ASX Announcement

ATOMOS LIMITED (ASX:AMS)

2 December 2019

Atomos completes acquisition of Timecode Systems

Investment Highlights:

- Atomos completes acquisition of Timecode Systems Ltd (**TCS**), a UK-based company that has developed unique and patented technology that enables multiple audio and video capture devices to **wirelessly** syncronise together
- The acquisition furthers Atomos' vision to enhance and democratise video content creation where multiple device synchronization has been difficult, expensive and time consuming

Atomos Limited (ASX:AMS, 'Atomos' or 'the Company') is pleased to announce the completion of the transaction to acquire 100% of the share capital of UK-based Timecode Systems Ltd, a developer of accurate wireless audio and video synchronization technology.

Completion of the acquisition was subject to shareholder approval for the issue of fully paid ordinary shares in the Company (**Consideration Shares**) to vendors at Atomos' Annual General Meeting that was held on 29 November 2019 (**AGM**). Following shareholder approval of the issue of the Consideration Shares at the AGM, the acquisition has now successfully completed and the Company has issued 9,237,309 Consideration Shares to vendors as non-cash consideration (being part of the consideration) for the acquisition of TCS. The Consideration Shares are subject to voluntary escrow restrictions for between 6 and 24 months as follows:

Voluntary escrow period / number of Consideration Shares:

- 6 months from the date of issue / 9,237,309
- 24 months from the date of issue / 2,045,228

In conjunction with completion of the acquisition, the two founders of TCS, who will continue to be employed as key executives of TCS, will be entitled to the following employee incentives pursuant to Atomos' Equity Incentive Plan:

- 201,066 options to acquire Shares with the following key terms: nil issue price, exercise price of AUD $1.60 per option, vesting condition that the holder remains an employee up to and including the vesting date of 30 September 2022, expiry date of 30 June 2029 and each option representing the right to acquire one Share;
- 23,000 performance rights with the following key terms: nil issue and exercise price, vesting date of 30 September 2020 and each performance right representing the right to receive one Share on vesting. The performance rights are subject to achievement of performance hurdles (being a combination of TCS achieving specified financial targets and achievement of personal KPIs by each founder).

As previously disclosed in the Company's acquisition announcement dated 25 October

2019, the Company also conducted a two-tranche institutional placement with part of the proceeds raised under the placement being used to pay the cash consideration for the acquisition.

Details of the acquisition and two-tranche placement were provided in the Company's announcement released to the ASX dated 25 October 2019.

The TCS technology, protected by a patent portfolio, is highly complementary to the Company, as Atomos is an existing licensee, offering a separate synchronisation module as part of the AtomX range. Through the acquisition, Atomos will be able to fully integrate the TCS synchronisation technology into its product suite.

Although still relatively early in the commercialisation phase, TCS has achieved early traction with a number of Original Equipment Manufacturers (OEMs) across both video and audio with either hardware module adoption or (software) SDK adoption for its patented Bluetooth protocol. TCS solutions have been widely adopted by major broadcasters including BBC, ITV and NBC Universal. They have been used on major feature films such as The Avengers, James Bond Spectre and Mary Poppins along with being used on NASCAR / Red Bull on action sport events.

This announcement dated 2 December 2019 has been authorised for release to ASX by the Board of Directors of Atomos Limited.

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About Atomos:

Atomos is a global video technology company delivering award-winning, simple to use monitor-recorder content creation products. These products give content creators across the rapidly growing social, pro-video and entertainment markets a faster, higher quality and more affordable production system.

Atomos' range of products take images directly from the sensor of all major camera manufacturers, then enhance, record and distribute them in high-quality formats for content creation using the major video editing software programs. Since being founded in 2010, Atomos has established strategic relationships with key technology providers within the ecosystem including Apple, Adobe, Sony, Canon, Panasonic, Nikon and JVC Kenwood.

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

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

Forward looking statements:

This announcement contains forward looking statements. All statements that address events or developments that Atomos expects or anticipate will or may occur in the future and guidance on financial performance are forward looking statements. These forward looking statements are based on the Board or management's beliefs and expectations based on information currently available to the Board and management. The Company believes that these forward looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward looking statements which are inherently uncertain. Atomos does not undertake any obligation to publicly update or revise any forward looking statements whether as a result of new information, future events or otherwise except as required by law or the ASX Listing Rules. Forward looking statements are subject to certain risks and uncertainties, many of which are outside its control that could cause actual results, events and developments to differ materially from Atomos' historical experience, or its present expectations or projections.