

## Q3 FY24 Quarterly Activities Report

### Highlights:

- Q3 FY24 sales (unaudited) of \$8.5m, noting this is historically the softest quarter for sales
- Q3 FY24 customer receipts of \$8.0m leading to net operating cash outflow of \$3.7m
  - Driven by seasonally lower cash receipts and higher spending on professional services costs related to the capital raise and marketing investment ahead of NABSHOW launch of two new products
- In April 2024, announced two new products at global NABSHOW; Ninja Phone & Sun Dragon
  - Strong support and product interest from sales channel and distribution network
  - Targeting first sales of both products in June 2024
- Lodged Prospectus on 12 April 2024 relating to capital raise of up to \$16.0m to recapitalise the Company by way of:
  - \$8.0m fully underwritten non-renounceable pro-rata entitlement offer to all eligible shareholders (Entitlement Offer); and
  - Up to \$8.0m placement to institutional, industry and other professional participants, subject to shareholder approval (Placement)
- EGM to be held on Thursday 16 May 2024 – includes four resolutions relating to the Placement and other proposed issues of securities.
- Subject to satisfaction of certain conditions, Atomos expects to return to ASX trading following completion and settlement of the Placement and Entitlement Offer (which is expected to occur post EGM approval of the Placement)<sup>1</sup>

**Melbourne, Australia** - Atomos Limited ('**ASX:AMS**', '**Atomos**' or the '**Company**') today releases its Appendix 4C and Activities Report for the quarter ended 31 March 2024 (Q3 FY24) along with an update on notable events that have occurred subsequently.

*Atomos Managing Director and CEO, Jeromy Young, said: "Following a period of cost realignment and product re-focus, lodging the Prospectus on 12 April 2024 was one of the key remaining milestones in being able to return Atomos to a growth trajectory with a clear pathway to sustainable profit."*

*"Driven by the launch of our two new products – Ninja Phone and Sun Dragon – the last few weeks have created significant global excitement around the Company, with the initial feedback from our sales channel, distribution partners and customers all being very positive."*

*"We still have a significant task ahead to restore investor confidence in the business, however over the past month we have taken material steps in setting the foundation to make this possible."*

## **Business Update**

On 12 April 2024, Atomos announced two new products at the NABSHOW in Las Vegas, one of the largest global trade shows for the AV, broadcast, production and video industries.

Specifically, the two products were:

- **Ninja Phone:** a video co-processor for the latest iPhone models that allows users to record from professional cameras directly onto the iPhone's storage; and
- **Sun Dragon:** a unique 'sun-spectrum' range of LED lights, expanding product portfolio into an adjacent segment of video production ecosystem.

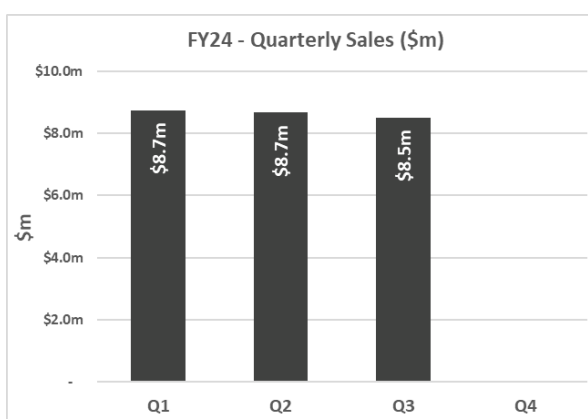
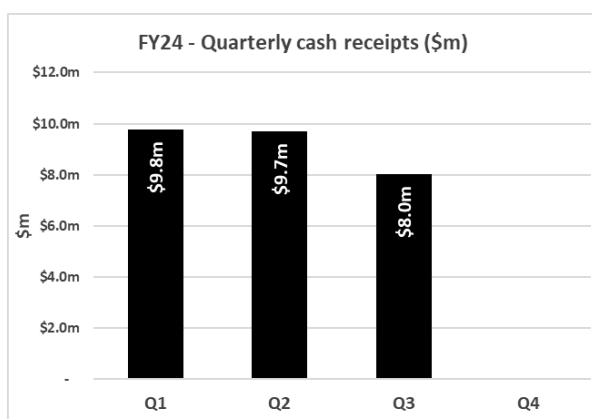
Atomos expects to initial sales of these two products in June 2024.

## **Financial Update**

Atomos generated unaudited sales of \$8.5m in Q3, a seasonally weaker period for sales given slower trading in the January /February months.

The Company generated Q3 cash receipts of \$8.0m with FY24 YTD (9 month) cash receipts of \$27.5m highlighting the Company's ability to convert sales to cash in a timely manner.

In Q3, Atomos delivered an operating cash outflow of \$3.7m, which was primarily driven by lower cash receipts and higher spending on professional services costs related to the capital raise and marketing given the global launch of two new products at the NABSHOW in early April 2024.



As noted in Item 6 of the Company's attached Appendix 4C, payments made to related parties and their associates totalled \$0.1m for the quarter, which related to Directors' fees.

