used in calculating basic EPS	**366,826,504**	**336,925,290**
Weighted average of potential dilutive ordinary shares:		
Options and Performance Rights	-	-
Weighted average number of shares used in calculating diluted EPS	**366,826,504**	**336,925,290**
Earnings per share		
Basic loss per share	(0.06)	(0.18)
Diluted loss per share	(0.06)	(0.18)

In FY2024 and 2023, the potential ordinary shares are deemed anti-dilutive as the Company reported losses after tax and therefore potential ordinary shares are excluded from the weighted average number ordinary shares for the purposes of diluted earnings per share.

11. Cash and cash equivalents

	2024 $'000	2023 $'000
Cash at bank and in hand	2,417	2,467
Cash at bank on deposit	483	476
Cash and cash equivalents	**2,900**	**2,943**

12. Trade and other receivables

	2024 $'000	2023 $'000
Current		
Trade receivables, gross	4,698	4,785
Less: loss allowance for expected credit loss	(335)	(400)
Trade receivables, net	4,363	4,385
Other receivables	607	781
Trade and other receivables	**4,970**	**5,166**

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has applied the simplified approach when assessing the expected credit losses.

12. Trade and other receivables (continued)

	2024 $'000	2023 $'000
Balance at beginning of year	400	132
Impairment loss recognised	226	268
Amounts written off	(291)	-
Balance 30 June	**335**	**400**

An analysis of trade receivables that are past due is outlined in note 31.3.

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024	2023	2024	2023	2024	2023
Consolidated	%	%	$'000	$'000	$'000	$'000
Not overdue	0.5%	0.5%	4,565	3,219	23	16
Past due under 30 days	2.5%	2.5%	50	819	1	20
Past due 30 days to under 60 days	3.5%	3.5%	14	454	0	16
Past due 60 days and over	4.5%	4.5%	69	293	3	13
			4,698	**4,785**	**28**	**66**

In addition to the expected credit loss rate, the Group also considers specific debtor balances in recognising the loss allowance for expected credit loss.

13. Inventories

	2024 $'000	2023 $'000
Stock on hand – raw materials and components	8,365	10,814
Stock on hand - finished goods	5,971	9,337
Inventories on hand - at cost	14,336	20,151
Provision for obsolescence	(5,622)	(4,785)
Inventories on hand - written down value	**8,714**	**15,366**

Movements in provision for obsolescence	**$'000**
Balance at 1 July 2022	(841)
Increase in inventory obsolescence - FY2023	(3,944)
Balance at 30 June 2023	**(4,785)**
Increase in inventory obsolescence - FY2024	(837)
Balance at 30 June 2024	**(5,622)**

The cost of inventories recognised as an expense for the 2024 financial year was $24.5 million (2023: $38.1 million). The cost of inventories recognised as an expense includes $0.8 million of net inventory write-downs (2023: 3.9 million net inventory write-downs).

14. Other current assets

	2024 $'000	2023 $'000
Prepayments	3,253	5,167
Security deposits	93	107
Other current assets	**3,346**	**5,274**

15. Property, plant and equipment

	2024 $'000	2023 $'000
Carrying amounts of:		
Leasehold improvements	365	464
Plant and equipment	511	893
Motor vehicles	-	2
Written down value	**876**	**1,359**

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold improvements $'000	Plant & equipment $'000	Motor vehicles $'000	Total $'000
Cost				
Balance 1 July 2023	1,117	6,111	32	7,260
Additions	-	41	-	41
Reclassifications	7	(7)	-	-
Disposals	-	(3)	-	(3)
Balance 30 June 2024	1,124	6,142	32	7,298
Accumulated depreciation & impairment				
Balance 1 July 2023	(653)	(5,218)	(30)	(5,901)
Depreciation	(106)	(416)	(2)	(524)
Disposals	-	3	-	3
Balance 30 June 2024	(759)	(5,631)	(32)	(6,422)
Carrying amount 30 June 2024	**365**	**511**	**-**	**876**
Cost				
Balance 1 July 2022	968	6,583	32	7,583
Additions	149	543	-	692
Disposals	-	(1,015)	-	(1,015)
Balance 30 June 2023	1,117	6,111	32	7,260
Accumulated depreciation & impairment				
Balance 1 July 2022	(550)	(5,282)	(26)	(5,858)
Depreciation	(103)	(951)	(4)	(1,058)
Disposals	-	1,015	-	1,015
Balance 30 June 2023	(653)	(5,218)	(30)	(5,901)
Carrying amount 30 June 2023	**464**	**893**	**2**	**1,359**

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets. There were no material contractual commitments to acquire property, plant and equipment as at 30 June 2024 (2023: none).

16. Right of use assets

	Buildings $'000	Vehicle $'000	Total $'000
Cost			
Balance 1 July 2023	8,264	68	8,332
Additions	100	-	100
Disposals/Modifications	(497)	-	(497)
Balance 30 June 2024	7,867	68	7,935
Accumulated depreciation			
Balance 1 July 2023	(3,007)	(56)	(3,063)
Depreciation	(1,074)	(12)	(1,086)
Disposals/Modifications	372	-	372
Balance 30 June 2024	(3,709)	(68)	(3,777)
Carrying amount 30 June 2024	**4,158**	**-**	**4,158**
Cost			
Balance 1 July 2022	8,543	68	8,611
Additions	875	-	875
Disposals/Modifications	(1,154)	-	(1,154)
Balance 30 June 2023	8,264	68	8,332
Accumulated depreciation			
Balance 1 July 2022	(2,392)	(42)	(2,434)
Depreciation	(1,179)	(14)	(1,193)
Disposals/Modifications	564	-	564
Balance 30 June 2023	(3,007)	(56)	(3,063)
Carrying amount 30 June 2023	**5,257**	**12**	**5,269**

Majority of the Group's leases relate to properties. The average lease term is five years. Two (2023: Three) leases were entered into during the current financial year. These new leases resulted in additions to right-of-use assets of $0.1 million during the year (2023: $0.9 million).

