

ASX Announcement

18 October 2022

Atomos announces underwritten \$18 million capital raise and strategic investment

Atomos Limited ('**ASX:AMS**', '**Atomos**' or the '**Company**') is pleased to announce an \$18 million underwritten capital raising via an institutional placement of 52.4 million fully paid ordinary shares ('**Shares**'), and a 4-for-7 accelerated non-renounceable entitlement offer of approximately 127.1 million Shares.

Highlights:

- The Company has received binding commitments for \$5.2 million under the Placement.
 - The capital raising is fully underwritten at the offer price of \$0.10 per Share ('**Offer Price**').
 - Atomos Chairman and Non-Executive Directors have committed to participate under the Entitlement Offer
 - Funds will be used for a strategic investment in MAVIS, a provider of video streaming technology, investment in targeted marketing, commercialisation of recently announced 8K sensor, debt reduction, and balance sheet strengthening
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Trevor Elbourne, CEO, said: "Atomos is ushering in a new dawn for the way content creators collaborate. Our Cloud Studio products leverage MAVIS' technology and when paired with our new 'Series 2' products, represent a game-changer for how content creators work together, placing Atomos at the forefront of this new way of working. We have been partnering with MAVIS on these solutions for the last two years and have nothing but respect for the MAVIS team and the truly unique technology they have developed. Consequently, we are excited to have the opportunity to take the partnership to the next level with a strategic stake in this impressive business."

It is extremely gratifying that our key shareholders have shown their ongoing support for the business by agreeing to participate in our Offer. As well as enabling this important strategic investment, the proceeds from the Offer will facilitate a reduction in debt and a strengthening of the balance sheet which we feel are important in these times of economic uncertainty."

Strategic investment in MAVIS of GBP2 million for a 20% strategic stake

Atomos has today signed a Subscription Agreement for the acquisition of a 20% interest in UK based MAVIS Broadcast Limited.

Strategic rationale:

- Exclusive use in Atomos' market segments of the MAVIS technology
- Pre-emptive rights on additional investment in MAVIS for 5 years
- MAVIS technology underpins the suite of solutions offered by the Atomos Cloud Studio subscription plans
- Enables step-change in Atomos product offering with innovative cloud services solutions that enable collaboration workflows for the masses
- Seat on the MAVIS board

Refer to Schedule 1 for key terms and conditions of the investment.

The Offer Structure

The Offer comprises:

- A fully underwritten institutional placement to selected institutional investors (**'Placement'**) to raise approximately A\$5.2 million; and
- A fully underwritten 4 for 7 accelerated pro-rata non-renounceable entitlement offer (**'Entitlement Offer'**) to eligible shareholders to raise approximately A\$12.7 million, comprised of:
 - an accelerated institutional component (**'Institutional Entitlement Offer'**); and
 - a retail component (**'Retail Entitlement Offer'**).

The Placement and the Entitlement Offer together are referred to as the 'Offer'.

The Placement will result in the issue of 52,411,445 Shares. Shares issued under the Placement are intended to be issued on 25 October 2022, and will rank equally with existing Shares from their date of issue. The Shares issued under the Placement will be issued using the Company's existing placement capacity under ASX Listing Rule 7.1 (as expanded by a "supersize waiver" granted by ASX) and will therefore not require shareholder approval.

The Company is pleased to announce that all eligible shareholders in Australia, New Zealand and the United Kingdom will have the opportunity to subscribe for AMS Shares at the same price as under the Placement by means of the Entitlement Offer.

Approximately 127 million Shares will be issued under the Entitlement Offer and will rank equally with existing Shares from their date of issue.

Eligible shareholders can choose to take up their entitlement in full, in part or not at all. They may also apply for additional Shares in excess of their entitlement (**Additional Shares**). Additional Shares will only be available where there is a shortfall between applications received from eligible shareholders and the number of Shares available to be issued under the Entitlement Offer, subject to the shortfall allocation policy set out in further detail in the offer booklet for the Entitlement Offer (**Offer Booklet**).

The Non-Executive Directors have committed to take up an aggregate of \$116,689 under the Entitlement Offer.

Any potential shortfall in the Entitlement Offer has been fully sub-underwritten by Australian institutional investors including existing shareholders.

The offer price of \$0.10 represents a:

- 33.3% discount to the last closing price of \$0.15
- 33.9% discount to the 5-day VWAP of \$0.151
- 21.7% discount to the TERP of \$0.128¹

The Use of Funds

The funds raised under the Offer will be applied toward:

- Strategic investment in MAVIS: \$3.4 million
- Marketing of new revenue streams: \$2.0 million
- Sensor commercialisation: \$1.0 million
- Debt reduction: 5.0 million
- Balance sheet flexibility: \$5.5 million
- Costs of the Offer: \$1.0m

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer.

Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to eligible institutional investors at the Offer Price in the institutional bookbuild.

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date of 7:00pm (AEDT) 20 October 2022 have the opportunity to invest in New Shares at the Offer Price, on the terms and conditions that will be set out in the retail offer booklet to be sent to eligible retail shareholders on or around 25 October 2022.

