ATOMOS LTD

ACN 139 730 500
ASX: AMS

Appendix 4E – Preliminary Unaudited Final Report

Reporting period

Reporting period: for the year ended 30 June 2026

Previous corresponding period (‘PCP’): for the year ended 30 June 2025

Results for announcement to the market

Atomos Ltd and its controlled entities is referred to as “Atomos”, “the Group” or “the Company” within this report.

Revenue and profit/(loss) after tax for the year ended 30 June 2026:

	2026	2025	% Change
	$'000	*$'000*	
Revenue from ordinary activities	39,997	32,656	22.5% increase
Profit/(loss) from ordinary activities after tax attributable to members	872	(14,581)	106% improvement
Net profit/(loss) for the period attributable to members	872	(14,581)	106% improvement
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,665	(11,833)	131% improvement

Percentage changes on lines for which the previous corresponding period was a loss are calculated on the absolute value of that loss. Profit after tax improved by $15,453,000 and EBITDA by $15,498,000; the different percentages reflect the different size of the prior period losses against which each is measured.

FY26 revenue increased 22.5% on the previous corresponding period. The Group returned to profit, with a net profit after tax attributable to members of $0.9m for FY26 compared with a loss of $14.6m in FY25, an improvement of $15.5m. Comparative information is presented on the basis reported in the audited financial statements for the year ended 30 June 2025. FY26 includes Flanders Scientific, Inc. from 24 April 2026.

Dividends

No dividends have been paid or declared during the period, and it is not proposed that any dividend be paid. No dividends were paid during the previous corresponding period. As no dividend is proposed, no record date arises and there is no amount per security or franked amount per security to report.

Returns to shareholders, including distributions and buy-backs

There were no returns to shareholders, including distributions or buy-backs, during the period or the previous corresponding period.

Earnings per security and dilution

Basic and diluted earnings per share are set out in the consolidated statement of profit or loss and other comprehensive income. Potential ordinary shares were on issue at 30 June 2026, including the conditional shares issuable in connection with the acquisition of Flanders Scientific, unlisted options and unvested share rights. Their dilutive effect reduces earnings per share by less than 0.01 cents, and basic and diluted earnings per share are accordingly the same when stated to two decimal places. In the previous corresponding period the potential ordinary shares were anti-dilutive because the Group recorded a loss, and basic and diluted loss per share were the same.

Overview of operating results

Revenue for FY26 was $40.0m, an increase of 22.5% on the previous corresponding period. Contribution margin improved to $14.9m, or 37.2% of revenue, from $5.5m, or 16.8% of revenue, reflecting improved product cost outcomes.

Total fixed costs reduced by 22.5% to $12.5m, with employee benefits expense down $1.8m, advertising and marketing expense down $1.4m and legal and professional services down $1.0m following the restructuring completed in the prior year. The Group recorded EBITDA of $3.7m in FY26 compared with an EBITDA loss of $11.9m in FY25, and a net profit after tax of $0.9m in FY26 compared with a net loss of $14.6m in FY25.

Finance costs increased to $2.6m from $1.4m, reflecting the higher average level of borrowings during the year. The income tax benefit of $0.6m principally reflects the recognition of a deferred tax asset against the deferred tax liability arising on the intangible assets recognised in the Flanders Scientific business combination.

The reported result includes a number of individually significant items, being a net benefit of $1.4m arising on inventory which had previously been written down and the release of $0.5m of onerous contract and open purchase order provisions no longer required. Together these represent a net benefit of $1.9m, against a net charge of $1.5m in respect of the same categories in the previous corresponding period. They are set out in the Review of Operations.

The result comprises a first half revenue $23.7m and EBITDA $1.9m, and a second half of revenue $16.3m and EBITDA $1.8m. The Company updated the market on second half trading on 6 July 2026. Further detail is provided in the Review of Operations and in the half-year comparison below.

Annual General Meeting

In accordance with ASX Listing Rule 3.13.1, the Company advises that its Annual General Meeting will be an online meeting held on 19 November 2026, and that the closing date for receipt of nominations from persons wishing to be considered for election as a director is 9 September 2026. Other details relating to the AGM will be advised in the notice of meeting to be sent to all shareholders and released to ASX immediately after dispatch.

Net tangible assets per security

	2026	2025
Net tangible assets per security	(0.5) cents	(0.9) cents
Total number of shares on issue at period end	1,488,414,944	1,215,018,471

For the purposes of calculating net tangible assets per security, the carrying values of the right-of-use assets and the related lease liabilities have been excluded from the calculation, consistent with the previous corresponding period. Intangible assets are excluded from net tangible assets. On that basis net tangible assets at 30 June 2026 were negative $7.1m, being net liabilities of $2.6m less intangible assets of $4.6m less right-of-use assets of $0.8m plus lease liabilities of $0.9m.