	2024 $'000	2023 $'000
Amounts recognised in profit or loss		
Depreciation on right-of-use assets	1,086	1,193
Interest expense on lease liabilities	132	150
Expense relating to short term or low value leases	34	17
	1,252	**1,360**

17. Intangible assets

	2024 $'000	2023 $'000
Carrying amounts of:		
Goodwill	-	-
Capitalised product development costs	-	-
Patents and Product IP	-	-
Trademarks and Brand Name	-	-
Customer Relationships	-	-
Written down value	**-**	**-**

Movements in carrying amounts

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year:

	Goodwill	Capitalised product development costs	Patents and Product IP	Trademarks and Brand Name	Customer Relationships	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
Balance 1 July 2023	15,068	30,950	4,835	700	120	51,673
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance 30 June 2024	15,068	30,950	4,835	700	120	51,673
Accumulated amortisation & impairment						
Balance 1 July 2023	(15,068)	(30,950)	(4,835)	(700)	(120)	(51,673)
Amortisation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Impairment Charge	-	-	-	-	-	-
Balance 30 June 2024	(15,068)	(30,950)	(4,835)	(700)	(120)	(51,673)
Carrying amount 30 June 2024	-	-	-	-	-	-
Cost						
Balance 1 July 2022	15,068	28,491	4,835	700	120	49,214
Additions	-	2,459	-	-	-	2,459
Balance 30 June 2023	15,068	30,950	4,835	700	120	51,673
Accumulated amortisation & impairment						
Balance 1 July 2022	-	(18,790)	(780)	(602)	(103)	(20,275)
Amortisation	-	(456)	(151)	(98)	(17)	(722)
Impairment Charge	(15,068)	(11,704)	(3,904)	-	-	(30,676)
Balance 30 June 2023	(15,068)	(30,950)	(4,835)	(700)	(120)	(51,673)
Carrying amount 30 June 2023	-	-	-	-	-	-

Intangibles assets impaired in the 2023 financial year

As at 30 June 2023, there were indicators of impairment due to the poor financial performance of the Group during FY23 and the market capitalisation position in FY23. As a result, the recoverable amount of the assets relating to the CGU were assessed using a value-in-use discounted cash flow model. This model used cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using a terminal growth rate.

In FY23, management assessed that the carrying value of the CGU exceeded the recoverable amount. The decrease in the recoverable amount of the CGU in FY23 reflected weak consumer demand and slower than anticipated momentum from the company’s most recently released products, which reduced future cashflow expectations from customers. An impairment charge of $30.676 million was

17. Intangible assets (continued)

recognised in respect of Goodwill, Patents and Product IP and Capitalised Development Costs. This impairment charge was included within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Cash Generating Unit recoverable amount calculation methodology

The recoverable amount of the consolidated entity's goodwill was determined by a value-in-use calculation using a discounted cash flow model, based on a 2-year projection period and extrapolated for a further 3 years using a steady rate, together with a terminal value. The model was prepared as at 31 December 2022.

The recoverable amount is highly sensitive to changes in the revenue growth assumption. The key assumptions used in the model prepared in 31 December 2022 were:

- Long term growth rate of 2%
- Post tax discount rate of 14.5%
- Average revenue growth rate across the forecast period of 19%

The Group's projected 2% revenue growth rate and the 19% average revenue growth rate across the forecast period were based on the gradual take-up of Atomos' connected products while considering slowing economic conditions.

The discount rate of 14.5% post-tax reflected management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for varying risk profiles, the risk-free rate, and the volatility of the share price relative to market movements around the time the model was prepared.

Whilst non-current intangible assets have been impaired in totality in the prior financial year, improvements in forecast revenue growth may result in reversals of the impairment charge for intangible assets other than goodwill in the future. The impairment charge recognised in respect of goodwill cannot be reversed in future periods.

18. Financial assets

	2024 $'000	2023 $'000
Unlisted ordinary shares - designated at fair value through profit or loss	-	1,798
Closing fair value	**-**	**1,798**

Movements in fair value
Movement in the fair value of financial assets between the beginning and the end of the current financial year:

18. Financial assets (continued)

	2024 $'000	2023 $'000
Opening fair value	1,798	28
Additions	-	1,798
Fair value adjustment	(1,798)	(28)
Closing fair value	**-**	**1,798**

Prior to the 2024 financial year, the Company acquired a 10% interest in UK based Mavis Broadcast Limited. Mavis technology underpins the Atomos Cloud Studio suite of products.

Whilst there has been an upward trajectory in Atomos Cloud Studio Subscription Revenue since launching in May 2023, the overall result has been below expectations. Costs to deliver revenues have exceeded $1.0m, and almost all this amount was paid to Mavis for development and delivery services. These payments represent a major component of Mavis revenue.

The Company has been advised that Mavis will undertake a capital raising in early 2025, which may result in substantial dilution of the Company's interest in Mavis.

On this basis, management have assessed that the Group's investment of $1.798 million in Mavis Broadcast Limited had a negligible fair value as at 30 June 2024. A resulting fair value adjustment was recognised in FY24 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The valuation methodology for these investments is disclosed in note 33.

