

## Q1 FY25 Quarterly Activities Report

### Highlights:

- Q1 FY25 sales (unaudited) of \$9.3m, up 6% on pcp
  - Existing core product portfolio performing well, notably new Shinobi II product which has outperformed since first shipping in July
  - Negligible Q1 sales from Ninja Phone and SunDragon which were delayed to incorporate an expanded feature set appealing to broader content creator base
  - Both products shipping globally from October
- Continued improvement in gross profit margin delivering 43.1% in Q1'25
  - Improvement driven by product and country mix coupled with overhaul of previously varied (and in some cases unchecked) discounting and giveaways policies
  - Target gross profit margins of 40% - 45% into the medium term, with quarterly variations driven by product and country mix, currency, product lifecycle, etc
- Cost restructure largely finalised, albeit run rate fixed cost base of approximately \$16m not expected to be visible until H2 FY25 when redundancies (including notice periods) are completed; legacy service contracts expire; and other non-recurring expenses are finalised.
- Q1 FY25 cash receipts of \$9.6m and operating cash outflow of \$4.0m
  - Cash expenses in Q1 include \$3.1m investment in inventory uplift and \$1.6m for legacy items (including restructuring, legal and settlement expenses)
- Settled Australian & US legal cases with former CEO; costs fully provisioned in FY24 accounts
- Sales momentum expected to build throughout Q2 and remainder of FY25 as both Ninja Phone and SunDragon now in-market coupled with solid existing portfolio performance
- Cash balance as at 30 September 2024 of \$1.0m, however the Company has sufficient headroom having received Letters of Funding commitment of \$9.6m, with \$2.5m drawn as of 30 September.

**Melbourne, Australia** - Atomos Limited ('ASX:AMS', 'Atomos' or the 'Company') today releases its Appendix 4C and Activities Report for the quarter ended 30 September 2024 (Q1 FY25) along with an update on notable events that have occurred subsequently.

*Atomos Managing Director and CEO, Jeromy Young said "This quarter we achieved several key milestones further demonstrating our efforts over the past 9 months in repositioning Atomos into the global video technology leader that we know it can be."*

*"After just over two years of legal proceedings, in September we settled on both the US and Australian legal cases between Atomos and former CEO, Estelle McGeachie. This was a significant outcome for*

the business as it enables management to focus our time on growing Atomos whilst also removing potentially material future legal costs.”

“Pleasingly, as of October we are now in market with both of new products, Ninja Phone and SunDragon. Ninja Phone, upon request from customers, was upgraded to support 4K resolutions during the quarter resulting in a short-term impact to sales traction. The launch of SunDragon was also delayed longer than anticipated to incorporate an expanded feature set following initial demo feedback, thereby ensuring we are able to maximise the value proposition for our customers.”