Entities over which control has been gained or lost during the period

During the year ended 30 June 2026 the Group gained control of the following entities:

Atomos SG Pte Ltd — incorporated in Singapore, control gained 14 July 2025. Issued and paid-up capital S$1. Atomos SG Pte Ltd sole activity is to provide employment services.

Flanders Scientific Pty Ltd – incorporated in Australia, control gained 16 March 2026. Issued and paid-up capital $100. Flanders Scientific Pty Ltd sole activity is the ownership of Flanders Scientific, Inc.

Dan Desmet & Associates, Inc., trading as Flanders Scientific, Inc. — a Georgia (United States) corporation, control gained 24 April 2026 through the acquisition of 100% of its issued share capital by Flanders Scientific Pty Ltd, a wholly-owned subsidiary of Atomos Ltd. Total consideration transferred was $2.5m. Further detail is provided in the Business combination note.

Flanders Scientific, Inc. contributed revenue of $1.8m and a loss after tax of $13,000 to the consolidated result for the period from 24 April 2026 to 30 June 2026. Had the acquisition occurred on 1 July 2025, consolidated revenue would have been $49.6m and the consolidated profit after tax would have been $1.2m.

No entities ceased to be controlled by the Group during the period.

Associates and joint venture entities

The Group had no associates or joint venture entities during the period or the previous corresponding period.

Dividend reinvestment plans

The Company currently does not have a dividend reinvestment plan.

Independent audit report

This report is based on the consolidated financial statements that are in the process of final audit completion. The independent audit report will be included within the Company's Annual Report and an unmodified audit opinion is expected with attention drawn to material uncertainty related to going concern. As in prior years, that uncertainty arises from the Group's net cash outflows from operating activities and its net liability position at balance date.

Accounting standards

This report has been compiled using Australian Accounting Standards and International Financial Reporting Standards.

Other information required by Listing Rule 4.3A

All other information required by Listing Rule 4.3A has been provided.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2026

	2026	2025
	$'000	*$'000*
Revenue	39,997	32,656
Product costs	(20,372)	(24,162)
Variable costs	(4,758)	(2,998)
Contribution margin	**14,867**	**5,496**
Contribution margin %	37.2%	16.8%
Other income	206	-
Net foreign exchange gain/(loss)	1,092	(1,191)
Employee benefits expense	(7,089)	(8,929)
Advertising and marketing expense	(1,114)	(2,471)
Administration and other expense	(1,893)	(313)
Legal and professional services	(1,379)	(2,340)
Research and development expense	(879)	(1,579)
Occupancy expense	(146)	(492)
Transaction costs	-	(14)
Total fixed costs	**(12,500)**	**(16,138)**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**3,665**	**(11,833)**
Finance costs	(2,599)	(1,426)
Depreciation and amortisation	(785)	(1,210)
Profit/(loss) before income tax	**281**	**(14,469)**
Income tax benefit/(expense)	591	(112)
Profit/(loss) for the year	**872**	**(14,581)**
Other comprehensive income, net of income tax		
Items that will not be reclassified subsequently to profit or loss:	-	-
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(782)	1,108
Other comprehensive (loss)/income for the year	**(782)**	**1,108**
Total comprehensive income/(loss) for the year	**90**	**(13,473)**
Earnings per share		
Basic earnings/(loss) per share (cents)	0.06	(1.20)
Diluted earnings/(loss) per share (cents)	0.06	(1.20)

Consolidated Statement of Financial Position

As at 30 June 2026

	2026	2025
	$'000	*$'000*
Assets		
Current assets		
Cash and cash equivalents	2,324	1,813
Trade and other receivables	6,008	1,828
Inventories	11,434	9,054
Other current assets	1,364	1,962
Total current assets	**21,130**	**14,657**
Non-current assets		
Property, plant and equipment	354	226
Right-of-use assets	815	1,322
Intangible assets	4,619	-
Deferred tax asset	567	-
Total non-current assets	**6,355**	**1,548**
Total assets	**27,485**	**16,205**
Liabilities		
Current liabilities		
Trade and other payables	5,171	6,702
Borrowings	186	181
Provisions	1,527	2,685
Lease liabilities	452	594
Income taxes payable	959	1,635
Total current liabilities	**8,295**	**11,797**
Non-current liabilities		
Borrowings	20,695	14,208
Provisions	82	95
Lease liabilities	478	1,196
Deferred tax liability	567	-
Total non-current liabilities	**21,822**	**15,499**
Total liabilities	**30,117**	**27,296**
Net assets	**(2,632)**	**(11,091)**