19. Trade and other payables

	2024 $'000	2023 $'000
Trade payables	9,563	12,450
Sundry payables and accrued expenses	1,743	540
Total trade and other payables	**11,306**	**12,990**

20. Borrowings

	2024 $'000	2023 $'000
Current (Secured):		
Secured term bilateral facility	-	3,121
Current (Unsecured):		
Credit card facility	136	238
Total current borrowings	**136**	**3,359**
Total borrowings	**136**	**3,359**

Financing arrangements

Unrestricted access was available at the reporting date to following lines of credit:

	2024 $'000	2023 $'000
Total facilities		
Financial institution – secured term bilateral facility	-	3,121
Financial institution – credit card facility	500	500
	500	**3,621**
Used at reporting date		
Financial institution – secured term bilateral facility	0	3,121
Financial institution – credit card facility	136	238
	136	**3,359**
Unused at reporting date		
Financial institution – secured term bilateral facility	-	-
Financial institution – credit card facility	364	262
	364	**262**

The Company measures financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

In October 2023 the Company's debt funding arrangement provided by Arrowpoint Capital Finance 103 Pty Ltd (Arrowpoint) was acquired by Domazet FT3 Pty Ltd (Doma), a substantial holder of the Company. The Company, Arrowpoint and Doma entered into a Deed of Novation, Assignment and Amendment that provided for Doma's acquisition of the debt facility from Arrowpoint.

Under the deed, the terms of the debt facility were considerably more favourable to the Company, including:

- Higher facility limits with no line fee,
- Waiver of all financial covenants in place,
- No scheduled amortisation, and
- Improved terms on the capitalisation of interest.

As part of the capital raising in May 2024, all borrowing were repaid except for the credit card facilities. Total debt as at 30 June 2024 was $136,000 compared to $3,359,000 as at 30 June 2023, representing a reduction of $3,223,000 of debt.

The reduction of total debt is noted in the consolidated cash flow statement as follows:

20. Borrowings (continued)

For the year ended 30 June 2024

	2024 $'000
Financing activities	
Proceeds of borrowings	5,100
Repayment of borrowings	(8,323)
	(3,223)

For the years ended 30 June 2024 and 30 June 2023, the Company successfully met its covenant obligations, except those that were waived.

Assets pledged as security
While the secured term bilateral facility was active, the facility was secured by certain foreign bank accounts, trade and other receivables, and inventories.

21. Provisions

	2024 $'000	2023 $'000
Current:		
Warranty (i)	720	511
Employee benefits (ii)	635	836
Onerous contracts (iii)	3,248	1,191
	4,603	**2,538**
Non-current:		
Employee benefits (ii)	28	36
Make good (iv)	55	55
	83	**91**

(i) Warranty claims
The provision for warranty claims represents the present value of the Directors' best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

(ii) Employee benefits
The provision for employee benefits relates to the Group's liability for accumulated long service and annual leave entitlements.

(iii) Onerous contracts
The provision for onerous contracts relates to the Group's exposure to the unavoidable cost of meeting its obligations under the contracts determined to be onerous. Atomos routinely enters into purchase orders with its suppliers for components required to manufacture its products. There were significant disruptions to supply chains following the COVID pandemic which led to vastly extended ordering lead times, and therefore a need to order based on estimated demand over a year into the future. Subsequently, global economic conditions deteriorated and actual demand proved to be lower than the original forecasts. In some instances, this resulted in non-cancellable purchase orders for which the Group has limited requirement for the products within its forecast horizon.

21. Provisions (continued)

The Company has worked with its relevant suppliers to negotiate cancellations / deferrals of purchase orders where possible; to the extent that we have not been able to negotiate such an outcome, the remaining commitment has been recognised as an onerous contract. The estimate of future outflow is determined by open purchase orders with the Group's suppliers, measured by the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(iv) Make good
The Group's best estimate of the future outflow required when the leased office premises are vacated.

Movement in provisions	Warranty provision $'000	Make good provision $'000	Onerous contracts $'000
At 1 July 2023	511	55	1,191
Additional provision during the period	464	-	3,224
Amounts used /written back in the period	(255)	-	(1,167)
Closing carrying value 30 June 2024	**720**	**55**	**3,248**
At 1 July 2022	972	90	-
Additional provision during the period	663	-	1,191
Amounts used /written back in the period	(1,124)	(35)	-
Closing carrying value 30 June 2023	**511**	**55**	**1,191**

22. Lease liabilities

	2024 $'000	2023 $'000
Lease liabilities		
Maturity analysis; including interest charges		
Year 1	1,023	1,405
Year 2	887	1,057
Year 3	824	927
Year 4	745	823
Year 5	771	744
Beyond year 5	1,159	1,936
	5,409	**6,892**
Analysed as: principal owing		
Current	916	1,011
Non-current	4,114	5,167
Total	**5,030**	**6,178**

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function as outlined in note 3.6.

23. Income taxes payable, deferred tax liabilities and deferred tax assets

	2024 $'000	2023 $'000
Current liabilities:		
Income taxes payable	1,456	929
	1,456	929
Non-current liabilities:		
Income taxes payable	-	1,320
Total income taxes payable	**1,456**	**2,249**

The Group's income taxes payable as at 30 June 2024 are based on the applicable income tax rates for the respective non-Australian based fully owned subsidiaries where a taxable profit was reported.

