ATOMOS



ANNUAL REPORT

2020

Atomos Ltd
ABN 25 139 730 500


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Chairman's Message	04
CEO's Address	06
Director's Report	08
Auditor's Independence Declaration	26
Financial Statements	27
Directors' Declaration	73
Independent Auditor's Report	74
Additional Information	79
Company Directory	82

"The world has changed dramatically in the past six months, and video and streaming capacity has become an important factor in connecting people. From professional settings to events and entertainment – creating a world of virtual reality is more of a priority than ever"

CHAIRMAN'S MESSAGE

WELCOME to the 2020 Annual Report for Atomos Limited (ASX: AMS), as we look back on a year which combined two vastly different halves. In the first half of the 2020 financial year, Atomos demonstrated strong growth across key metrics, but unfortunately the global COVID-19 pandemic negatively impacted this momentum in the second half. Many businesses have operated in a challenging environment since the pandemic, and it has been pleasing to see Atomos demonstrate resilience over the past six months; the unexpected conditions have only reinforced our determination to succeed.

Atomos strives to be a leader in video content creation and has spent 10 years designing, developing and commercialising award-winning, simple to use and affordable monitor/recorder products. Our products enhance video content creation, providing advanced video monitoring, processing and recording technologies. We want to make high quality video technology accessible to all, from high-end cinema producers and professional videographers to the growing market of users who create video content for YouTube and social media.

The world has changed dramatically in the past six months, and video and streaming capacity has become an important factor in connecting people. From professional settings to events and entertainment – creating a world of virtual reality is more of a priority than ever and Atomos is positioned to take advantage of this change in thinking.

Our growth to date has been bolstered by major global camera companies favouring Atomos' products which support Apple ProRes and ProRes RAW professional formats. Apple ProRes RAW is firmly established as the new standard for RAW video capture and major global video companies including Sony, Canon, Nikon, Fujifilm, Z CAM, Sigma and Panasonic now incorporate RAW over HDMI technology. In addition to these, Atomos continues to collaborate with other major full-frame mirrorless camera makers and expects to add further RAW over HDMI implementations to its offering.

In December 2019, the Company completed the strategic acquisition of Timecode Systems Ltd (TCS), a UK-based company that developed unique and patented technology enabling multiple audio and video capture devices to wirelessly synchronise together. Integrating TCS' technology will enable faster and more accurate editing and finishing of end-to-end productions, and it furthers Atomos' vision to enhance and democratise video content creation. Atomos was an existing licensee of TCS' technology and the acquisition gives Atomos scope to provide this as part of its product suite.

In the first half, we saw strong demand for our products, driven by Ninja V as our flagship product, as well as the launch of Shogun 7. Strong momentum saw us deliver revenue of $32.6m and gross profit of $13.9m in the 6 months to December 2019, both up more than 30% on the previous corresponding period ('pcp').

However, from March 2020 onwards our business has dealt with the effects of COVID-19. This initially resulted in a softening in demand for our products as customers including large studios and influencers initiated temporary closures and shutdown operations amid widespread restrictions and travel bans. Our rapid response to this downturn saw us reduce operating expenditure, defer non-essential expenditure to conserve our cash position, optimise labour cost and manage inventory levels to right-size the business to the changing environment. Our decisive action in these areas resulted in our ongoing monthly fixed cost base being reduced by ~30% to about $1.6 million compared to the first half run rate.

We also were grateful for government support in the various jurisdictions in which we operate, which helped offset the financial impact of COVID-19.

We achieved full-year revenue of $44.7 million, delivered mostly through our strong first half and the cost saving measures implemented in the second half. Importantly, Atomos finished the year with $18m in cash and an undrawn debt facility of $5m, and this will provide a strong foundation on which to build in the 2021 financial year.

Atomos raised $44 million (before costs) during the year, and our ability to do this amid the uncertainty created by COVID-19 is a testament to our business and strategy. These placements supported our acquisition of TCS, other capital expenditure and working capital. We are grateful to our shareholders, both new and existing, for their support through the challenging conditions and look forward to providing greater value to our shareholders as the outlook improves in the months and years ahead.





I take this opportunity to thank our management team and staff for their understanding and continued work ethic, particularly during recent months, with personal sacrifices made in the form of temporary salary reductions which helped to ensure that Atomos could emerge from the pandemic, a stronger, leaner organisation. I transitioned to the role of Executive Chairman to provide more support to CEO Jeromy Young and am pleased to have Jeromy return to the business refreshed after a short break. Our Board and management are both better prepared to face any obstacles in our future, applying the experience of the past six months.

While there remains uncertainty in the current global economic environment, Atomos's recovery against the second half of FY20 continues to progress well. At the time of writing, following a strong September, which was over double the average monthly revenue compared to the second half of FY20, average monthly revenue for the year to date is over 70% up in comparison to the second half of FY20. When combined with the lower cost base and a strong balance sheet, the business is performing well and is poised to continue on its path of growth and improving profitability.

Our customer base is changing and we are ready to meet the new needs of this market, including finalising preparations to launch new products for live video streaming that will be a focus going forward. Our Board is confident of Atomos' fundamental strategy, opportunities and plans and we are moving into the current year ready to execute on these. I look forward to sharing the journey with you.



Chris Tait
Chairman

"Atomos strives to be a leader in video content creation and has spent 10 years designing, developing and commercialising award-winning, simple to use and affordable monitor and recorder products."



CEO'S ADDRESS

FY20 began very strongly for Atomos, after coming off 50% growth in FY19, exceeding expectations and gaining the trust of both board and shareholders. This confidence enabled us to invest in new technology opportunities and increase our unique IP portfolio through the acquisition of Timecode Systems (TCS).

We had been steadily investing in talent over the past two years to keep up with the growing demand and opportunities in line with our strategy. Our Apple ProRes and Apple ProRes RAW ecosystem was also gaining significant momentum which saw us on track at the half year for continued strong growth into FY21.

In January 2020 we began to feel the nervous warning signs from the initial spread of the Corona Virus / COVID-19. Later in the month, around the time of Chinese New Year, stock availability concerns began to grow as the world began to feel the impact of China production constraints. The rapid spread of the virus throughout the globe then immediately impacted our revenues. Demand for Atomos' products had fallen sharply due to the cancellation of most of the events our customers are typically involved in filming, such as weddings, concerts, festivals, social and sporting events.

Fortunately, we had produced sufficient inventory during the second quarter of FY20 in anticipation of higher sales, which meant that we had stock to sell through the COVID period, albeit with low demand.

Sales fell by around 60% through the second half of FY20. We reacted quickly by halting projects, reducing production, utilising government subsidies and reducing our cost base through both temporary and permanent measures. Through a combination of the reduced cost base and the inventory holding, we could sustain the business without the need for additional capital on very low revenues.

The positive impact from COVID to our model was a rapid adjustment to the way the world communicates, with the use of video and streaming growing exponentially. This presented an opportunity to reassess our product development priorities and resulted in the acceleration of two streaming projects.

The infrastructure for streaming over the internet was designed in the late nineties / early 2000s with low quality, however the emergence of 5G and Optic Fibre has created the ability to stream cinema 4kp60, HDR, Netflix and Apple TV quality from any camera.

Atomos has the capability and strategic relationships to deliver those projects. Specifically, as the streaming bandwidth increases with mobile network improvement, we can deliver cinema and TV broadcast quality from any amateur or professional camera. We anticipate that Teams and Zoom calls will also benefit from this evolution. I'm very pleased that Atomos is a leader in the democratisation of video content creation producing high quality video – something the world will need in the coming years.

Following the qualification of this strategic opportunity we then initiated a capital raise to ensure we could fund the accelerated product development cycle and to provide additional balance sheet strength. We were delighted with the support shown by shareholders with both the $10 million placement and $2 million share purchase plan many times over-subscribed, resulting in gross proceeds of $13.9 million.

At the same time Chris Tait agreed to come onboard in an Executive capacity while I took some leave and I thank Chris for the support.

Meanwhile, the core business has not changed. Atomos remains the only company with monitor/recorders that can record to Apple ProRes RAW from enabled cameras, positioning it to benefit from a larger addressable market, as the Atomos ecosystem of external cameras supporting RAW over HDMI continues to expand. There are now 21 cameras able to record Apple ProRes RAW to an Atomos device, including 18 which are already shipping, and three new cameras announced. Among the latest to join this list is the new Sony Alpha™ 7S III announced in July 2020. This is one of the most anticipated camera releases of the past two years, which will be able to record the Apple ProRes RAW format via the Ninja V. This announcement by Sony followed in the wake of other cameras including six Z CAM cameras, Panasonic's S1H, Sigma's fp and Fujifilm's GFX100 cameras to incorporate this technology.

While Atomos has expanded the Apple ProRes Raw ecosystem on the recording side, global editing leader Adobe announced in May 2020 that Adobe Premiere Pro will support ProRes RAW, adding to the existing support in Apple Final Cut Pro X and Grass Valley Edius. The announcement by Adobe significantly expanded the editing options for ProRes RAW, further enhancing the Atomos ecosystem.

In addition, our acquisition of TCS adds further capabilities to our technology. Owning this patented technology means that we can provide media synchronisation between multiple smart devices and professional video and audio recording devices, as well as social media platform sharing and editing. As we push further into the social media market segment, this will help continue our transformation as a leader in the field, providing a seamless user experience.

Among the impacts of COVID-19 this year were our plans to rollout sales of our Neon series of HDR cinema monitor-recorders, targeted at the high-end entertainment market. The Neon series combines RAW recording with HDR cinema display technology, on-screen production checking and review of creative intent, story flow and matching continuity between scenes. The Neon series will complement other Atomos products such as the Shinobi SDI, Ninja V, Shogun 7 and Sumo 19, providing the world's first monitor-recorder capable of 8K ProRes RAW recording. While the entertainment industry is a key market for us, studio shutdowns and restrictions during the year coupled with production issues forced us to delay the Neon launch. Neon products are in the final phase of engineering sign-off with production to begin soon and first units expected to ship in Q2FY21, and we look forward to adding this new product to our suite.

The past year has been one of the most eventful and stressful since we founded Atomos 10 years ago. The Atomos team has rallied in an amazing way and I want to thank each individual as well as their families.

I also want to acknowledge our sales channel partners and thank them for their support and honesty in difficult times.

I would especially like to thank all of the senior executive team, the board and Chris again, for providing Atomos with additional leadership support during a challenging time.

As global restrictions ease, we expect our operating environment to continue to improve and I am excited by the new opportunities that are opening to Atomos in the year ahead.

Video is here to stay!



Jeromy Young
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 2020.

Directors

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

Mr Jeromy Michael Young
Sir Hossein Yassaie
Mr Christopher John Tait
Mr Stephen John Stanley
Mr Bradley Evan Whitcomb (resigned 16 September 2019)

The abovenamed Directors held office during and since the end of the financial year unless otherwise stated.

Principal activities

The Group activities are the manufacture and sale of video equipment. There have been no significant changes in the nature of these activities during the year.

Review of Operations

FY20 started strongly with a continuation of growth from FY19 which resulted in 1H'20 revenues of $32.6 million, a 35% increase on the previous corresponding period ("pcp"). However, the onset of the COVID pandemic in early 2020 brought about a sharp drop in demand for Atomos products and a corresponding fall in revenue with 2H'20 being approximately 60% down on 1H'20. As the full impact on the business (and the broader industry) from the COVID pandemic became clear, the Company was forced to make a number of changes.

