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# Atomos Limited Annual Report 2023

## Chair's Message

Dear Shareholders

I am pleased to present the FY23 Annual Report for Atomos Limited (ASX: AMS).

As you may know, I was appointed non-executive Director and Chair on 15 February 2023. Since that time, I have been heavily involved with the executive team to improve the business operations and improve shareholder value.

At its core, Atomos is one of the world's leading video technology companies that has been instrumental in connecting the imaging and computer worlds via a suite of innovative products and technologies. However, at various times over the past 18 months, impacted by internal and external factors, we have fallen short of the high standards to which we hold ourselves.

In saying this, the Board and Senior Management have taken steps to rectify several operational and financial challenges within the business including:

- Reducing operating costs by 45% including a headcount reduction from circa 150 in April 2022 to 94 as of October 2023
- Reducing inventory by over 45% from a peak of \$30.8m in September 2022 to \$16.8m as of October 2023
- Reducing debt from \$12m in July 2022 to \$2.9m as of October 2023
- Release of the new Ninja and Shogun (which have been well received by the market)
- Appointment of new auditors
- Reduction in the number of Board members
- A temporary reduction of Board fees
- Improved the terms and conditions of our borrowings

Despite the above, the financial results for the 2023 year are still unacceptable. Disappointingly, revenue was materially down from where we expected it to be, which developed from an unexpected difficult trading environment. Further restructure initiatives have been identified to rebalance the business with current trading and to ensure future profitability at revenue levels materially below FY23.

To effect part of the restructure plan, the Company will require additional financing and is well progressed in discussions with funding providers. We expect to provide further updates in respect of the restructure and financing arrangements prior to the end of the year.

I would like to thank my fellow board directors, Trevor, Sir Hossein, and the entire Atomos team for your hard work, diligence, and significant contributions in what has been a very challenging period.

Finally, I'd like to thank our shareholders for their support and patience throughout the year.

Kind Regards,



Paul Greenberg  
Chair

## CEO's Address

Dear Investor,

Firstly, I'd like to thank you all for your support and patience throughout FY23; it has been a challenging year on many fronts, and while outwardly at times it may have appeared the business has not been making much progress, I can assure you that within the business, we have been working tirelessly to ensure that value is returned to you all.

I cannot deny the fact that as a business, we are not pleased with the performance for FY23. We hold ourselves to high standards, and by those standards, we have failed to deliver the outcomes we expect, and you deserve. While some of the factors that have influenced performance have been external (softening global economy, actors' and writers' strikes in Hollywood), we are striving for material improvement.

As difficult as FY23 has been, there has been a lot of positive progress made. Significant costs have been taken out of the business in a broad-ranging rightsizing initiative which has sought to align the costs and capabilities with current trading conditions. We have reduced fixed costs by around 45% from AUD \$31.1m per year down to a current run-rate of around \$17m, with a second stage to follow soon subject to additional funding which is currently being negotiated.

This second stage of rightsizing will see the business operating at a break-even revenue of around \$36m – which is about 16% lower than FY23 revenue.

We also substantially reduced our debt position. Starting the year with \$12m of debt, at the time of this note that debt is now down to \$2.9m. And we've also reduced our substantial inventory holding from \$30.8m at the start of the year to the \$16.8m of inventory we are currently holding.

While there is still a little more work to do with the second stage of rightsizing, the business is now on a much better footing, both to deal with the current challenging economic conditions, but also to take advantage of the enormous added potential our new products and services hold.

Regarding new products and services, we have recently launched a new line of flagship products, replacing our ageing 5-inch Ninja V and V+, as well as an update to our Shogun Connect 7-inch product. These new Ninjas and Shoguns showcase our all-new Atomos 11 operating system which provides several great new features for offline more traditional customers, as well as a host of exciting new features for our cloud-connected customers.

We've also made good inroads with our cloud strategy with the official launch of Atomos Cloud Studio. We now have more than 7,000 user accounts on the system, and have seen steady growth in the number of devices being used with the cloud, and a more-than-proportionate growth in the amount of video uploaded. This indicates that users are making permanent use of the platform, which gives us great encouragement for the future.

In closing, despite challenges encountered throughout the year, I remain confident that Atomos products will continue to drive growth and scalability. I would like to thank the entire team for their commitment and continued execution of key strategic initiatives during the year, as we close out FY24.

I would also like to extend thanks to all staff and our shareholders for their ongoing support as we strive to become a major player in the global video industry.

Kind Regards,

A handwritten signature in blue ink, appearing to read 'T. Elbourne', written over a light blue horizontal line.

Trevor Elbourne  
CEO

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## 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 2023.

### Directors

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

Sir Hossein Yassaie

Mr Christopher John Tait (up to 28 February 2023)

Mr Stephen John Stanley (up to 29 September 2022)

Ms Megan Brownlow (up to 30 June 2023)

Ms Lauren Williams (up to 29 September 2022)

Mr Trevor Elbourne (effective 30 September 2023)

Mr Paul Greenberg (effective 15 February 2023)

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

### Principal activities

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

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

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

### Business strategy and prospects

The Company has identified additional restructure initiatives to further reduce the cost base in order to ensure future profitability at revenue levels materially below FY23.

To effect part of the restructure plan, the Company will require additional financing and is well progressed in discussions with funding providers.

The recapitalisation will also enable the completion of a number of new products which have been on hold due to working capital constraints.

These products will build on our recent move into cloud-based software and solutions and the 'connected' content creation eco-system.

## Review of Results and Operations

Consolidated Statement of Profit or Loss and Other Comprehensive Income	2023	2022	Change \$	Change %
	\$'000	\$'000	\$'000	
<b>Revenue</b>	<b>42,763</b>	<b>73,282</b>	<b>(30,519)</b>	<b>(42%)</b>
Cost of sales	(38,050)	(44,502)	6,452	(14%)
<b>Gross profit</b>	<b>4,713</b>	<b>28,780</b>	<b>(24,067)</b>	<b>(84%)</b>
<b>Gross Margin %</b>	<b>11%</b>	<b>39%</b>		<b>(28%)</b>
Operating expenses	(30,232)	(33,858)	3,626	(11%)
<b>EBITDA</b>	<b>(25,519)</b>	<b>(5,078)</b>	<b>(20,441)</b>	<b>403%</b>
Finance costs	(2,120)	(527)	(1,593)	302%
Depreciation and amortisation	(2,973)	(3,874)	901	(23%)
Impairment of non-financial assets	(30,676)	-	(30,676)	N/A
<b>(Loss)/Profit before income tax</b>	<b>(61,288)</b>	<b>(9,479)</b>	<b>(51,809)</b>	<b>547%</b>
Income tax expense	227	(884)	1,111	(126%)
<b>(Loss)/Profit for the year</b>	<b>(61,061)</b>	<b>(10,363)</b>	<b>(50,698)</b>	<b>489%</b>

Normalised Consolidated Statement of Profit or Loss and Other Comprehensive Income	2023	2022	Change \$	Change %
	\$'000	\$'000	\$'000	
<b>Revenue</b>	<b>42,763</b>	<b>73,282</b>	<b>(30,519)</b>	<b>(42%)</b>
<b>Gross profit</b>	<b>4,713</b>	<b>30,643</b>	<b>(25,930)</b>	<b>(85%)</b>
Gross Margin %	11%	42%		(31%)
Operating expenses	(30,232)	(30,059)	(173)	1%
<b>Normalised EBITDA</b>	<b>(25,519)</b>	<b>584</b>	<b>(26,103)</b>	<b>(4470%)</b>

Revenue of \$42.8 million was down \$30.5 million, or 42%, from \$73.3 million. During the year the Company experienced very weak sales as a result of a deterioration in economic conditions in the industry and slower than anticipated momentum from the Company's most recently released products. The Company also experienced lower gross margins attributed by higher cost of sales from promotional pricing and higher inventory obsolescence provisioning.

### Key Drivers of Performance

#### Revenue

Revenue was severely impacted by the global economic downturn, the consequent de-stocking in our channel and the slower than planned momentum of our new products. Sell through analysis obtained from our channel partners demonstrates that the underlying fall in demand was much less than our own decline in sales. Once the channel de-stocking was complete, we began to see an improvement in sales, however demand remains well below 2021 and 2022.

#### Gross Margin

Gross margin of 11% is significantly lower than in previous years. Atomos began 2023 carrying much higher inventory levels than desirable, this was as a result of component stockpiling during the COVID induced period of semi-conductor component scarcity and the resultant expansion in lead times, combined with a sharp decline in demand. With our channel partners expressing the need to de-stock, we used aggressive pricing to drive end user demand. We also made significant provisions against finished goods inventory which is slow-moving and excessive levels of component inventory.

### Operating Costs

We took prompt action to address the weaker sales performance by reducing our cost base, predominantly through a reduction in headcount, marketing expenditure as well as other operating expenses. These actions result in a fixed cost base for FY23 of \$25.2m, 19% lower than in FY22 and is expected to result in an annualised cost base of \$17m in FY24 (a 44% reduction overall).

During the year, Atomos continued to invest in R&D, particularly in development of its cloud-based ecosystem.

The details of items that were significant and/or not considered to be in the ordinary course of business are adjusted as per the table below to provide a view of the underlying trading result.

	2023	Items that were significant and/or not in the ordinary course of business <sup>1</sup>	Underlying Result
<b>\$'000</b>			
Revenue	42,763	-	42,763
Cost of sales	(38,050)	-	(38,050)
<b>Gross profit</b>	<b>4,713</b>	-	<b>4,713</b>
Gross Margin %	11%		11%
Operating Expenses – ongoing	(28,131)	-	(28,131)
Operating Expenses – one-off	(2,101)	2,101	-
<b>EBITDA</b>	<b>(25,519)</b>	<b>2,101</b>	<b>(23,418)</b>
Depreciation and amortisation	(2,973)	-	(2,973)
Impairment charge	(30,676)	30,676	-
Finance costs	(2,120)	-	(2,120)
<b>Loss before income tax</b>	<b>(61,288)</b>	<b>32,777</b>	<b>(28,511)</b>
Income tax expense	227	-	227
<b>Loss for the year</b>	<b>(61,061)</b>	<b>32,777</b>	<b>(28,284)</b>

<sup>1</sup> Items that were significant and/or not in the ordinary course of business (2023)	\$'000
<b>Operating Expenses</b>	
Redundancies (restructuring)	339
CEO separation and legal claim	1,762
Impairment charge	30,676
<b>Operating Expenses</b>	<b>32,777</b>
<b>Total Items not in the ordinary course of business</b>	<b>32,777</b>

## Financial position

Summary of Balance Sheet (\$A'000)	2023	2022
Cash and cash equivalents	2,943	5,001
Trade and other receivables	5,166	20,654
Inventories	15,366	28,831
Other assets	13,700	16,640
Intangible assets	-	28,939
<b>Total assets</b>	<b>37,175</b>	<b>100,065</b>
Trade and other payables	(15,239)	(24,453)
Lease liabilities	(6,178)	(6,575)
Other liabilities	(2,629)	(2,774)
Borrowings	(3,359)	(12,021)
<b>Total liabilities</b>	<b>(27,405)</b>	<b>(45,823)</b>
<b>Net assets</b>	<b>9,770</b>	<b>54,242</b>
Issued capital	119,301	102,492
Reserves	3,040	3,260
Accumulated losses	(112,571)	(51,510)
<b>Equity</b>	<b>9,770</b>	<b>54,242</b>

At 30 June 2023, Atomos had:

- \$2.9m of cash on hand
- Drawn \$3.4m debt facility
- \$80.2m of tax losses and R&D tax credits unrecognised and available to offset future tax

## Cash flow

Cash flows from operating activities	2023	2022
(Loss)/Profit for the year	(61,061)	(10,363)
Non cash items	40,111	4,088
Movements in working capital	18,388	(20,170)
<b>Net cash (used in) / generated by operating activities</b>	<b>(2,562)</b>	<b>(26,445)</b>
Capital expenditure	(3,123)	(5,925)
Financing and investing activities	3,547	11,387
<b>Net change in cash and cash equivalents</b>	<b>(2,138)</b>	<b>(20,983)</b>
Cash and cash equivalents at the beginning of the period	5,001	25,984
Exchange differences on cash and cash equivalents	80	-
<b>Cash and cash equivalents at the end of the period</b>	<b>2,943</b>	<b>5,001</b>

Key cash flow movements:

- Net cash used in operating activities of \$2.7m was driven by EBITDA losses of \$25.5m largely offset by a reduction in working capital
- Investing activities consumed \$4.9m via capital expenditure of \$3.1m and an investment in MAVIS of \$1.8m
- Net proceeds from the capital raise of \$16.8m were offset by repayment of borrowings \$9.4m and lease and interest payments of \$2.1m



### **Significant changes in the state of affairs**

During the financial year ended 30 June 2023 the Company announced an \$18 million underwritten capital raise via institutional placement and an accelerated entitlement offer. The funds raised under the offer were applied towards:

- Strategic investment in MAVIS
- Marketing of new revenue streams
- Sensor commercialisation
- Debt reduction
- Balance sheet flexibility

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

### **Events arising since the end of the reporting period**

Since the end of the reporting period:

- The Company's debt facility with Arrowpoint has been novated to Doma, a substantial shareholder and long-term supporter of Atomos on considerably more favourable terms; and
- the Company has commenced a further reduction in the cost base of the business which will further reduce the annual breakeven revenue level to approximately \$36m

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

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

### **Legal Matter**

In relation to the legal dispute with Atomos' former CEO, the Company notes that there are two matters:

- the former CEO's claim brought in the United States which the Company will vigorously defend as appropriate when the matter comes before the courts; and
- a claim brought by the Company in Australia relating to nonpayment of a loan extended to her. This matter is currently before the courts.