Equity		
Issued capital	142,090	134,077
Foreign currency translation reserve	(319)	463
Share based payments reserve	3,948	3,627
Options reserve	264	264
Other reserves	35	-
Accumulated losses	(148,650)	(149,522)
Total equity	**(2,632)**	**(11,091)**

Intangible assets of $4.6m comprise the intangible assets recognised on the acquisition of Flanders Scientific, capitalised product development costs and intellectual property acquired during the year. Refer to the Capitalised product development costs and Business combination notes. A reconciliation of the movement in each class of intangible asset will be included in the Annual Report.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

FY26 movement (1 July 2025 – 30 June 2026):

	Issued capital	Accumulated losses	FX translation reserve	Share-based payments reserve	Options reserve	Other reserves	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 July 2025	**134,077**	**(149,522)**	**463**	**3,627**	**264**	**-**	**(11,091)**
Transactions with owners							
Share-based payments	-	-	-	321	-	-	321
Issue of new share capital	8,013	-	-	-	-	-	8,013
Contingent consideration arising on business combination	-	-	-	-	-	35	35
Total transactions with owners	**8,013**	**-**	**-**	**321**	**-**	**35**	**8,369**
Comprehensive income							
Profit for the period	-	872	-	-	-	-	872
Other comprehensive loss	-	-	(782)	-	-	-	(782)
Total comprehensive income	**-**	**872**	**(782)**	**-**	**-**	**-**	**90**
Balance at 30 June 2026	**142,090**	**(148,650)**	**(319)**	**3,948**	**264**	**35**	**(2,632)**

FY25 movement (comparative). The closing balances below are those reported in the audited financial statements for the year ended 30 June 2025 and carry forward as the opening balances of the FY26 movement above:

	Issued capital	Accumulated losses	FX translation reserve	Share-based payments reserve	Options reserve	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 July 2024	**134,037**	**(134,941)**	**(645)**	**3,627**	**264**	**2,342**
Transactions with owners						
Share-based payments	-	-	-	-	-	-
Issue of new share capital	40	-	-	-	-	40
Transaction costs relating to issue of share capital	-	-	-	-	-	-
Total transactions with owners	**40**	**-**	**-**	**-**	**-**	**40**
Comprehensive income						
Loss for the period	-	(14,581)	-	-	-	(14,581)
Other comprehensive income	-	-	1,108	-	-	1,108
Total comprehensive income/(loss)	**-**	**(14,581)**	**1,108**	**-**	**-**	**(13,473)**
Balance at 30 June 2025	**134,077**	**(149,522)**	**463**	**3,627**	**264**	**(11,091)**

Consolidated Statement of Cash Flows

For the year ended 30 June 2026

	2026	2025
	$'000	*$'000*
Operating activities		
Receipts from customers	36,860	35,814
Payments to suppliers and employees	(41,308)	(49,061)
Interest received	57	18
Income taxes paid	(568)	(39)
Net cash used in operating activities	**(4,959)**	**(13,268)**
Investing activities		
Payments for property, plant and equipment	(289)	(3)
Payment for acquisition of subsidiary, net of cash acquired	(1,860)	-
Payments for intellectual property	(951)	-
Payment for capitalised development costs	(1,355)	-
Net cash used in investing activities	**(4,455)**	**(3)**
Financing activities		
Proceeds from issue of equity instruments in the company	7,878	40
Transaction costs related to issue of equity instruments	(10)	-
Interest paid on borrowings and lease liabilities	(172)	(479)
Repayment of lease liabilities	(1,719)	(695)
Proceeds of borrowings	12,000	21,981
Repayment of borrowings	(7,924)	(8,723)
Transaction costs related to loans and borrowings	(121)	
Net cash generated by financing activities	**9,932**	**12,124**
Net change in cash and cash equivalents	518	(1,147)
Cash and cash equivalents, beginning of period	1,813	2,900
Exchange differences on cash and cash equivalents	(7)	60
Cash and cash equivalents, end of period	**2,324**	**1,813**

Notes to the Consolidated Financial Statements

Amounts in the commentary in these notes are stated in millions of dollars to one decimal place, except that amounts below $0.1m are stated in dollars. Totals may not sum because of rounding.

Review of Operations

Revenue of $40.0m for FY26 was 22.5% above the previous corresponding period. The contribution margin of $14.9m represented 37.2% of revenue, compared with 16.8% in the prior year, reflecting lower product and freight costs following the changes to distribution arrangements made during the year. Pricing for a number of products had been increased when the US Administration's 'IEEPA tariffs' were introduced and that pricing was retained after the tariffs were deemed unlawful in early 2026, which supported the margin percentage. The margin also includes the release of $1.2m of inventory obsolescence provisions and $0.5m of provisions for open purchase orders no longer required; excluding those releases the contribution margin for the year was 33.0% of revenue, within the range of 33% to 35% the Company has previously indicated. The tariffs and their reversal fell unevenly across the two halves of the year, and are discussed in the half-year comparison below.