Please note that shareholders with a registered address outside Australia, New Zealand or the United Kingdom on the Record Date are ineligible to participate in the Retail Entitlement Offer. Atomos will notify shareholders who are on the share register on the Record Date as to whether they are eligible to participate in the Entitlement Offer. Eligible Shareholders will receive a retail offer booklet, including a personalised entitlement and acceptance form, which will provide further details of how to participate in the Entitlement Offer.

¹ "TERP" refers to the theoretical ex-rights price. The TERP includes the shares issued under both the Placement and the Entitlement Offer.

Under the Retail Entitlement Offer, eligible retail shareholders that take up their full entitlement may also apply for additional New Shares in excess of their Entitlement (subject to scale-back, at the Company's discretion).

A nominee approved by ASIC will be appointed to sell the Shares to which ineligible foreign shareholders would otherwise be entitled and the net proceeds of the sale above the offer price will be paid to such shareholders.

Timetable

New Shares issued under the Placement and the Institutional Entitlement Offer will rank equally with existing Atomos shares and are expected to settle on Monday, 24 October 2022 and to be issued and commence trading the following business day, Tuesday 25 October 2022.

The proposed Offer timetable is as follows:

Indicative timetable

Date (AEST)	Event
18 -19 October 2022	Placement and Institutional Entitlement Offer conducted
20 October 2022	Announcement of results of Placement and Institutional Entitlement Offer
20 October 2022	Record Date
24 October 2022	Settlement of Placement
25 October 2022	Allotment and quotation of Shares issued under the Placement and Institutional Entitlement Offer
25 October 2022	Retail Entitlement Offer opens - Retail Offer Booklet and entitlement and acceptance forms despatched to eligible shareholders
8 November 2022	Entitlement Offer closes
15 November 2022	Allotment of Shares under Retail Entitlement Offer
16 November 2022	Quotation of Shares issued under Retail Entitlement Offer

The timetable (and each reference in this announcement to a date specified in the timetable) is indicative only and Atomos may, at its discretion, vary any of the above dates by lodging a revised timetable with the ASX.

All times referred to in this announcement are AEDT.

Further Information

Further details of the Offer are set out in the Investor Presentation also provided to the ASX today and in the Offer Booklet. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer. The Retail Offer Booklet will be

released to ASX and available on the Company's website and is expected to be dispatched to eligible shareholders with entitlement and acceptance forms on 25 October 2022.

The Offer is fully underwritten by Shaw and Partners Limited and Morgans Corporate Limited. Maddocks are acting as legal advisers to Atomos.

Authorised for ASX release by the Atomos Board of Directors.

--ENDS--

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Important information

This announcement may not be distributed or released in the United States or to US persons.

The New Shares to be offered have not been, and will not be, registered under the US Securities Act of 1933, as amended (US Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares to be offered and sold in the Placement may not be offered or sold, directly or indirectly, in the United States, unless they are offered or sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable US state securities laws. In addition, the New Shares to be offered and sold may not be offered or sold, directly or indirectly, in the United States or any person that is acting for the account or benefit of a person in the United States.

Atomos' Interactive Investor Hub,

Our investor hub is an interactive location to engage with the Atomos team on our announcements and updates. Please go to the Atomos Investor Hub for all market announcements and other news <https://announcements.atomos.com>.

We welcome investors to ask questions and add comments to which our team can respond where possible.

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, UK, Germany, China and Japan and has a worldwide distribution partner network.

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

Forward-Looking Statements:

Certain statements made in this release are forward-looking statements and are based on Atomos' current expectations, estimates and projections. Words such as "anticipates" "expects" "estimates" "forecasts" and similar expressions are intended to identify forward-looking statements. Although Atomos believes the forward-looking statements are based on reasonable assumptions, they are subject to certain risks and uncertainties, some of which are beyond Atomos' control. As a result, actual results could materially differ from those expressed or forecasted in the forward-looking statements. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Atomos will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.

Schedule 1

MAVIS Investment - Key terms and conditions:

- Atomos has agreed to subscribe for 20% of the issued share capital of MAVIS on a fully diluted basis by mid-April 2023
- The investment will consist of two tranches: a subscription in October 2022 for 3,556 new B Class shares and further subscription prior to mid-April 2023 for a further 3,556 new B Class shares
- AMS will invest ~£2.0m (~A\$3.4m based on the exchange rate of A\$1.68) split evenly at completion of subscription for each tranche of shares
- Conditions precedent to the investment:
 - The investment is conditional upon the completion of the Offer, entry into a new shareholders agreement and adoption of a new articles of association by MAVIS shareholders and Atomos containing key consent rights of Atomos, amongst other negotiated and customary rights; and
 - Financing commitments from Atomos
- Key rights and benefits:
 - Appointment of 1 director to the board of MAVIS
 - Various consent rights for up to 5 years including additional investment in MAVIS other than on a pre-emptive basis
 - A first right to buy shares which are subject to the exercise of drag-along rights
 - These rights of Atomos commence from completion of subscription of the first tranche of shares but will fall away if the second tranche of shares are not subscribed for prior to mid-April 2023
 - Services Agreement: MAVIS and Atomos will enter into an Integrated Services Agreement on completion of the first tranche subscription under which Atomos is granted an exclusive licence to use certain MAVIS technology in its products provided that Atomos meets agreed annualised recurring revenue targets