### **Future developments**

Atomos will continue to develop the types of products it is known for today to grow the existing business. This will include physical devices as well as software and cloud-based services.

Given the challenging economic conditions, the Company has commenced a further reduction in the cost base of the business which will reduce the annual breakeven revenue level to approximately \$36m. Additionally, the Board is actively considering a number of options for recapitalising the business.

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' 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.

## Principal Risks

Risk Area	Risk & Impact	Mitigation & Monitoring
<b>Launch of new products fail to meet market expectations</b>	<p>Atomos always aims to produce products that meet the expectations of customers. Atomos faces a broad range of factors that impact the success of new product launches, including: pricing, changes in customer “user” preferences; competition; our ability to design, develop and deliver products or to support technology changes; delays to product launches affecting reputation and customer confidence, as well as the effectiveness of marketing efforts.</p>	<p>Atomos is continually innovating and developing its strategy for effectively managing the product life cycle and by ensuring upgrades of new product features and technologies are brought to market in a timely manner. A new series of products are anticipated to be deployed in FY24.</p> <p>A structured product roadmap is maintained which includes the introduction of new products for new segments and customer demands specifically around connectivity and workflow solutions in the highly changing video technology marketplace.</p> <p>Key ecosystem partners in camera manufacturing are rapidly rolling out new innovations and our integrations to support their new products is critical for ensuring Atomos becomes a stronger and more resilient business.</p>
<b>Insufficient investment in R&amp;D</b>	<p>Atomos operates in a rapidly changing competitive environment and must ensure continuous efforts are maintained in the improvement of existing products and development of new products. Insufficient attraction and retention of talented development staff and under-allocation of resources hinder these efforts.</p> <p>Continuous investment is required in the base product range as well as to bring new products and solutions to market for new and existing market segments.</p>	<p>Atomos has continually focused on high quality products and adding new products to the range. Development research and investment are key to remaining at the leading edge of providing feature rich, affordable products with high user demand. We constantly monitor market and competitive trends in all parts of the ecosystem, building strong relationships with end user ambassadors and influencers.</p>
<b>Supply chain disruptions</b>	<p>Atomos sources components globally for the product range and actively manages component cost to ensure margin retention across the mix of products. A supply shortage in key components can lead to significant cost increases in sourcing alternatives and can negatively impact margin.</p>	<p>Atomos procurement processes include the review of supplier arrangements and component sourcing constraints prior to including a particular component in a product as well as on an ongoing basis.</p> <p>Other key strategies include the development of alternative supplier strategies and stock-piling of key components with longer lead times.</p>
<b>Dependence on key distributors</b>	<p>Atomos markets and sells its product range predominantly through an international high profile video technology distributor network. This network is a key supportive sales and marketing channel.</p> <p>While Atomos has a wide end customer user base, the loss of a key distributor could materially impact Atomos’s sales efforts.</p>	<p>Atomos is in constant communication and regularly monitors distributor performance. At the same time Atomos evaluates additional distributors for new and existing markets and products to ensure an effective sales and marketing channel.</p> <p>Atomos is increasing its investment in digital platforms as a means to market directly to end customers.</p>

<b>Ineffective sales and marketing strategy</b>	<p>Atomos continues to adopt a growth strategy supported by a sales and marketing plan. Atomos' growth is dependent on the ability to reach target customers and capitalising on strategic opportunities. Attracting and retaining talented executives and staff, unclear business strategies, and competitors seizing such opportunities undermine Atomos ability to retain and grow the business and its market share.</p>	<p>Atomos implements various methods to ensure that strategic opportunities are not missed. Atomos ensures that there are sufficient resources allocated to marketing and promotional efforts taking into consideration Atomos' long-term growth potential. Atomos also continuously works with its global channel partners in promoting and increasing the brand awareness of Atomos and its product range.</p>
<b>Ineffective product lifecycle management</b>	<p>Atomos operates in a rapidly changing competitive environment and inherently Atomos products remain at constant risk of being rendered unattractive by competitive offerings. New Atomos product launches also bring the potential risk of making existing Atomos products unattractive.</p>	<p>Atomos ensures that the lifecycle management of its products are monitored closely supported by production plan. The product management team also performs analysis on competing products prior to the investment and development of new products and gives Atomos the opportunity to implement improvements to existing products where required to meet the needs of customers.</p>
<b>Higher costs of production</b>	<p>Atomos sources components globally for the product range and manufactures products from select key partners to supply the range of hardware products that Atomos sells. Economic pressures and the scarcity of key components give way to the potential of higher costs of production.</p>	<p>Atomos consistently monitors the cost of components and the quantum of inventory held ensuring that sufficient components are maintained.</p>
<b>Reputational damage</b>	<p>Atomos are required to consistently provide products and product support that meets the expectations of its customers. Atomos must also ensure that key partnerships held with its suppliers and channel partners are well maintained.</p>	<p>Atomos continuously aims to provide and improve its product range and support to meet the expectations of customers. Atomos also invests in our people and culture with the aim of attracting and retaining a talented and effective workforce that help to fulfil customer expectations.</p>
<b>Talent – attract and retain</b>	<p>Atomos's operating and financial performance is dependent on the ability to attract and retain top talent in a competitive environment, particularly in technology roles.</p>	<p>Investment in our people and culture enables Atomos to attract and retain key talent and maintain a motivated and effective workforce. External hiring addresses gaps in experience and capability for more technical roles. The senior management remuneration structure is designed to retain key managers and focus them on Atomos's long-term growth potential. In addition, fostering a work environment of high engagement and high performance is also critical to attracting top talent and promoting employee retention.</p>
<b>Product warranty</b>	<p>Atomos products can be susceptible to design flaws which Atomos are liable to replace where the product is under warranty. Products which fail can result in a significant cost to Atomos.</p>	<p>Atomos performs extensive product testing pre-production and also maintains quality control processes during production to minimise faulty products.</p>

<b>Cyber security</b>	During FY2023, Atomos announced the introduction of Atomos Cloud providing customers with cloud-based workflow capabilities. Atomos are cognisant of the possibility of data breaches of customers personal information and the resulting impacts.	Atomos Cloud remains in the early stages of adoption and Atomos plan to engage with external professionals to assist in the identification and implementation of mitigants to ensure that customer information remains protected.
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## Board of Directors

### Paul Greenberg, age 63

Non-Executive Director since February 2023, Chair February 2023.



#### Skill and Experience

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

#### Board Committee memberships

- Member Audit & Risk

#### Qualifications

BA. (Psychology), MBA



### Sir Hossein Yassaie, age 66

Non-Executive Director since September 2016

#### Skill and Experience

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

#### Board Committee memberships

- Member Audit & Risk

#### Qualifications

BSc., Phd.



### Trevor Elbourne, age 52

CEO from August 2022 and Executive Director from September 2022

#### Skill and Experience

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

#### Board Committee memberships

#### Qualifications

BEng.

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



**Christopher Tait, age 56**

Non-Executive Director from September 2017 – 28 February 2023, Chair September 2017 – May 2020 and from September 2021 – 28 February 2023, Executive Chair May 2020 – September 2021

**Skill and Experience**

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

**Board Committee memberships**

- Member Audit & Risk

**Qualifications**

BSc. (Econ), Chartered Accountant (ICAEW)



**Stephen Stanley, age 65**

Non-Executive Director from January 2018 – 29 September 2022, Deputy Chair from October 2020 – 29 September 2022

**Skill and Experience**

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, organic growth, mergers and acquisition and investment experience with a proven track record of delivering operational benefits and growth to create superior value for shareholders.

**Board Committee memberships**

- Member Audit & Risk

**Qualifications**

B.Bus. (Accountancy), AICD.



**Megan Brownlow, age 59**

Non-Executive Director from July 2022 – 30 June 2023

**Skill and Experience**

Megan has more than 25 years' experience in media, marketing and managing digital disruption, most recently as a partner with PwC and National Leader for Technology, Media and Telecommunications.

Prior to PwC, Megan held senior executive positions at PBL, ecorp and the Nine Network.

**Board Committee memberships**

- Chair, Audit & Risk (from February 2023)

**Qualifications**

BA (hons), MBA, GAICD



**Lauren Williams, age 44**

Non-Executive Director from July 2022 until 29 September 2022

**Skill and Experience**

Lauren is an experienced digital executive and business builder with a passion for consumer facing online businesses. Lauren is an NED of online business Constructiv Technologies Group.

**Board Committee memberships**

**Qualifications**

BA (Econ, Hons) & GAICD

Lauren has held positions at Fairfax Media and BBC Worldwide and launched Getaway Lounge. Lauren’s most recent executive role was as the CEO of CarsGuide.

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### Directors' meetings

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

Director	Board meetings		Audit & Risk Committee		Remuneration & Nomination Committee <sup>1</sup>	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Chris Tait	14	14	3	3	2	2
Paul Greenberg	4	4	1	1	-	-
Hossein Yassaie	18	18	3	3	1	1
Megan Brownlow	18	18	4	4	1	1
Trevor Elbourne	8	8	2	2	-	-
Stephen Stanley	10	10	1	1	1	1
Lauren Williams	10	10	-	-	1	1

<sup>1</sup> During the year, the Board absorbed the Remuneration & Nomination Committee.

### Company Secretary

During the financial year, the Group announced the resignation of Ms Maria Clemente and appointment of Ms Vanessa Chidrawi as Company Secretary effective from 20<sup>th</sup> January 2023.

#### Vanessa Chidrawi

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

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

#### Maria Clemente

Prior to accepting company secretarial appointments, Maria was a senior listings adviser at the ASX where she had extensive involvement in the oversight of listed entities primarily in the technology sector. Maria is admitted as a lawyer in New South Wales and spent a decade in corporate restructure and turnaround, with specialist experience in conducting formal insolvency appointments.

### Board skills & composition

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

## Directors' shareholdings

The following table sets out each director's relevant interest in shares and rights or options in shares of the Company as at the date of this report:

	Shares	Options A (i)	Options B (ii)	Share Rights	Performance Rights	Total
Paul Greenberg	300,000	-	-	-	-	300,000
Sir Hossein Yassaie	2,389,579	-	-	-	49,358	2,438,937
Megan Brownlow	263,766	-	-	-	49,358	313,124
Trevor Elbourne	977,787	93,971	-	12,709	226,415	1,310,882
	<b>3,931,132</b>	<b>93,971</b>	-	<b>12,709</b>	<b>325,131</b>	<b>4,362,943</b>

(i) Exercise price of \$0.36, expiry date 12 April 2028. Options fully vested.

(ii) Exercise price of \$0.25, expiry 30 June 2025. Granted 25 Nov 2022.

## Remuneration of key management personnel

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

## Share options granted to directors and senior management

During and since the end of the financial year, no share options were granted.

## 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	1,637,312	26-Feb-18	28-Dec-18	12-Apr-28	0.36
Granted: 20 Aug 2020	3,157,270	20-Aug-20	30-Sep-23	30-Jun-30	0.53
Granted: 30 May 2022	2,400,000	30-May-22	30-May-22	30-Jun-24	0.30
	<b>7,194,582</b>				

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. Nil (2022: 1,999,176) shares were issued during the year as a result of exercise of options. No shares were issued since the end of the year as a result of exercise of options (2022: Nil).

## Indemnification of officers and auditors

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

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

**Non-audit services**

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

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

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

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

**Auditor's Independence Declaration**

The auditor's independence declaration is included after this report on page 20.

**Proceedings on behalf of the Company**

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

**Rounding of amounts**

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



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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

*Moore Australia*

**MOORE AUSTRALIA AUDIT (VIC)  
ABN 16 847 721 257**

**ANDREW JOHNSON**  
Partner  
Audit and Assurance

Melbourne, Victoria

19 December 2023

## Letter from the Chair of the Remuneration and Nomination Committee

Dear Shareholders,

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

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

We thank you for your ongoing support.