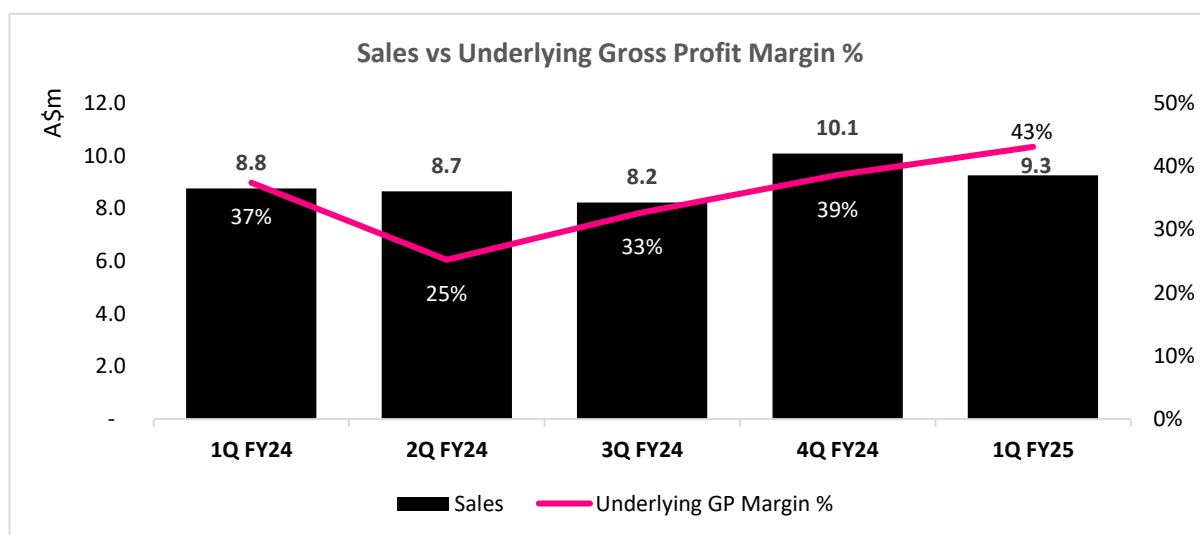
“With a strong product suite now in market, we have recently focused our marketing efforts on reaching a wider demographic of content creators by producing educational and influencer materials that better highlight the power of Atomos’ solutions. ‘Word of mouth (and video)’ is incredibly powerful in the creator community as the capability of our products reaches a greater audience we expect improved sales over the following quarters.”

## Financial Update

Atomos delivered sales (unaudited) of \$9.3, up 6% on pcip, with strong sales coming from our new Shinobi II and Ninja products.

The Company continued to improve gross profit margins, achieving 43.1% in Q1’25. The improvement was primarily driven by both the product and destination mix of sales, noting that sales of newer products often carry a higher gross profit margin as do sales to certain global jurisdictions, depending on relative values of foreign currency during the period. Additionally, the overhaul of previously varied (and in some cases unchecked) discounting and giveaway policies has removed unnecessary margin leakage and resulted in more accurate data to better inform operational decisions.

In the medium term, Atomos is targeting gross profit margins of 40% - 45% with quarterly variations driven by product and country mix, currency and product lifecycle, among other idiosyncratic events.



The Company generated Q4 cash receipts of \$9.6m and operating cash outflow in Q4 of \$4.0m, primarily driven by:

- \$3.1m investment in inventory uplift as new products are launched in market;
- \$1.0m for non-recurring restructuring, legal and settlement expenses; and
- \$0.6m for legacy items (most due to be finalised by end FY25).

The cash balance as of 30 September 2024 was \$1.0m, however the Company has sufficient headroom having received Letters of Funding commitments for a total of \$9.6m (**Commitments**). As of 30 September 2024, \$2.5m has been drawn under the Commitments.

The Commitments have a fixed interest rate of 14% per annum on drawn funds (interest being accrued until repayment). The interest rate is consistent with Atomos' prior working capital facility provided by Arrowpoint, however superior on all other terms, notably that it is unsecured with no financial covenants. The Commitments have a minimum term of at least 13 months (until October 2025).

The Commitments have been provided by entities associated with the major shareholder, Domazet FT3 Pty Ltd, along with Atomos Directors, Paul Greenberg, Peter Barber and Jeromy Young.

Although not formally documented, nor is there any guarantee or undertaking by any party, the intent from the major shareholder and Directors is that any funds drawn under this arrangement would be repaid by way of exercising options currently held by the relevant parties, assuming the options are 'in the money' at the relevant time.

Over time, as the financial position improves, the Company would seek to refinance the Commitments into a lower cost alternative.

Payments to related parties and their associates of \$0.3m; relate to remuneration of both executive and non-executive Directors; and payment to a related entity for CFO related services.

## **Outlook**

The restructure has now largely been finalised, albeit the run rate fixed cost base of approximately \$16m is not expected to be visible until H2 FY25 when redundancies (including notice periods) are completed; legacy service contracts expire; and other non-recurring expenses (such as legal and settlement costs) are finalised.

Atomos expects to further increase sales momentum in Q2 FY25 with all new products now in market and a significant roadmap of innovative products in development.