Fixed costs fell 22.5% to $12.5m. Employee benefits expense of $7.1m was $1.8m below the prior year, as was advertising and marketing expense at $1.1m, being $1.4m below FY25 and legal and professional services of $1.4m were $1.0m lower than FY25, reflecting the full-year benefit of the restructuring completed in FY25 and the reclassification of variable marketing costs to variable costs. Research and development expense of $0.9m is stated after the capitalisation of $1.4m of qualifying development expenditure from 1 January 2026 — refer to the Capitalised product development costs note.

The Group recorded EBITDA of $3.7m for FY26, against an EBITDA loss of $11.9m in the prior year, and a net profit after tax of $0.9m in FY26 against a net loss of $14.6m in FY25. Finance costs of $2.6m were $1.2m higher, reflecting the higher average level of borrowings.

Significant items affecting the reported result

The reported result for the year includes a number of items which, by their size or nature, are relevant to an understanding of the Group's performance. The Group does not present an underlying, normalised or adjusted result, and none of the amounts below has been excluded from any measure presented in this report. They are set out so that users can identify the items concerned together with the corresponding amounts recognised in the previous corresponding period.

	2026	2025
	$'000	*$'000*
Net benefit/(charge) — inventory obsolescence provisions and realisations	1,449	(3,184)
Release of onerous contract and open purchase order provisions	450	1,714
Net benefit/(charge) recognised within EBITDA	**1,899**	**(1,470)**

The net benefit of $1.4m in respect of inventory comprises the release of $1.2m of obsolescence provisions no longer required, a margin of $0.5m realised on the sale of inventory which had previously been written down, and a charge of $0.2m in respect of inventory written off against which no provision had been carried. These amounts represent the recovery of write downs recognised in FY25, when a net charge of $3.2m was made against the result, and in earlier periods; $0.8m of that recovery was realised in cash on the sale of the inventory concerned. Refer to the Movements in provision for obsolescence note.

A provision of $0.5m carried in respect of open purchase orders was released following confirmation from the suppliers concerned that those orders had been closed and that no liability remains. The previous corresponding period included a release of $1.7m from the same onerous contract and open purchase order provisions.

The release of $1.2m of obsolescence provisions and $0.5m of onerous contract and open purchase order provisions together contributed 4.2 percentage points of the contribution margin of 37.2% of revenue for the year. Excluding those releases the contribution margin was 33.0% of revenue, within the range of 33% to 35% the Company has previously indicated.

Taken together, these items represent a net benefit of $1.9m in FY26 against a net charge of $1.5m in FY25. The year-on-year movement of $3.4m accounts for approximately one fifth of the $15.5m improvement in EBITDA. The balance is attributable to the 22.5% increase in revenue, the improvement in the contribution margin percentage described above following the changes to the Group's distribution and product cost arrangements, and the $3.6m reduction in fixed costs delivered by the restructuring completed in FY25.

The table above covers only those categories in which an amount arose in the current year. FY25 additionally bore employee restructuring costs of $2.7m, debt facility fees, non-recurring tradeshow costs and legal fees on historic contractual matters, disclosed as items not in the ordinary course of business in the FY25 Appendix 4E. FY26 additionally bore acquisition-related costs of $0.1m, referred to in the Business combination note, together with a number of smaller items arising in both directions, none exceeding $0.2m individually, which have not been separately identified.

On 24 April 2026 the Group acquired Flanders Scientific, Inc., which contributed revenue of $1.8m and a loss after tax of $13,000 for the period from acquisition to 30 June 2026. On 14 July 2025 the Group incorporated Atomos SG Pte Ltd, whose sole activity is to provide employment services and which did not contribute revenue in the period.

Half-year performance. The Group released its results for the half-year ended 31 December 2025 on 27 February 2026, reporting revenue of $23.7m, contribution margin of $8.2m or 34.7% of revenue, EBITDA of $1.9m and a profit after tax of $0.2m. Revenue and EBITDA were both within the guidance ranges previously advised to the market. At that time the Company reaffirmed its expectation that second half sales would meet or exceed the first half and that second half EBITDA would exceed the first half.