A handwritten signature in black ink, appearing to read 'P. Greenberg', with a stylized flourish at the end.

Paul Greenberg  
Chair

## Remuneration Report

### Introduction and contents

This remuneration report, which forms part of the directors' report, sets out Atomos's executive remuneration framework as well as the remuneration arrangements of the Key Management Personnel ('KMP') of the Company for the year ended 30 June 2023 ('FY23').

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

<b>Section</b>	<b>Page</b>
<b>1</b> Key Management Personnel	[23]
<b>2</b> Link between Atomos's performance and executive remuneration outcomes	[23]
<b>3</b> Executive remuneration framework, key terms, statutory remuneration	[24]
<b>4</b> Remuneration governance	[27]
<b>5</b> Non-Executive Director fees	[27]
<b>6</b> Other KMP disclosures	[29]

## 1 Key Management Personnel

The KMP covered by this report are Atomos's Executive Directors, Atomos's Non-Executive Directors ("NEDs") and other executive management personnel of the Group. Each of the KMP held their position for the whole of FY23, unless stated otherwise.

<b>Directors</b>	<b>Position</b>
Christopher Tait	Non-Executive Chair (resigned effective 28 February 2023)
Stephen Stanley	Non-Executive Director, Deputy Chair (resigned Effective (29 September 2022)
Sir Hossein Yassaie	Non-Executive Director
Lauren Williams	Non-Executive Director (resigned effective 29 September 2022)
Megan Brownlow	Non-Executive Director (resigned effective 30 June 2023)
Trevor Elbourne	Executive Director, Chief Executive Officer (effective 22 September 2022)
Paul Greenberg	Non-Executive Chair (effective 15 February 2023)
<b>Executive officers</b>	<b>Position</b>
Trevor Elbourne	Executive Director, Chief Executive Officer (effective 22 September 2022)
James Cody	Chief Financial Officer
Stephan Kexel	Chief Sales Officer
Mark Harland	Chief Operating Officer (resigned effective 26 August 2022)

## 2 Link between Atomos's performance and executive remuneration outcomes

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

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

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

### 2.1 Vesting outcomes for Atomos equity plans

2.1.1 Share options – No share options vested during FY23.

2.1.2 Performance based incentive scheme – STI for FY23 – No performance rights vested during FY23.

## 2.2 Atomos's five-year financial performance

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

Item	2019	2020	2021	2022	2023
Revenue	53,716	44,740	78,611	73,282	42,763
EBITDA	1,780	(17,426)	8,175	(5,078)	(25,519)
Net profit/(loss) after tax	(1,132)	(22,340)	4,218	(10,363)	(61,061)

  

Item	2019	2020	2021	2022	2023
Share price on listing	0.41	0.41	0.41	0.41	0.41
Share price at the start of year	na	1.03	0.43	1.07	1.07
Share price at the end of year	1.03	0.43	1.07	0.19	0.07
Dividends (cents per share)	-	-	-	-	-
Basic earnings per share	(0.01)	(0.12)	0.02	(0.05)	(0.18)
Diluted earnings per share	(0.01)	(0.12)	0.02	(0.05)	(0.18)

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

## 3 Executive remuneration framework, key terms and statutory remuneration

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

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

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

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

### 3.1 Executive Remuneration Framework:

#### Components

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



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

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

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

The short-term incentives provided to the Executive Officers focused on the continued employment of these individuals up to the 31<sup>st</sup> October 2023. The share-based performance rights were approved by the Board of Directors and granted on 18<sup>th</sup> July 2022. The performance rights were issued in value at the end of the FY2022 financial year by reference to the 30-day VWAP (volume weighted average price).

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

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

### 3.4 Executive Contract Terms

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

<b>Name</b>	<b>Term of agreement</b>	<b>Notice period</b>
<i>Executive Officers</i>		
Trevor Elbourne	No fixed term	Six (6) months employer/ Four (4) months employee
James Cody	No fixed term	Six (6) months employer/ Three (3) months employee
Stephan Kexel	No fixed term	Six (6) months employer/ Six (6) months employee

### 3.5 Executive statutory remuneration for FY23 and FY22

Name	Year	Short term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments			Total
		Salary & fees <sup>(ii)</sup>	Annual leave	Cash bonus	Superannuation	Long service leave	Performance rights <sup>(iii)</sup>	Options	Share rights	
<b>Key management personnel</b>										
Mark Harland <sup>(i)</sup>	2023	147,198	-	-	11,302	-	32,038	-	2,178	192,716
Chief Operating Officer	2022	308,429	12,233	-	23,567	1,070	-	(39,986)	2,916	308,229
James Cody	2023	309,708	9,350	-	25,292	9,814	64,075	(82,371)	2,178	338,046
Chief Financial Officer	2022	306,267	7,236	-	28,733	10,653	-	44,279	2,916	400,084
Stephan Kexel	2023	341,517	40,866	-	26,357	-	32,038	(82,371)	2,178	360,585
Chief Sales Officer	2022	229,604	19,685	-	17,173	-	-	44,279	2,916	313,657
<b>Executive director</b>										
Trevor Elbourne <sup>(ii)</sup>	2023	374,708	53,150	-	25,292	18,293	64,075	(82,371)	2,178	455,325
Chief Executive Officer	2022	311,432	29,389	-	23,568	6,710	-	44,279	2,916	418,294
<b>2023 Total</b>		<b>1,173,131</b>	<b>103,366</b>	<b>-</b>	<b>88,243</b>	<b>28,107</b>	<b>192,226</b>	<b>(247,113)</b>	<b>8,712</b>	<b>1,346,672</b>
<b>2022 Total</b>		<b>1,155,733</b>	<b>68,542</b>	<b>-</b>	<b>93,041</b>	<b>18,433</b>	<b>-</b>	<b>92,851</b>	<b>11,664</b>	<b>1,440,265</b>

(i) Mark Harland resigned as Chief Operating Officer effective 26 August 2022.

(ii) Trevor Elbourne, formerly Interim Chief Executive Officer, appointed as Chief Executive Officer effective 5 August 2022 and Executive Director effective 30 September 2022.

(iii) The number of Executive Director and Key Management Personnel performance rights granted during the year were calculated using the agreed remuneration divided by the VWAP at 18 July 2022, \$0.29 per share. However, the valuation (for accounting purposes) on grant dates resulted in different values. Consequently, the aggregate share-based payments expense for the year disclosed above is lower than the agreed remuneration.

	Grant Date	2023		2022	
		Grant Date Value	Agreed Remuneration (\$) - Performance Rights	Grant Date Value	Agreed Remuneration (\$) - Performance Rights
Trevor Elbourne <sup>(iii)</sup>	18-Jul-22	0.28	65,660	-	-
James Cody <sup>(iii)</sup>	18-Jul-22	0.28	65,660	-	-
Stephan Kexel <sup>(iii)</sup>	18-Jul-22	0.28	32,830	-	-
Mark Harland <sup>(iii)</sup>	18-Jul-22	0.28	32,830	-	-
<b>Total</b>			<b>196,981</b>		

The relative proportions of those elements of remuneration of Key Management Personnel that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
	2023	2022	2023	2022
<b>Executive Officers</b>				
Trevor Elbourne	104%	82%	-4%	18%
James Cody	105%	87%	(5%)	13%
Stephan Kexel	113%	79%	(13%)	21%
Mark Harland	82%	100%	18%	0%

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

## 4. Remuneration Governance.

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

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

### 4.1 Executive performance evaluations

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

### 4.2 Minimum Shareholding Guidelines

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

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

### 4.3 Share Trading Policy

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

The Share Trading Policy can be found on the Governance page in the investor section of the Company's website at <http://atomos.com/corporate-governance>.

## 5. Non- Executive Director Fees

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

### 5.1 Aggregate Non-Executive Director fee limits

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

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

## 5.2 Non-Executive Director Fees:

Current fees agreed are:

	\$ per annum (2023)	\$ per annum (2022)
Chairman of the Board	56,250	165,000
Non-Executive Directors	37,500	100,000
<i>Additional Items are paid for:</i>		
Director Exertion	\$2,500 - \$3,000 per day	\$2,500 - \$3,000 per day

## 5.3 Non-Executive Director shareholding requirement

Refer paragraph 4.2.

## 5.4 Fee payment structure

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

## 5.5 Other fees

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

## 5.6 Non-Executive Director fees

Name	Year	Short term employee benefits			Post-employment benefits	Long-term benefits	Share-based payments			Total
		Salary & fees	Annual leave	Cash bonus	Superannuation	Long service leave	Performance rights	Options	Share rights	
<b>Non-executive directors (Independent)</b>										
Paul Greenberg	2023	37,852	-	-	3,975	-	-	-	-	41,827
Non Executive Chairman <sup>(i)</sup>	2022	-	-	-	-	-	-	-	-	-
Chris Tait	2023	83,750	-	-	-	-	-	-	-	83,750
Former Non Executive Chairman <sup>(ii)</sup>	2022	213,750	-	-	-	-	231,830	-	-	445,580
Sir Hossein Yassaie	2023	78,167	-	-	10,575	-	-	-	-	88,742
	2022	62,481	-	-	6,750	-	57,213	-	-	126,444
Stephen Stanley <sup>(iii)</sup>	2023	31,109	-	-	3,266	-	-	-	-	34,375
	2022	69,318	-	194,676	11,006	-	71,517	-	-	346,517
Megan Brownlow <sup>(iv)</sup>	2023	81,637	-	-	8,572	-	-	-	-	90,209
	2022	50,168	-	-	5,040	-	57,213	-	-	112,422
Lauren Williams <sup>(v)</sup>	2023	25,000	-	-	-	-	-	-	-	25,000
	2022	50,000	-	-	-	-	57,213	-	-	107,213
<b>2023 Total</b>		<b>337,515</b>	-	-	<b>26,388</b>	-	-	-	-	<b>363,903</b>
<b>2022 Total</b>		<b>445,717</b>	-	<b>194,676</b>	<b>22,796</b>	-	<b>474,986</b>	-	-	<b>1,138,176</b>

(i) Paul Greenberg appointed as Non-Executive Chairman and Director effective 15 February 2023.

(ii) Chris Tait retired as Non-Executive Chairman and Director effective 28 February 2023.

(iii) Stephen Stanley resigned as Non-Executive Director effective 29 September 2022.

(iv) Megan Brownlow resigned as Non-Executive Director and Chair of the Company's Audit and Risk Committee effective 30 June 2023.

(v) Lauren Williams resigned as Non-Executive Director effective 29 September 2022.

	2023		2022	
	Grant Date Value	Agreed Remuneration (\$) - Performance Rights	Grant Date Value	Agreed Remuneration (\$) - Performance Rights
Chris Tait	-	-	1.16	202,552
Sir Hossein Yassaie	-	-	1.16	49,988
Stephen Stanley	-	-	1.16	62,485
Megan Brownlow	-	-	1.16	49,988
Lauren Williams	-	-	1.16	49,988
<b>Total</b>	-	-	-	<b>415,001</b>

In FY22 the board agreed to award Stephen Stanley a bonus for additional tasks undertaken which were above and beyond the scope of his role as Non-Executive Director.

The relative proportions of those elements of remuneration of Key Management Personnel that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
	2023	2022	2023	2022
<b>Non-executive Directors</b>				
Paul Greenberg	100%	0%	0%	0%
Chris Tait	100%	48%	0%	52%
Sir Hossein Yassaie	100%	55%	0%	45%
Stephen Stanley	100%	23%	0%	77%
Megan Brownlow	100%	49%	0%	51%
Lauren Williams	100%	47%	0%	53%

## 6. Other KMP disclosures

### 6.1 Fully Paid Ordinary Shares – Atomos Limited

The number of ordinary shares in the Company held during the FY23 reporting period by each of the Group's Key Management Personnel, including their related parties, is set out below:

Chair and Non-Executive Directors:

Name	Balance at start of year	Granted as remuneration	Received on exercise of options / settlement of performance rights	Other changes	Held at the end of reporting period
Paul Greenberg	-	-	-	300,000	300,000
Chris Tait <sup>(i)</sup>	1,702,628	-	972,932	-	2,675,560
Stephen Stanley <sup>(ii)</sup>	1,750,000	-	282,256	-	2,032,256
Sir Hossein Yassaie	2,289,579	-	100,000	-	2,389,579
Lauren Williams <sup>(iii)</sup>	149,653	-	41,560	-	191,213
Megan Brownlow <sup>(iv)</sup>	167,851	-	95,915	-	263,766
	<b>6,059,711</b>	<b>-</b>	<b>1,492,663</b>	<b>300,000</b>	<b>7,852,374</b>

(i) Chris Tait retired as Non-Executive Chairman and Director effective 28 February 2023 and therefore is not a Non-Executive Chairman and Director at the end of reporting period.