## **Capital Raise**

On 12 April 2024, the Company lodged a Prospectus to raise up to \$16.0m (before costs) via a:

- Placement of up to \$8.0m (**Placement**), subject to shareholder approval; and
- Fully underwritten non-renounceable entitlement offer of approximately \$8.0m (**Entitlement Offer**) at a ratio of 1 new share for every 1 existing share held at the record date (18 April 2024)

The Company also lodged a Notice of Meeting (**NOM**) for purposes of conducting an EGM on **Thursday, 16 May 2024**.

Shareholders are encouraged to review the NOM and to attend and vote at the EGM. In relation to the resolutions, the major shareholder and Directors (as and where they are legally able to), intend to vote in favour of all resolutions.

Following completion and settlement of the Placement and Entitlement Offer, Atomos expects its shares to return to trading on ASX.<sup>1</sup>

## **Outlook**

The Company continues to review and restructure its fixed operating cost base which is expected to be completed over the balance of the FY24 financial year. Upon completion of the restructure, the annualised fixed operating costs of Atomos are expected to be approximately \$16.0m.

Following launch of the two new products on 12 April 2024, the Company has received strong interest from all key stakeholders – content creators, industry partners and sales channel partners / distributors. The Company is increasingly confident the new products will contribute materially to sales which is expected to begin in June 2024, as further outlined in the Prospectus.

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

--ENDS--

**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)

## **Important information**

This announcement has been released for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except

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The statements relating to anticipated revenue and cost savings involve known and unknown risks, uncertainties and other factors that may cause the Company's actual performance, and achievements to differ materially from any performance or achievements expressed or implied by these statements. Relevant factors may include, but are not limited to, technological resourcing, foreign exchange fluctuations and general economic conditions, increased costs, geopolitical and social risks, supplier delivery issues, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

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Nothing contained in this document constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action taken on the basis of the information.

### **<sup>1</sup> Trading of Shares**

Trading of all Shares and Options offered under the Prospectus (lodged 12 April 2024) is conditional upon the Company's shares being re-instated to trading. ASX has indicated that it sees no reason why the securities of the Company should not be reinstated to quotation, subject to the satisfaction of certain conditions. Please see section 3.16 of the Prospectus for more information.

## 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")**

31 March 2024

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		8,011	27,464
1.2 Payments for			
(a) research and development		(323)	(1,386)
(b) product manufacturing and operating costs		(5,874)	(16,736)
(c) advertising and marketing		(924)	(2,240)
(d) leased assets		(350)	(981)
(e) staff costs		(2,522)	(7,738)
(f) administration and corporate costs		(1,692)	(4,135)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		3	15
1.5 Interest and other costs of finance paid		(41)	(358)
1.6 Income taxes paid		35	(316)
1.7 Government grants and tax incentives		-	-
1.8 Other (Taxes Paid)		(47)	(217)
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(3,722)</b>	<b>(6,628)</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		-	(35)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(35)</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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	3,000	5,100
3.6	Repayment of borrowings	-	(500)
3.7	Transaction costs related to loans and borrowings	-	(259)
3.8	Dividends paid	-	-
3.9	Other (movement in Credit Card balance)	283	213
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,283</b>	<b>4,554</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	1,492	2,943
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,722)	(6,627)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(35)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,283	4,554
4.5	Effect of movement in exchange rates on cash held	174	393
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,227</b>	<b>1,227</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	751	1,016
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Rental Guarantees)	476	476
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,227</b>	<b>1,492</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	141
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	8,000	8,000
7.2	Credit standby arrangements	-	-
7.3	Other (Corporate Credit Card)	500	437
7.4	<b>Total financing facilities</b>	8,500	8,437
7.5	<b>Unused financing facilities available at quarter end</b>		63
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><b><u>Term Debt Facility</u></b>  Limit: \$8.0m  Lender: Domazet FT 3 Pty Ltd  Ranking: Secured  Maturity: 31 March 2025  Interest Rate (assessed quarterly): Higher of:</p> <ul style="list-style-type: none"> <li>• 10.5%; and</li> <li>• 10.5% plus (Australian Bank Bill Swap Rate less 2.1285%)</li> </ul>		

<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)	(3,722)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,227
8.3	Unused finance facilities available at quarter end (item 7.5)	63
8.4	Total available funding (item 8.2 + item 8.3)	1,290
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	0.35
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	<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:</p> <p>No – as part of the restructure process Atomos has been and is still undertaking a cost base reduction program. This, coupled with the launch of new products, being the Ninja Phone and Sun Dragon, will see a significant improvement in operating cashflows from June 2024 onwards. Our planned \$16m capital raising will see the business sufficiently capitalised into the future.</p>	



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

Answer:

Yes, refer to Prospectus and Notice of Meeting document issued on 12 April 2024.

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

Answer:

Yes, refer above.

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

## Compliance statement

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

Date: 29 April 2024

Authorised by: The Board of Atomos Limited

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(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.