In order to sustain such a fall in revenue, a comprehensive review of the cost base was undertaken with significant savings realised across all cost categories, especially salaries and wages and marketing. With a reduced cost base and a significant inventory holding, the company was able to sustain itself without additional funding. However, management also recognised the opportunity to accelerate the development of certain new products to capitalise on the increase in remote working and chose to raise additional capital in order to assist in bringing these products to market.

DIRECTORS' REPORT (continued)

Summary of results for FY2020 compared to prior year

Consolidated Income Statement	2020 $'000	2019 $'000	Change $ $'000	Change %
Revenue	**44,740**	**53,716**	**(8,976)**	**(17%)**
Cost of sales	(28,640)	(28,062)	(578)	2%
Gross profit	**16,100**	**25,654**	**(9,554)**	**(37%)**
Gross Margin %	**36%**	**48%**		**(12%)**
Operating expenses	(26,350)	(23,874)	(2,476)	10%
Impairment of assets	(6,934)	-	(6,934)	
EBITDA	(17,184)	1,780	(18,964)	**(1065%)**
Finance costs	(384)	(1,443)	1,059	(73%)
Depreciation and amortisation	(3,773)	(1,469)	(2,304)	157%
Loss before income tax	**(21,341)**	**(1,132)**	**(20,209)**	**1785%**
Income tax expense	(757)	(827)	70	(8%)
Loss for the year	**(22,098)**	**(1,959)**	**(20,139)**	**1028%**

Included in the above results are certain items which were significant and/or not incurred in the ordinary course of business and are fully detailed in the normalised earnings section overleaf. The impact of excluding these items from the Consolidated Statement of Profit or Loss and Other Comprehensive Income is as follows:

Normalised Consolidated Income Statement	2020 $'000	2019 $'000	Change $ $'000	Change %
Revenue	**44,447**	**53,716**	**(9,269)**	**(17%)**
Gross profit	**17,683**	**23,804**	**(6,121)**	**(26%)**
Gross Margin %	40%	44%		(4%)
Operating expenses	(24,796)	(22,159)	(2,637)	12%
EBITDA	**(7,113)**	**1,645**	**(8,758)**	**(532%)**

Revenue

Normalised revenue of $44.4 million was 17% lower than 2019 due to the impact of COVID-19.

Gross Profit

Normalised gross profit was impacted by higher than normal levels of discounting and product promotions to continue to drive sales during the COVID-19. This impacted the second half of the year

Operating Costs.

Normalised operating costs of $24.8 million were $2.7 million or 12% up on 2019. This cost increase reflects a reclassification of warranty and royalty expenses from cost of goods sold of $1.7 million, the additional operating costs from Timecode Systems ($0.6 million), full year public company costs and higher employee costs.

EBITDA

The normalised EBITDA loss for 2020 was $7.1 million as compared to EBITDA of $1.6 million in 2019. This was primarily due to reduced Gross Profit of $8 million.

Finance Costs

Finance Costs for 2020 of $0.4 million (2019: $1.4 million) were significantly reduced reflecting the fact that the convertible notes were redeemed or converted to equity at the IPO (December 2018).

DIRECTORS' REPORT (continued)

Depreciation and Amortisation

Depreciation and amortisation increased by $2.3 million primarily driven by amortisation of Right-of-use assets ($1.3 million) and commencement of amortisation of intangibles acquired on acquisition of Timecode Systems Limited ($0.3 million).

Income Tax Expense

Income tax expenses incurred of $0.8 million during the period relate to non-Australian 100% subsidiaries where a taxable profit was reported and $0.2 million due to a tax differential within the Australian tax consolidated Group relating to Research and Development grants.

Net Profit / Loss (After Tax)

The consolidated loss of the Group for the financial year after providing for income tax amounted to $22 million (2019: loss $2 million).

Reconciliation of underlying performance

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS term which the Group uses to measure performance. Additionally, the reported result includes a number of items that were significant and/or not considered to be in the ordinary course of business and the table below quantifies these to provide a view of the underlying trading result.



DIRECTORS' REPORT (continued)

Reconciliation of underlying performance (continued)

$'000	2020 Reported	Items that were significant and/or not in the ordinary course of business[1]	Underlying Result
Revenue	44,740	(293)	44,447
Cost of sales	(28,640)	1,876	(26,764)
Gross profit	**16,100**	**1,583**	**17,683**
Gross Margin %	36%		40%
Operating Expenses – ongoing	(24,796)		(24,796)
Operating Expenses – one-off	(8,488)	8,488	-
EBITDA	**(17,184)**	**10,071**	**(7,113)**
Depreciation and amortisation	(3,773)	-	(3,773)
Finance costs	(384)	-	(384)
Loss before income tax	**(21,341)**	**10,071**	**(11,270)**
Income tax expense	(757)	-	(757)
Loss for the year	**(22,098)**	**10,071**	**(12,027)**

[1]Items that were significant and/or not in the ordinary course of business (2020)	$'000
Revenue	
Incremental discounting on inventory clearance	(293)
Revenue	**(293)**
Cost of sales	
Inventory write-off / clearance	1,083
Third party production cost write-offs	918
Custom Fees Refund	(125)
Cost of sales	**1,876**
Operating Expenses	
Impairment of assets	6,934
Transaction costs	1,226
Restructuring costs	328
Operating Expenses	**8,488**
Total Items not in the ordinary course of business	**10,071**

DIRECTORS' REPORT (continued)

Reconciliation of underlying performance (continued)

$'000	2019 Reported	Items that were significant and/or not in the ordinary course of business[1]	Underlying Result
Revenue	53,716		53,716
Cost of sales	(28,062)	(1,850)	(29,912)
Gross profit	**25,654**	**(1,850)**	**23,804**
Gross Margin %	48%		44%
Operating Expenses – ongoing	(22,159)		(22,159)
Operating Expenses – one-off	(1,715)	1,715	-
EBITDA	**1,780**	**(135)**	**1,645**
Depreciation and amortisation	(1,469)	-	(1,469)
Finance costs	(1,443)	1,442	(1)
Loss before income tax	**(1,132)**	**1,307**	**175**
Income tax (expense) / benefit	(827)	-	(827)
Loss for the year	**(1,959)**	**1,307**	**(652)**

[1]Items that were significant and/or not in the ordinary course of business (2019)	$'000
Cost of sales	
Inventory write-off/clearance	1,277
Resolution of European Customs duty dispute	(3,127)
Cost of sales	**(1,850)**
Operating Expenses	
Revaluation of embedded derivative and other financial instruments	(1,018)
IPO & other transaction costs	2,033
Accelerated vesting of pre IPO share options	535
Costs associated with resolving European customs dispute	165
Operating Expenses	**1,715**
Interest on convertible notes	1,442
Total Items not in the ordinary course of business	**1,307**

DIRECTORS' REPORT (continued)

Significant changes in the state of affairs

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

Events arising since the end of the reporting period

Property Lease Renegotiation

Since the end of the reporting period the terms of the lease for the Group's head office location in Melbourne has been renegotiated. The adjusted terms will result in the surrender of space which is surplus to the Group's current requirements and an associated reduction in the annual rental which will be accounted for prospectively.

The Company has recently reached agreement with Atomos Chairman, Chris Tait to continue in the role of Executive Chairman until the end of March 2021. Mr Tait will receive base remuneration for these services of $37,500 per month.

Other than the matter noted above, there are no 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

The Group will continue to explore opportunities that meet the Group's long-term growth and development objectives of expanding into the 'Social' and 'Entertainment' market segments, whilst maintaining a strong position in the 'Pro Video' segment of the market. The goal is to balance strong top line growth with appropriate investment in operations to ensure sustained and growing profitability.

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

Atomos'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

During or since the end of the financial year, no dividends have been paid or declared.

DIRECTORS' REPORT (continued)

Information about the directors



Mr Christopher John Tait

Chairman, Executive Director (effective 13th May 2020)
Non-executive Director until 12th May 2020
Appointed September 2017
BSc. (Econ), Chartered Accountant (ICAEW)

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 where he was initially Director of Strategy and Acquisitions and then Chief Financial Officer of the Asia Pacific operations. Co-Founder and Managing Director of Henslow Pty Ltd, an independent advisory firm and Corporate Adviser to the Company.



Mr Jeromy Michael Young

Executive Director, Chief Executive Officer
Appointed September 2009
BEng. (Hons).
Co-founder and Chief Executive Officer of the Company since establishment in 2009.

Jeromy has over 20 years of technology and management experience. Jeromy commenced his career at Canopus (CV) Japan, where he became the Global Business Development Director. Jeromy then transitioned into a global BDM role at Blackmagic Design Pty Ltd.



Sir Hossein Yassaie

Non-Executive Director
Appointed September 2016
BSc., Phd.

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. Hossein received a knighthood in 2013 in recognition of his services to technology and innovation in the United Kingdom.



Mr Stephen Stanley

Non-Executive Director
Chairman – Audit & Risk Committee
Chairman – Remuneration Committee
Appointed 1 February 2019
B.Bus. (Accountancy), AICD.)

Stephen has over 25 years of experience as a senior Executive and CEO in the Logistics sector in Australia, Asia, Europe and North America. He has extensive Board experience, strategy, operational, growth, mergers and acquisition and investment experience with a proven track record of delivering operational benefits and growth to create superior value for shareholders.

DIRECTORS' REPORT (continued)

Information about the directors (continued)

Mr Bradley Whitcomb
Non-Executive Director
Appointed 1 February 2019. Resigned 16 September 2019

Lisa Dadswell
Company Secretary
Chartered Secretary (ACIS)

Board Skills & Composition

The Company has recently undertaken an assessment of the mix of skills and attributes desired within the Board composition of Atomos in line with good Corporate Governance practice. The Board has also commenced a process with the intention to increase the number of Directors utilising the skills assessment criteria and gap analysis as an input to the renewal process.

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 the date of this report:

	Shares	Options A (i)	Options B (ii)	Options C (iii)	Total
J. Young	17,827,370	432,955	1,082,474	399,787	19,742,586
H. Yassaie	1,739,088	612,990	257,732	-	2,609,810
C. Tait [iv]	1,543,731	612,990	257,732	-	2,414,453
S. Stanley	301,322	-	257,732	-	559,054
	21,411,511	**1,658,935**	**1,855,670**	**399,787**	**25,325,903**

(i) Exercise price of $0.36, expiry date 12 April 2028. Options fully vested.
(ii) Exercise price of $0.41, expiry 20 December 2028. Vesting date 30 June 2021, subject to the terms of the Atomos Long Term Incentive Plan.
(iii) Exercise price of $1.21, expiry 30 June 2029. Vesting date 30 June 2022, subject to the terms of the Atomos Long Term Incentive Plan.
(iv) Henslow Pty Ltd. (Henslow) is a company in which C. Tait is a director and shareholder. The numbers disclosed include shares and options held by other shareholders of Henslow in relation to services rendered by C. Tait.

DIRECTORS' REPORT (continued)

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:

	Board meetings		Audit & Risk committee		Remuneration & nomination committee	
	Attended	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**
S. Stanley	16	17	5	5	3	3
C. Tait	16	17	5	5	3	3
B. Whitcomb (resigned 16/9/19)	3	3	1	1		
J. Young	14	17	-	-	-	-
H. Yassaie	15	17	5	5	2	3

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. The term 'key management personnel' refers to those persons having authority and responsibility for planning directing and controlling the activities of the consolidated entity (i.e. the Group), directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Share options granted to directors and senior management

During and since the end of the financial year, an aggregate of 399,787 share options were granted to the following directors and to the five highest remunerated officers of the company and its controlled entities as part of their remuneration.