(ii) Stephen Stanley resigned as Non-Executive Director effective 29 September 2022 and therefore is not a Non-Executive Director at the end of reporting period.

(iii) Lauren Williams resigned as Non-Executive Director effective 29 September 2022 and therefore is not a Non-Executive Director at the end of reporting period.

(iv) Megan Brownlow resigned as Non-Executive Director and Chair of the Company's Audit and Risk Committee effective 30 June 2023.

## Executive KMP:

Name	Balance at start of year	Granted as remuneration	Received on settlement of performance rights	Other changes	Held at the end of reporting period
Trevor Elbourne	968,419	-	-	9,368	977,787
James Cody	845,604	-	-	9,368	854,972
Stephan Kexel	267,167	-	-	9,370	276,537
Mark Harland <sup>(i)</sup>	151,260	-	-	9,368	160,628
	<b>2,232,450</b>	-	-	<b>37,474</b>	<b>2,269,924</b>

(i) Mark Harland resigned as Chief Operating Officer effective 26 August 2022 and therefore is not a Key Management Personnel at the end of the reporting period.

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

## 6.2 Other Equity holdings

## Share options

The number of options to acquire ordinary shares in the Company held during the FY23 reporting period by each of the Group's Key Management Personnel is set out below:

## Executive KMP:

Name	Balance at start of year	Grant date	Granted as remuneration	Forfeited	Converted to share	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
Trevor Elbourne	518,971		-	425,000	-	93,971	-	-	-	-
James Cody	760,612		-	425,000	-	335,612	-	-	-	-
Stephan Kexel	480,023		-	425,000	-	55,023	-	-	-	-
	<b>1,759,606</b>		-	<b>1,275,000</b>	-	<b>484,606</b>	-	-	-	-

## Performance rights

The number of performance rights held during the FY23 reporting period by each of the Group's Key Management Personnel, is set out below:

## Chair and Non-Executive Directors:

Name	Balance at start of year	Granted as remuneration	Forfeited	Converted to shares	Held at the end of reporting period
Chris Tait	200,000	-	-	-	200,000
Stephen Stanley	61,698	-	-	-	61,698
Sir Hossein Yassaie	49,358	-	-	-	49,358
Lauren Williams	49,358	-	-	-	49,358
Megan Brownlow	49,358	-	-	-	49,358
	<b>409,772</b>	-	-	-	<b>409,772</b>

## Executive KMP:

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

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

## Share rights

The number of share rights held during the FY23 reporting period by each of the Group's Key Management Personnel, is set out below:

Name	Balance at start of year	Granted as remuneration	Forfeited	Converted to shares	Held at the end of reporting period
Trevor Elbourne	3,341	9,368	-	-	12,709
James Cody	3,341	9,368	-	-	12,709
Stephan Kexel	3,453	9,370	-	-	12,823
Mark Harland	3,341	9,368	-	-	12,709
	13,476	37,474	-	-	50,950

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

## 6.3 Other transactions with Key Management Personnel

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

*Henslow*

During FY 2023 Henslow provided corporate broking services and charged \$24,750 (FY22: \$90,000). Out of pocket expenses reimbursed aggregated to Nil (FY22: \$12,814). Henslow also provided services in relation to debt funding and charged Nil (FY22: 120,000). The amount payable at the end of year was Nil (FY22: \$145,790).

*Bluerock*

Atomos Group utilise Bluerock for certain consulting services. Fees charged were \$4,180 for the year (FY22: \$19,800). The amount payable at the end of year was Nil (FY22: \$15,800).

**End of audited Remuneration Report.**

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

A handwritten signature in black ink, appearing to be 'R. P. H.', written on a light grey rectangular background.

Melbourne  
This 19<sup>th</sup> day of December 2023

For personal use only



**Atomos Limited**  
**Consolidated Statement of Profit or Loss and Other**  
**Comprehensive Income**  
**For the year ended 30 June 2023**

	Notes	2023 \$'000	2022 \$'000
Revenue	5	42,763	73,282
Cost of sales		(38,050)	(44,502)
<b>Gross profit</b>		<b>4,713</b>	<b>28,780</b>
Other income	5	365	72
Net foreign exchange gain/(loss)		219	(480)
Employee benefits expense	7	(9,979)	(12,088)
Research and development expense		(4,161)	(4,624)
Advertising and marketing expense		(5,443)	(5,449)
Finance costs	7	(2,120)	(527)
Administration and other expense		(3,433)	(2,749)
Distribution expense		(2,739)	(4,155)
Warranty and royalty expense		(1,245)	(1,586)
Occupancy expense		(346)	(293)
Legal and professional services		(3,362)	(2,365)
Transaction costs		(108)	(141)
Depreciation and amortisation	7	(2,973)	(3,874)
Impairment of non-financial assets	17	(30,676)	-
<b>Loss before income tax</b>		<b>(61,288)</b>	<b>(9,479)</b>
Income tax benefit/(expense)	8	227	(884)
<b>Loss for the year</b>		<b>(61,061)</b>	<b>(10,363)</b>
Other comprehensive income, net of income tax			
<b>Items that will not be reclassified subsequently to profit or loss:</b>		-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>			
- Exchange differences on translating foreign operations		155	(346)
<b>Other comprehensive (loss)/profit for the year</b>		<b>155</b>	<b>(346)</b>
<b>Total comprehensive loss for the year</b>		<b>(60,906)</b>	<b>(10,709)</b>
<b>Earnings per share</b>			
Basic loss per share	10	(0.18)	(0.05)
Diluted loss per share	10	(0.18)	(0.05)

Note: This statement should be read in conjunction with the notes to the financial statements.  
Refer to Note 2 for detailed information on Restatement of comparatives

**Atomos Limited**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2023**

	Notes	2023 \$'000	2022 (Restated) \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	2,943	5,001
Trade and other receivables	12	5,166	20,654
Inventories	13	15,366	28,831
Other current assets	14	5,274	8,710
<b>Total current assets</b>		<b>28,749</b>	<b>63,196</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	1,359	1,725
Right-of-use assets	16	5,269	6,177
Intangible assets	17	-	28,939
Financial assets	18	1,798	28
<b>Total non-current assets</b>		<b>8,426</b>	<b>36,869</b>
<b>Total assets</b>		<b>37,175</b>	<b>100,065</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	13,919	22,978
Borrowings	20	3,359	12,021
Provisions	21	2,538	1,878
Lease liabilities	22	1,011	1,014
<b>Total current liabilities</b>		<b>20,827</b>	<b>37,891</b>
<b>Non-current Liabilities</b>			
Trade and other payables	19	1,320	1,475
Provisions	21	91	135
Lease liabilities	22	5,167	5,561
Deferred tax liability	23	-	761
<b>Non-current Liabilities</b>		<b>6,578</b>	<b>7,932</b>
<b>Total liabilities</b>		<b>27,405</b>	<b>45,823</b>
<b>Net assets</b>		<b>9,770</b>	<b>54,242</b>
<b>Equity</b>			
Issued capital	24	119,301	102,492
Foreign currency translation reserve		(296)	(451)
Share based payments reserve		3,072	3,447
Options reserve		264	264
Accumulated losses		(112,571)	(51,510)
<b>Total equity</b>		<b>9,770</b>	<b>54,242</b>

Note: This statement should be read in conjunction with the notes to the financial statements.  
Refer to Note 2 for detailed information on Restatement of comparatives

**Atomos Limited**  
**Consolidated Statement of Changes in Equity**  
For the year ended 30 June 2023

	Issued capital (Ordinary shares)	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Options reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	101,749	(41,147)	(105)	3,217	-	63,714
<b>Transactions with owners</b>						
Share-based payments	-	-	-	230	-	230
Issue of options	-	-	-	-	264	264
Issue of new share capital	758	-	-	-	-	758
Transaction costs relating to issue of share capital	(15)	-	-	-	-	(15)
<b>Total transactions with owners</b>	<b>743</b>	<b>-</b>	<b>-</b>	<b>230</b>	<b>264</b>	<b>1,237</b>
<b>Comprehensive income</b>						
Loss for the period	-	(10,363)	-	-	-	(10,363)
Other comprehensive loss	-	-	(346)	-	-	(346)
<b>Total comprehensive loss</b>	<b>-</b>	<b>(10,363)</b>	<b>(346)</b>	<b>-</b>	<b>-</b>	<b>(10,709)</b>
<b>Balance at 30 June 2022</b>	<b>102,492</b>	<b>(51,510)</b>	<b>(451)</b>	<b>3,447</b>	<b>264</b>	<b>54,242</b>
Balance at 1 July 2022	102,492	(51,510)	(451)	3,447	264	54,242
<b>Transactions with owners</b>						
Share-based payments	-	-	-	(375)	-	(375)
Issue of new share capital	17,947	-	-	-	-	17,947
Transaction costs relating to issue of share capital	(1,138)	-	-	-	-	(1,138)
<b>Total transactions with owners</b>	<b>16,809</b>	<b>-</b>	<b>-</b>	<b>(375)</b>	<b>0</b>	<b>16,434</b>
<b>Comprehensive income</b>						
Loss for the period	-	(61,061)	-	-	-	(61,061)
Other comprehensive income	-	-	155	-	-	155
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>(61,061)</b>	<b>155</b>	<b>-</b>	<b>-</b>	<b>(60,906)</b>
<b>Balance at 30 June 2023</b>	<b>119,301</b>	<b>(112,571)</b>	<b>(296)</b>	<b>3,072</b>	<b>264</b>	<b>9,770</b>

Note: This statement should be read in conjunction with the notes to the financial statements.  
Refer to note 2 for detailed information on Restatement of comparatives

**Atomos Limited**  
**Consolidated Statement of Cash Flows**  
For the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Operating activities</b>			
Receipts from customers		59,049	67,638
Payments to suppliers and employees		(61,079)	(93,848)
Interest received		2	1
Income taxes paid		(534)	(245)
<b>Net cash used in operating activities</b>	<b>25</b>	<b>(2,562)</b>	<b>(26,454)</b>
<b>Investing activities</b>			
Payments for property, plant and equipment		(692)	(909)
Payments for intangible assets		(2,431)	(5,016)
Payments for investments		(1,798)	(28)
<b>Net cash used in investing activities</b>		<b>(4,921)</b>	<b>(5,953)</b>
<b>Financing activities</b>			
Proceeds from issue of equity instruments in the company	24	17,947	758
Payment for equity raise costs		(1,138)	(15)
Interest paid on borrowings and lease liabilities		(1,361)	(484)
Repayment of lease liabilities		(682)	(837)
Proceeds of borrowings		-	11,993
Repayment of borrowings		(9,421)	-
<b>Net cash generated by financing activities</b>		<b>5,345</b>	<b>11,415</b>
Net change in cash and cash equivalents		(2,138)	(20,992)
Cash and cash equivalents, beginning of period		5,001	25,984
Exchange differences on cash and cash equivalents		80	9
<b>Cash and cash equivalents, end of period</b>	<b>11</b>	<b>2,943</b>	<b>5,001</b>

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

## Notes to the Consolidated Financial Statements

### 1. General information

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

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

These financial statements are presented in Australian Dollars.

The Consolidated Financial Statements for the year ended 30 June 2023 were approved and authorised for issue by the board of Directors on Tuesday 19<sup>th</sup> of December of 2023.

### 2. Adoption of new and revised Australian Accounting Standards

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

#### Restatement of prior period comparatives

In June 2022, the Group deferred the recognition of \$8.7m of revenue until July 2022 (in the next reporting period). The revenue that was deferred related to sales contracts with customers whereby those customers agreed to a change in shipping terms for the products they had purchased from Atomos. The Group accounted for this deferral by recognising a \$8.7m deferred revenue liability as at 30 June 2022 as well as recognising trade receivables in respect of these transactions.

After the 30 June 2022 financial statements were issued, the Group reviewed the trade receivables that were the subject of this adjustment and concluded that, after considering all information available at that time, the balances recorded did not fairly reflect the effects of the transactions as at 30 June 2022. In light of this review, the Group considers that this adjustment is better presented as a reduction in trade receivables. Therefore, the Group has taken the decision to restate each of the affected financial statement line items as follows:

#### Consolidated Statement of Financial Position

	30-Jun-22	Restatement	30-Jun-22 (Restated)
	\$'000	\$'000	\$'000
Trade and other receivables	29,343	(8,689)	20,654
<b>Total current assets</b>	<b>71,885</b>	<b>(8,689)</b>	<b>63,196</b>
<b>Total assets</b>	<b>108,754</b>	<b>(8,689)</b>	<b>100,065</b>
Deferred revenue	8,689	(8,689)	-
<b>Total current liabilities</b>	<b>46,580</b>	<b>(8,689)</b>	<b>37,891</b>
<b>Total liabilities</b>	<b>54,512</b>	<b>(8,689)</b>	<b>45,823</b>

The change did not have an impact on the Statement of Profit or Loss, basic and diluted earnings per share, OCI, or the Group's operating, investing and financing cash flows.