On 6 July 2026 the Company advised the market that, subject to year-end audit adjustments, FY26 sales were anticipated to be in the region of $40.0m, of which approximately $16.0m would fall in the second half, against previous guidance of $23.7m for the second half. The Company attributed the shortfall to subdued end consumer demand and consequent destocking by distributors and resellers in the context of the ongoing conflict in the Middle East and rising United States inflation and interest rate expectations; approximately $2.0m of product shipped before 30 June 2026 that had not been received by customers at year end and is accordingly not recognised in FY26; the shipment of Sumo PRO 19 in the final days of May 2026, later than anticipated, which meant no re-orders were received within the financial year; and sell-through of the new Ninja range and the June promotional campaign being below expectations. The same announcement advised an expected FY26 EBITDA range of $2.5m to $3.5m.

The reported result is consistent with that guidance on revenue and ahead of it on earnings. Revenue of $40.0m, of which $16.3m was earned in the second half, is in line with the 6 July 2026 announcement. EBITDA of $3.7m is $0.2m above the top of the range advised in that announcement, reflecting the improved contribution margin achieved in the second half. That margin includes the credit arising on the reversal of the 'IEEPA tariffs', the greater part of which relates to duties borne on first half revenues. The half-year comparison below sets out the effect.

Summary of results for 2026 compared to prior period

	2026	2025	% Change
	$'000	*$'000*	
Revenue	39,997	32,656	22.5%
Product costs	(20,372)	(24,162)	(15.7%)
Variable costs	(4,758)	(2,998)	58.7%
Contribution margin	**14,867**	**5,496**	**170.5%**
Contribution margin %	37.2%	16.8%	
Other income	206	-	n/m
Net foreign exchange gain/(loss)	1,092	(1,191)	n/m
Total fixed costs	**(12,500)**	**(16,138)**	**(22.5%)**
EBITDA	**3,665**	**(11,833)**	**n/m**
Depreciation and amortisation	(785)	(1,210)	(35.1%)
Finance costs	(2,599)	(1,426)	82.3%
Profit/(loss) before income tax	**281**	**(14,469)**	**n/m**
Income tax benefit/(expense)	591	(112)	n/m
Profit/(loss) for the year	**872**	**(14,581)**	**n/m**

The presentation of the statement of profit or loss has been changed to a contribution margin format. Product costs and variable costs are presented separately, and distribution and warranty and royalty expenses previously shown as separate lines are now included within variable costs. Comparative information has been re-presented on the same basis and agrees in total to the audited financial statements for the year ended 30 June 2025. There is no effect on the reported result for either period. In the table above, n/m denotes a percentage change that is not meaningful, being lines on which the previous corresponding period was nil or on which the change in sign makes a percentage uninformative.

Half-year comparison – H2 FY26 compared to H1 FY26 – Reported basis

The half-year figures below are the reported results for the half-year ended 31 December 2025 as released to the market on 27 February 2026. The second half is derived as the difference between the full year and the first half.

	H2 FY26	H1 FY26	Change $	FY26 Total
	$'000	*$'000*	*$'000*	*$'000*
Revenue	16,294	23,703	(7,409)	39,997
Product costs	(8,409)	(11,963)	3,554	(20,372)
Variable costs	(1,239)	(3,519)	2,280	(4,758)
Contribution margin	**6,646**	**8,221**	**(1,575)**	**14,867**
Contribution margin %	40.8%	34.7%	6.1 ppt	37.2%
Other income	(23)	229	(252)	206
Net foreign exchange gain	1,000	92	908	1,092
Total fixed costs	(5,854)	(6,646)	792	(12,500)
EBITDA	**1,769**	**1,896**	**(127)**	**3,665**
Depreciation and amortisation	(468)	(317)	(151)	(785)
Finance costs	(1,133)	(1,466)	333	(2,599)
Profit before income tax	**168**	**113**	**55**	**281**
Income tax benefit	553	38	515	591
Profit for the period	**721**	**151**	**570**	**872**

Second half FY26 revenue of $16.3m was $7.4m or 31.3% below the first half, for the reasons set out in the Company's announcement of 6 July 2026. Contribution margin fell $1.6m over the same period, a smaller fall than the reduction in revenue, as the contribution margin percentage improved from 34.7% to 40.8%. Total fixed costs of $5.9m in the second half were $0.8m below the first half, reflecting the capitalisation of qualifying product development expenditure from 1 January 2026 and the reclassification of variable marketing costs, partly offset by the inclusion of Flanders Scientific from 24 April 2026. EBITDA of $1.8m was $0.1m below the first half.

The movement in the contribution margin percentage between the halves is a matter of timing rather than of trading. Duties imposed by the United States Administration were borne for the whole of the first half but for only one month of the second, and the credit arising when those duties were deemed unlawful was recognised in that same month. Attributing $0.8m of that credit to the first half revenues to which it relates would give contribution margins of 38.1% in the first half and 35.9% in the second, a difference of 2.2 percentage points rather than the 6.1 percentage points reported. No adjustment has been made to the figures in the table above, which are the reported results for each half.