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

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## **For further information, please contact:**

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## **Atomos' Interactive Investor Hub**

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

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

## **About Atomos**

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

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

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

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

## Appendix 4C

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

**Name of entity**

ATOMOS LIMITED

**ABN**

25 139 730 500

**Quarter ended ("current quarter")**

30 September 2024

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (3<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               | 9,618                              | 9,618  |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              | (352)                              | (352)  |
| (b) product manufacturing and operating costs             | (8,585)                            | (8,585)  |
| (c) advertising and marketing                             | (890)                              | (890)  |
| (d) leased assets ( <i>AASB 16 para. 50(a) applies</i> )  | -                                  | -  |
| (e) staff costs   | (2,260)                            | (2,260)  |
| (f) administration and corporate costs                    | (1,484)                            | (1,484)  |
| 1.3 Dividends received (see note 3)                       | -                                  | -  |
| 1.4 Interest received                                     | 16                                 | 16   |
| 1.5 Interest and other costs of finance paid              | (80)                               | (80)   |
| 1.6 Income taxes paid                                     | (27)                               | (27)   |
| 1.7 Government grants and tax incentives                  | -                                  | -  |
| 1.8 Other   | -                                  | -  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(4,044)</b>                     | <b>(4,044)</b>                                 |

|  |      |      |
|--|------|------|
| <b>2. Cash flows from investing activities</b> |      |      |
| 2.1 Payments to acquire or for:                |      |      |
| (a) entities                                   | -    | -    |
| (b) businesses                                 | -    | -    |
| (c) property, plant and equipment              | (39) | (39) |
| (d) investments                                | -    | -    |
| (e) intellectual property                      | -    | -    |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (3<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
|                                      | (f) other non-current assets                          | -                          | -                                     |
| 2.2                                  | Proceeds from disposal of:                            |                            |                                       |
|                                      | (a) entities  | -                          | -                                     |
|                                      | (b) businesses  | -                          | -                                     |
|                                      | (c) property, plant and equipment                     | -                          | -                                     |
|                                      | (d) investments                                       | -                          | -                                     |
|                                      | (e) intellectual property                             | -                          | -                                     |
|                                      | (f) other non-current assets                          | -                          | -                                     |
| 2.3                                  | Cash flows from loans to other entities               | -                          | -                                     |
| 2.4                                  | Dividends received (see note 3)                       | -                          | -                                     |
| 2.5                                  | Other (provide details if material)                   | -                          | -                                     |
| 2.6                                  | <b>Net cash from / (used in) investing activities</b> | <b>(39)</b>                | <b>(39)</b>                           |

|           |   |              |              |
|-----------|---|--------------|--------------|
| <b>3.</b> | <b>Cash flows from financing activities</b>   |              |              |
| 3.1       | Proceeds from issues of equity securities (excluding convertible debt securities)       | -            | -            |
| 3.2       | Proceeds from issue of convertible debt securities                                      | -            | -            |
| 3.3       | Proceeds from exercise of options   | 40           | 40           |
| 3.4       | Transaction costs related to issues of equity securities or convertible debt securities | -            | -            |
| 3.5       | Proceeds from borrowings  | 2,500        | 2,500        |
| 3.6       | Repayment of borrowings ( <i>incl AASB 16 para. 50(a) principal amounts</i> )           | (337)        | (337)        |
| 3.7       | Transaction costs related to loans and borrowings                                       | -            | -            |
| 3.8       | Dividends paid  | -            | -            |
| 3.9       | Other (movement in Credit Card balances)  | 27           | 27           |
| 3.10      | <b>Net cash from / (used in) financing activities</b>                                   | <b>2,230</b> | <b>2,230</b> |