Net deferred tax assets relating to losses and timing differences continue to be de-recognised in the statement of financial position due to uncertainty as to the timing of their recoupment from sufficient future taxable income. Deferred tax assets of $33.4m (2023: $28.7m) related to carried forward tax losses and R&D tax credits were not recognised. Deferred taxes arising from temporary differences can be summarised as follows:

	01-July-2023 $'000	Recognised in other comprehensive income $'000	Recognised in profit and loss $'000	30-June-2024 $'000
Unrealised FX (gains) losses	(63)	-	(1)	(64)
Doubtful debts	47	-	(8)	39
Inventories - provision	1,185	-	274	1,459
Prepayments	(246)	-	46	(200)
AASB 16 leases	345	-	(11)	334
Unused tax losses	28,656	-	4,773	33,429
Interest deductions	189	-	(189)	-
Equity raising costs	293		(174)	119
Provisions	385	-	867	1,252
Accrued expenses	432	-	(111)	321
Employee provisions	251	-	(52)	199
Net deferred tax assets	31,474	-	5,414	36,888
Net deferred taxes derecognised	(31,474)	-	(5,414)	(36,888)
Net deferred tax assets	**-**	**-**	**-**	**-**

	01-July-2022 $'000	Recognised in other comprehensive income $'000	Recognised in profit and loss $'000	30-June-2023 $'000
Unrealised FX (gains) losses	48	-	(111)	(63)
Doubtful debts	12	-	35	47
Inventories	79	-	1,106	1,185
Prepayments	1	-	(247)	(246)
AASB 16 leases	118	-	227	345
Intangible assets	(1,963)	-	1,963	-
Unused tax losses	15,312	-	13,344	28,656
Interest deductions	189	-	-	189
Equity raising costs	631	-	(338)	293
Provisions	265	-	120	385
Accrued expenses	359	-	73	432
Employee provisions	332	-	(81)	251
Net deferred tax assets	15,383	-	16,091	31,474
Net deferred taxes derecognised	(14,622)	-	(16,852)	(31,474)
Net deferred tax assets	**761**	**-**	**(761)**	**-**

24. Issued capital

	30-Jun-24 $'000	30-Jun-23 $'000
Ordinary shares – fully paid	134,037	119,301

Ordinary shares

Movements in issued capital	Issue Date	Issue Price	2024 Shares	2024 $'000	2023 Shares	2023 $'000
Balance at beginning of year			401,821,079	119,301	222,351,585	102,492
Shares issued on capital raise	24-Oct-22	0.10	-	-	84,964,139	8,496
Shares issued on capital raise	21-Nov-22	0.10	-	-	94,505,355	9,451
Equity raising costs	FY2023	N/A	-	-	-	(1,138)
Performance rights exercised	19-Dec-23	N/A	409,772	-	-	-
Shares issued on capital raise	20-May-24	$0.02	810,752,211	16,215	-	-
Performance rights exercised	23-May-24	N/A	679,246	-	-	-
Equity raising costs	FY2024	N/A	-	(1,479)	-	-
Balance at end of year			**1,213,662,308**	**134,037**	**401,821,079**	**119,301**

Ordinary shares issued have no par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at a shareholders' meeting of the Company. Further details of the Group's capital management policies and procedures are outlined in note 32.

Share options granted under the Company's employee share option plan

As at 30 June 2024, Directors, executives and senior employees held options over 917,561 ordinary shares of the Company (2023: 917,561, when Jeromy Young's holdings are included; Mr Young commenced with Atomos Ltd on 4 January 2024). Share options granted under the Company's employee option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in Note 26.

Listed share options

100,000,000 quoted options (ASX:AMSO) were granted to Executive Directors Jeromy Young and Peter Barber on 20 May 2024 for services rendered to the Company. There were no vesting conditions attached to these options expiring 30 November 2025 and their exercise price is $0.03.

25. Reconciliation of cash flows from operating activities

(a) Reconciliation of cash flows from operating activities

	2024 $'000	2023 $'000
Cash flows from operating activities		
Loss for the year	(22,362)	(61,061)
Adjustments for:		
· Depreciation and amortisation expense	1,610	2,973
· Doubtful debt expense	226	268
· Obsolete stock provision	837	3,944
· Share-based payments expense	555	(375)
· Finance costs	1,224	2,120
· Unrealised foreign currency expense	(300)	75
· Reversal of deferred tax liability	-	(761)
· Impairment expense	-	30,676
· Fair value adjustment	1,798	-
· Onerous contracts provision	2,057	1,191
	(14,355)	(20,950)
Movements in working capital:		
· Decrease / (increase) in inventories	5,815	9,521
· Decrease / (increase) in trade and other receivables	(30)	15,220
· Increase / (decrease) in income taxes	(793)	-
· Decrease / (increase) in other assets	1,928	3,436
· Increase / (decrease) in trade and other payables	(1,684)	(9,214)
· Increase / (decrease) in provisions	-	(575)
Net cash (used in)/generated by operating activities	**(9,119)**	**(2,562)**

25. Reconciliation of cash flows from operating activities (continued)

(b) Non- cash financing transactions

The Group's non-cash financing activities during the financial year consisted of new leasing arrangements for buildings of $0.1m (2023: $0.9m).

26. Employee share-based payments

Details of the employee share option plan of the Company

The Company has a share option scheme for directors, executives and senior employees of the Company and its subsidiaries. As approved by shareholders and in accordance with the terms of the plan, directors, executives and senior employees may be granted options to purchase ordinary shares.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of these options. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted are calculated in accordance with a performance-based criteria approved by the Board of Directors. The formula rewards executives and senior employees to the extent of the Group's achievements judged against both qualitative and quantitative criteria from the following measures:

- growth in total shareholder return
- key strategic objectives
- service to the Company

Employee share options issued

The following share-based payment arrangements were in existence during the current year.

Option series	Number	Grant date	Vesting date	Expiry Date	Exercise Price ($)
Granted: 26 Feb 2018	1,637,312	26-Feb-18	28-Dec-18	12/04/2028	0.36
Granted: 20 May 2024*	100,000,000	20-May-24	20-May-24	30/11/2025	0.03
	101,637,312				

*100,000,000 quoted options (ASX:AMSO) were granted to Executive Directors Jeromy Young and Peter Barber on 20 May 2024 for services rendered to the Company. There were no vesting conditions attached to these options.