Segment information

The Group is managed and reported to the Board as a single operating segment. Atomos designs and sells capture, monitoring and recording products across a single production workflow — on camera, on set, and in studio and rack-mounted post-production environments. The reference-grade colour monitors acquired with Flanders Scientific sit in the studio and post-production part of that workflow, are sold to the same customer base through the same channels, and are accordingly an extension of the existing product range rather than a separate line of business.

The chief operating decision maker reviews revenue, contribution margin and EBITDA for the Group as a whole in allocating resources and assessing performance, and no discrete financial information is prepared or reviewed for components below that level. No separate reportable segments therefore arise under AASB 8 Operating Segments.

Inventories

	2026	2025	% Change
	$'000	*$'000*	
Inventories on hand at cost	16,163	17,157	
Provision for obsolescence	(4,729)	(8,103)	
Inventories on hand - written down value	**11,434**	**9,054**	26.3%

Inventory on hand at 30 June 2026 included $0.9m of Flanders Scientific stock as well as $0.9m attributable to sales which had been shipped prior to 30 June 2026 but not received by customers as of that date, and accordingly remained within inventory as opposed to being recognised as COGS in the P&L.

Movements in provision for obsolescence

Movements in the provision for inventory obsolescence during the year and the previous corresponding period were as follows:

	$'000
Balance at 1 July 2024	**(5,622)**
Net charge to profit or loss	(3,184)
Provision utilised on inventory sold or written off	703
Balance at 30 June 2025	**(8,103)**
Net release to profit or loss	1,217
Provision utilised on inventory sold during the year	1,496
Provision utilised on inventory written off during the year	661
Balance at 30 June 2026	**(4,729)**

Provisions utilised during the year comprise $1.5m in respect of inventory with an original cost of $1.8m and a written down value of $0.3m, which was sold during the year for $0.8m, and $0.7m in respect of inventory with an original cost of $0.9m which was written off. The net release to profit or loss of $1.2m arises from the reassessment of the provision required at 30 June 2026 and includes $0.7m in respect of one older product line. That inventory was sold in a single transaction after the end of the financial year, which provides evidence of its net realisable value at 30 June 2026 and has accordingly been treated as an adjusting event under AASB 110 Events after the Reporting Period.

The net effect of these movements on the result for the year was a benefit of $1.4m, comprising the release of $1.2m of provisions no longer required, a margin of $0.5m realised on the sale of inventory previously written down, and a charge of $0.2m in respect of written off inventory against which no provision had been carried.

Capitalised product development costs

The Group incurs expenditure on the development of new and enhanced hardware and firmware products. Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development expenditure is capitalised as an intangible asset only where the Group can demonstrate all of the criteria in AASB 138 Intangible Assets paragraph 57: the technical feasibility of completing the asset so that it will be available for use or sale; the intention and the ability to complete and use or sell it; how it will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete it; and the ability to measure reliably the expenditure attributable to it. Where those criteria are not satisfied, development expenditure is recognised as an expense as incurred. This accounting policy has been applied consistently in all periods presented. Whether expenditure is capitalised in a particular period depends on whether the recognition criteria are satisfied at the time the expenditure is incurred.

The Group capitalised qualifying product development expenditure in periods up to and including the year ended 30 June 2023, in which additions of $2.5m were recognised. As at 30 June 2023 an impairment charge of $30.7m was recognised against the Group’s cash-generating unit, of which $11.7m related to capitalised product development costs, reducing their carrying amount to nil. No development expenditure was capitalised in the years ended 30 June 2024 or 30 June 2025 and the comparative carrying amount is accordingly nil.

Following the restructuring of the Group’s operations and the return of its development activity to a sustainable footing, senior management undertook a formal review of its development pipeline during the second half of the current financial year. With effect from 1 January 2026, management concluded that all of the criteria set out in the policy above were satisfied for certain identified product development programmes. This determination was based on these projects achieving critical technical milestones and receiving formal management review of their commercial business cases, which included specific timelines for completion and market launch. This assessment and specific trigger date was effective 1 January 2026. Directly attributable employee and contractor costs, and other directly attributable product development costs, incurred on those programmes from that date have been capitalised.

Expenditure recognised as an expense in prior periods has not been reinstated; only expenditure incurred on or after 1 January 2026 has been capitalised. The recommencement of capitalisation reflects the recognition criteria being met again in the light of changed facts and circumstances rather than a change in accounting policy and has therefore been applied prospectively. Comparative information has not been restated.