Directors and senior management	Number of options granted	Issuing entity	Number of ordinary shares under option
J. Young	399,787	Atomos Ltd	399,787
	399,787		**399,787**

Shares under option or issued on exercise of options

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

Option series	Number	Grant date	Vesting date	Expiry date	Exercise price ($)
Granted: 26 Feb 2018	2,863,292	26-Feb-18	28-Dec-18	12-Apr-28	0.36
Granted: 20 Dec 2018	5,049,292	20-Dec-18	30-Jun-21	20-Dec-28	0.41
Granted: 02 Dec 2019	402,132	02-Dec-19	30-Jun-22	30-Jun-29	1.60
Granted: 29 Nov 2019	399,787	29-Nov-19	30-Jun-22	30-Jun-29	1.21
	8,714,503				

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. 69,160 (2019: Nil) shares were issued during the year as a result of exercise of options. 612,990 shares were issued since the end of the year as a result of exercise of options.

DIRECTORS' REPORT (continued)

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 31 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 31 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit 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 26.

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.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Group's key management personnel for the financial year ended 30 June 2020. The term 'key management personnel' 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:

a) Key management personnel
b) Remuneration policy
c) Relationship between the remuneration policy and company performance
d) Remuneration of key management personnel
e) Key terms of employment contracts
f) Key management personnel equity holdings

(a) Key management personnel

The directors and other key management personnel of the Group during or since the end of the financial year were:

Non-executive directors	Position
C. Tait	Chairman, Executive director
H. Yassaie	Non-executive director
S. Stanley	Non-executive director, Chairman Audit & Risk Committee and Chairman Remuneration Committee
B.E. Whitcomb (resigned 16 September 2019)	Non-executive director

Executive officers	Position
J. Young	Executive director, Chief Executive Officer
J. Cody	Chief Financial Officer
T. Elbourne	Chief Technical Office

(b) Remuneration policy

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent

The Group has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

REMUNERATION REPORT (AUDITED)

The Board has established a Remuneration and Nomination Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive Team.

The remuneration structure that has been adopted by the Group consists of the following components:

- fixed remuneration being annual salary; and
- incentive arrangements, being employee share schemes and bonuses

The Committee assesses the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive Team.

The payment of bonuses and other incentive payments are reviewed by the Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses and incentives must be linked to pre-determined performance criteria.

Short (STI) and Long (LTI) Term Incentives

Atomos performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Company values. The performance measures are set annually after consultation with the Directors and Executives and are specifically tailored to the areas where each eligible participant has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators (KPIs) for Executive and Non-Executive participants are summarised as follows:

Performance area:

- financial STIs - revenue and earnings before income tax, depreciation and amortisation
- financial LTIs - earnings per share and share price
- non-financial – strategic goals set by each individual business unit based on job descriptions; and
- Service to the Company

The STI Program incorporates both cash and share-based components for the Executive Team and other employees. The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs.

REMUNERATION REPORT (AUDITED)

Non-executive director remuneration

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 Company obtained shareholder approval at its last Annual General Meeting of the maximum aggregate annual cash fee pool from which non-executive directors may be paid for their services as members of the Board, exclusive of expense reimbursement and equity grants, being $750,000.

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.

(c) Relationship between the remuneration policy and company performance

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year.

Item	**2020 $'000**	**2019 $'000**	**2018 $'000**	**2017 $'000**	**2016 $'000**
Revenue	44,740	53,716	35,648	31,091	30,264
EBITDA	(17,184)	1,780	(10,519)	(4,950)	(3,973)
Net loss before tax	(21,341)	(1,132)	(14,758)	(6,638)	(4,155)

Item	**2020**	**2019**	**2018**	**2017**	**2016**
Share price on listing	$ 0.41	$ 0.41	na	na	na
Share price at end of year	$ 0.43	$ 1.03	na	na	na
Dividends (cents per share)	-	-	-	-	-
Basic earnings per share	$ (0.12)	$ (0.01)	$ (0.29)	$ (0.09)	$ (130.28)
Diluted earnings per share	$ (0.12)	$ (0.01)	$ (0.29)	$ (0.09)	$ (130.28)

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

(d) Impact on remuneration from response to COVID-19

Once the extent of the impact of COVID became evident, management worked hard to reduce the Company's fixed cost base, achieving as much as a 60% reduction on pre COVID levels in some months. One of the key contributors to this reduction in costs was the agreement of the majority of staff, management and directors to take voluntary temporary reductions in their salaries.

REMUNERATION REPORT (AUDITED)

(e) Remuneration of key management personnel

Details of the nature and amount of each element of the remuneration of each Key Management Personnel (KMP) of Atomos Ltd are shown in the table below:

		Short term employee benefits		Post-employment benefits	Long-term benefits	Share-based payments		
Name	**Year**	**Salary & fees [vi]**	**Cash bonus**	**Superannuation**	**Long service leave [vii]**	**Performance rights [viii]**	**Options**	**Total**
Executive directors								
Jeromy Young, Director	2020	405,439	-	33,250	20,645	-	18,685	478,019
Chief Executive Officer	2019	372,634	39,375	22,137	5,777	39,375	88,582	567,880
Chris Tait	2020	95,564	-	-	-	96,074	24,909	216,547
Executive Chairman [i]	2019	35,000	-	-	-	-	23,303	58,303
Robert Song	2020	-	-	-	-	-	-	-
President - APAC [ii]	2019	213,050	6,421	-	-	6,421	11,639	237,531
Non-executive directors (Independent)								
Sir Hossein Yassaie	2020	45,416	-	4,104	-	64,049	24,909	138,479
	2019	45,235	-	4,126	-	-	53,434	102,795
Neil Chatfield [iii]	2020	-	-	-	-	-	-	-
	2019	18,333	-	-	-	-	40,174	58,507
Stephen Stanley [iv]	2020	36,530	-	3,470	-	64,049	24,909	128,958
	2019	15,221	-	1,446	-	-	13,259	29,926
Bradley Whitcomb [v]	2020	7,634	-	725	-	-	-	8,359
	2019	15,221	-	1,446	-	-	13,259	29,926
Key management personnel								
James Cody	2020	279,083	-	24,130	3,660	-	4,919	311,791
Chief Financial Officer	2019	258,437	29,250	23,525	1,303	29,250	67,384	409,149
Trevor Elbourne	2020	278,409	-	24,130	6,799	-	4,919	314,257
Chief Technical Officer	2019	245,000	29,250	23,275	17,508	29,250	40,092	384,375
2020 Total		**1,148,074**	**-**	**89,810**	**31,104**	**224,172**	**103,250**	**1,596,410**
2019 Total		**1,218,131**	**104,296**	**75,955**	**24,588**	**104,296**	**351,126**	**1,878,392**

(i) Chris Tait was appointed as an executive director effective 13 May 2020. The fees increased from $5,000 per month to $27,500 per month effective 14 May 2020. The salary and fees are paid to Henslow Pty Ltd., a company in which Chris Tait is a director and shareholder. The share-based payments expense disclosed above includes expense for options and performance rights issued to other shareholders of Henslow in relation to services rendered by Chris Tait.

(ii) Resigned as Director 16 October 2018. Remuneration received as Director in 2019 relates to the period 1 July 2018 to 16 October 2018.
(iii) Resigned as Director 1 February 2019. Remuneration received as Director in 2019 relates to the period 1 July 2018 to 1 February 2019.
(iv) Appointed as Director 1 February 2019.
(v) Appointed as Director 1 February 2019, resigned as Director 16 September 2019.
(vi) Salary and fees includes fixed cash, allowances and annual leave accruals.
(vii) Long-term benefits include long service leave accruals.

(viii) The number of performance rights granted during the year were calculated using the agreed remuneration divided by the VWAP at 1 July 2019 ($1.21 per share). However, the valuation (for accounting purposes) was conducted as at 3 October 2019, being the grant date and resulted in a value of $1.55 per share. Consequently, the share-based payments expense for the year disclosed above is higher than the agreed remuneration.

	Agreed Remuneration ($) - Performance Rights
Chris Tait	75,000
Sir Hossein Yassaie	50,000
Stephen Stanley	50,000
Total	**175,000**

REMUNERATION REPORT (AUDITED)

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

	Fixed remuneration		Remuneration linked to	
	2020	2019	2020	2019
Non-executive Directors				
C. Tait	44%	60%	56%	40%
H. Yassaie	36%	48%	64%	52%
S. Stanley	31%	56%	69%	44%
B.E. Whitcomb	100%	56%	0%	44%
N. G. Chatfeld	-	31%	-	69%
Executive Officers				
J. Young	96%	71%	4%	29%
R. Song	-	90%	-	10%
J. Cody	98%	69%	2%	31%
T. Elbourne	98%	74%	2%	26%

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

(f) Key terms of employment contracts

Remuneration and other terms of employment for the Executive Directors and other key management personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary (including superannuation) (*)	Term of agreement	Notice period
Executive Officers			
J. Young	$410,625	No fixed term	Twelve (12) months employer/ Six (6) months employee
J. Cody	$295,650	No fixed term	Six (6) months employer/ Three (3) months employee
T. Elbourne	$295,650	No fixed term	Six (6) months employer/ Three (3) months employee

(*) Salary prior to temporary reduction due to COVID-19.

Bonus provisions

There are no bonus provisions in the above employment contracts. However, directors and key management personnel are eligible to participate in the Atomos Equity Incentive Plan which is designed to assist in the reward, retention and motivation of the Company's Directors, senior management, employees and contractors.

REMUNERATION REPORT (AUDITED)

(g) Key management personnel equity holdings

Fully paid ordinary shares of Atomos Ltd

The number of ordinary shares in the Company held during the 2020 reporting period by each of the Group's key management personnel, including their related parties, is set out below:

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
J. Young	17,731,333	-	96,037	-	17,827,370
H. Yassaie	1,697,766	-	-	-	1,697,766
C. Tait	1,471,770	-	-	9,978	1,481,748
S. Stanley	-	-	-	260,000	260,000
J. Cody	338,194	-	71,342	-	409,536
T. Elbourne	410,510	-	71,342	-	481,852
	21,649,573	**-**	**238,721**	**269,978**	**22,158,272**

None of the shares included in the table above are held nominally by key management personnel.

Share options to acquire ordinary shares of Atomos Ltd

The number of options to acquire ordinary shares in the Company held during the 2020 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	Held at the end of reporting period	Balance vested at the end of reporting period	Vested but not exercisable	Vested and exercisable	Options vested during the year
J. Young	1,515,429	399,787	-	1,915,216	432,955	-	432,955	-
H. Yassaie	870,722	-	-	870,722	612,990	-	612,990	-
C. Tait [(i)]	870,722	-	-	870,722	612,990	-	612,990	-
S. Stanley	257,732	-	-	257,732	-	-	-	-
B. Whitcombe	257,732	-	257,732	-	-	-	-	-
J. Cody	1,139,736	-	-	1,139,736	335,612	-	335,612	-
T. Elbourne	898,095	-	-	898,095	93,971	-	93,971	-
	5,810,168	**399,787**	**257,732**	**5,952,223**	**2,088,518**	**-**	**2,088,518**	**-**

[(i)] Henslow Pty Ltd. (Henslow) is a company in which C. Tait is a director and shareholder. The numbers disclosed include options held by other shareholders of Henslow in relation to services rendered by C. Tait.

All share options issued to key management personnel were made in accordance with the provisions of the Employee Share and Option Plan (former plan) and the Atomos Equity Incentive Plan (new plan). There were no options exercised by key management personnel during the financial year.