Fair value of share options granted during the year

100,000,000 quoted options (ASX:AMSO) were granted to Executive Directors Jeromy Young and Peter Barber on 20 May 2024 for services rendered to the Company. There were no vesting conditions attached to these options expiring 30 November 2025 and their exercise price is $0.03. Each option's fair value on grant date was $0.006, resulting in a total share-based payments expense of $600,000.

No share options were granted during the 2023 financial year.

26. Employee share-based payments (continued)

Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year.

	2024 Number of Options	2024 Weighted average exercise price ($)	2023 Number of Options	2023 Weighted average exercise price ($)
Balance at the beginning of the year	4,794,582	0.47	4,794,582	0.47
Issued during the year	100,000,000	0.03	-	-
Expired / forfeited during the year	(3,157,570)	0.53	-	-
Exercised during the year	-	-	-	-
Balance at the end of the year	**101,637,012**	**0.04**	**4,794,582**	**0.47**

101,637,312 (2023: 1,637,312) options have vested and are exercisable as at the end of the 2024 reporting year. There are no remaining options issued that have not yet vested.

The Group recognised total expenses/(reversals) of $0.6 million and ($0.4 million) related to equity-settled share-based payment transactions in 2024 and 2023 respectively.

Share options exercised during the year

Nil (2023: nil) share options were exercised during the year.

27. Interests in subsidiaries

Set out below are the details of the subsidiaries owned by the Group:

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Group proportion of ownership interests 30 June 2024	30 June 2023
Atomos AU Pty Ltd	Australia	Executive, marketing & finance	100%	100%
Atomos Engineering Pty Ltd	Australia	Engineering	100%	100%
Atomos GmbH	Germany	Global trading & service	100%	100%
Atomos Group Services Pty Ltd	Australia	Dormant	100%	100%
Atomos Global Pty Ltd	Australia	Procurement & production	100%	100%
Atomos IP Pty Ltd	Australia	Intellectual property	100%	100%
Atomos China	China	Trading (China) & services	100%	100%
Atomos Design kk	Japan	Engineering & business development	100%	100%
Atomos Japan Co. kk	Japan	Dormant	100%	100%
Atomos Inc	United States	Services	100%	100%
Atomos Global (UK) Ltd	England	Dormant	100%	100%
Timecode Systems Limited	England	Sales, engineering, procurement	100%	100%

28. Related party transactions

The Group's related parties include key management, post-employment benefit plans for the Group's employees and other parties as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel

Key management of the Group are the executive members of Atomos' Board of Directors and members of the Executive Team. Key management personnel remuneration includes the following expenses:

28. Related party transactions (continued)

	2024 $'000	2023 $'000
Short-term employee benefits:		
· salaries including bonuses	1,246	1,277
· non-monetary benefits	-	-
Total short-term employee benefits	**1,246**	**1,277**
Long- term employee benefits:	12	28
Total long-term employee benefits	**12**	**28**
Post-employment benefits:		
· superannuation	81	88
Total post-employment benefits	**81**	**88**
Share-based payments / (reversals)	555	(46)
Total remuneration	**1,894**	**1,347**

Other transactions with Key Management Personnel

Ben McAlister is a Financial Advisor to Atomos Limited acting in the capacity of Chief Financial Officer. Mr McAlister has been seconded from Doma Services Pty Ltd, a company related to Domazet FT3 Pty Ltd, which is a substantial shareholder of Atomos Limited. Doma Services Pty Ltd invoiced the Company $132,500 in FY24 (FY23: nil) for CFO Advisory Services.

Chris Tait retired as Non-Executive Chairman in the previous financial year on 28 February 2023. While Chris Tait was a Director at Atomos, he was also a shareholder and director of Henslow and the Advisory Board Chair of Bluerock Group.

Henslow
During FY23, Henslow provided corporate broking services and charged $24,750. The amount payable as at 30 June 2023 was Nil.

Bluerock
Atomos Group utilised Bluerock for certain consulting services. Fees charged were $4,180 for the FY23. The amount payable as at 30 June 2023 was Nil.

All transactions were made at arm's length and on normal commercial terms. There were no other transactions with receivables from/payables to or loans to/from other related parties.

29. Contingent liabilities

There are no contingent assets or liabilities as at 30 June 2024 that will have a material effect on the Group.

30. Auditor remuneration

	2024 $	2023 $
Audit or review of the financial statements – Deloitte Touche Tomatsu		
Remuneration for audit and review of financial statements	-	65,000
Other services – Deloitte Touche Tomatsu		
· taxation services	-	-
· other	-	3,250
Total other services remuneration	-	3,250
Audit or review of the financial statements – Moore Australia		
Remuneration for audit and review of financial statements	225,000	153,000
Other services – Moore Australia		
· taxation services	12,000	17,000
· other	2,019	1,269
Total other services remuneration	14,019	18,269
Total auditor's remuneration	**239,018**	**239,519**

On 16 June 2023, Moore Australia Audit (Vic) was appointed as the Company's auditor upon the resignation of Deloitte Touche Tomatsu.

31. Financial instrument risk

31.1 Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated by its head office, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

31.2 Market risk analysis

The Group's operating and investing activities expose it primarily to the financial risks, through its use of financial instruments, of changes in foreign currency exchange rates and interest rates.

Foreign currency risk

The Group's cash balances, trade receivables and trade payables include balances denoted in foreign currency, as a result the Group's statement of financial position can be affected by movements in the relevant exchange rates relative to the Australian dollar.

31. Financial instrument risk (continued)

Interest rate risk

The Group's main interest rate risk arises from short-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Interest rate risk was minimal at 30 June 2024 as the Group had no outstanding term debt at the end of FY24, (June 2023: $3.1m secured term debt owing). The Group has access to a $0.5m credit card facility and interest charges are avoided by repaying the credit card balances within the 55 days interest free period. Refer to note 20 for further details.