Capitalised product development costs are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation commences when the asset is available for use and is recognised on a straight-line basis over its estimated useful life of three to five years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for prospectively. Assets not yet available for use are not amortised and are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

	2026	2025
	$'000	*$'000*
Carrying amount at 1 July 2025	-	-
Additions — employee and contractor costs	1,147	-
Additions — other directly attributable development costs	208	-

Cost at 30 June 2026	**1,355**	**-**
Accumulated amortisation at 1 July 2025	-	-
Amortisation charge for the year	(16)	-
Accumulated amortisation at 30 June	**(16)**	**-**
Carrying amount at 30 June 2026	**1,339**	**-**

All additions were incurred in the second half of the financial year. Of the $1.4m capitalised, $1.1m comprises employee and contractor costs directly attributable to qualifying development programmes and $0.2m comprises other directly attributable product development costs. Had the recognition criteria not been satisfied, this amount would have been recognised as an expense and the profit before income tax for the year would have been $1.4m lower, offset by the amortisation charge of $16,000 that would not then have arisen.

The Group has assessed the capitalised balance for indicators of impairment at 30 June 2026. Programmes not yet available for use are tested for impairment annually irrespective of whether any indicator of impairment exists. No impairment loss has been recognised in the current period.

The useful life of all product and programme expenditures identified above has been conservatively assessed as 3 years, reflecting the typical minimum lifecycle of new products.

Business combination — Flanders Scientific

On 24 April 2026 the Group, through its wholly-owned subsidiary Flanders Scientific Pty Ltd, acquired 100% of the issued share capital of Dan Desmet & Associates, Inc., a Georgia (United States) corporation trading as Flanders Scientific, Inc. Flanders Scientific designs and distributes professional video monitoring and colour-calibration equipment and is among the most recognised brands in the professional colour reference monitor category. The acquisition extends the Group's monitor-recorder product range and provides a brand platform for the Group's own forthcoming monitor products. All United States dollar amounts have been translated at the acquisition-date spot rate of A$1.398386 = US$1.00.

Consideration transferred was as follows:

	2026
	$'000
Cash consideration (US$1,599,835)	2,237
Ordinary shares issued (5,602,592 shares at $0.024)	134
Contingent consideration — cash earn-out	79
Contingent consideration — conditional shares	31
Total consideration transferred	**2,482**

Amounts in the table above have been rounded to the nearest $1,000. Total consideration transferred was $2,481,857, comprising cash of $2,237,187, ordinary shares of $134,462, contingent cash consideration of $79,443 and contingent share consideration of $30,764. The rounded components accordingly sum to $2,481,000 against the rounded total of $2,482,000.

The cash consideration of US$1.6m represents the agreed purchase price of US$1.7m reduced by a working capital adjustment of US$0.1m. Of that amount, US$1.4m had been settled at 30 June 2026 and US$0.2m remained payable to one of the vendors in instalments, of which US$0.1m was paid on 24 August 2026 and US$0.1m falls due on 24 October 2026. In accordance with the share purchase agreement, part of the purchase price was applied at the vendors' direction to discharge specified closing indebtedness of the acquired business of US$1.0m, comprising bank and finance facilities, corporate card balances and vendor transaction costs. Those obligations were extinguished at completion and are not recognised as liabilities assumed.

The 5,602,592 ordinary shares issued at completion were measured at the closing price of Atomos Ltd shares on the ASX on 24 April 2026 of $0.024 per share. The cash earn-out is payable to one vendor based on the financial performance of the acquired business in the years ending 31 December 2026 and 2027 and is not conditional on continued employment. It is classified as a financial liability and remeasured to fair value through profit or loss at each reporting date. The conditional shares included in consideration are 3,000,000 ordinary shares issuable in three annual tranches conditional on the continuation of the acquired business's principal supply arrangement. They are equity-classified, were measured at the acquisition-date share price and are not remeasured.

A further 27,000,000 conditional shares are issuable to the vendor who continues to be employed by the acquired business. Because those shares are forfeited if employment ceases, they are remuneration for post-combination services under AASB 3 paragraph B55(a) and are accounted for under AASB 2 Share-based Payment rather than as consideration. Their grant-date fair value is $0.6m in aggregate and the probability-adjusted expense of $0.4m is recognised over the three-year service period. An expense of $47,000 has been recognised in the current period.