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

#### 3.3 Going concern

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

For the year ended 30 June 2023, the Group generated revenue of \$42.8m (June 2022 \$73.3m), incurred a loss after tax of \$61.1m (June 2022 loss of \$10.4m), including non-cash asset impairments of \$30.7m, and reported negative cash flows of \$2.6m (June 2022 negative \$26.5m) and \$4.9m (June 2022 negative \$6.0m) from operating and investing activities respectively. As at 31 October 2023, the Group had cash and cash equivalents of \$1.3m.

During FY23 the Group experienced very weak sales and slower than anticipated momentum from the company's most recently released products.

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

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

- Successful completion of the recapitalisation plan;
- Achieving short term revenue targets and executing its cost reduction plans.
- Adhering to the payment plans agreed with key suppliers, and having access to their continued supply beyond that on standard payment terms.
- No significant payout of legal costs being incurred in the defence against the claim from the former CEO.

### 3. Significant accounting policies (continued)

#### 3.3 Going concern (continued)

Recapitalisation plan:

- The Company's debt facility with Arrowpoint has been novated to Doma, a substantial shareholder and long-term supporter of Atomos on considerably more favourable terms; and
- The Board is actively considering a number of options for recapitalising the business.

Achieving short term revenue targets and executing its cost reduction plans:

- The Company has commenced a further reduction in the cost base of the business which will further reduce the annual breakeven revenue level to approximately \$36m
- Adjusted production plans and stock management to release working capital through a structured run-down of inventory from currently high levels; and
- The ability to generate the level of revenues forecast and receive payment from customers in accordance with standard trading terms and conditions.

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

- Extended supplier payment plans have been contractually agreed with two of the four major suppliers as a mitigation to short term (next nine months) cashflow risks. These payment plans are being adhered to and are forecast to be adhered to. It is expected that these suppliers will continue to supply and that the Group will be able to meet their payment obligations in terms of standard payment terms over the remainder of the forecast period.

No significant payout of legal costs being incurred in the defence against the claim from the former CEO:

- Note 36 details the status of the legal dispute with former CEO, Estelle McGeachie, in relation to an employment related complaint. The cashflow forecast does not consider any potential cash outflows associated with this matter.

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

- Obtain further accommodation from suppliers with regards to extending the repayment plans.
- Dispose of a business unit.

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

### 3.4 Basis of consolidation

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

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

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

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

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

### 3.5 Revenue

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

#### Sale of goods

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

#### Sale of software & software upgrades

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



### 3.6 Leases

#### The Group as lessee

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

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

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

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

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

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

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

### 3. Significant accounting policies (continued)

#### 3.6 Leases (continued)

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

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

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

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

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

#### 3.7 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.

### 3.8 Short-term and long-term employee benefits

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

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

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

### 3.9 Share based payments

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

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

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

### 3.10 Taxation

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

#### Current tax

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

#### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax

### 3. Significant accounting policies (continued)

#### 3.10 Taxation (continued)

assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

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

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

#### 3.11 Plant and equipment

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

- Plant & equipment: 10 – 33%
- Motor vehicles: 25%

### 3. Significant accounting policies (continued)

#### 3.11 Plant and equipment (continued)

- Leasehold improvements: 10%

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

#### 3.12 Intangible assets excluding goodwill

##### Intangible assets - development expenditure

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

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

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

##### 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)

#### 3.12 Intangible assets excluding goodwill (continued)

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

These assets are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives. Patents and product IP are amortised over 16 years, Trademarks and Brand Name and Customer Relationships are amortised over 3 years.

##### Capitalised product development costs – 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 to have a useful life of 3-5 years.

#### 3.13 Goodwill

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

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

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

### 3. Significant accounting policies (continued)

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

recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

#### 3.15 Inventories

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

#### 3.16 Provisions

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

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

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

#### Warranties

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

#### Onerous contracts

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



### 3. Significant accounting policies (continued)

#### 3.16 Provisions (continued)

provision is established, the Group recognises any impairment loss on the assets associated with the contracts.

##### Make good

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

#### 3.17 Financial instruments

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

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

##### Financial assets

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

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

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

##### Financial assets at fair value through profit or loss

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

##### Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other



### 3. Significant accounting policies (continued)

#### 3.17 Financial instruments (continued)

premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

##### Impairment of financial assets

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

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

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

##### Derecognition of financial assets

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

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

##### Financial liabilities and equity instruments

###### Equity instruments

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

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

### 3. Significant accounting policies (continued)

#### 3.17 Financial instruments (continued)

##### Financial liabilities

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

##### Derecognition of financial liabilities

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

#### 3.18 Cash and cash equivalents

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

#### 3.19 Comparative Figures

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

#### 3.20 Goods and Services Tax (GST)

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

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

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

#### 3.21 Rounding of amounts

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

### 4. Critical accounting judgements and key sources of estimation uncertainty

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

#### 4. Critical accounting judgements and key sources of estimation uncertainty (continued)

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

##### 4.1 Critical judgements in applying accounting policies

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

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

##### **Impairment testing**

AASB 136 Impairment of Assets requires goodwill and intangible assets with an indefinite useful life to be assessed at the end of each reporting period. For the purpose of the impairment assessment a single Cash Generating Unit ("CGU"), being the Atomos Global Group, has been identified.

As a result, the recoverable amount of the assets relating to the CGU have been assessed using a value-in-use discounted cash flow model. This model uses cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond five-year periods are extrapolated using a terminal growth rate. The model was prepared as at 31 December 2022.

As at 31 December 2022, an impairment charge of \$30.7 million had been recognised in respect of Goodwill, Patents and Product IP and Capitalised Development Costs. This impairment charge has been included within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The decrease in the recoverable amount reflects current future cashflow expectations due to the slower than anticipated momentum from the company's most recently released products, coupled with the de-stocking from channel partners, which impacts forecast near term financial performance.

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

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

The recoverable amount is highly sensitive to changes in the revenue growth assumption. Whilst non-current intangible assets have been impaired in totality, improvements in forecast revenue growth may result in reversals of the impairment charge for intangible assets other than goodwill

#### 4.1 Critical judgements in applying accounting policies (continued)

in the future. The impairment charge recognised in respect of goodwill cannot be reversed in future periods.

##### 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 that will utilise that technology.

#### 4.2 Key sources of estimation uncertainty

##### Trade receivables collectability

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

##### Inventory net realisable value

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

##### Warranties

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

### 5. Revenue – recognised at a “point in time”

	2023	2022
	\$'000	\$'000
<b>Revenue</b>		
Sale of goods	41,936	72,308
Sale of software upgrades	687	682
Other revenue	140	292
<b>Total revenue</b>	<b>42,763</b>	<b>73,282</b>
<b>Other income</b>		
Interest	2	1
Government subsidies	12	69
Other income	351	2
<b>Total other income</b>	<b>365</b>	<b>72</b>
<b>Total revenue and other income</b>	<b>43,128</b>	<b>73,354</b>

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

## 5. Revenue – recognised at a “point in time” (continued)

of third parties. The Group recognises revenue when it transfers control of a product to a customer.

### Sale of goods

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

### Sale of software & software upgrades

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

## 6. Segment reporting

The Group operates in one segment being the manufacture and sale of video equipment. No operating segments have been aggregated in arriving at the reportable segment of the Group. 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

During the financial year there were 3 customers who represented 22%, 16% and 10% of total sales respectively (FY22: 13%, 11% and 34% respectively).

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

	<b>2023</b>	<b>2022</b>
North America	16,798	39,110
Europe, the Middle East and Africa (EMEA)	17,564	21,110
Asia Pacific (APAC)	8,401	13,062
	<b>42,763</b>	<b>73,282</b>

## 7. Loss for the year

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Depreciation and amortisation</u></b>		
Leasehold improvements	103	137
Plant and equipment	951	1,464
Motor vehicles	4	4
Capitalised product development costs	457	654
Patents and Product IP	151	302
Trademarks and Brand Name	97	233
Customer Relationships	17	40
Right of use assets	1,193	1,040
<b>Total depreciation and amortisation</b>	<b>2,973</b>	<b>3,874</b>
<b><u>Impairment of non-financial assets</u></b>		
Intangible assets	30,676	-
<b>Total impairment of non-financial assets</b>	<b>30,676</b>	<b>-</b>
<b><u>Finance costs</u></b>		
Interest and costs associated with borrowing facilities	1,970	406
Interest on lease liabilities	150	121
<b>Total interest expense for financial liabilities at amortised cost</b>	<b>2,120</b>	<b>527</b>
<b><u>Employee benefits expense</u></b>		
Post-employment benefits	709	1,028
Share-based payments	(375)	230
Other employee benefits	9,645	10,830
<b>Employee benefits expense per Statement of Profit or Loss</b>	<b>9,979</b>	<b>12,088</b>

## 8. Income tax expense

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

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Loss before tax</b>	<b>(61,288)</b>	<b>(9,479)</b>
Domestic tax rate for Atomos Ltd - 30%		
Expected tax benefit	18,386	2,844
Adjustments:		
· Effect of income that is not assessable in determining taxable profit	(374)	(1,164)
· Effect of expenses that are not deductible in determining taxable profit	112	(72)
· Effect of Research and Development tax offset	-	403
· Effect of different tax rates of subsidiaries operating in other jurisdictions	294	305
· Other Adjustments	(1,435)	(94)
· Prior Years Unders/Overs	-	(14)
· Deferred tax asset on tax losses not recognised	(16,756)	(3,092)
<b>Actual tax benefit/(expense)</b>	<b>227</b>	<b>(884)</b>
Tax expense comprises:		
· current tax expense	(534)	(993)
· deferred tax benefit	761	109
<b>Actual tax benefit/(expense)</b>	<b>227</b>	<b>(884)</b>

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

The current tax benefit of \$227k for the year relates to non-Australian based fully owned subsidiaries where a taxable loss was reported.

## 9. Dividends

There were no dividends paid or declared to equity holders during or since the year ended 30 June 2023. (2022: Nil).

## 10. Earnings per share

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

	2023	2022
	\$'000	\$'000
Loss attributable to the owners of the Company	(61,061)	(10,363)
	<b>No.</b>	<b>No.</b>
<b>Weighted average number of shares used in calculating basic EPS</b>	<b>336,925,290</b>	<b>221,460,656</b>
Weighted average of potential dilutive ordinary shares		
Options and Performance Rights	-	-
<b>Weighted average number of shares used in calculating diluted EPS</b>	<b>336,925,290</b>	<b>221,460,656</b>
<b>Earnings per share</b>		
Basic loss per share	(0.18)	(0.05)
Diluted loss per share	(0.18)	(0.05)

In 2023, the potential ordinary shares are deemed anti-dilutive as the Company is in a loss position and therefore excluded from the weighted average number ordinary shares for the purposes of diluted earnings per share.

## 11. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Cash at bank and in hand	2,467	4,525
Cash at bank on deposit	476	476
<b>Cash and cash equivalents</b>	<b>2,943</b>	<b>5,001</b>

## 12. Trade and other receivables

	2023	2022
	\$'000	(Restated) \$'000
<u>Current</u>		
Trade receivables, gross	4,785	20,034
Less: loss allowance for expected credit loss	(400)	(132)
Trade receivables, net	4,385	19,902
Other receivables	781	752
<b>Trade and other receivables</b>	<b>5,166</b>	<b>20,654</b>

The Group 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.

**12. Trade and other receivables (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at beginning of year</b>	132	134
Impairment loss recognised	268	(2)
Amounts written off	-	-
<b>Balance 30 June</b>	<b>400</b>	<b>132</b>

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

<b>Consolidated</b>	<b>Expected credit loss rate</b>		<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Not overdue	0.50%	0.54%	3,219	18,743	16	101
0 to 3 months overdue	2.50%	2.54%	819	1,132	20	29
3 to 6 months overdue	3.50%	3.54%	454	-	16	-
Over 6 months overdue	4.50%	4.54%	293	159	13	7
			<b>4,785</b>	<b>20,034</b>	<b>66</b>	<b>137</b>

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

**13. Inventories**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Stock on hand – raw materials and components	8,814	13,752
Stock in transit - finished goods	-	4,809
Stock on hand - finished goods	6,552	10,270
<b>Inventories</b>	<b>15,366</b>	<b>28,831</b>

The cost of inventories recognised as an expense during the year in respect of continuing operations is \$34.1 million (2022: \$44.6 million).

The cost of inventories recognised as an expense includes \$3.9 million (2022: (\$0.1 million)) in respect of write-downs/(reversal of write-downs).