31.3 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by trade receivables. The Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date, as summarised below:

	2024 $'000	2023 $'000
Classes of financial assets		
Carrying amounts:		
· cash and cash equivalents	2,900	2,943
· trade and other receivables	4,970	5,166
· financial assets	-	1,798
	7,870	**9,907**

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used.

The Group's policy is to deal only with creditworthy counterparties. The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

The following table details the Group's accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction.

Receivables are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality. The ageing of trade receivables is set out below.

31. Financial instrument risk (continued)

	2024 $'000	2023 $'000
Within terms	4,565	3,219
Past due		
Past due under 30 days	50	819
Past due 30 days to under 60 days	14	454
Past due 60 days and over	69	293
Total	**4,698**	**4,785**

The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

31.4 Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within one (1) month.

Extended supplier payment plans have been agreed with suppliers as a mitigation to short term cashflow risks. These payment plans are being adhered to and are forecast to be adhered to. It is expected that these suppliers will continue to supply and that the Group will be able to meet their payment obligations in terms of standard payment terms.

The Group's non-derivative financial liabilities have contractual maturities as summarised below:

31. Financial instrument risk (continued)

	Weighted Average Interest Rate	Current: Within 6 months	Current: 6 - 12 months	Non-current: Over 1 year - 5 years	Non-current: 5+ years	Total
		$'000	$'000	$'000	$'000	$'000
As at 30 June 2024						
Trade payables	0%	9,563				9,563
Sundry payables	0%	1,743	-	-	-	1,743
Borrowings	0%*	136	-	-	-	136
Lease Liabilities	2.4%	508	408	2,986	1,128	5,030
Total		**11,950**	**408**	**2,986**	**1,128**	**16,472**

**Borrowings as at 30 June 2024 are in relation to a credit card facility with 55 days interest free repayment terms.*

	Weighted Average Interest Rate	Current: Within 6 months	Current: 6 - 12 months	Non-current: Over 1 year - 5 years	Non-current: 5+ years	Total
As at 30 June 2023						
Trade payables	1.2%	9,428	2,404	618	-	12,450
Sundry payables	0%	540	-	-	-	540
Borrowings	7.0%	3,359	-	-	-	3,359
Lease liabilities	2.5%	488	523	2,741	2,426	6,178
Total		**13,815**	**2,927**	**3,359**	**2,426**	**22,527**

The above amounts reflect the contractual discounted cash flows, which agree to the carrying values of the liabilities at the reporting date. The total contractual maturity profile including interest payments (or undiscounted cash flows) as at 30 June 2024 would result in total repayments of $16.9m instead of discounted cash flows of $16.5m. The $0.4m of interest payments over the 5 years relate to lease liabilities and are not significant to Group's liquidity management.

32. Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern, and
- to provide an adequate return to shareholders;

by pricing products commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position. Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The amounts managed as capital by the Group for FY23 are summarised in the table below. Due to all debt being repaid by the end of FY24, except for $0.1m owing under a credit card facility, there was virtually no gearing as at 30 June 2024.

	2024 $'000	2023 $'000
Total equity		9,770
Cash and cash equivalents		(2,943)
Capital		**6,827**
Total equity		9,770
Borrowings		3,359
Other financial liabilities*		4,728
Overall financing		**17,857**
Capital-to-overall financing ratio	**no gearing**	**38%**

*Other financial liabilities are included in trade and other payables

33. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

At 30 June 2024	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Equity instruments held at fair value through profit or loss	-	-	-	-
Total	**-**	**-**	**-**	**-**
At 30 June 2023				
Assets				
Equity instruments held at fair value through profit or loss	-	-	1,798	1,798
Total	**-**	**-**	**1,798**	**1,798**

Assets and liabilities held for sale are measured at fair value on a non-recurring basis. There were no transfers between levels during the financial year. The carrying amount of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

In FY24, management have assessed that the Group's investment of $1.798 million in Mavis Broadcast Limited was potentially fully impaired as at 30 June 2024 (refer to Note 18).

The FY23 valuation of equity instruments held at fair value relating to the investment in MAVIS Broadcast Limited was based on the consideration in acquiring a 10% interest in the respective company which took place during FY23. The fair value of the investment as at 30 June 2023 was supported by historical capital raises and offers of acquisition which MAVIS had received.

34. Parent entity

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below. See Note 3 for a summary of the significant accounting policies relating to the Group.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost. Dividends received from subsidiaries are recognised in the profit or loss when a right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Parent and the amount of income can be measured reliably).

Tax consolidation

The Company and its wholly owned Australian resident entities are members of a tax-consolidated group under Australian tax law. The Company is the head entity within the tax-consolidated group. In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group.

Amounts payable or receivable under the tax-funding arrangement between the Company and the entities in the tax-consolidated group are determined using a 'separate taxpayer with group' approach to determine the tax calculation amounts payable or receivable by each member of the tax-consolidated-group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred and does not tax effect transactions that have no tax consequences to the group. The same basis is used for tax allocation within the tax-consolidated group.

Information relating to Atomos Limited ('the Parent Entity'):

	2024 $'000	2023 $'000
Statement of financial position		
Current assets	44,535	35,413
Total assets	**53,258**	**46,818**
Current liabilities	(1,533)	(4,661)
Total liabilities	**(1,533)**	**(4,661)**
Net assets	**51,725**	**42,157**
Issued capital	134,037	119,301
Accumulated losses	(86,222)	(80,500)
Reserves	3,910	3,356
Total equity	**51,725**	**42,157**
Statement of profit or loss and other comprehensive income		
Loss for the year	(5,722)	(25,213)
Other comprehensive income	-	-
Total comprehensive income	**(5,722)**	**(25,213)**

The Parent Entity has no capital commitments at 30 June 2024 (2023: $Nil).
The Parent Entity had no contingent liabilities at 30 June 2024 (2023: $Nil).