Details of the employee share option plan and of share options granted during the 2020 and 2019 financial years are calculated in accordance with a performance-based criterion recommended by the remuneration committee and approved by the Company. The formula rewards Non-Executives, Executives and senior employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial service measures:

Employee Options:

- improvement in earnings per share
- service to the Company

REMUNERATION REPORT (AUDITED)

Performance rights

The number of performance rights held during the 2020 reporting period by each of the Group's key management personnel, is set out below:

Name	Balance at start of year	Granted as remuneration	Converted to shares	Held at the end of reporting period
J. Young	96,037	77,479	96,037	77,479
H. Yassaie	-	41,322	-	41,322
C. Tait [1]	-	61,983	-	61,983
S. Stanley	-	41,322	-	41,322
J. Cody	71,342	-	71,342	-
T. Elbourne	71,342	-	71,342	-
	238,721	**222,106**	**238,721**	**222,106**

[1] C. Tait is a director and shareholder in Henslow Pty Ltd. One quarter of the performance rights are granted to C. Tait and the rest are granted to other shareholders of Henslow in respect of services rendered by C. Tait.

All performance rights issued to key management personnel were made in accordance with the provisions of the Atomos Equity Incentive Plan. Details of the performance rights granted are calculated in accordance with a performance-based criteria recommended by the remuneration committee and approved by the Company. The following key measures are used:

Employee Performance Rights Plan:

- improvement in revenue
- improvement in normalised EBITDA and service to the Company

Other transactions with Key Management Personnel

Chris Tait is a shareholder and director of Henslow and the Advisory Board Chair of Bluerock Group.

Henslow

During the 2020 reporting period, Henslow rendered advisory services associated with capital raisings and acquisition activity and was paid $1,330,371. Henslow was engaged for corporate broking services effective February 2020 and was paid $37,500. Other advisory fees aggregated to $127,188 and out of pocket expenses reimbursed in connection with all the services totalled $20,756. In aggregate, the total fees (including out of pocket expense) were $1,515,815.

In the reporting period 2019, Henslow acted as one of the Joint Lead Managers to the IPO offer and received $120,000 in underwriting fees and $60,000 in management fees in relation to the listing of the Company on the Australian Stock Exchange on 28 December 2018. Other advisory matter fees came to a total of $693,516

REMUNERATION REPORT (AUDITED)

Bluerock

Atomos Group utilise Bluerock for certain consulting services. Fees charged were $12,500 for the year (2019: $17,700).

END OF AUDITED REMUNERATION REPORT.

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



Mr Christopher Tait
Chairman

Melbourne
This 30th day of September 2020

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

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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 Limited (the "Company"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 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 Group 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

Liability limited by a scheme approved under Professional Standards Legislation

Member of Deloitte Asia Pacific Limited and the Deloitte Network.

ATOMOS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Revenue	5	44,740	53,716
Cost of sales		(28,640)	(28,062)
Gross profit		**16,100**	**25,654**
Other income		366	247
Other gains/(losses)	7	(10)	1,018
Employee benefits expense	8	(9,002)	(8,052)
Research and development expense		(3,761)	(4,139)
Advertising and marketing expense		(4,635)	(5,604)
Finance costs	8	(384)	(1,443)
Administration and other expense		(2,641)	(2,085)
Distribution expense		(1,786)	(1,585)
Warranty expense		(1,256)	-
Royalty expense		(475)	-
Occupancy expense		(471)	(709)
Legal and professional services		(1,453)	(904)
Transaction costs	8	(1,226)	(2,061)
Depreciation and amortisation	8	(3,773)	(1,469)
Impairment of assets	8	(6,934)	-
Loss before income tax		**(21,341)**	**(1,132)**
Income tax expense	9	(757)	(827)
Loss for the period		**(22,098)**	**(1,959)**
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		(97)	(205)
Other comprehensive loss for the period		**(97)**	**(205)**
Total comprehensive loss for the period		**(22,195)**	**(2,164)**
Earnings per share			
Basic loss per share	11	(0.12)	(0.01)
Diluted loss per share	11	(0.12)	(0.01)

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 2020

	Notes	2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	12	18,768	5,112
Trade and other receivables	13	4,668	8,024
Inventories	14	16,808	9,606
Other current assets	15	2,613	2,995
Total current assets		**42,857**	**25,737**
Non-current assets			
Property, plant and equipment	16	2,663	1,673
Right-of-use assets	17	8,963	-
Intangible assets	18	25,096	8,472
Total non-current assets		**36,722**	**10,145**
Total assets		**79,579**	**35,882**
Liabilities			
Current liabilities			
Trade and other payables	19	10,708	10,521
Borrowings	20	139	1,500
Provisions	21	755	610
Lease liabilities	22	1,107	-
Total current liabilities		**12,709**	**12,631**
Non-current liabilities			
Provisions	21	130	42
Lease liabilities	22	8,288	-
Deferred tax liability	24	1,043	-
Non-current liabilities		**9,461**	**42**
Total liabilities		**22,170**	**12,673**
Net assets		**57,409**	**23,209**
Equity			
Issued capital	25	101,538	44,057
Foreign currency translation reserve		50	147
Share based payments reserve		944	2,030
Accumulated losses		(45,123)	(23,025)
Total equity		**57,409**	**23,209**

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 2020

	Notes	Issued capital (Ordinary shares) $'000	Accumulated losses $'000	Foreign currency translation reserve $'000	Share based payments reserve $'000	Total equity $'000
Balance at 1 July 2018		28,987	(21,066)	352	1,013	9,286
Transactions with owners						
Share-based payments		-	-	-	1,017	1,017
Conversion of convertible notes	25	9,457	-	-	-	9,457
Issue of new share capital	25	6,000	-	-	-	6,000
Transaction costs relating to issue of share capital	25	(387)	-	-	-	(387)
Transfer to issued capital on issuance of shares for services, exercised options, settled performance rights		-	-	-	-	-
Total transactions with owners		**15,070**	**-**	**-**	**1,017**	**16,087**
Comprehensive income						
Loss for the period		-	(1,959)	-	-	(1,959)
Other comprehensive income		-	-	(205)	-	(205)
Total comprehensive income		**-**	**(1,959)**	**(205)**	**-**	**(2,164)**
Balance at 30 June 2019		**44,057**	**(23,025)**	**147**	**2,030**	**23,209**
Balance at 1 July 2019		44,057	(23,025)	147	2,030	23,209
Transactions with owners						
Share-based payments		-	-	-	263	263
Issue of new share capital	25	58,362	-	-	-	58,362
Transaction costs relating to issue of share capital	25	(2,230)	-	-	-	(2,230)
Transfer to issued capital on issuance of shares for services, exercised options, settled performance rights	25	1,349	-	-	(1,349)	-
Total transactions with owners		**57,481**	**-**	**-**	**(1,086)**	**56,395**
Comprehensive income						
Loss for the period		-	(22,098)	-	-	(22,098)
Other comprehensive income		-	-	(97)	-	(97)
Total comprehensive income		**-**	**(22,098)**	**(97)**	**-**	**(22,195)**
Balance at 30 June 2020		**101,538**	**(45,123)**	**50**	**944**	**57,409**

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 2020

	Notes	2020 $'000	2019 $'000
Operating activities			
Receipts from customers		49,541	52,868
Payments to suppliers and employees		(63,129)	(56,036)
Interest received		26	2
Income taxes paid		(124)	(158)
Net cash used in operating activities	**27**	**(13,686)**	**(3,324)**
Investing activities			
Payments for property, plant and equipment		(3,127)	(1,331)
Payments for right-of-use assets		(64)	-
Payments for intangible assets		(3,196)	(1,794)
Payment for acquisition of subsidiary	23	(5,617)	-
Net cash used in investing activities		**(12,004)**	**(3,125)**
Financing activities			
Proceeds from issue of equity instruments in the company		44,010	6,000
Payment for equity raise costs	25	(2,230)	(2,448)
Proceeds from issue of convertible notes		-	7,000
Interest paid on borrowings and lease liabilities		(384)	-
Repayment of lease liabilities		(664)	-
Repayments of borrowings (net)		(1,361)	(450)
Net cash inflow from financing activities		**39,371**	**10,102**
Net change in cash and cash equivalents		13,681	3,653
Cash and cash equivalents, beginning of period		5,112	1,447
Exchange differences on cash and cash equivalents		(25)	12
Cash and cash equivalents, end of period	**12**	**18,768**	**5,112**

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 33-41 Balmain Street, Cremorne, Victoria 3121.

In December 2019, the Group acquired 100% in Timecode Systems Ltd (TCS), a UK-based company that has developed unique and patented technology that enables multiple audio and video capture devices to wirelessly synchronise together.

The Consolidated Financial Statements for the year ended 30 June 2020 were approved and authorised for issue by the board of Directors on Wednesday 30th of September 2020.

2. Adoption of new and revised Australian Accounting Standards

2.1. Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019.

New and revised Standards and amendments thereof and interpretations effective for the current ear that are relevant to the Group include:

- AASB 16 Leases and related accounting standards
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- Interpretation 23 Uncertainty over Income Tax Treatments and AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments

AASB 16 Leases

In the current year, the Group has applied AASB 16 Leases that is effective for annual periods that begin on or after 1 January 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 3.5. The impact of the adoption of AASB 16 is described below.

The date of initial application of AASB 16 for the entity is 1 July 2019.

2 Application of new and revised Accounting Standards (continued)

2.1 Amendments to Accounting Standards that are mandatorily effective for the current reporting period (continued)

Impact of the new definition of a lease

The company has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 Leases and Interpretation 4 -Determining whether an Arrangement contains a Lease, will continue to be applied to those contracts entered or modified before 1 July 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 117 and Interpretation 4. The Group applies the definition of a lease and related guidance set out in AASB 16 to all contracts entered into or changed on or after 1 July 2019.

Former operating leases

AASB 16 changes how the Group accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.

Applying AASB 16, for all leases (except as noted below), the Group:

Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments

Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss

Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of Assets.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The effect on 1 July 2019 of the recognition of the new right-of-use assets and lease liabilities is disclosed below. The Group has applied option 2B to measure the right-of-use asset to match the lease liability. The difference on adoption relates primarily to make good which is recorded in accordance with IAS137.

2 Application of new and revised Accounting Standards (continued)

2.1. Amendments to Accounting Standards that are mandatorily effective for the current reporting period (continued)

	1-Jul-19 $'000
Increase in right-of-use assets	582
Increase in liabilities	582

	$'000
Operating lease commitments at 30 June 2019	158
Operating lease commitments at 30 June 2019 - adjustment	442
Effect of discounting the above amounts	(18)
	582

The application of IFRS 16 has an impact on the consolidated statement of cash flows of the Group. Under IFRS 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
- Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Group has opted to include interest paid as part of financing activities); and
- Cash payments for the principal portion for a lease liability, as part of financing activities. IAS 8:28(f)(ii) Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities.

Consequently, the net cash generated by operating activities has increased by $0.9 million being the lease payments, and net cash used in financing activities has increased by the same amount. The adoption of IFRS 16 did not have an impact on net cash flows. The IBR used ranged from 0.1%-3.1%.

