ASX Announcement

ATOMOS LIMITED (ASX:AMS)

14 May 2020

Atomos completes oversubscribed $10.0m Placement to accelerate growth strategy

Highlights:

- Firm commitments received raising A$10.9 million via institutional share placement
- Oversubscribed with strong demand from existing shareholders and new institutions
- Chris Tait to assume Executive Chairman role to provide additional operational support
- Funds to be used to accelerate development of new products to address the emerging online streaming opportunity and to strengthen the balance sheet
- Share Purchase Plan to be launched to raise approximately $1.7 million

Atomos Limited (ASX:AMS, '**Atomos**' or the '**Company**') is pleased to announce the successful completion of a $10.9 million Institutional placement ("Placement") at an offer price of $0.45 per share. The Placement was oversubscribed with very strong support from institutional and sophisticated investors.

In addition, on 25 May 2020 the Company will launch a Share Purchase Plan ('**SPP**') to raise approximately $1.7 million (together the '**Offer'**).

Chris Tait, Executive Chairman, has been working closely over the past few months with the executive team during this complex and difficult period to appropriately adjust the cost base and optimise operational efficiency of the Company in response to the COVID-19 pandemic. Chris has agreed to move to the role of Executive Chairman to lead the business and provide additional operational support, working closely with the executive team to oversee the business plans.

Chris Tait said "This has been a testing time for Atomos. We have seen a substantial fall in sales as a result of COVID-19 and the executive management team and all our staff have responded appropriately.

We expect that when government restrictions are lifted globally, not only will our sales return over time, but we will benefit from a lower cost base and new product launches in line with our overarching strategy.

The additional funds raised will enable us to execute on this strategy and to come out of COVID-19 as a more cost-effective business. I would also like to acknowledge Jeromy's leadership and contribution through this time as he takes leave, to refresh, ahead of what we expect will be a busy period of promotion."

Jeromy Young, CEO commented "the business remains focused, despite the unfortunate temporary impacts of COVID-19 on our new product implementation plans, growth trajectory and staff. Our well-defined sales and product roadmaps are being executed in

line with our strategy to democratise high quality video production.

Over the coming months we look forward to announcing a number of new products and updates in our existing suite of products as well as opportunities that we intend to accelerate in the streaming market. These initiatives will only strengthen the ecosystem we are building and position us for a speedy recovery to pre COVID-19 life once markets reopen globally."

Trading Update

The Company has been quick to respond to the rapidly changing operating environment due to COVID-19 and has removed a number of costs in the business and is now well placed to withstand the current crisis. When markets do return to normal conditions a significant number of these cost savings are anticipated to be ongoing and the Company expects to be in a position to recapture and resume growth in traditional video production markets.

The Company's product roadmap has identified further opportunities that it is actively exploring in online streaming to leverage its core technology and to complement the existing range of products.

Delivering a strong 1H20 result with revenue and pro forma EBITDA both up 35% to $32.6m and $1.0m respectively, AMS was on track to achieve similar growth rates and increased profitability for FY20.

However, as a result of the COVID-19 pandemic, video production globally has been materially affected by government restrictions. AMS' core customer base within the Pro Video sector has been particularly affected as weddings, sporting events, concerts & social gatherings, which is where our customers work, have largely been either cancelled or prohibited.

In response to the significant drop in sales during the COVID-19 pandemic, the Company has implemented several cost saving initiatives which have reduced the monthly cost base by approximately 60%, with a large portion envisaged to be ongoing when sales return to pre COVID-19 levels. All cost saving initiatives have been implemented as at 30 April 2020.

Technology Roadmap

Whilst COVID-19 has had, and is having, a major impact on many businesses including Atomos the Board remains confident that the Company's fundamental strategy, opportunities and plans remain valid as the global lock downs and restriction ease over the months ahead. Alongside other key operational changes that have been implemented, to respond to COVID-19 crisis, Atomos is also adjusting its R&D plans to ensure priorities and focus are best aligned with post-COVID-19 timing of returning or emerging opportunities.

In light of this Atomos is driving a number of already planned products to be available in a timely and effective manner as the global business environment improves and markets open up again.