35. Subsequent events

Since the end of the reporting period:

- The company announced on 13 September 2024, that it had settled the US and Australian cases between the Company and former Chief Executive Officer, Ms Estelle McGechie. Following mediation, both parties agreed and entered into a Confidential Settlement Agreement and Mutual Release (Agreement). Under the Agreement, neither party admitted liability and provided the other party mutual releases for all claims relating to the matters. While the settlement payment amount is confidential, a provision was recognised in the financial statements as at 30 June 2024 within current liabilities – trade and other payables. The amount of the provision recognised is sufficient to meet all payments relating to the settlement payment and legal expenses relating these matters. These two matters were noted in the FY23 financial statements as contingent liabilities.

There are no further matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the entity’s operations in future financial years
- the results of those operations in future financial years; or
- the entity’s state of affairs in future financial years.

Atomos Limited
Consolidated Entity Disclosure Statement
As at 30 June 2024

Set out below is relevant information relating to entities that are consolidated in the consolidated financial statements at the end of the financial year as required by the Corporations Act 2001 (s.295(3A)(a)).

Name of the Subsidiary	Country of incorporation and principal place of business	Entity Type	Tax Residency	Group proportion of ownership interests 30 June 2024	30 June 2023
Atomos AU Pty Ltd	Australia	Body Corporate	Australia	100%	100%
Atomos Engineering Pty Ltd	Australia	Body Corporate	Australia	100%	100%
Atomos GmbH	Germany	Body Corporate	Germany	100%	100%
Atomos Group Services Pty Ltd	Australia	Body Corporate	Australia	100%	100%
Atomos Global Pty Ltd	Australia	Body Corporate	Australia	100%	100%
Atomos IP Pty Ltd	Australia	Body Corporate	Australia	100%	100%
Atomos China	China	Body Corporate	China	100%	100%
Atomos Design kk	Japan	Body Corporate	Japan	100%	100%
Atomos Japan Co. kk	Japan	Body Corporate	Japan	100%	100%
Atomos Inc	United States	Body Corporate	United States	100%	100%
Atomos Global (UK) Ltd	England	Body Corporate	UK	100%	100%
Timecode Systems Limited	England	Body Corporate	UK	100%	100%

Notes to the Consolidated Entity Disclosure Statement

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the *Corporations Act 2001* (Cth) requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, 'Australian resident' has the meaning provided in the *Income Tax Assessment Act 1997* (Cth). The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

• **Australian tax residency**

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

• **Foreign tax residency**

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Directors' Declaration

The directors of Atomos Limited declare that:

(a) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay it's debts as and when they become due and payable.

(b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3.1 to the financial statements.

(c) In the directors' opinion,

i. the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position as at 30 June 2024 and performance of the consolidated entity for the year ended on that date, and

ii. the attached Consolidated Entity Disclosure Statement as at 30 June 2024 is true and correct.

(d) The directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Mr Paul Greenberg
Chair

This 30th Day of September 2024

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ATOMOS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Atomos Limted 30 June 2024 (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.3 - *Going Concern* in the financial report, which indicates that the Group incurred a loss of $22,362,000 during the year ended 30 June 2024 (2023: loss of $61,061,000) and had cash outflows from operations of $9,119,000 (2023: outflows of $2,562,000). As stated in Note 3, these events, or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.   In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter

KEY AUDIT MATTER 1 – Revenue Recognition	
Refer to Note 5 Revenue	
Revenue is a significant account balance in the consolidated statement of profit and loss and other comprehensive income and is one of the key drivers of the Group. During the year the Group generated revenue of $35,721,000 which was significantly down on revenue in the prior year of $42,763,000. Revenue is considered a key audit matter due to the significance of the balance to the financial report and the material adjustment identified in previous periods.	Our procedures included, amongst others: • Performed a detailed analysis of revenue on a monthly basis in total, by product and by the top customers by value to identify relevant trends and patterns that may indicate areas for focussed revenue recognition testing; • Tested a representative sample of sales invoices processed in the month of June 2024 to the underlying shipping documents to understand the nature of the shipping terms and any unusual terms, and to confirm the date of transfer of ownership, and the recording in the appropriate period; • Obtained direct confirmations from a sample key customers for revenue recorded in the year and confirmed also the total amounts receivable at year end; • Reviewed the ledger for any material credit notes processed post year end that could indicate revenue was incorrectly recognised at year end; • Review the level of payments received from key customers subsequent to year end to identify unpaid invoices that could indicate revenue was incorrectly recognised at year end; and • Assessed the adequacy of revenue recognition disclosure in Note 5 to the financial statements.

KEY AUDIT MATTER 2 – Inventory Valuation & Existence	
Refer to Note 13 Inventories	
At 30 June 2024, Atomos held net inventory balances of $8,714,000, as disclosed within Note 13 *Inventories.* This is a material balance to the financial statements and is central to the Group's operations, with material quantities of inventory held at multiple locations across the globe. Inventories are valued at the lower of cost and net realisable value ('NRV'). The NRV of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell, the determination of which requires significant judgement by the Group Key matters of judgement include: • The estimated costs to bring the inventory to its location and condition for sale • Estimated costs to sell, including the calculation of the weighted average cost utilised by Atomos in the calculation of the cost of inventories. • The expected selling price. The existence and valuation of Inventory is a key audit matter as the balance represents a significant portion of the Group's total assets, the geographical disbursement of the assets and the high level of subjectiveness required in estimating the provision for obsolescence.	Our procedures included, amongst others: • We attended stocktakes at a sample of warehouses to verify the existence of inventory and reviewed stocktake processes for compliance with internal policies; • We tested the accuracy of the weighted average costing systems and performed overhead allocation testing on a sample of inventory; • We performed inventory cut-off testing on a sample of transactions either side of year-end; • We performed test of details to validate the cost prices and landing costs of inventory balances; • We obtained third party confirmation of inventory quantities held at all locations that are third party warehouses; • We performed test of details to verify that stock is held at the lower of cost and net realisable value; • We evaluated management's assessment of stock obsolescence provisions through attendance at stocktakes, enquiries and analytical procedures; • We performed test of details for stock items in transit; and • We considered the adequacy of the financial report disclosures.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MOORE

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf.