Other pronouncements adopted for the first time in the current period

In the current year, the Group has applied a number of amendments to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the Board) that are effective for an annual period that begins on or after 1 July 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

The Group has adopted the amendments included in AASB 2008-1 for the first time in the current year. The Standard include amendments to four Standards:

- AASB 112 Income Taxes – The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits
- AASB 123 Borrowing Costs – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings

2 Application of new and revised accounting standards (continued)

2.1. Amendments to accounting standards that are mandatorily effective for the current reporting period (continued)

AASB 3 Business Combinations – The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation

Interpretation 23 Uncertainty over Income Tax Treatments

The Group has adopted Interpretation 23 for the first time in the current year. Interpretation 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- Determine whether uncertain tax positions are assessed separately or as a group
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

– If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings

– If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

2.2. New and revised Australian Accounting Standards and interpretations on issue but not yet effective

At the date of authorisation of the financial statements, the Group has not applied the following relevant new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective.

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business*	1 January 2020
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020
AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	1 January 2020
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	1 January 2022
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022
AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions**	1 June 2020

2 Application of new and revised Accounting Standards (continued)

2.2 New and revised Australian Accounting Standards and interpretations on issue but not yet effective (continued)

The directors of the Company do not anticipate that the application of the above will have a material impact on the Groups consolidated financial statements.

3. Significant 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 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 'Share-based payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'. All amounts are presented in Australian dollars, unless otherwise noted. The principal accounting policies are set out below.

3.3. 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.

3 Significant accounting policies (continued)

3.3 Basis of consolidation (continued)

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.

Where the company has less than a majority of the voting rights of an investee, it considers that it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

3.4. Revenue

The Group recognises revenue predominantly from the sale of video monitor recorder products, broadcast equipment and accessories to the wholesale market. 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 equipment) 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. 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 Significant accounting policies (continued)

3.4 Revenue (continued)

Job Keeper

In response to the economic impact from the COVID-19 pandemic crisis, the Australian Government introduced the JobKeeper payment scheme to assist eligible employers with payroll subsidy. The Group self-assessed the eligibility criteria and enrolled in the JobKeeper payment scheme in May 2020. Atomos nominated around 34 eligible employees under the scheme. $0.3 million of JobKeeper payments from the Australian Taxation Office was included in determining the loss for the year, of which $0.2 million was received by 30 June 2020. $0.3 million have been accounted as other income in the statement of profit or loss and other comprehensive income. At year end there was a receivable recorded of $0.1 million in relation to incoming payments.

The JobKeeper payments represent a form of government grant and is accounted for under AASB 120. Atomos recognises this grant as receivable when there is reasonable assurance that the Group will comply with the conditions attached to the grant and the grant will be received.

The impact on the financial position, financial performance and cash flows of the entity have been described below:

	Excluding JobKeeper $'000	JobKeeper $'000	Including JobKeeper $'000
Other income	88	278	366
Profit/(loss) before income tax	(21,619)	278	(21,341)
Receivables	4,581	87	4,668
Net Assets	57,322	87	57,409
Net increase in cash and cash equivalents	13,490	191	13,681
Cash and cash equivalents at year end	18,577	191	18,768

3.5. 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% - 3.1% 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;

3 Significant accounting policies (continued)

3.5 Leases(continued)

- 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.
- 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 Group did not make any such adjustments during the periods presented.

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 IAS 37. 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.

3 Significant accounting policies (continued)

3.5 Leases(continued)

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

3.6. Foreign currencies

Foreign currency transactions and balances

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.

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.

3.7. Short-term and other 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 Significant accounting policies (continued)

3.8 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.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.8. 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 generally 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.

3 Significant accounting policies (continued)

3.9 Taxation (continued)

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.

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.

3.10 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%

3 Significant accounting policies (continued)

3.10 Plant and equipment (continued)

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.

3.11. Intangible assets

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 comprised capitalised 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.

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.

3 Significant accounting policies (continued)

3.11 Intangible assets (continued)

Patents, IP and Customer Relationship

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

Intangible assets – useful life of amortisation

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. The finite intangible assets recognised at year end have been deemed have a useful life of 3-5 years.

3.12 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

3 Significant accounting policies (continued)

3.12 Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.13 Goodwill

Goodwill is initially recognised and measured as set out above. 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 tangible and intangible assets other than goodwill

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets 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. 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 (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.

3 Significant accounting policies (continued)

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

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, two CGUs, have been identified.

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 as 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.

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.

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.

3 Significant accounting policies (continued)

3.17 Financial Instruments (continued)

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.

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and cash equivalents) are measured at amortised cost using the effective interest method (except for any short-term receivables where the effect of discounts is immaterial), less any impairment.

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.

3 Significant accounting policies (continued)

3.17 Financial Instruments (continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities and equity instruments
Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3 Significant accounting policies (continued)

3.17 Financial instruments (continued)

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.

Compound and Derivative Financial Instruments

The component parts of compound instruments (convertible notes) issued by the Group are classified separately as a financial liability and derivative in accordance with the substance of the contractual arrangements and the definitions of a financial liability and derivatives.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. The amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

Derivatives

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination, (ii) held for trading, or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities

Other financial liabilities representing trade and other payables are subsequently measured at amortised cost using the effective interest method.

3. Significant accounting policies (continued)

3.17 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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 (other than those involving estimations) 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 of assets

The Group assessed different projects for impairment and where the projects had ceased or stalled, or the likelihood of expected benefits exceeded the carrying values, the Group booked an impairment charge. After accounting for such impairment, the Group assessed the balance recoverable amount of the capitalised development costs based on a value-in-use model, using a discounted projected cash flow model.

The value in use calculation used cash flow projections from financial budgets for the 2021 financial year as reviewed by the Board. In establishing the 2021 budget, due consideration was given to the economic uncertainty associated with Covid-19. The cash flows beyond the budget period have been extrapolated over a further 4 years and into perpetuity using a steady 2% long term growth rate (2019: 2.5%) which is consistent with the expected long term growth of the company.

The key assumptions used in the value in use calculations include sales growth, EBITDA growth and operating costs growth assumptions to sustain those levels of turnover. These assumptions are based on past experience and the Group's forecast operating and financial performance for the CGU(s) taking into account current market and economic conditions, risks and uncertainties.

The Group has assessed the following reasonably possible changes in key assumptions as part of the sensitivity performed:

4.1 Critical judgements in applying accounting policies (continued)

- Sensitivity analysis on long term growth rates that indicates head room continues to be present if the long term growth rate were to be 1%
- The post tax discount rate used is 13% (2019: 11%). The discount rate is derived from the Groups average weighted cost of capital adjusted for varying risk profiles. The increase from 2019 represents the increased risk associated with the cash flows and current climate. Sensitivity analysis indicated that headroom continues to be present when varying this from the rate between 11% and 14%
- As the global outbreak of Covid-19 continues to progress and evolve, it is extremely challenging to predict the full extent of the impact on the Group with certainty. The Group has built in contingency in the forecasts used in this value in use, by applying a 20% blanket contingency (amongst sensitising scenarios beyond that) as a base level 2021 forecast in an aim to build in risk and uncertainty in the cash flows in the next 12 months

The Group believes the assumptions used in the value in use model reflect an appropriate balance between the Group's experience to date and the uncertainty associated with the Covid-19 pandemic.

Accordingly, the Group has concluded that no impairment is required based on the current conditions and expected future performance.

Further, there was impairment in the values of plant and equipment and leasehold improvements as well. Refer to Note 8 for the detail of amounts.

Amortisation of Intangible Assets

The Group applies judgement in determining the estimated useful lives of the capitalised product development costs.

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 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 will utilise that technology.

4.2 Key sources of estimation uncertainty

Trade receivables collectability

The Group experienced some delays in collections due to the impact of COVID-19. This is also reflected in the higher overdue balance at year-end of $1.5 million. The Group agreed to some deferrals and entered into payment plans to assist the customers. The collections improved towards the end of the year and considering the creditability of the customers as supported by collections subsequent to the year-end, all the trade receivables at year-end are considered recoverable.

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

4.2 Key sources of estimation uncertainty (continued)

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 are recognised at the date of sale of the relevant products. 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.

Job Keeper

The Australian Taxation Office provided guidance materials (LCR 2020/1 and PCG 2020/4) on the importance of maintaining proper records and evidence of eligibility for JobKeeper payment entitlement, particularly around the calculation of projected decline in GST turnover. LCR 2020/1 states that anticipated GST turnover needs to be a reasonable projection. If there is a significant difference between the projected and actual turnover, the ATO may make further enquiries to examine records and calculations to determine whether the projection was in fact a reasonable one, in view of the commercial circumstances. Accordingly, Atomos self-assessed the eligibility criteria and enrolled in the JobKeeper payment scheme in May 2020. Atomos assessed key drivers of the business to determine the projected turnover fall for March 2020. Atomos is involved in the business of manufacture and sale of video equipment.

Based on the above, Atomos has recognised the JobKeeper receipts aggregating to AUD $0.3 million per paragraph 12 of AASB 120 Accounting for government grants and disclosure of government assistance. Accordingly, JobKeeper payments have been recognised in profit or loss on a systematic basis over the period in which the entity recognises as expenses the wages and salaries for which the JobKeeper payments are intended to compensate. JobKeeper payments that relate to compensation of salaries and wages is recognised as other income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

5. Revenue – at a "point in time"

	2020 $'000	2019 $'000
Revenue		
Sale of goods	43,850	52,936
Other revenue	890	780
Total revenue	**44,740**	**53,716**
Other income		
Interest	26	2
Other income	340	245
Total other income	**366**	**247**
Total revenue and other income	**45,106**	**53,963**

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.

The Company reports revenues from external customers attributable to the following geographic regions:

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

7. Other gains and losses

	2020 $'000	2019 $'000
Net gain arising on financial liabilities designated as FVTPL	-	1,203
Net foreign exchange loss	(10)	(185)
	(10)	**1,018**

8. Loss for the year

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

	2020 $'000	2019 $'000
Impairment		
Capitalised product development costs	5,610	-
Plant and equipment	1,056	-
Leasehold improvements	268	-
Total impairment	**6,934**	**-**
Depreciation and amortisation		
Leasehold improvements	42	1
Plant and equipment	784	471
Motor vehicles	4	4
Capitalised product development costs	1,350	993
Patents and Product IP	176	-
Trademarks and Brand Name	136	-
Customer Relationships	23	-
Right of use assets	1,258	-
Total depreciation and amortisation	**3,773**	**1,469**
Finance costs		
Interest on convertible note and borrowing facilities	99	1,443
Interest on lease liabilities	285	-
Total interest expense for financial liabilities not at FVTPL	384	1,443
Other financial items – Transaction costs	1,226	2,061
Total other financial items	1,226	2,061
Total finance costs	**1,610**	**3,504**
Employee benefits expense		
Post-employment benefits	739	558
Share-based payments	263	1,017
Other employee benefits	11,761	10,560
Total employee benefits expense	12,763	12,135
Less: amount included within Research and development expense on the Statement of Profit or Loss	(3,761)	(4,083)
Employee benefits expense per Statement of Profit or Loss	**9,002**	**8,052**

Employee benefit expenses are net off $0.2 million (2019: Nil) received towards payroll tax relief.

9. 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% (2019: 30%) and the reported tax expense in profit or loss are as follows:

	2020 $'000	2019 $'000
Loss before tax	(21,341)	(1,132)
Domestic tax rate for Atomos Ltd - 30%		
Expected tax benefit	6,402	340
Adjustments:		
· Effect of income that is not assessable in determining taxable profit	32	230
· Effect of expenses that are not deductible in determining taxable profit	(569)	(575)
· Effect of Research and Development tax offset	673	865
· Effect of Tax rate differential on Research and Development tax offset recognised	(188)	-
· Effect of different tax rates of subsidiaries operating in other jurisdictions	(177)	147
· Other Adjustments	(159)	(12)
· Prior Years Unders/Overs	(788)	-
· Effect of tax deduction on costs capitalised	219	-
· Non-recognition of current year and de-recognition of prior year of deferred tax asset balances	(6,202)	(1,822)
Actual tax expense	**(757)**	**(827)**
Tax expense comprises:		
· current tax (expense) / benefit	(757)	(726)
· deferred tax expense	-	(101)
Actual tax expense	**(757)**	**(827)**

Information on deferred tax assets and liabilities is provided in Note 24.

