Q2 FY25 Quarterly Activities Report

Melbourne, Australia - Atomos Limited ('ASX:AMS', 'Atomos' or the 'Company') today releases its Appendix 4C and Activities Report for the quarter ended 31 December 2024 (Q2 FY25) along with an update on notable events that have occurred subsequently.

Highlights:

- Q2 FY25 sales (unaudited) of $9.3m, up 7% on pcp
    - Primarily derived from existing core product portfolio, in particular the new Shinobi II product which contributed $2.6m revenue during the quarter
    - Negligible Q2 sales from Ninja Phone ($0.07m) and SunDragon ($0.3m) which were designed to appeal to a broader content creator base, but have not yet resonated
- Reduction in gross profit margin from 43.1% in Q1 FY25 to (unaudited) 38.5% in Q2 FY25
    - Driven by discounting and promotions during November and December, required to meet the market, with some competitors offering significant (up to 50%) promotions
    - Global headwinds and reduction in discretionary spend are leading to softening demand and an increasingly price conscious customer
    - New Monitor product expected to be released in Q3 FY25 to engage with more price conscious consumers
    - New product suite under development for H1 FY26 which should drive sales volumes and provide margin retention
    - Previous medium term target gross profit margins of 40% - 45% may not be achievable
- Cost restructure largely finalised, albeit run rate fixed cost base of approximately $16m not expected to be visible until H2 FY25 when redundancies (including notice periods) are completed; legacy service contracts expire; and other non-recurring expenses are finalised.
- Q2 FY25 cash receipts of $9.3m and operating cash outflow of $3.5m
    - Cash expenses in Q2 include $0.9m investment in inventory uplift and $3.2m for legacy items (including restructuring, legal and settlement expenses)
- Review of funding underway with update to be provided in Q3 FY25
- Payments to related parties and their associates of $0.25m; relate to remuneration of both executive and non-executive Directors.

Funding

The cash balance as of 31 December 2024 was $1.4m, however the Company has sufficient headroom having received Letters of Funding commitments for a total of $9.6m (**Commitments**). As of 31 December 2025, $6.6m has been drawn under the Commitments.

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

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

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

A review of funding requirements is currently underway with update to be provided in Q3 FY25.

Outlook

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

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

"We are very pleased to have maintained H1 FY25 revenue vs H1 FY24, especially considering the downturn in the professional video and camera market globally. However to achieve this, some discounting was necessary to combat our competitors aggressive pricing strategies which has impacted our H1 FY25 margin. We continue to see growth in the low-end monitor space with the Shinobi II, and have several lower cost options targeted for release, which we expect to drive sales growth in this space.

We continue to right-size the business for the current sales volume and we are now down to a head count of 60 from 90 in December 2023. We will continue to closely manage operating expenses while we rebuild our product lines for new content creators, while moving our sales and marketing initiatives to focus heavily on online advertising for key marketplaces.

We are highly focused on new customer acquisition and the development of existing channels coupled with a stronger online presence."

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

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For further information, please contact:

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Atomos' Interactive Investor Hub

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

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

About Atomos

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

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

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

For more information, please visit **www.atomos.com**

Appendix 4C

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

Name of entity	
ATOMOS LIMITED	
ABN	**Quarter ended ("current quarter")**
25 139 730 500	31 December 2024

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	9,254	18,872
1.2	Payments for		
	(a) research and development	(293)	(645)
	(b) product manufacturing and operating costs	(7,755)	(16,340)
	(c) advertising and marketing	(816)	(1,706)
	(d) leased assets *(AASB 16 para. 50(a) applies)*	-	-
	(e) staff costs	(2,208)	(4,468)
	(f) administration and corporate costs	(1,607)	(3,091)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	18
1.5	Interest and other costs of finance paid	(57)	(137)
1.6	Income taxes paid	19	(8)
1.7	Government grants and tax incentives	-	-
1.8	Other	-	-
1.9	**Net cash from / (used in) operating activities**	**(3,461)**	**(7,505)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(9)	(48)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(9)**	**(48)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	40
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	4,050	6,560
3.6	Repayment of borrowings *(incl AASB 16 para. 50(a) principal amounts)*	(271)	(608)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (movement in Credit Card balances)	(18)	9
3.10	**Net cash from / (used in) financing activities**	**3,761**	**5,991**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,037	2,900
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,461)	(7,505)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(48)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,761	5,991
4.5	Effect of movement in exchange rates on cash held	58	48
4.6	**Cash and cash equivalents at end of period**	**1,386**	**1,386**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	903	554
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Rental Guarantees)	483	483
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,386**	**1,037**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	249
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Letters of Funding Commitment*)	9,600	6,550
	Other (Corporate Credit Card)	500	145
7.4	**Total financing facilities**	**10,100**	**6,695**

7.5	**Unused financing facilities available at quarter end**	**3,405**

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

*Letters of Funding Commitment have been provided by entities associated with the major shareholder, Domazet FT3 Pty Ltd, along with Atomos Directors, Peter Barber and Jeromy Young during the September 2024 quarter. Total funding of $9.6m has been committed by the above parties on an unsecured basis at a fixed interest rate of 14% per annum on drawn funds, with interest being accrued until repayment. The term of the funding commitment extends to 27 October 2025. Although not formally documented, nor is there any guarantee or undertaking by any party, the intent from the major shareholder and Directors is that any funds drawn under this arrangement would be repaid by way of exercising options currently held by the relevant parties, assuming the options are 'in the money' at the relevant time.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,461)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,386
8.3	Unused finance facilities available at quarter end (item 7.5)	3,405
8.4	Total available funding (item 8.2 + item 8.3)	**4,791**
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	**1.38**

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes

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

Answer: Yes. The Company is exploring various funding options along with ongoing initiatives to reduce the operating cash outflow in future quarters. An update will be provided in Q3 FY25.

8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer:	Yes. The Company believes it will source necessary funding in Q3 FY25 in order to continue its operations and meet its business objectives.

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

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

31 January 2025

Date: .....

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.