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 38 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Atomos Limited, for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

ANDREW JOHNSON
Partner – Audit and Assurance
Moore Australia Audit (VIC)
Melbourne, Victoria

30 September 2024

Moore Australia

Moore Australia Audit (VIC)
ABN 16 847 721 257
Chartered Accountants

ASX Additional Information

Additional Securities Exchange Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 16 September 2024.

Number of holders of equity securities

Ordinary share capital

1,214,959,808 fully paid ordinary shares are held by 4,936 individual shareholders.
All ordinary shares carry one vote per share.

Quoted Options

549,818,026 options are held by 842 individual option holders.
Options do not carry a right to vote.

Unquoted Options

1,637,312 options are held by 10 individual option holders.
Options do not carry a right to vote.
The following holders hold 20% or more of this class of securities

Jeromy Young	26%	432,955
James Cody	20%	335,612
Simon Bewick	22%	360,438

Share Rights

170,378 shares rights held by 21 individual holders.
Share rights do not carry a right to vote.

Distribution of holders of equity securities

Holdings Range	No. of individual holders	Total Securities Held	%
1-1,000	735	453,646	0.04%
1,001-5,000	1,365	3,638,507	0.30%
5,001-10,000	650	4,990,432	0.41%
10,001-100,000	1,520	55,656,830	4.58%
100,001-99,999,999,999	685	1,150,220,393	94.67%
Totals	**4,955**	**1,214,959,808**	**100.00%**

Unmarketable Parcels

Total Securities/Issued Capital	UMP Securities	UMP Holders	UMP Percent
1,214,959,808	13,180,387	3,058	1.08%

Substantial shareholders

Ordinary shareholders	Fully paid ordinary shares, balance as at 16 Sep 2024	% Holding
DOMAZET FT3 PTY LTD <THE DOMAZET FAMILY NO 3 A/C>	210,482,134	17.3%
WAKAI PTE LTD	100,000,000	8.2%
MONREII PTE LTD	100,000,000	8.2%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	88,353,619	7.3%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	85,385,302	7.0%

Shares under escrow

Nil.

Twenty largest holders of quoted equity securities

Name	Balance as at 16-09-2024	%
DOMAZET FT3 PTY LTD <THE DOMAZET FAMILY NO 3 A/C>	210,482,134	17.3%
WAKAI PTE LTD	100,000,000	8.2%
MONREII PTE LTD	100,000,000	8.2%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	88,353,619	7.3%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	85,385,302	7.0%
UBS NOMINEES PTY LTD	41,288,562	3.4%
JOSHN EQUITIES PTY LTD <JOSHN EQUITIES A/C>	28,513,840	2.3%
HOME MADE ROBOTS PTY LTD <ROBOT SUP AWESOME EXTR A/C>	26,250,000	2.2%
ELIMATTA DEVELOPMENTS PTY LTD <O'KEEFFE FAMILY S/FUND A/C>	25,000,000	2.1%
CITICORP NOMINEES PTY LIMITED	21,285,429	1.8%
MR WOLFGANG SEIDEL	16,300,000	1.3%
DYNAMIC ADVISORS PTY LTD <BJTJC MCALISTER A/C>	15,140,000	1.2%
BILBO SUPER PTY LTD <BILBO SUPER FUND A/C>	12,750,000	1.0%
RBUTW INVESTMENTS PTY LTD <RBUTW SUPER FUND A/C>	11,097,682	0.9%
NEWBOW ENTERPRISES PTY LIMITED <ST JULIANS FAMILY A/C>	10,000,000	0.8%
MR CHRISTOPHER TAIT	6,287,044	0.5%
RACT SUPER PTY LTD <RAND SUPER FUND A/C>	6,071,429	0.5%
JAM PAD INVESTMENTS PTY LTD <GREENVAN FAMILY A/C>	5,600,000	0.5%
MR ALEXANDER GONTMAKHER	5,546,032	0.5%
M E J C PTY LTD <MEJ CLARKE FAMILY A/C>	5,000,000	0.4%
MR JOHN MAXWELL WEAVER	5,000,000	0.4%
Total Securities of Top 20 Holders of Ordinary Shares	**825,351,073**	**67.9%**
Remaining Holders balance	**389,608,735**	**32.1%**
Total Ordinary Shares	**1,214,959,808**	**100.0%**

Company directory

Company
Atomos Limited
Level 6, 700 Swanston Street,
Carlton VIC 3053
Email: info@atomos.com
Web: www.atomos.com

Registered Office
Level 6, 700 Swanston Street
Carlton VIC 3053

ASX Code
AMS

Directors
Paul Greenberg – Non-executive Chair
Jeromy Young – Managing Director, CEO
Peter Barber – Executive Director, COO

Company Secretary
Natalie Climo

Auditor
Moore Australia Audit (Vic)
600 Bourke Street
Melbourne VIC 3000

Australian Legal Adviser
Mills Oakley
Level 6, 530 Collins Street
Melbourne VIC 3000

Registry
Boardroom Pty Ltd
Level 8, 210 George Street
Sydney NSW 2000