The fair values of the identifiable assets acquired and liabilities assumed at the acquisition date were:

	2026
	$'000
Cash and cash equivalents	172
Trade and other receivables	446
Other receivable — customs duty refunds	719
Inventories	704
Prepayments	22
Trade and other payables	(660)
Accruals	(529)
Tax and payroll liabilities	(27)
Net identifiable tangible assets	**847**
Intangible asset — supply agreement	1,650
Intangible asset — trademark	400
Intangible asset — customer relationships	170
Deferred tax liability on intangible assets recognised	(586)
Net identifiable assets acquired	**2,481**
Residual recognised in profit or loss	1
Total consideration transferred	**2,482**

Three intangible assets were separately identified and valued by management using an income approach and a discount rate of 16.2%. The supply agreement intangible reflects a long-standing exclusive global distribution arrangement from which the acquired business derives approximately 90% of its revenue, valued using the with-and-without method and amortised over five years. The trademark was valued using the relief-from-royalty method and is amortised over ten years, and customer relationships were valued using the multi-period excess earnings method and are amortised over ten years. The transaction price has been treated as the best evidence of the fair value of the business acquired and the valuation of the supply agreement has been calibrated to it in accordance with AASB 13 Fair Value Measurement. Amortisation of $0.1m has been recognised in the current period; the charge for a full year is $0.4m. No independent third-party valuer was engaged; all fair values are management estimates.

The other receivable of $0.7m represents customs duty refunds on pre-completion imports, of which 75% is payable to the vendors under the share purchase agreement and is included within trade and other payables. The gross contractual amount of trade receivables acquired was $0.4m and the best estimate of the contractual cash flows not expected to be collected was $nil.

Recognition of the acquired intangible assets gave rise to a deferred tax liability of $0.6m. Because the Group has carry-forward tax losses well in excess of that amount, an equal deferred tax asset has been brought to account against it. Under AASB 112 paragraph 67 that recognition is not part of the accounting for the business combination and has been recognised in profit or loss in the current period. Both balances stood at $0.6m at 30 June 2026 after the unwind of the deferred tax liability on the current period’s amortisation.

The residual of $1,177 between the consideration transferred and the net identifiable assets acquired has been recognised in profit or loss rather than carried as goodwill, on the basis that the amount is not material.

Acquisition-related costs of $0.1m, comprising legal fees, were expensed as incurred and are included in legal and professional services in the consolidated statement of profit or loss and other comprehensive income. Cash consideration of $2.0m was paid during the period which, net of cash acquired of $0.2m, resulted in a net cash outflow of $1.9m presented within investing activities.

The accounting for the acquisition is provisional. The Group is within the twelve-month measurement period permitted by AASB 3, which closes on 24 April 2027, and the fair values of the identifiable assets acquired and liabilities assumed, the resulting deferred tax balances and the residual recognised in profit or loss may be adjusted during that period as further information about facts and circumstances existing at the acquisition date becomes available.

Other Key Balance Sheet Movements

Trade and other receivables increased to $6.0m from $1.8m, reflecting the higher fourth-quarter trading and the receivables acquired with Flanders Scientific, including a customs duty refund receivable. Inventories increased to $11.4m from $9.1m reflecting the addition of Flanders Scientific inventories as well as higher than normal Atomos stock levels. Intangible assets of $4.6m were recognised, against nil in the prior year, comprising the intangible assets arising on the Flanders Scientific acquisition, capitalised product development costs and intellectual property acquired during the year. Borrowings increased to $20.9m from $14.4m as reported in the June 2026 quarter, Appendix 4C. Provisions reduced to $1.6m from $2.8m, principally reflecting the release of $0.5m of provisions for open purchase orders which the suppliers concerned confirmed had been closed, together with the settlement of employee entitlements. Right-of-use assets reduced to $0.8m from $1.3m and lease liabilities to $0.9m from $1.8m, following the exit from the Group's Cremorne premises during the year.

Issued Capital – Ordinary Shares

	30-Jun-26	30-Jun-25
	$'000	*$'000*
Ordinary shares – fully paid	142,090	134,077

Movements in issued capital

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

	Issue Date	Issue Price	Shares	$'000
Balance at beginning of year			**1,215,018,471**	**134,077**
Issue of shares to new employee	19-Sep-25	$0.013	9,000,000	117
Issue of shares to employees	19-Sep-25	$0.013	114,478	1
Conversion of share rights	19-Sep-25	$0.00	55,463	-
Shares issued on exercise of listed options	26-Nov-25	$0.03	30,981,653	930
Shares issued on exercise of listed options	28-Nov-25	$0.03	199,202,845	5,977
Shares issued on exercise of listed options	1-Dec-25	$0.03	28,111,375	844
Shares issued on exercise of listed options	4-Dec-25	$0.03	328,067	10
Shares issued on acquisition of Flanders Scientific	24-Apr-26	$0.024	5,602,592	134
Balance at end of year			**1,488,414,944**	**142,090**

– End of Appendix 4E – Preliminary Unaudited Final Report –