The income tax expense of $757k for the year relates to non-Australian based fully owned subsidiaries where a taxable profit was reported and $187k due to a tax differential within the Australian tax consolidated Group relating to Research and Development grants.

10. Dividends

There were no dividends paid or declared to equity holders during or since the year ended 30 June 2020. (2019: Nil).

11. Earnings per share

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

	2020 $'000	2019 $'000
Loss attributable to the owners of the Company	(22,098)	(1,959)
	No.	**No.**
Weighted average number of shares used in earning per share calculation	179,398,780	130,245,340

The potential ordinary shares are deemed anti-dilutive as the Company is in a loss position and are therefore excluded from the weighted average number ordinary shares for the purposes of diluted earnings per share.

12. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank and in hand	8,518	5,112
Cash at bank on deposit	10,250	-
Cash and cash equivalents	**18,768**	**5,112**

13. Trade and other receivables

	2020 $'000	2019 $'000
Current		
Trade receivables, gross	4,181	7,770
Less: loss allowance	(119)	(69)
Trade receivables, net	4,062	7,701
Other receivables	606	323
	4,668	**8,024**

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. 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.

	2020 $'000	2019 $'000
Balance at beginning of year	69	77
Impairment loss recognised	50	-
Amounts written off	-	(8)
Balance 30 June	**119**	**69**

An analysis of trade receivables that are past due is outlined in note 32.3.

14. Inventories

	2020 $'000	2019 $'000
Stock on hand – raw materials and components	7,035	4,962
Stock on hand - finished goods	9,773	4,644
	16,808	**9,606**

15. Other current assets

	2020 $'000	2019 $'000
Prepayments	2,313	2,743
Security deposits	300	252
	2,613	**2,995**

16. Property, plant and equipment

	2020 $'000	2019 $'000
Carrying amounts of:		
Leasehold improvements	367	21
Plant and equipment	2,283	1,635
Motor vehicles	13	17
Written down value	**2,663**	**1,673**

16. Property, plant and equipment (continued)

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 2019	22	2,632	31	2,685
Additions	656	2,471	-	3,127
Impact of acquisition		17		17
Disposals	-	-	-	-
Balance 30 June 2020	678	5,120	31	5,829
Accumulated depreciation & impairment				
Balance 1 July 2019	(1)	(997)	(14)	(1,012)
Depreciation	(42)	(784)	(4)	(830)
Impairment	(268)	(1,056)	-	(1,324)
Disposals	-	-	-	-
Balance 30 June 2020	(311)	(2,837)	(18)	(3,166)
Carrying amount 30 June 2020	**367**	**2,283**	**13**	**2,663**
Cost				
Balance 1 July 2018	18	1,349	30	1,397
Additions	10	1,320	1	1,331
Disposals	(6)	(37)	-	(43)
Balance 30 June 2019	22	2,632	31	2,685
Accumulated depreciation & impairment				
Balance 1 July 2018	-	(563)	(10)	(573)
Depreciation	(1)	(471)	(4)	(476)
Disposals	-	37	-	37
Balance 30 June 2019	(1)	(997)	(14)	(1,012)
Carrying amount 30 June 2019	**21**	**1,635**	**17**	**1,673**

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 at 30 June 2020 (2019: None).

17. Right of use assets

	Consolidated		
	Buildings	Vehicle	Total
	$'000	$'000	$'000
Cost			
At 1 July 2019	-	-	-
Impact of initial adoption of AASB 16	556	26	582
Additions	9,505	-	9,505
Impact of acquisition	134	-	134
At 30 June 2020	**10,195**	**26**	**10,221**
Accumulated depreciation			
At 1 July 2019	-	-	-
Charge for the year	1,244	14	1,258
At 30 June 2020	**1,244**	**14**	**1,258**
Carrying amount	**8,951**	**12**	**8,963**

The Group leases property and vehicle. The average lease term is nine years. Two leases were entered into during the current financial year. These new leases resulted in additions to right-of-use assets of 9.5 million in 2020.

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 IAS 37. 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 (as outlined in the financial report for the annual reporting period).

	2020
	$'000
Amounts recognised in profit or loss	
Depreciation on right-of-use assets	1,258
Interest expense on lease liabilities	285
Expense relating to short term or low value leases	307
	1,850

The total cash outflow for leases amount to 0.9 million.

18. Intangible assets

	2020	2019
	$'000	$'000
Carrying amounts of:		
Goodwill	15,068	-
Capitalised product development costs	4,708	8,472
Patents and Product IP	4,659	-
Trademarks and Brand Name	564	-
Customer Relationships	97	-
Written down value	**25,096**	**8,472**

18. Intangible assets (continued)

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 $'000	Capitalised product development costs $'000	Patents and Product IP $'000	Trademarks and Brand Name $'000	Customer Relationships $'000	Total $'000
Cost						
Balance 1 July 2019	-	19,194	-	-	-	19,194
Additions	-	3,196	-	-	-	3,196
Impact of acquisition	15,068	-	4,835	700	120	20,723
Disposals	-	-	-	-	-	-
Balance 30 June 2020	15,068	22,390	4,835	700	120	43,113
Accumulated depreciation & impairment						
Balance 1 July 2019	-	(10,722)	-	-	-	(10,722)
Amortisation	-	(1,350)	(176)	(136)	(23)	(1,685)
Impairment	-	(5,610)	-	-	-	(5,610)
Disposals	-	-	-	-	-	-
Balance 30 June 2020	-	(17,682)	(176)	(136)	(23)	(18,017)
Carrying amount 30 June 2020	**15,068**	**4,708**	**4,659**	**564**	**97**	**25,096**
Cost						
Balance 1 July 2018	-	17,400	-	-	-	17,400
Additions	-	1,794	-	-	-	1,794
Disposals	-	-	-	-	-	-
Balance 30 June 2019	-	19,194	-	-	-	19,194
Accumulated depreciation & impairment						
Balance 1 July 2018	-	(9,729)	-	-	-	(9,729)
Depreciation	-	(993)	-	-	-	(993)
Disposals	-	-	-	-	-	-
Balance 30 June 2019	-	(10,722)	-	-	-	(10,722)
Carrying amount 30 June 2019	**-**	**8,472**	**-**	**-**	**-**	**8,472**

Goodwill is allocated to the CGU(s) expected to benefit from the synergies of the business combination and at the level at which it is monitored. The carrying amount of Goodwill has been allocated to the Atomos CGU for impairment testing purposes as the synergies from the business combination are expected to be wholly realised in the Atomos CGU. The Group has identified two CGU's, which have been aggregated for impairment testing purposes.

The recoverable amount of each CGU (or Group of CGU's) has been determined based on a value in use calculation which use cash flow projections from financial budgets for the 2021 financial year as reviewed by the Board. In establishing the 2021 budget, due consideration was given to the economic uncertainty associated with Covid-19. The cash flows beyond the budget period have been extrapolated over a further 4 years using appropriate growth rates for the forecast period and 2% long term growth rate into perpetuity (2019: 2.5%) which is consistent with the expected long term growth of the company.

The key assumptions used in the value in use calculations include sales growth, EBITDA growth, operating costs growth assumptions to sustain those levels of turnover. These assumptions are based on past experience and the Group's forecast operating and financial performance for the CGU(s) taking into account current market and economic conditions, risks and uncertainties.

18. Intangible assets (continued)

The Group has assessed the following reasonably possible changes in key assumptions as part of the sensitivity performed:

- Sensitivity analysis on long term growth rates that indicates head room continues to be present if the long term growth rate were to be 1%
- The post tax discount rate used is 13% (2019: 11%). The discount rate is derived from the Groups average weighted cost of capital adjusted for varying risk profiles. The increase from 2019 represents the increased risk associated with the cash flows and current climate. Sensitivity analysis indicated that headroom continues to be present when varying this from the rate between 11% and 14%
- As the global outbreak of Covid-19 continues to progress and evolve, it is extremely challenging to predict the full extent of the impact on the Group with certainty. The Group has built in contingency in the forecasts used in this value in use assessment, by applying a 20% blanket contingency (amongst sensitising scenarios beyond that) as a base level 2021 sales forecast in an aim to build in risk and uncertainty in the cash flows in the next 12 months

The Group believes the assumptions used in the value in use model reflect an appropriate balance between the Group's experience to date and the uncertainty associated with the Covid-19 pandemic.

Accordingly, the Group has concluded that no impairment is required based on the current conditions and expected future performance.

The amortisation for development costs incurred on the Group's projects is on average amortised over 4 years. Patents and product IP are amortised over 16 years, Trademarks and Brand Name and Customer Relationships are amortised over 3 years.

19. Trade and other payables

	2020 $'000	2019 $'000
Current:		
Trade payables	9,887	9,853
Sundry payables and accrued expenses	821	668
Total trade and other payables	**10,708**	**10,521**

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

20. Borrowings

	2020 $'000	2019 $'000
Current (Secured):		
Export line of credit facility (i)	-	1,500
Paycheck Protection Plan	139	-
Total current borrowings	**139**	**1,500**

(i) There is a fixed and floating charge over 'all other property' within the Group.

Financing arrangements

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

Total facilities		
Financial institution – export line of credit facility	5,000	1,500
Financial institution – credit card facility	65	65
	5,065	**1,565**
Used at reporting date		
Financial institution – export line of credit facility	-	1,500
Financial institution – credit card facility	1	52
	1	**1,552**
Unused at reporting date		
Financial institution – export line of credit facility	5,000	-
Financial institution – credit card facility	64	13
	5,064	**13**

On 2 August 2018, the Company entered into a revolving export line of credit facility with the following features:

- The Company may drawdown up to 75% of the amount of purchase orders received from approved customers.
- Repayment of drawn amounts are due on the earlier of 5 days after payment of purchase orders drawn against or 90 days after funds are drawn.
- There is a fixed and floating charge over 'all other property' within the Group.

The borrowing limit increased to 5m during the year and the facility expires on 30th November 2020.

21. Provisions

	2020 $'000	2019 $'000
Current:		
Warranty (i)	230	200
Employee benefits (ii)	525	410
	755	**610**
Non-current:		
Employee benefits (ii)	20	42
Make good (iii)	110	-
	130	**42**

(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.

21. Provisions (continued)

(iii) Make good

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

22. Lease liabilities

	2020 $'000
Lease liabilities	
Maturity analysis	
Year 1	1,107
Year 2	886
Year 3	872
Year 4	893
Year 5	939
Onwards	4,698
	9,395
Analysed as:	
Current	1,107
Non-current	8,288
Total	**9,395**

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.

23. Business Combinations

In December 2019, the Group acquired 100% of the issued capital of Timecode Systems Ltd (TCS), a UK-based company that has developed unique and patented technology that enables multiple audio and video capture devices to wirelessly synchronise together. The acquisition furthers Group's vision to enhance and democratise video content creation where traditionally multiple devise synchronisation, which represents a key aspect of the overall control of such distributed systems, has been difficult, expensive and time consuming.