In addition to the Company's existing product focus, a new and accelerating opportunity, post COVID-19, is that of production for live online streaming which Atomos expects to play a larger role in the markets where it operates moving forward. In response to this significant

opportunity Atomos has identified a number of new products and add-ons to existing products that it has now incorporated in its R&D roadmap. Atomos intends to have these product expansions executed as quickly as possible. The Company has an opportunity to leverage its existing expertise, partnerships and sales channels in this 'interactive / live' market.

Placement & Share Purchase Plan

Placement

Atomos has undertaken an Institutional Placement of new fully paid ordinary shares in the Company (**Shares**) to eligible sophisticated and professional investors to raise approximately $10.9 million to further support effective and timely delivery of its planned products post COVID-19 as well as to fund its product expansion into the emerging streaming market and will provide a buffer against any further COVID-19 shocks.

The Institutional Placement will result in the issue of approximately 24.3 million Shares to sophisticated and professional investors at an issue price of $0.45 per Share representing a:

- 34.3% discount to the last traded price of the Company's shares on ASX on 11 May 2020;
- 26.0% discount to the 5-day volume weighted average price of the Company's shares traded on the ASX up to and including 11 May 2020 of $0.608; and
- 18.9% discount to the 10-day volume weighted average price of the Company's shares traded on the ASX up to and including 11 May 2020 of $0.555.

Shares issued under the Institutional Placement will rank equally with existing shares on issue and are expected to be allotted on 20 May 2020. The Institutional Placement was conducted utilising the Company's available placement capacity pursuant to ASX Listing Rule 7.1 and therefore does not require shareholder approval.

Morgans Corporate Limited and Henslow Pty Limited acted as Lead Managers to the Institutional Placement

Share Purchase Plan

Following completion of the Institutional Placement, Atomos' existing eligible shareholders will be given the opportunity to subscribe for Shares at the same offer price as the Institutional Placement of $0.45 per Share for a maximum of $30,000 per shareholder. The SPP aims to raise approximately $1.7 million by the issue of approximately 3.74 million shares. An eligible shareholder is any shareholder recorded on Atomos' share register at 7.00 pm AEST on Wednesday, 13 May 2020 with a registered address in Australia or New Zealand.

Atomos reserves the right to close the SPP early and scale back applications at its absolute and sole discretion should the total demand exceed $1.7 million. When determining the amount (if any) by which to scale back a SPP application, Atomos may consider a number of factors, including the size of an applicant's shareholding in the Company after the SPP record date, and the date on which an application was made with earlier applications given precedence.

Further information will be sent to eligible retail shareholders in a booklet (Share Purchase Plan Booklet) expected to be lodged with ASX and dispatched on or around Monday, 25 May 2020. The SPP Booklet and the accompanying application form (Application Form) will contain instructions on how to apply. Application Forms and payments are due no later than 5.00 pm Friday, 12 June 2020. Shareholders should consider the SPP Booklet in full before deciding whether to participate in the SPP. New Shares issued under the SPP will rank equally with existing Shares on issue on the date of allotment (per the timetable below). Shareholder approval is not required for the issue of Shares under the SPP.

Key Dates

Event	Date
Settlement of Placement Shares	Tuesday, 19 May 2020
Allotment and normal trading of Placement Shares	Wednesday, 20 May 2020
SPP offer opening date and despatch of booklet	9:00am (AEST) Monday, 25 May 2020
SPP offer closing date	5:00pm (AEST) Friday, 12 June 2020
Results of SPP announced	Wednesday,17 June 2020
Issue of SPP Shares	Friday, 19 June
Expected quotation of SPP Shares	Friday, 19 June 2020
Dispatch of holding statements to shareholders	Monday, 23 June 2020

The dates in the table above are indicative only and Atomos may amend this timetable. Atomos may also withdraw the offer of Shares under the SPP at any time before the allotment date in its absolute discretion.

Additional information

Further details of the Offer and Shares to be issued under the Placement and SPP are set out in the Investor Presentation and Appendix 3B also provided to ASX today. The Investor Presentation contains important information including key risks and with respect to the Institutional Placement.

Appointment of Executive Chairman

As noted above, the Board has appointed Chris Tait to the role of Executive Chairman to oversee the Company as it moves through the COVID-19 restrictions and recovery and provide additional support to the executive team. For the period of his appointment to this role, his agreement with this Company has been amended to provide for his additional

duties, increased time commitment and consequent increase in cash remuneration to $27,500 per month.

Authorised for ASX release by the Atomos Board of Directors.

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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, France 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.