|           |  |         |         |
|-----------|--|---------|---------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |         |         |
| 4.1       | Cash and cash equivalents at beginning of period                             | 2,900   | 2,900   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (4,044) | (4,044) |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (3<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.3                                  | Net cash from / (used in) investing activities<br>(item 2.6 above)  | (39)                       | (39)                                  |
| 4.4                                  | Net cash from / (used in) financing activities<br>(item 3.10 above) | 2,230                      | 2,230                                 |
| 4.5                                  | Effect of movement in exchange rates on<br>cash held                | (10)                       | (10)                                  |
| 4.6                                  | <b>Cash and cash equivalents at end of<br/>period</b>               | <b>1,037</b>               | <b>1,037</b>                          |

| 5.  | Reconciliation of cash and cash<br>equivalents<br>at the end of the quarter (as shown in the<br>consolidated statement of cash flows) to the<br>related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|---|----------------------------|-----------------------------|
| 5.1 | Bank balances   | 554                        | 2,417                       |
| 5.2 | Call deposits   | -                          | -                           |
| 5.3 | Bank overdrafts   | -                          | -                           |
| 5.4 | Other (Rental Guarantees)   | 483                        | 483                         |
| 5.5 | <b>Cash and cash equivalents at end of<br/>quarter (should equal item 4.6 above)</b>  | <b>1,037</b>               | <b>2,900</b>                |

| 6.  | Payments to related parties of the entity and their<br>associates                          | Current quarter<br>\$A'000 |
|---|--|----------------------------|
| 6.1   | Aggregate amount of payments to related parties and their<br>associates included in item 1 | 319                        |
| 6.2   | Aggregate amount of payments to related parties and their<br>associates included in item 2 | -                          |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an<br/>explanation for, such payments.</i> |  |                            |

|           |   |   |  |
|-----------|---|---|--|
| <b>7.</b> | <b>Financing facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i><br><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>  | <b>Total facility amount at quarter end<br/>\$A'000</b> | <b>Amount drawn at quarter end<br/>\$A'000</b> |
| 7.1       | Loan facilities   | -   | -  |
| 7.2       | Credit standby arrangements   | -   | -  |
| 7.3       | Other (Letters of Funding Commitment*)  | 9,600   | 2,500  |
|           | Other (Corporate Credit Card)   | 500   | 163  |
| 7.4       | <b>Total financing facilities</b>   | <b>10,100</b>   | <b>2,663</b>                                   |
| 7.5       | <b>Unused financing facilities available at quarter end</b>   |   | <b>7,437</b>                                   |
| 7.6       | <p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>*Letters of Funding Commitment have been provided by entities associated with the major shareholder, Domazet FT3 Pty Ltd, along with Atomos Directors, Paul Greenberg, Peter Barber and Jeromy Young during the September 2024 quarter. Total funding of \$9.6m has been committed by the above parties on an unsecured basis at a fixed interest rate of 14% per annum on drawn funds, with interest being accrued until repayment. The term of the funding commitment extends to 27 October 2025. Although not formally documented, nor is there any guarantee or undertaking by any party, the intent from the major shareholder and Directors is that any funds drawn under this arrangement would be repaid by way of exercising options currently held by the relevant parties, assuming the options are 'in the money' at the relevant time.</p> |   |  |

|           |   |                |
|-----------|---|----------------|
| <b>8.</b> | <b>Estimated cash available for future operating activities</b>   | <b>\$A'000</b> |
| 8.1       | Net cash from / (used in) operating activities (item 1.9)   | (4,044)        |
| 8.2       | Cash and cash equivalents at quarter end (item 4.6)   | 1,037          |
| 8.3       | Unused finance facilities available at quarter end (item 7.5)   | 7,437          |
| 8.4       | <b>Total available funding (item 8.2 + item 8.3)</b>  | <b>8,474</b>   |
| 8.5       | <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>   | <b>2.1</b>     |
|           | <p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>   |                |
| 8.6       | <p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: n/a</p> <p>8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?</p> <p>Answer: n/a</p> |                |



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

Answer: n/a

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

## Compliance statement

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

30 October 2024

Date: .....

The Board of Atomos Limited

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

## Notes

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