	2020 $'000
Consideration	
Cash	5,664
Shares	14,352
Total consideration	**20,016**
Net cash outflow arising on acquisition	
Consideration paid in cash	5,664
Less: Cash and cash equivalents balances acquired	(47)
Net cash outflow	**5,617**

23. Business Combinations (continued)

	Fair value recognised on acquisition $'000
Assets	
Current assets	
Cash and cash equivalents	47
Trade and other receivables	102
Inventories	186
Other current assets	202
Total current assets	**537**
Non-current assets	
Patents and Product IP	4,835
Trademarks and Brand Name	700
Customer Relationships	120
Property, plant and equipment	17
Right of use assets	134
Total non-current assets	**5,806**
Total assets	**6,343**
Liabilities	
Current liabilities	
Trade and other payables	218
Lease liabilities	26
Total current liabilities	**244**
Non-current Liabilities	
Deferred tax liability	1,043
Lease liabilities	108
Non-current Liabilities	1,151
Total liabilities	**1,395**
Total identifiable assets and liabilities at fair value	**4,948**
Goodwill arising on acquisition	**15,068**
Total goodwill and identifiable assets and liabilities at fair value	**20,016**

Included in the consolidated loss for the year is $0.5 million attributable to TCS. Consolidated revenue for the year includes $0.4 million in respect of TCS.

Had the acquisition of TCS been affected at 1 July 2019, the revenue of the Group from continuing operations for the year ended 30 June 2020 would have been higher by $0.5 million, and the loss for the year from continuing operations would have been higher by $0.05 million. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on a yearly basis and to provide a reference point for comparison in future years.

Transaction costs of $1.0 million have been expensed to the Statement of Profit or Loss and Other Comprehensive Income and are part of operating cash flows in the Statement of Cash Flows.

24. Deferred tax assets and liabilities

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 taxes arising from temporary differences can be summarised as follows:

	01-July-2019 $'000	Recognised in other comprehensive income $'000	Recognised in profit and loss $'000	Deferred tax liability arising on acquisition $'000	30-June-2020 $'000
Unrealised FX (gains) losses	(39)	-	(1)	-	(40)
Doubtful debts	21	-	2	-	23
Inventories	14	-	139	-	153
Prepayments	(1)	-	1	-	-
Right-of-use assets	-	-	(2,571)	-	(2,571)
Intangible assets	298	-	(1,710)	1,043	(369)
Unused tax losses	5,283	-	7,306	-	12,589
Interest deductions	189	-	-	-	189
Equity raising costs	617	-	289	-	906
Operating Lease Liability	-	-	2,699	-	2,699
Make Good Provision	-	-	33	-	33
Accrued expenses	128	-	(11)	-	117
Employee provisions	135	-	26	-	161
Net deferred taxes asset	6,645	-	6,202	1,043	13,890
Net Deferred taxes derecognised	(6,645)	-	(6,202)	-	(12,847)
Net deferred taxes liability	**-**	**-**	**-**	**1,043**	**1,043**

	01-July-2018 $'000	Recognised in other comprehensive income $'000	Recognised in profit and loss $'000	Deferred tax liability arising on acquisition $'000	30-June-2019 $'000
Unrealised FX (gains) losses	(93)	-	54	-	(39)
Doubtful debts	23	-	(2)	-	21
Inventories	57	-	(43)	-	14
Prepayments	-	-	(1)	-	(1)
Intangible assets	-	-	298	-	298
Unused tax losses	4,325	-	958	-	5,283
Interest deductions	-	-	189	-	189
Borrowing costs	188	-	429	-	617
Accrued expenses	221	-	(93)	-	128
Employee provisions	102	-	33	-	135
Net deferred taxes asset	4,823	-	1,822	-	6,645
Net Deferred taxes derecognised	(4,823)	-	(1,822)	-	(6,645)
Net deferred taxes asset	**-**	**-**	**-**	**-**	**-**

25. Issued capital

	2020 $'000	2019 $'000
Ordinary shares – fully paid	101,538	44,057

Ordinary shares

	2020		2019	
	Shares	$'000	Shares	$'000
Balance at beginning of year	151,957,624	44,057	105,722,865	28,987
Shares issued to employees, consultants	611,910	-	395,400	-
Shares issued on exercise of options	69,160	25	-	-
Shares issued to certain convertible noteholders	-	-	3,693,067	-
Conversion of convertible notes to ordinary shares	-	-	27,512,146	9,457
Shares issued in accordance with prospectus dated 30 November 2018	-	-	14,634,146	6,000
Shares issued towards placements	55,789,486	43,985	-	-
Shares issued for acquisition of TCS	9,237,309	14,352	-	-
Equity, raising costs, net of income tax	-	(2,230)	-	(387)
Transfer to issued capital from share based payments reserve on issuance of shares for services, exercised options, settled performance rights	-	1,349	-	-
Balance at end of year	**217,665,489**	**101,538**	**151,957,624**	**44,057**

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at a shareholders' meeting of the Company.

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

At 30 June 2020, Directors, executives and senior employees held options over 9,327,493 ordinary shares of the Company (2019: 9,995,955). 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.

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 the option. 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 is calculated in accordance with a performance-based criteria recommended by the remuneration committee and approved by the Company. The formula rewards executives and senior employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative criteria from the following financial service measures:

- improvement in revenue
- improvement in normalised EBITDA
- service to the company

26. Employee share-based payments (continued)

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 ($)	Fair value at grant date ($)
Granted: 26 Feb 2018	3,545,442	26-Feb-18	28-Dec-18	12-Apr-28	0.36	0.33
Granted: 20 Dec 2018	6,450,513	20-Dec-18	30-Jun-21	20-Dec-28	0.41	0.24
Granted: 02 Dec 2019	402,132	02-Dec-19	30-Jun-22	30-Jun-29	1.60	0.98
Granted: 29 Nov 2019	399,787	29-Nov-19	30-Jun-22	30-Jun-29	1.21	0.93
	10,797,874					

Fair value of share options granted during in the year

The fair value of the share options granted during the financial year is $0.932 (2019: $0.244). Options were valued using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations.

Inputs into the model:

Grant date share price:$1.55Exercise price:$1.21

Expected volatility:62%Options life:10 years

Dividend yield:NilRisk-free interest rate:0.91%

Movements in share options during the year

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

	2020 Number of Options	2020 Weighted average exercise price ($)	2019 Number of Options	2019 Weighted Average Exercise Price ($)
Balance at the beginning of the year	9,995,955	0.39	3,593,770	0.36
Granted during the year	801,919	1.41	6,505,391	0.41
Forfeited during the year	(1,401,221)	0.41	(103,206)	0.39
Exercised during the year	(69,160)	0.36	-	-
Expired during the year	-	-	-	-
Balance at the end of the year	**9,327,493**	**0.48**	**9,995,955**	**0.39**

3,476,282 (2019: 3,545,442) options have vested and are exercisable as at the end of the 2020 reporting year. The remaining options issued have not yet vested.

Share options exercised during the year

69,160 (2019: Nil) share options were exercised during the year.

27. Reconciliation of cash flows from operating activities

(a) Reconciliation of cash flows from operating activities

	2020 $'000	2019 $'000
Cash flows from operating activities		
Loss for the year	(22,098)	(1,959)
Adjustments for:		
· depreciation and amortisation expense	3,773	1,469
· doubtful debt expense	50	(8)
· obsolete stock provision	591	(142)
· loss on disposal of property plant and equipment	-	6
· share-based payments expense	263	1,017
· impairment of assets	6,934	-
· finance costs recognised in profit and loss	384	3,456
· unrealised foreign currency expense	102	(204)
· Gain arising on financial liabilities designated as FVTPL	-	(1,203)
	(10,001)	2,432
Movements in working capital:		
· (Increase)/decrease in inventories	(7,793)	(3,510)
· (Increase)/decrease in trade and other receivables	3,306	(3,168)
· (Increase)/decrease in other assets	382	(1,249)
· Increase/(decrease) in trade and other payables	187	2,060
· Increase/(decrease) in provisions	233	111
Net cash used in operating activities	**(13,686)**	**(3,324)**

(b) Non- cash financing transactions

During the financial year, there were no non-cash financing activities (2019: $Nil).

28. Interests in subsidiaries

Set out below details of the subsidiaries held directly by the Group:

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Group proportion of ownership interests 30 June 2020	30 June 2019
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 (formerly ACN 617 470 729)*	Australia	Group administration	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	Engineering & services	100%	100%
Timecode Systems Limited (acquired in December 2019)	England	Sales, engineering, procurement	100%	N/A

(*) Change of name effective 12 June 2020.

29. Related party transactions

The Group's related parties include key management, post-employment benefit plans for the Group's employees and others 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.

29. Related party transactions (continued)

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:

	2020 $'000	2019 $'000
Short-term employee benefits:		
· salaries including bonuses	1,148	1,322
· non-monetary benefits	-	-
Total short-term employee benefits	**1,148**	**1,322**
Long- term employee benefits:	31	25
Total long-term employee benefits	**31**	**25**
Post-employment benefits:		
· superannuation	90	76
Total post-employment benefits	**90**	**76**
Share-based payments	327	455
Total remuneration	**1,596**	**1,878**

Other transactions with Key Management Personnel

Chris Tait is a shareholder and director of Henslow and the Advisory Board Chair of Bluerock Group.

Henslow

During the 2020 reporting period, Henslow rendered advisory services associated with capital raisings and acquisition activity and was paid $1,330,371. Henslow was engaged for corporate broking services effective February 2020 and was paid $37,500. Other advisory fees aggregated to $127,188 and out of pocket expenses reimbursed in connection with all the services totalled $20,756. In aggregate, the total fees (including out of pocket expense) were $1,515,815.

In the reporting period 2019, Henslow acted as one of the Joint Lead Managers to the IPO offer and received $120,000 in underwriting fees and $60,000 in management fees in relation to the listing of the Company on the Australian Stock Exchange on 28 December 2018. Other advisory matter fees came to a total of $693,516.

Bluerock

Atomos Group utilise Bluerock professional services. Bluerock professional services fees were $12,500 for the year (2019: $17,700).

There were no other transactions with key management personnel during the year.

30. Contingent liabilities

There are no contingent assets or liabilities as at 30 June 2020 that will have a material effect on the Group.

31. Auditor remuneration

	2020 $	2019 $
Audit or review of the financial statements – Deloitte		
Remuneration for audit or review of financial statements	137,088	108,553
Other services – Deloitte		
· taxation services	72,425	137,591
· investigating accountant's report relating to IPO	-	230,721
· due diligence for acquisition	97,350	-
· other	10,336	10,122
Total other services remuneration	180,111	378,434
Total auditor's remuneration	**317,199**	**486,987**

32. Financial instrument risk

32.1. 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 at its headquarters, 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.

32.2 Market risk analysis

The Group is not exposed to significant market risk through its use of financial instruments and specifically to interest rate risk, which result from both its operating and investing activities.

32.3 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 financial assets recognised at the reporting date, as summarised below:

	2020 $'000	2019 $'000
Classes of financial assets		
Carrying amounts:		
· cash and cash equivalents	18,768	5,112
· trade and other receivables	4,668	8,024
	23,436	**13,136**

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.

