ATOMOS LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall corporate governance of Atomos Limited (**Company**) including adopting appropriate policies and procedures designed to ensure that the Company is properly managed to protect and enhance shareholder interests.

This Corporate Governance Statement (**Statement**):

- reports against the 3rd edition of the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council (**Governance Principles**) and the practices detailed in this Statement are current as at 30 June 2020; and
- has been approved by the Board and is available on the Company's website under Corporate Governance at https://www.atomos.com/investor and is current as at 30 June 2020.

Consistent with the Company's commitment to transparency in its dealings with stakeholders, this Statement has been prepared by reference to each recommendation contained in the Governance Principles.

All references to the Company website in this Statement is https://www.atomos.com/investor

PRINCIPLE 1. – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1

A listed entity should disclose:

(a) the respective roles and responsibilities of its board and management; and

(b) those matters expressly reserved to the board and those delegated to management.

Complies

The Company has adopted a Board Charter (which is available on the Company website) that formally sets out the functions and responsibilities of the Board and those tasks delegated to management.

Recommendation 1.2

A listed entity should:

(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Complies

The Company, under the Remuneration and Nomination Committee Charter (which is available on the Company website), has committed to undertake appropriate checks before appointing a person or putting forward to shareholders a candidate for election, as a Director.

All material information relevant to a decision whether or not to elect or re-elect a Director of the Company will be made available to shareholders.

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their employment.

Complies

The Company has entered into agreements with each Director and senior manager, which outlines the terms of their appointment. Each of the Company's Directors has a signed letter of appointment and each of the Company's senior managers is engaged under an employment or contractor agreement.

Recommendation 1.4

The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

Complies

The Company Secretary has a direct reporting line to the Chairman and all Directors have direct access to the Company Secretary, who is appointed by, and accountable to, the Board on all governance matters and the proper functioning of the Board.

Recommendation 1.5

A listed entity should:

(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

(b) disclose that policy or a summary of it; and

(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

> *(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organization (including how the entity has defined "senior executive" for these purposes); or*
>
> *(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined in and published under that Act.*

Partially Complies

The Company has established a Diversity Policy (which is available on the Company website), which states that diversity not only refers to gender but extends to age, ethnicity, religious or cultural background, language, marital or family status and disability. The Diversity Policy does set out a requirement to set measurable objectives and to assess annually both the objectives and the entity's progress in achieving them.

During the reporting period the Company has not formally set measurable objectives for achieving gender diversity in accordance with the Diversity Policy.

The Company is not a relevant employer under the Workplace Gender Equality Act.

The Company defines "senior executive" as a person that has overall responsibility for one or more business functions.

As at 30 June 2020, the proportion of women and men across the levels of Board, senior management and total employees were as follows:

- The proportion of female directors: 0%
- The proportion of female employees who are senior managers / executives: 12%
- The proportion of female employees in the whole organisation: 34%

Given the current size and stage of development of the Company, the Board has not considered it necessary to formally set measurable objectives for achieving gender diversity. However, the Company is committed to an inclusive workplace that embraces and promotes diversity as part of its corporate culture.

The Company does not believe this departure from recommendation 1.5 to be detrimental to shareholders.

Recommendation 1.6

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with the process.

Partially Complies

The Remuneration and Nomination Committee has established a process for evaluating and assessing the Board's performance on an annual basis. The performance evaluation was not undertaken during the reporting period but is currently being undertaken.

Recommendation 1.7

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Complies

The Company has a process for evaluating the performance of senior executives. The Company sets annual reviews with senior executives and performance is measured against various performance metrics. An evaluation was undertaken during the reporting period.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1

The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors;

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the process it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Complies

The Board has established a Remuneration and Nomination Committee, the Charter for which is available on the Company's website. The Remuneration and Nomination Committee has three members, Mr. Chris Tait, Sir Hossein Yassaie and an Independent Chair, Mr. Stephen Stanley. The majority of the Committee members are considered independent. The number of times the Committee met and the individual attendances of members is disclosed in the Company's Annual Report for the reporting period.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Partially Complies

The Board has formalised a board skills matrix process. The Board aims to ensure that it is comprised of Directors with different skills and experience appropriate for the Company.

Recommendation 2.3

A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

Complies

Mr. Chris Tait

Chairman of the Board and Non-Executive Director (appointed 11 September 2017).

Chris Tait is not considered to be an Independent Director.

Mr. Jeromy Young

Chief Executive Officer & Executive Director (appointed 29 September 2009).

Jeromy Young is not considered to be an Independent Director.

Sir Hossein Yassaie

Non-Executive Director (appointed 1 September 2016).

Sir Hossein Yassaie is considered to be an Independent Director.

Mr. Stephen Stanley

Non-Executive Director (appointed 1 February 2019)

Stephen Stanley is considered to be an Independent Director.

Recommendation 2.4

A majority of the board of a listed entity should be Independent Directors.