**14. Other current assets**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments	5,167	8,586
Security deposits	107	124
<b>Other current assets</b>	<b>5,274</b>	<b>8,710</b>

**15. Property, plant and equipment**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amounts of:</b>		
Leasehold improvements	464	418
Plant and equipment	893	1,301
Motor vehicles	2	6
<b>Written down value</b>	<b>1,359</b>	<b>1,725</b>

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:



## 15. Plant and equipment (continued)

	Leasehold improvements \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost</b>				
Balance 1 July 2022	968	6,583	32	7,583
Additions	149	543	-	692
Disposals	-	(1,015)	-	(1,015)
<b>Balance 30 June 2023</b>	<b>1,117</b>	<b>6,111</b>	<b>32</b>	<b>7,260</b>
<b>Accumulated depreciation &amp; impairment</b>				
Balance 1 July 2022	(550)	(5,282)	(26)	(5,858)
Depreciation	(103)	(951)	(4)	(1,058)
Disposals	-	1,015	-	1,015
<b>Balance 30 June 2023</b>	<b>(653)</b>	<b>(5,218)</b>	<b>(30)</b>	<b>(5,901)</b>
<b>Carrying amount 30 June 2023</b>	<b>464</b>	<b>893</b>	<b>2</b>	<b>1,359</b>
<b>Cost</b>				
Balance 1 July 2021	877	5,766	31	6,674
Additions	91	817	1	909
<b>Balance 30 June 2022</b>	<b>968</b>	<b>6,583</b>	<b>32</b>	<b>7,583</b>
<b>Accumulated depreciation &amp; impairment</b>				
Balance 1 July 2021	(413)	(3,818)	(22)	(4,253)
Depreciation	(137)	(1,464)	(4)	(1,605)
<b>Balance 30 June 2022</b>	<b>(550)</b>	<b>(5,282)</b>	<b>(26)</b>	<b>(5,858)</b>
<b>Carrying amount 30 June 2022</b>	<b>418</b>	<b>1,301</b>	<b>6</b>	<b>1,725</b>

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 2023 (2022: None).

## 16. Right of use assets

	Buildings \$'000	Vehicle \$'000	Total \$'000
<b>Cost</b>			
Balance 1 July 2022	8,543	68	8,611
Additions	875	-	875
Disposals/Modifications	(1,154)	-	(1,154)
Balance 30 June 2023	8,264	68	8,332
<b>Accumulated depreciation</b>			
Balance 1 July 2022	(2,392)	(42)	(2,434)
Depreciation	(1,179)	(14)	(1,193)
Disposals/Modifications	564	-	564
Balance 30 June 2023	(3,007)	(56)	(3,063)
<b>Carrying amount 30 June 2023</b>	<b>5,257</b>	<b>12</b>	<b>5,269</b>
<b>Cost</b>			
Balance 1 July 2021	4,324	68	4,392
Additions	4,219	-	4,219
Balance 30 June 2022	8,543	68	8,611
<b>Accumulated depreciation</b>			
Balance 1 July 2021	(1,366)	(28)	(1,394)
Depreciation	(1,026)	(14)	(1,040)
Balance 30 June 2022	(2,392)	(42)	(2,434)
<b>Carrying amount 30 June 2022</b>	<b>6,151</b>	<b>26</b>	<b>6,177</b>

The Group leases property and vehicle. The average lease term is five years. Three (2022: Two) leases were entered into during the current financial year. These new leases resulted in additions to right-of-use assets of \$0.9 million during the year (2022: \$4.2 million).

	2023 \$'000	2022 \$'000
<b>Amounts recognised in profit or loss</b>		
Depreciation on right-of-use assets	1,193	1,040
Interest expense on lease liabilities	150	121
Expense relating to short term or low value leases	17	28
	<b>1,360</b>	<b>1,189</b>

## 17. Intangible assets

	2023 \$'000	2022 \$'000
<b>Carrying amounts of:</b>		
Goodwill	-	15,068
Capitalised product development costs	-	9,701
Patents and Product IP	-	4,055
Trademarks and Brand Name	-	98
Customer Relationships	-	17
<b>Written down value</b>	<b>-</b>	<b>28,939</b>

### 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:

## 17. Intangible assets (continued)

	Goodwill	Capitalised product development costs	Patents and Product IP	Trademarks and Brand Name	Customer Relationships	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>						
Balance 1 July 2022	15,068	28,491	4,835	700	120	49,214
Additions	-	2,459	-	-	-	2,459
Balance 30 June 2023	15,068	30,950	4,835	700	120	51,673
<b>Accumulated amortisation &amp; impairment</b>						
Balance 1 July 2022	-	(18,790)	(780)	(602)	(103)	(20,275)
Amortisation	-	(456)	(151)	(98)	(17)	(722)
Impairment Charge	(15,068)	(11,704)	(3,904)	-	-	(30,676)
Balance 30 June 2023	(15,068)	(30,950)	(4,835)	(700)	(120)	(51,673)
Carrying amount 30 June 2023	-	-	-	-	-	-
<b>Cost</b>						
Balance 1 July 2021	15,068	23,475	4,835	700	120	44,198
Additions	-	5,016	-	-	-	5,016
Balance 30 June 2022	15,068	28,491	4,835	700	120	49,214
<b>Accumulated amortisation &amp; impairment</b>						
Balance 1 July 2021	-	(18,136)	(478)	(369)	(63)	(19,046)
Amortisation	-	(654)	(302)	(233)	(40)	(1,229)
Balance 30 June 2022	-	(18,790)	(780)	(602)	(103)	(20,275)
Carrying amount 30 June 2022	15,068	9,701	4,055	98	17	28,939

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

During the period, the carrying value exceeded the recoverable amount and an impairment charge of \$30.676 million has been recognised in respect of Goodwill, Patents and Product IP and Capitalised Development Costs. This impairment charge has been included within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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

The recoverable amount is highly sensitive to changes in the revenue growth assumption.

The key assumptions used in the model were:

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

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

## 17. Intangible assets (continued)

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

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

## 18. Financial assets

	2023 \$'000	2022 \$'000
Unlisted ordinary shares - designated at fair value through profit or loss	1,798	28
<b>Closing fair value</b>	<b>1,798</b>	<b>28</b>

### Movements in fair value

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

	2023 \$'000	2022 \$'000
Opening fair value	28	-
Additions	1,798	28
Impairment charge	(28)	-
<b>Closing fair value</b>	<b>1,798</b>	<b>28</b>

During the year ended 30 June 2023 the Company entered into a Subscription Agreement for the acquisition of a 20% interest in UK based MAVIS Broadcast Limited. MAVIS technology underpins the suite of solutions offered under the Atomos Cloud Studio suite of products. This technology will enable a step-change in the Atomos product offering with innovative cloud service solutions that enable collaboration workflows for the masses.

The strategic investment also includes the provision of exclusive rights granted to the Company including:

- Exclusive access to MAVIS technology and their built-for-purpose video streaming protocol and live production in the cloud solution
- Pre-emptive rights to additional investment in MAVIS for five years
- A seat on the board of MAVIS Limited

During the year, the Company exercised the first option of the subscription agreement and provided consideration of \$1.8m in acquiring 10% interest to MAVIS Broadcast Limited. A second option was available to the Company in acquiring a further 10% interest. During the year, the Company decided not to exercise the second option, therefore, the pre-emptive rights to additional investment in MAVIS for five years and the seat on the board of MAVIS Broadcast Limited are waived.

The Company does not consider itself to be able to exercise significant influence over MAVIS Broadcast Limited as the Company did not undertake the acquisition of the further 10% interest

**18. Financial assets (continued)**

waiving its pre-emptive rights for additional investment and the capacity to have representation on the board of directors.

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

Atomos has yet to commercialise the majority of the products which will utilise MAVIS technology and therefore will continue to assess the carrying value of the investment in associate once the level of subscription revenue generated by the Atomos Cloud Studio products and services has been established.

**19. Trade and other payables**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current:</i>		
Trade payables	12,450	22,216
Sundry payables and accrued expenses	540	762
Taxes payable	929	-
	<b>13,919</b>	<b>22,978</b>
<i>Non-current:</i>		
Taxes payable	1,320	1,475
<b>Total trade and other payables</b>	<b>15,239</b>	<b>24,453</b>

The Group's taxes payable represent the income tax expense payable as at 30 June 2023 based on the applicable income tax rates for the respective jurisdictions of its profit-making foreign subsidiaries.

## 20. Borrowings

	2023 \$'000	2022 \$'000
<b>Current (Secured):</b>		
Secured term bilateral facility	3,121	10,982
<b>Current (Unsecured):</b>		
Credit card facility	238	249
Trade finance	-	790
<b>Total current borrowings</b>	<b>3,359</b>	<b>12,021</b>
<b>Total borrowings</b>	<b>3,359</b>	<b>12,021</b>

### Financing arrangements

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

	2023 \$'000	2022 \$'000
<i>Total facilities</i>		
Financial institution – secured term bilateral facility	3,121	12,000
Financial institution – trade finance	-	790
Financial institution – credit card facility	500	500
	<b>3,621</b>	<b>13,290</b>
<i>Used at reporting date</i>		
Financial institution – secured term bilateral facility	3,121	12,000
Financial institution – trade finance	-	790
Financial institution – credit card facility	238	249
	<b>3,359</b>	<b>13,039</b>
<i>Unused at reporting date</i>		
Financial institution – credit card facility	262	251
	<b>262</b>	<b>251</b>

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

In March 2023, the Company obtained the following covenant waivers:

- Testing of the leverage (2022: 4.00x on or before 31 December 2022 and 3.00x thereafter) and interest cover (2022: 2.50x) ratios to be waived up to and including the calculation date ending on 30 June 2024; and
- Review events triggered by 12-month trailing EBITDA being less than \$4 million or trailing revenue being less than \$80 million to be waived until the facility maturity date of 31 December 2024.

These waivers were granted subject to the following conditions:

- The minimum balance of funds held in bank accounts of the obligors to the facility at the end of each calendar month being at least \$1 million on and from 31 May 2023 (2022: at least \$1 million at all times);
- The current ratio at the end of each calendar month on and from 31 May 2023 being greater than 1.5x (2022: 1.1x);
- The C&R ratio: (cash plus receivables) / debt, at the end of each calendar month being greater than 1.4x from 31 May 2023 to 30 September 2023 and greater than 1.6x thereafter (2022: Nil);
- The CR&I ratio: (cash plus receivables plus inventory) / debt, at the end of each calendar month on and from 31 May 2023 being greater than 5.0x (2022: Nil);

## 20. Borrowings (continued)

- Revenue for the preceding 3 months ending 30 June 2023 and 30 September 2023 being greater than \$8.5 million and greater than \$9.5 million for each subsequent quarter;
- Atomos using its best endeavours to amend the exercise price of the Arrowpoint share options from 30 cents to 10 cents on or before 30 April 2023; and
- The following principal repayment schedule:
  - \$900,000 on or before 20 March 2023 (which has been executed);
  - \$600,000 on 30 Jun 2023;
  - \$200,000 on 31 July 2023;
  - \$800,000 quarterly on and from September 2023 until June 2024

For the year ended 30 June 2023, the Company successfully met its covenant obligations.

### Assets pledged as security

The secured term bilateral facility is secured by certain foreign bank accounts, trade and other receivables, and inventories.