32. Financial instrument risk (continued)

32.3 Credit risk analysis (continued)

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. At 30 June, the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 30 June analysed by the length of time past due, are:

	2020 $'000	2019 $'000
Past due under 30 days	445	103
Past due 30 days to under 60 days	326	-
Past due 60 days and over	688	-
Total	**1,459**	**103**

The Group experienced some delays in collections due to the impact of COVID-19. This is reflected in the higher overdue balance at year-end of $1.5 million. The Group agreed to some deferrals and entered into payment plans to assist the customers. The collections improved towards the end of the year and considering the creditability of the customers as supported by collections subsequent to the year-end, all the trade receivables at year-end are considered recoverable. 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.

32.4 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 significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within two (2) months.

32. Financial instrument risk (continued)

32.4 Liquidity risk analysis (continued)

The Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within 6 months	6 - 12 months	1 - 5 years	5+ years
	$'000	$'000	$'000	$'000
At 30 June 2020				
Paycheck Protection Plan	139	-	-	-
Trade and other payables	10,708	-	-	-
Total	**10,847**	**-**	**-**	**-**
At 30 June 2019				
Export line of credit facility	1,500	-	-	-
Trade and other payables	10,521	-	-	-
Total	**12,021**	**-**	**-**	**-**

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

33. 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 the reporting periods under review are summarised as follows:

	2020	2019
	$'000	$'000
Total equity	57,409	23,209
Cash and cash equivalents	(18,768)	(5,112)
Capital	**38,641**	**18,097**
Total equity	57,409	23,209
Borrowings and other financial liabilities	139	1,500
Overall financing	**57,548**	**24,709**
Capital-to-overall financing ratio	**67%**	**73%**

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'):

	2020 $'000	2019 $'000
Statement of financial position		
Current assets	31,770	78
Total assets	56,285	417
Current liabilities	(1,150)	(264)
Total liabilities	(1,150)	(264)
Net assets (deficiency)	**55,135**	**153**
Issued capital	101,538	44,057
Accumulated losses	(47,363)	(45,948)
Reserves	960	2,044
Total equity (deficiency)	**55,135**	**153**
Statement of profit or loss and other comprehensive income		
Profit / (loss) for the year	(1,415)	(11,860)
Other comprehensive income	-	-
Total comprehensive income	**(1,415)**	**(11,860)**

The Parent Entity has no capital commitments at 30 June 2020 (2019 $Nil).

The Parent Entity had no contingent liabilities at 30 June 2020 (2019: $Nil).

35. Subsequent events

Property Lease Renegotiation

Since the end of the reporting period the terms of the lease for the Group's head office location in Melbourne have been renegotiated. The adjusted terms will result in the surrender of space which is surplus to the Group's current requirements and an associated reduction in the annual rental which will be accounted for prospectively.

The Company has recently reached agreement with Atomos Chairman, Chris Tait to continue in the role of Executive Chairman until the end of March 2021. Mr Tait will receive base remuneration for these services of $37,500 per month.

Other than the matter noted above, there are no 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.

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, 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 and performance of the consolidated entity, and

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 Christopher Tait
Chairman

Melbourne, this 30th day of September 2020

Key Audit Matters (continued)

Key Audit Matter	How the Key Audit Matter was addressed in the audit
Impairment of Goodwill and other intangible assets For the year ended 30 June 2020, the Group had recognised goodwill and other inangible assets of $25.1 million as disclosed in Note 18. Goodwill and other intangible assets not yet available for use are tested, at least annually for impairment where the carrying value of these assets is compared to the higher of the "value in use" or the fair value less costs to sell. In determining the value in use management is required to exercise judgement to determine the future cash flow projections including; • Estimated sales of existing products; • The expected margins to be realised on future sales of existing products; • Future operating expenditure; • Future growth rates; • Future capital expenditure; • Trend in working capital requirements; • The expected terminal value of the cash flows into perpetuity; and • The appropriate discount rates associated with the underlying cash flow projection.	Our procedures included, but were not limited to: • Evaluated the appropriateness of management's identification of the Group's CGU's to which goodwill is allocated; • Evaluated the 'value in use' discounted cash flow model developed by management to assess the recoverable amount of the intangible assets including assessing the following assumptions: - forecast cash flows (which include revenue, operating costs, working capital and capital expenditure and the impact of COVID-19); - growth rates attributed to future cash flows; - the discount rate used to present value the future cash flows (including nexus with risk embedded in the cash flows);and - terminal growth rate. • Engaged internal valuation specialists to benchmark and challenge, the discount rate, key components of the discounted cash flow model, mathematical accuracy as well as the implied earnings multiple associated with the expected earnings of the group; • Assessed the historical accuracy of the Group's forecasts compared against actual results, and the effect on the forecasts used in the discounted cash flow model; • Reviewed current and prior product launch timelines that drive predicted cash flows in conjunction with the above; and • Performed a range of sensitivity analysis on a number of key assumptions including changes to free cash flows, discount and long term growth rates, revenue growth and changes to timings of cash flows. We also assessed the appropriateness of the disclosure in Note 18 to the financial statements.

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Key Audit Matters (continued)

Key Audit Matter	How the Key Audit Matter was addressed in the audit
Amortisation of Intangible Assets For the year ended 30 June 2020 the Group had intangible assets subject to amortisation of $10.0 million as disclosed in Note 18. In determining the useful lives of capitalised product development management is required to exercise judgement in relation to the estimated sales lifecycle of the product range including considering the likely impact of changes in technology.	Our procedures included, but were not limited to: • Evaluated the amortisation rates used for new products with the historic sales history of similar products sold; and • Assessed the period over which classes of intangible assets were being amortised with the period the benefits are expected to be realised, including in light of forecast sales volumes as well as considering the possibility of product obsolescence as a result of changes in technology and/or sales cannibalisation as a result of launches of new products or products that are likely to be released in the near term, whether from the Group or other competitors. We also assessed the appropriateness of the disclosure in Note 18 to the financial statements.

Key Audit Matter	How the Key Audit Matter was addressed in the audit
Accounting for the acquisition of Timecode Systems The Group completed the acquisition of Timecode Systems during the year ended 30 June 2020. The total purchase consideration was $20.0m and goodwill arising on acquisition amounted to $15.1m as disclosed in Note 23. Accounting for the acquisition required management judgement in relation to the identification and valuation of the tangible and intangible assets acquired and the liabilities assumed at acquisition date.	Our procedures included, but were not limited to: • Evaluating management's assessment of the transaction in accordance with the relevant accounting standards; • Reviewed the Board approval to proceed with the transaction; • Evaluating the completeness of the assets and liabilities identified in the acquisition accounting against the sale and purchase agreement and our understanding of the business acquired; • Assessing management's purchase price allocation in relation to the acquisition, including relevant information that management obtained from their valuation specialists in relation to the identification and valuation of identifiable assets acquired and liabilities assumed; • Engaged internal valuation specialists to benchmark and challenge the work performed by management by assessing the compentency of management's expert; • Assessing the appropriateness of the valuation techniques adopted in the valuation of identifiable assets acquired and assessed the assumptions used within these against historical performance,industry benchmarks and/or for reasonableness; and • Evaluating the useful lives associated with the acquired tangible and intangible assets including assessment of management's estimation and whether this is consistent with Group policy. We also assessed the appropriateness of the disclosure in Note 23 to the financial statements.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, 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 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.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability 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 have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 18 to 25 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Atomos Limited, for the year ended 30 June 2020, 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.



DELOITTE TOUCHE TOHMATSU



Craig Bryan
Partner
Chartered Accountants
Melbourne, 30 September 2020

Deloitte.

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30 September 2020

Board of Directors
Atomos Limited
33-41 Balmain Street
CREMORNE VIC 3121

Dear Board Members

Atomos Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Atomos Limited.

As lead audit partner for the audit of the financial statements of Atomos Limited for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Craig Bryan
Partner
Chartered Accountants

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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 30 September 2020 **(Reporting Date).**

Corporate Governance Statement

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (Recommendations) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in ope

ration throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (Corporate Governance Statement).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on Atomos's website (https://www.atomos.com/investor) and will be lodged together with an Appendix 4G with ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by Atomos and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on Atomos's website (https://www.atomos.com/investor).

Number of holders of equity securities

Ordinary share capital

217,854,445 fully paid ordinary shares are held by 4,151 individual shareholders.

All ordinary shares carry one vote per share.

Options

9,327,493 options are held by 29 individual option holders.

Options do not carry a right to vote.

Performance rights

46,000 performance rights are held by 2 employees.

Distribution of holders of equity securities

1-1,000	582	411,660	0.19%
1,001-5,000	1,714	4,690,418	2.15%
5,001-10,000	798	6,227,713	2.85%
10,001-100,000	1,277	37,457,196	17.15%
100,001-9,999,999,999	150	169,680,448	77.67%
Totals	**4,521**	**218,467,435**	**100.00%**

Unmarketable Parcels

Total Shares	UMP Shares	UMP Holders	% of issued shares held by UMP holders
218,467,435	131,043	283	0.05998%

Substantial shareholders

Ordinary shareholders	Fully paid ordinary shares
NATIONAL NOMINEES LIMITED	26,609,281
J P MORGAN NOMINEES AUSTRALIA	20,229,259
MS CLAIRE LOUISE YOUNG	17,731,333
DOMAZET FT3 PTY LTD	14,609,978
HSBC CUSTODY NOMINEES	11,805,590

Shares under escrow

17,230,037 fully paid ordinary shares escrowed until 28 December 2020.

2,045,228 fully paid ordinary shares escrowed until 2 December 2021.

Twenty largest holders of quoted equity securities

Name	Balance as at 30-09-2020	%
NATIONAL NOMINEES LIMITED	26,609,281	12.180%
J P MORGAN NOMINEES AUSTRALIA	20,229,259	9.260%
MS CLAIRE LOUISE YOUNG	17,731,333	8.116%
DOMAZET FT3 PTY LTD	14,609,978	6.687%
HSBC CUSTODY NOMINEES	11,805,590	5.404%
BNP PARIBAS NOMS PTY LTD	6,065,203	2.776%
BNP PARIBAS NOMINEES PTY LTD	5,550,726	2.541%
CITICORP NOMINEES PTY LIMITED	5,392,727	2.468%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,557,660	2.086%
UBS NOMINEES PTY LTD	4,244,112	1.943%
MS YURONG XI	3,183,492	1.457%
CS THIRD NOMINEES PTY LIMITED	3,177,500	1.454%
MR HUITONG SONG	2,951,021	1.351%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	2,108,996	0.965%
MR ALEXANDER GONTMAKHER	1,694,146	0.775%
MR LANCE ALLEN HANNEN-WILLIAMS	1,400,000	0.641%
MR PAUL SCURRELL	1,278,097	0.585%
MS SUSAN ELIZABETH BANNISTER	1,263,485	0.578%
N A G SUPER PTY LTD	1,209,094	0.553%
MR GUY BERRYMAN	1,167,277	0.534%
Total Securities of Top 20 Holdings	136,228,977	62.357%
Total of Securities	**218,467,435**	

COMPANY DIRECTORY

Company
Atomos Limited
33-41 Balmain Street,
Cremorne VIC 3121
Email: info@atomos.com
Web: www.atomos.com

Registered Office
33-41 Balmain Street
Cremorne VIC 3121

ASX Code
AMS

Directors
Chris Tait – Executive Chairman
Jeromy Young – Managing Director and CEO
Sir Hossein Yassaie – Independent Non-executive Director
Mr Stephen Stanley - Independent Non-executive Director

Company Secretary
Lisa Dadswell

Auditor
Deloitte Touche Tohmatsu
477 Collins Street
Melbourne VIC 3000

Australian Legal Adviser
Maddocks Lawyers
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Sydney NSW 2000

Registry
Boardroom Pty Ltd
Level 12, 225 George Street
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