Does not Comply

While 50% of the Board are not considered independent, the Board is actively reviewing its composition

with the view to recruiting an additional director(s). However, given the size and stage of development of the Company's operations, the Board does not believe this departure from recommendation 2.4 to be detrimental to shareholders.

Recommendation 2.5

The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Does not Comply

The Chair of the Board, Mr. Chris Tait, is not considered to be an Independent Director due to his relationship with Henslow, which is a Corporate Adviser to the Company. However, Mr. Chris Tait provides significant experience and expertise to the Company. The balance of the Board is satisfied that Mr. Chris Tait is able to exercise independent judgement in carrying out his duties as Chair of the Board.

The Company does not consider this departure from recommendation 2.5 to be detrimental to shareholders.

Recommendation 2.6

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Complies

PRINCIPAL 3: ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1

A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

Complies

The Company has a code of conduct for its Directors, senior executives and employees. A copy of the code of conduct is available on the Company's website.

PRINCIPAL 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1

The Board of a listed entity should:

(a) have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not the chair of the board,

and disclose:

(3) the charter of the committee;

(4) the relevant qualifications and experience of the members of the committee; and

(5) in relation to each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Partially Complies

The Company has established an Audit and Risk Management Committee, the Charter of which is available on the Company's website. The Committee has three members, Mr. Chris Tait, Sir Hossein Yassaie and an Independent Chair, Mr. Stephen Stanley. The majority of the Committee members are considered independent. The number of times the Committee has met, the members' qualifications and the individual attendances of those members are disclosed in the Company's Annual Report. A non-executive director assumed the role of executive chairman in May 2020 and attended one audit & Risk Committee Meeting in the same month whilst an executive director.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Complies

The Company has received a signed declaration from the CEO and CFO that the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available

to answer questions from security holders relevant to the audit.

Complies

The Company invites its external auditor to attend its Annual General Meeting.

PRINCIPAL 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1

A listed entity should:

(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and

(b) disclose that policy or a summary of it.

Complies

The Board recognises the importance of its continuous disclosure obligations. The Company has a continuous disclosure policy which is available on the Company's website.

PRINCIPAL 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

Complies

The Company provides information on its website about itself and copies of the key governance Charters and policies referred to in this Statement. The Company's Annual Report also discloses the Company's activities and is available on its website.

Recommendation 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Complies

The Company has an active shareholder relations program facilitated by specialist firms in capital markets and shareholder communications.

Recommendation 6.3

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Complies

The Board encourages full participation of security holders. The Company has adopted a shareholder communication policy which is available on the Company's website. The policy encourages security

holders to submit questions directly to the Company.

Recommendation 6.4

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Complies

The Company encourages the use of electronic communication and offers security holders the option to receive and send electronic communication to the Company and its share registry where possible.

PRINCIPAL 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose;

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Complies

The Company has established an Audit and Risk Management Committee, the charter of which is available on the Company's website. The Committee has three members Mr. Chris Tait, Sir Hossein Yassaie and an Independent Chair Mr. Stephen Stanley. The majority of the Committee members are considered independent. The number of times the Committee has met, and the individual attendances of those members are disclosed in the Company's Annual Report.

Recommendation 7.2

The Board or a committee of the board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and

(b) disclose, in relation to each reporting period, whether such a review has taken place

Complies

The Company has adopted a Risk Management Policy, which is designed to assist the Company to identify, evaluate and mitigate risks affecting the Company. Under this policy the Board is responsible for overseeing and managing the risk management program. The Board has delegated responsibility to the Audit and Risk Management Committee to develop and maintain the risk management program, in light of the day-to-day needs of the Company. A review was undertaken during the reporting period and continues to be ongoing.

Recommendation 7.3

A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Complies

The Company does not have an internal audit function. The Audit and Risk Management Committee has responsibility for evaluating and improving the effectiveness of risk management and internal control processes. The Board is confident these measures are appropriate at present.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Complies

The Audit and Risk Management Committee is charged with assisting management in determining and managing its exposure to economic, environmental and social sustainability risks.

The Company is exposed to general economic conditions both domestically and internationally. The Company does not face any specific environmental and social sustainability risks.

PRINCIPAL 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1

The board of a listed entity should:

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of that committee;

(4) the members of that committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration for directors and senior executives is appropriate and not excessive.

Complies

The Company has established a Remuneration and Nomination Committee, the Charter of which is available on the Company's website. The Remuneration and Nomination Committee has three members, Mr. Chris Tait, Sir Hossein Yassaie and an Independent Chair, Mr. Stephen Stanley. The majority of the Committee members are considered independent. The number of times the Remuneration and Nomination Committee has met, the members' qualifications and the individual attendances of those members are disclosed in the Company's Annual Report.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Complies

The Company's policies and practices regarding the remuneration of executive and non-executive Directors and the remuneration of other senior executives are disclosed in the Company's annual report.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose the policy or a summary of it.

Complies

The Company has a Securities Trading Policy, which is available on the Company's website. The policy prohibits the participants in the Company's equity-based remuneration scheme from entering any transactions which limit the economic risk associated with participating in the scheme.