## 21. Provisions

	2023	2022
	\$'000	\$'000
<i>Current:</i>		
Warranty (i)	511	972
Employee benefits (ii)	836	906
Onerous contracts (iii)	1,191	-
	<b>2,538</b>	<b>1,878</b>
<i>Non-current:</i>		
Employee benefits (ii)	36	45
Make good (iv)	55	90
	<b>91</b>	<b>135</b>

### (i) Warranty claims

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

### (ii) Employee benefits

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

### (iii) Onerous contracts

The provision for onerous contracts relates to the Group's exposure to the unavoidable cost of meeting its obligations under the contracts determined to be onerous. Atomos routinely enters into purchase orders with its suppliers for components required to manufacture its products. There were significant disruptions to supply chains following the COVID pandemic which led to vastly extended ordering lead times, and therefore a need to order based on estimated demand over a year into the future. Subsequently, global economic conditions deteriorated and actual demand proved to be lower than the original forecasts. In some instances, this resulted in non-cancellable purchase orders for which the Group has limited requirement for the products within its forecast horizon. The Company has worked with its relevant suppliers to negotiate cancellations / deferrals of purchase orders where possible; to the extent that we have not been

## 21. Provisions (continued)

able to negotiate such an outcome, the remaining commitment has been recognised as an onerous contract. The estimate of future outflow is determined by open purchase orders with the Group's suppliers, measured by the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

### (iv) Make good

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

<b>Movement in provisions</b>	<b>Warranty provision \$'000</b>	<b>Make good provision \$'000</b>	<b>Onerous contracts \$'000</b>
At 1 July 2022	972	90	-
Additional provision during the period	663	-	1,191
Amounts used/written back in the period	(1,124)	(35)	-
<b>Closing carrying value</b>	<b>511</b>	<b>55</b>	<b>1,191</b>

## 22. Lease liabilities

	<b>2023 \$'000</b>	<b>2022 \$'000</b>
<b>Lease liabilities</b>		
<b>Maturity analysis</b>		
Year 1	1,405	1,029
Year 2	1,057	957
Year 3	927	904
Year 4	823	868
Year 5	744	823
Onwards	1,936	2,680
	<b>6,892</b>	<b>7,261</b>
<b>Analysed as:</b>		
Current	1,011	1,014
Non-current	5,167	5,561
<b>Total</b>	<b>6,178</b>	<b>6,575</b>

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

## 23. 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. During the year the Group reversed the deferred tax liability in relation to intangible assets arising on acquisition of \$0.8 million. Carried forward tax losses of \$24.8m (2022: \$12.9m) and R&D tax credits of \$0.8m (2022: \$1.0m) were not recognised. Deferred taxes arising from temporary differences can be summarised as follows:



**23. Deferred tax assets and liabilities (continued)**

	01-July-2022	Recognised in other comprehensive income	Recognised in profit and loss	30-June-2023
	\$'000	\$'000	\$'000	\$'000
Unrealised FX (gains) losses	48	-	(221)	(173)
Doubtful debts	12	-	47	59
Inventories	79	-	(159)	(80)
Prepayments	1	-	102	103
Right-of-use assets	(1,709)	-	(409)	(2,118)
Intangible assets	(1,963)	-	8,977	7,014
Unused tax losses	15,312	-	8,193	23,505
Interest deductions	189	-	-	189
Equity raising costs	631	-	(1,024)	(393)
Operating Lease Liability	1,827	-	(173)	1,654
Provisions	265	-	(11)	254
Accrued expenses	359	-	800	1,159
Employee provisions	332	-	(31)	301
Net deferred taxes asset	15,383	-	16,091	31,474
Net Deferred taxes derecognised	(14,622)	-	(16,852)	(31,474)
<b>Net deferred taxes liability</b>	<b>761</b>	<b>-</b>	<b>(761)</b>	<b>-</b>

	01-July-2021	Recognised in other comprehensive income	Recognised in profit and loss	30-June-2022
	\$'000	\$'000	\$'000	\$'000
Unrealised FX (gains) losses	51	-	(3)	48
Doubtful debts	12	-	-	12
Inventories	200	-	(121)	79
Prepayments	(3)	-	4	1
Right-of-use assets	(630)	-	(1,079)	(1,709)
Intangible assets	(688)	-	(1,275)	(1,963)
Unused tax losses	10,571	-	4,741	15,312
Interest deductions	189	-	-	189
Equity raising costs	632	-	(1)	631
Operating Lease Liability	687	-	1,140	1,827
Provisions	19	-	246	265
Accrued expenses	471	-	(112)	359
Employee provisions	889	-	(557)	332
Net deferred taxes asset	12,400	-	2,983	15,383
Net Deferred taxes derecognised	(11,530)	-	(3,092)	(14,622)
<b>Net deferred taxes liability</b>	<b>870</b>	<b>-</b>	<b>(109)</b>	<b>761</b>

## 24. Issued capital

	2023	2022
	\$'000	\$'000
Ordinary shares – fully paid	119,301	102,492

### Ordinary shares

	Issue Date	Issue Price	2023		2022	
			Shares	\$'000	Shares	\$'000
<b>Balance at beginning of year</b>			222,351,585	102,492	218,482,912	101,749
Shares issued on vesting of performance rights	27-Aug-21	N/A	-	-	1,869,497	-
Shares issued on exercise of options	22-Sep-21	\$0.41	-	-	257,732	106
Shares issued on exercise of options	14-Oct-21	\$0.37	-	-	1,741,444	653
Shares issued on capital raise	24-Oct-22	\$0.10	84,964,139	8,496	-	-
Shares issued on capital raise	21-Nov-22	\$0.10	94,505,355	9,451	-	-
Equity, raising costs, net of income tax			-	(1,138)	-	(15)
<b>Balance at end of year</b>			<b>401,821,079</b>	<b>119,301</b>	<b>222,351,585</b>	<b>102,492</b>

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at a shareholders' meeting of the Company. Further details of the Group's capital management policies and procedures are outlined in note 32.

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

At 30 June 2023, Directors, executives and senior employees held options over 484,606 ordinary shares of the Company (2022: 2,192,561). 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.

## 25. Reconciliation of cash flows from operating activities

### (a) Reconciliation of cash flows from operating activities

	2023	2022
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit for the year	(61,061)	(10,363)
Adjustments for:		
· Depreciation and amortisation expense	2,973	3,874
· Doubtful debt expense	268	(2)
· Obsolete stock provision	3,944	(86)
· Share-based payments expense	(375)	230
· Finance costs	2,120	527
· Unrealised foreign currency expense	75	(355)
· Reversal of deferred tax liability	(761)	(109)
· Impairment expense	30,676	-
· Onerous contracts provision	1,191	-
	(20,950)	(6,284)
Movements in working capital:		
· Increase in inventories	9,521	(12,091)
· Increase in trade and other receivables	15,220	(16,584)
· Increase in deferred revenue	-	8,689
· Increase in other assets	3,436	(3,477)
· Increase in trade and other payables	(9,214)	2,809
· Increase in provisions	(575)	484
<b>Net cash (used in)/generated by operating activities</b>	<b>(2,562)</b>	<b>(26,454)</b>

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

### (b) Non- cash financing transactions

The Group's non-cash financing activities during the financial year consisted of new leasing arrangements for buildings of \$0.9m (2022: \$4.2m).

## 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 are approved by the Board of Directors. The formula rewards executives and senior employees to the extent of the Group's achievement judged against both qualitative and quantitative criteria from the following measures:

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

### Employee share options issued

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

Option series	Number	Grant date	Vesting date	Expiry date	Exercise price (\$)
Granted: 26 Feb 2018	1,637,312	26-Feb-18	28-Dec-18	12-Apr-28	0.36
Granted: 20 Aug 2020	3,157,270	20-Aug-20	30-Sep-23	30-Jun-30	0.53
Granted: 30 May 2022	2,400,000	30-May-22	30-May-22	30-Jun-24	0.30
	<b>7,194,582</b>				
Performance rights series	Number	Grant date	Vesting date	Expiry date	Exercise price (\$)
Granted: 23 Nov 2021	409,772	23-Nov-21	30-Jun-22	30-Jun-23	1.01
Granted: 18 Jul 2022	679,246	18-Jul-22	30-Jun-23	30-Jun-23	0.29
	<b>1,089,018</b>				

### Fair value of share options granted during the year

No share options were granted during the financial year ended 30 June 2023.

### Movements in share options during the year

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

## 26. Employee share-based payments (continued)

	2023 Number of Options	2023 Weighted average exercise price (\$)	2022 Number of Options	2022 Weighted Average Exercise Price (\$)
Balance at the beginning of the year	4,794,582	0.47	8,921,013	0.54
Forfeited during the year	-	-	(2,127,255)	0.86
Exercised during the year	-	-	(1,999,176)	0.38
<b>Balance at the end of the year</b>	<b>4,794,582</b>	<b>0.47</b>	<b>4,794,582</b>	<b>0.47</b>

Nil (2022: 1,637,312) options have vested and are exercisable as at the end of the 2023 reporting year. The remaining options issued have not yet vested.

The Group recognised total expenses/(reversals) of (\$0.4 million) and \$0.2 million related to equity-settled share-based payment transactions in 2023 and 2022 respectively.

### Share options exercised during the year

Nil (2022: 1,999,176) share options were exercised during the year.

## 27. Interests in subsidiaries

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

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Group proportion of ownership interests	
			30 June 2023	30 June 2022
Atomos AU Pty Ltd	Australia	Executive, marketing & finance	100%	100%
Atomos Engineering Pty Ltd	Australia	Engineering	100%	100%
Atomos GmbH	Germany	Global trading & service	100%	100%
Atomos Group Services Pty Ltd	Australia	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%	100%

## 28. Related party transactions

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

### Transactions with key management personnel

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

**28. Related party transactions (continued)**

	2023 \$'000	2022 \$'000
Short-term employee benefits:		
· salaries including bonuses	1,515	2,677
· non-monetary benefits	-	-
<b>Total short-term employee benefits</b>	<b>1,515</b>	<b>2,677</b>
Long-term employee benefits:	28	25
<b>Total long-term employee benefits</b>	<b>28</b>	<b>25</b>
Post-employment benefits:		
· superannuation	114	162
<b>Total post-employment benefits</b>	<b>114</b>	<b>162</b>
Share-based payments	270	288
<b>Total remuneration</b>	<b>1,927</b>	<b>3,152</b>

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 2023 financial year Henslow provided corporate broking services and charged \$24,750 (2022: \$90,000). Out of pocket expenses reimbursed aggregated to Nil (2022: 12,814). In FY22, Henslow also provided services in relation to debt funding, the amount in FY23 charged was nil (2022: 120,000). The amount payable at the end of year was Nil (2022: \$145,790).

*Bluerock*

Atomos Group utilise Bluerock for certain consulting services. Fees charged were \$4,180 for the year (2022: \$19,800). The amount payable at the end of year was Nil (2022: \$15,800).

## Loans to Key Management Personnel

During FY2022 a loan was advanced to Estelle McGeachie the key terms of which were as follows:

<b>Advance Date</b>	9 March, 2022
<b>Principal Sum</b>	\$365,000.00
<b>Repayment Date</b>	The date 6 months following the Advance Date
<b>Interest Rate</b>	1.75% per annum
<b>Minimum Interest</b>	\$3,193.75

The amount outstanding at the end of the reporting period was \$365,000. This amount was not repaid when due and is the subject of legal proceedings brought by the Company during the reporting period. This amount has been fully provided for as at 30 June 2023.

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

## 29. Contingent liabilities

Atomos is engaged in legal dispute with the Group's former CEO. The Company notes that there are two matters, for further details refer to note 36.

There are no other contingent assets or liabilities as at 30 June 2023 that will have a material effect on the Group.

## 30. Auditor remuneration

	2023	2022
	\$	\$
<i>Audit or review of the financial statements – Deloitte Touche Tomatsu</i>		
Remuneration for audit and review of financial statements	65,000	155,451
<i>Other services – Deloitte Touche Tomatsu</i>		
· taxation services	-	68,250
· other assurance services	-	11,025
· other	3,250	-
Total other services remuneration	3,250	79,275
<i>Audit or review of the financial statements – Moore Australia</i>		
Remuneration for audit and review of financial statements	153,000	-
<i>Other services – Moore Australia</i>		
· taxation services	17,000	-
· other	1,269	-
Total other services remuneration	18,269	-
<b>Total auditor's remuneration</b>	<b>239,519</b>	<b>234,726</b>

It was announced on 16 June 2023 the resignation of Deloitte Touche Tomatsu as auditor of the Company and Moore Australia Audit (Vic) has been appointed as the Company's incoming auditor.

## 31. Financial instrument risk

### 31.1 Risk management objectives and policies

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

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

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

### 31.2 Market risk analysis

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

### 31. Financial instrument risk (continued)

#### Foreign currency risk

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

#### Interest rate risk

The Group's main interest rate risk arises from short-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. The Group's outstanding loan balance of \$3.4m (2022: \$12m) is a principal and interest loan. Quarterly cash outlays of approximately \$60,000 (2022: \$240,000) are required to service the interest payments. An increase/decrease in interest rates of 100 basis points would have an adverse/favourable effect on profit before tax of \$5,000. Refer to note 20 for further details.

#### 31.3 Credit risk analysis

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

	2023	2022
	\$'000	\$'000
<b>Classes of financial assets</b>		
Carrying amounts:		
· cash and cash equivalents	2,943	5,001
· trade and other receivables	5,166	29,343
· financial assets	1,798	28
	<b>9,907</b>	<b>34,372</b>

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

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

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

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

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

**31. Financial instrument risk (continued)**

	<b>2023</b>	<b>2022</b>
		<b>(Restated)</b>
	<b>\$'000</b>	<b>\$'000</b>
Within terms	3,219	18,743
<b>Past due</b>		
Past due under 30 days	819	1,132
Past due 30 days to under 60 days	454	-
Past due 60 days and over	293	159
<b>Total</b>	<b>4,785</b>	<b>20,034</b>

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

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

**31.4 Liquidity risk analysis**

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

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

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within two (2) months.

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



### 31. Financial instrument risk (continued)

	Weighted Average Interest Rate	Current		Non-current		Total \$'000
		Within 6 months	6 - 12 months	1 - 5 years	5+ years	
		\$'000	\$'000	\$'000	\$'000	
<b>At 30 June 2023</b>						
Trade payables	1.24%	9,428	2,404	618	-	12,450
Sundry payables	0%	540	-	-	-	540
Borrowings	6.99%	3,359	-	-	-	3,359
Lease Liabilities	7.45%	488	523	2,741	2,426	6,178
<b>Total</b>		<b>13,815</b>	<b>2,927</b>	<b>3,359</b>	<b>2,426</b>	<b>22,527</b>
<b>At 30 June 2022</b>						
Trade payables	0%	22,216	-	-	-	22,216
Sundry payables	0%	1,011	-	-	-	1,011
Borrowings	20.58%	11,772	-	-	-	11,772
Lease liabilities	8.95%	487	527	2,985	2,576	6,575
<b>Total</b>		<b>35,486</b>	<b>527</b>	<b>2,985</b>	<b>2,576</b>	<b>41,574</b>

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

### 32. Capital management policies and procedures

The Group's capital management objectives are:

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

by pricing products commensurately with the level of risk.

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

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2023 \$'000	2022 \$'000
Total equity	9,770	54,242
Cash and cash equivalents	(2,943)	(5,001)
<b>Capital</b>	<b>6,827</b>	<b>49,241</b>
Total equity	9,770	54,242
Borrowings	3,359	11,772
Other financial liabilities*	4,728	-
<b>Overall financing</b>	<b>17,857</b>	<b>66,014</b>
<b>Capital-to-overall financing ratio</b>	<b>38%</b>	<b>75%</b>

\*Other financial liabilities are included in trade and other payables

### 33. Fair value measurement

#### Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 30 June 2023</b>				
<i>Assets</i>				
Equity instruments held at fair value through profit or loss	-	-	1,798	1,798
<b>Total</b>	-	-	<b>1,798</b>	<b>1,798</b>
<b>At 30 June 2022</b>				
<i>Assets</i>				
Equity instruments held at fair value through profit or loss	-	-	-	-
<b>Total</b>	-	-	-	-

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

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

The valuation of equity instruments held at fair value relating to the investment in MAVIS Broadcast Limited (refer to Note 18) is based on the consideration in acquiring 10% interest in the respective company which took place during the year. The fair value of the investment is further supported by historical capital raises and offers of acquisition which MAVIS received.

### 34. Parent entity

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

#### Investments in subsidiaries

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

### 34. Parent entity (continued)

#### 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'):

	2023	2022
	\$'000	\$'000
<b>Statement of financial position</b>		
Current assets	35,413	35,378
Total assets	46,818	63,717
Current liabilities	(4,661)	(3,760)
Total liabilities	(4,661)	(12,782)
<b>Net assets</b>	<b>42,157</b>	<b>50,935</b>
Issued capital	119,301	102,492
Accumulated losses	(80,500)	(55,287)
Reserves	3,356	3,730
<b>Total equity</b>	<b>42,157</b>	<b>50,935</b>
<b>Statement of profit or loss and other comprehensive</b>		
Loss for the year	(25,213)	(1,313)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(25,213)</b>	<b>(1,313)</b>

The Parent Entity has no capital commitments at 30 June 2023 (2022: \$Nil).

The Parent Entity had no contingent liabilities at 30 June 2023 (2022: \$Nil).

### 35. Subsequent events

Since the end of the reporting period:

- The Company's debt facility with Arrowpoint has been novated to Doma, a substantial shareholder and long-term supporter of Atomos on considerably more favourable terms; and
- The Board is actively considering a number of options for recapitalising the business.

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

**35. Subsequent events (continued)**

- 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

**36. Legal matter**

In relation to the legal dispute with Atomos' former CEO, the Company notes that there are two matters:

- the former CEO's claim brought in the United States which the Company will vigorously defend as appropriate when the matter comes before the courts; and
- a claim brought by the Company in Australia relating to nonpayment of a loan extended to her. This matter is currently before the courts.

## 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 its 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 Paul Greenberg  
Chair

Melbourne, this 19<sup>th</sup> Day of December 2023

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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 controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a) 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 2023 and of its financial performance for the year then ended; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

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

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

**Material Uncertainty Related to Going Concern**

We draw attention to Note 3 - Going Concern in the financial report, which indicates that the Group incurred a loss of \$61,061,000 during the year ended 30 June 2023 (2022: loss of \$10,363,000). As stated in Note 3, these events, or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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### KEY AUDIT MATTER 1 – Revenue Recognition

#### Refer to Note 5 Revenue

Revenue is the most significant account balance in the consolidated statement of profit and loss and other comprehensive income and is one of the key drivers of the Group. During the year the Group generated revenue of \$42,763,000, which was significantly down on revenue in the prior year of \$73,282,000.

In the prior year a material adjustment was identified in relation to revenue recognition, specifically revenue being recognised before the performance obligation had been fulfilled.

Revenue is considered a key audit matter due to the significant of the balance to the financial report and the material adjustment identified in the prior year.

Our procedures included, amongst others:

- Performed a detailed analysis of revenue on a monthly basis in total, by product and by the top customers by value to identify relevant trends and patterns that may indicate areas for focussed revenue recognition testing;
- Tested a representative sample of sales invoices processed in the month of June 2023 to the underlying shipping documents to understand the nature of the shipping terms and any unusual terms, and to confirm the date of transfer of ownership, and the recording in the appropriate period;
- Obtained direct confirmations from certain key customers for revenue recorded in the year and confirming the total amounts receivable at year end;
- Reviewed the ledger for any material credit notes processed post year end that could indicate revenue was incorrectly recognised at year end;
- Review the level of payments received from key customers subsequent to year end to identify unpaid invoices that could indicate revenue was incorrectly recognised at year end; and
- Assessed the adequacy of revenue recognition disclosure in Note 5 to the financial statements.

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**KEY AUDIT MATTER 2 – Inventory Valuation and Existence**
**Refer to Note 13 Inventories**


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At 30 June 2023, Atomos held inventory balances of \$15,366,000, as disclosed within Note 13 *Inventories*. This is a material balance to the financial statements and is central to the Group’s operations, with material quantities of inventory held at multiple locations across the globe.

Inventories are valued at the lower of cost and net realisable value (‘NRV’). The NRV of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell, the determination of which requires significant judgement by the Group

Key matters of judgement include:

- The estimated costs to bring the inventory to its location and condition for sale
- Estimated costs to sell, including the calculation of the weighted average cost utilised by Atomos in the calculation of the cost of inventories.
- The expected selling price

The existence and valuation of Inventory is a key audit matter as the balance represents a significant portion of the Group’s total assets, the geographical disbursement of the assets and the high level of subjectiveness required in estimating the provision for obsolescence.

Our procedures included, amongst others:

- We attended stocktakes at a sample of warehouses to verify the existence of inventory and reviewed stocktake processes for compliance with internal policies;
  - We tested the accuracy of the weighted average costing systems and performed overhead allocation testing on a sample of inventory;
  - We performed inventory cut-off testing on a sample of transactions either side of year-end;
  - We performed test of details to validate the cost prices and landing costs of inventory balances;
  - We obtained third party confirmation of inventory quantities held at all locations that are third party warehouses;
  - We performed test of details to verify that stock is held at the lower of cost and net realisable value;
  - We evaluated management’s assessment of stock obsolescence provisions through attendance at stocktakes, enquiries and analytical procedures;
  - We performed test of details for stock items in transit; and;
  - We considered the adequacy of the financial report disclosures.
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**KEY AUDIT MATTER 3 – Intangible Asset Valuation**
**Refer to Note 17 Intangible Assets**

For the year ended 30 June 2023, the Group had recognised goodwill and other intangible assets of \$Nil following an impairment charge recognised for \$30,676,000 million as disclosed in Note 17. The intangible assets were initially impaired in the half-year ended 31 December 2022, however, further impairments in the current period were material and therefore the work performed in the period was to address the appropriateness of the additional impairment and year end valuation of intangibles.

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.

In performing the impairment assessments, all intangible assets including goodwill have been allocated to groups of cash generating units (“CGUs”). The recoverable amount of the underlying CGUs is supported by value-in-use calculations which are based on future discounted cash flows. Management concluded that the intangible assets including goodwill were fully written down at 30 June 2023.

Given the judgements and assumptions applied, in conjunction with the overall impairment balance relative to materiality, we considered this to be a key audit matter

Our procedures included, amongst others:

- We understood, evaluated, and validated management’s key controls over the impairment assessment process
- 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, based on a 2-year projection period, to assess the recoverable amount of goodwill and other intangible assets including challenging management with respect to the following assumptions:
  - Forecast cash flows;
  - Growth rates attributed to future cash flows.
  - Discount rate used to present value the future cash flows; an terminal growth rate.

We also assessed the adequacy of the disclosure in Note 4.1 Critical judgements in applying accounting policies – Impairment Testing and Note 17 Intangible Assets 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 Company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

### Responsibilities of the Directors for the Financial Report

The directors of the Company 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 ability of the Company 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 Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 33 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Atomos Limited, for the year ended 30 June 2023 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.



**MOORE AUSTRALIA AUDIT (VIC)**  
**ABN 16 847 721 257**



**ANDREW JOHNSON**  
**Partner**  
**Audit and Assurance**

Melbourne, Victoria

19 December 2023

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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 November 2023.

### Number of holders of equity securities

#### Ordinary share capital

401,821,079 fully paid ordinary shares are held by 5,417 individual shareholders. All ordinary shares carry one vote per share.

#### Options

1,637,312 options are held by 10 individual option holders. Options do not carry a right to vote.

#### Performance rights

1,176,736 performance rights are held by 5 employees.

### Distribution of holders of equity securities

1-1,000	820	519,378	0.13%
1,001-5,000	1,603	4,352,206	1.08%
5,001-10,000	804	6,157,895	1.53%
10,001-100,000	1,698	58,018,692	14.44%
100,001-99,999,999,999	492	332,772,908	82.82%
<b>Totals</b>	<b>5,417</b>	<b>401,821,079</b>	<b>100.00%</b>

### Unmarketable Parcels

Total Securities/Issued Capital	UMP Securities	UMP Holders	UMP Percent
401,821,079	51,477	220	1.28%

### Substantial shareholders

Ordinary shareholders	Fully paid ordinary shares
Domazet FT3 Pty Ltd	70,917,657
HSBC Custody Nominees	40,684,107
UBS Nominees Pty Ltd	21,892,727
J P Morgan Nominees Australia	20,202,346

### Shares under escrow

Nil.

### Twenty largest holders of quoted equity securities

Name	Balance as at 30- 11-2023	%
Domazet FT3 Pty Ltd	70,917,657	17.6%
HSBC Custody Nominees	40,684,107	10.1%
Citicorp Nominees Pty Limited	21,892,727	5.4%
UBS Nominees Pty Ltd	20,202,346	5.0%
J P Morgan Nominees Australia	13,968,742	3.5%
Mr Xifeng Wu	8,426,926	2.1%
BNP Paribas Nominees Pty Ltd	4,600,000	1.1%
Joshn Equities PTD Ltd	3,170,529	0.8%
Mr Alexander Gontmakher	2,773,016	0.7%
Mr Murray James Read	2,669,637	0.7%
N A G Super Pty Ltd	3,943,558	1.0%
Ms Yurong Xi	2,224,034	0.6%
Mr Chek Loon Tan	2,221,361	0.6%
Bi Fund Pty Ltd	2,002,310	0.5%
Mr Christopher Tait	2,000,000	0.5%
Mr Mark Matthew Larney & Bilbo Super Pty Ltd	1,900,701	0.5%
	1,462,385	0.4%
Guerilla Nominees Pty Ltd	2,005,000	0.5%
R Cassen Pty Ltd	1,811,854	0.5%
Navigator Australia Ltd	1,285,715	0.3%
<b>Total Securities of Top 20 Holdings</b>	<b>210,162,605</b>	<b>52.3%</b>
<b>Total Securities</b>	<b>401,821,079</b>	

## Company directory

### **Company**

Atomos Limited  
700 Swanston Street,  
Carlton VIC 3053  
Email: [info@atomos.com](mailto:info@atomos.com)  
Web: [www.atomos.com](http://www.atomos.com)

### **Registered Office**

700 Swanston Street  
Carlton VIC 3053

### **ASX Code**

AMS

### **Directors**

Paul Greenberg – Non-executive Chair  
Trevor Elbourne – Executive Director  
Sir Hossein Yassaie – Independent Non-executive Director

### **Company Secretary**

Vanessa Chidrawi

### **Auditor**

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

### **Australian Legal Adviser**

Mills Oakley  
Level 6, 530 Collins Street  
Melbourne VIC 3000

### **Registry**

Boardroom Pty Ltd  
Level 12, 225 George Street  
Sydney NSW 2000