



ATOMOS

October 2022

Strategic Investment & Capital Raise

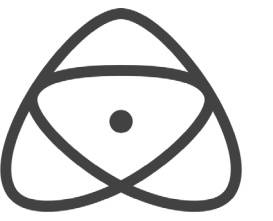
Chris Tait
Chair

Trevor Elbourne
Chief Executive Officer

James Cody
Chief Financial Officer



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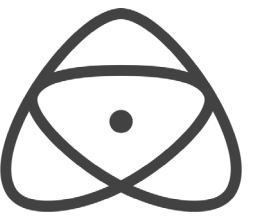
- EBITDA (before R&D expenditure) is earnings before research and development expenditure, interest, taxation, depreciation, amortisation and impairment charges;
- EBITDA is earnings before interest, taxation, depreciation, amortisation and impairment charges;
- EBIT is earnings before interest, taxation and impairment charges;
- Working capital is defined by the Company as trade and other receivables, inventory and other current assets less trade and other payables and other current liabilities;
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Executive Summary



ATOMOS IS SEEKING TO UNDERTAKE AN EQUITY CAPITAL RAISE FOR \$17.9M

FY22 was a challenging year

- A shift away from historically successful product and customer focused marketing led to:
 - a slowdown in sales
 - a build in inventory (in the wrong areas)
- Cost base grew significantly under previous management

Atomos is ushering in a new dawn for the way content creators collaborate

- New Series 2 / Cloud products place Atomos at the forefront of this new way of working
- Provides growth platform for next 5-10 years

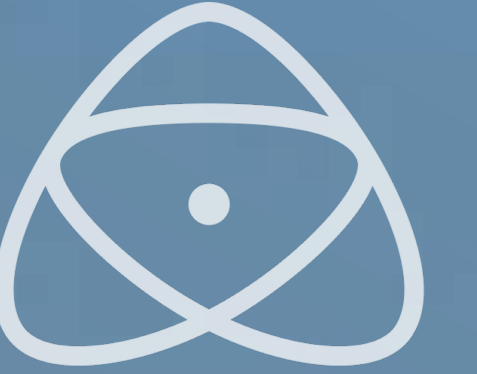
Business to refocus in FY23

- Improved marketing using customer data, segmentation and targeting to increase marketing spend ROI
- Inventory to unwind progressively throughout the year
- Further cost base improvement through FY23
- Rollout of DTC, cloud services and remaining Series 2 products

Use of funds

-  Strategic investment (\$1.7m + \$1.7m¹)
-  Balance sheet flexibility (\$5.5m)
-  Debt reduction (\$5.0m¹)
-  Marketing investment (\$2.0m)
-  Sensor commercialization (\$1.0m)
-  Costs of the Offer (\$1.0m)

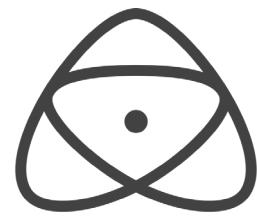
¹\$1m of the debt prepayment may be redrawn from April 2023 and used as partial funding for the second instalment of the strategic investment



Overview: We are a global
video technology leader...

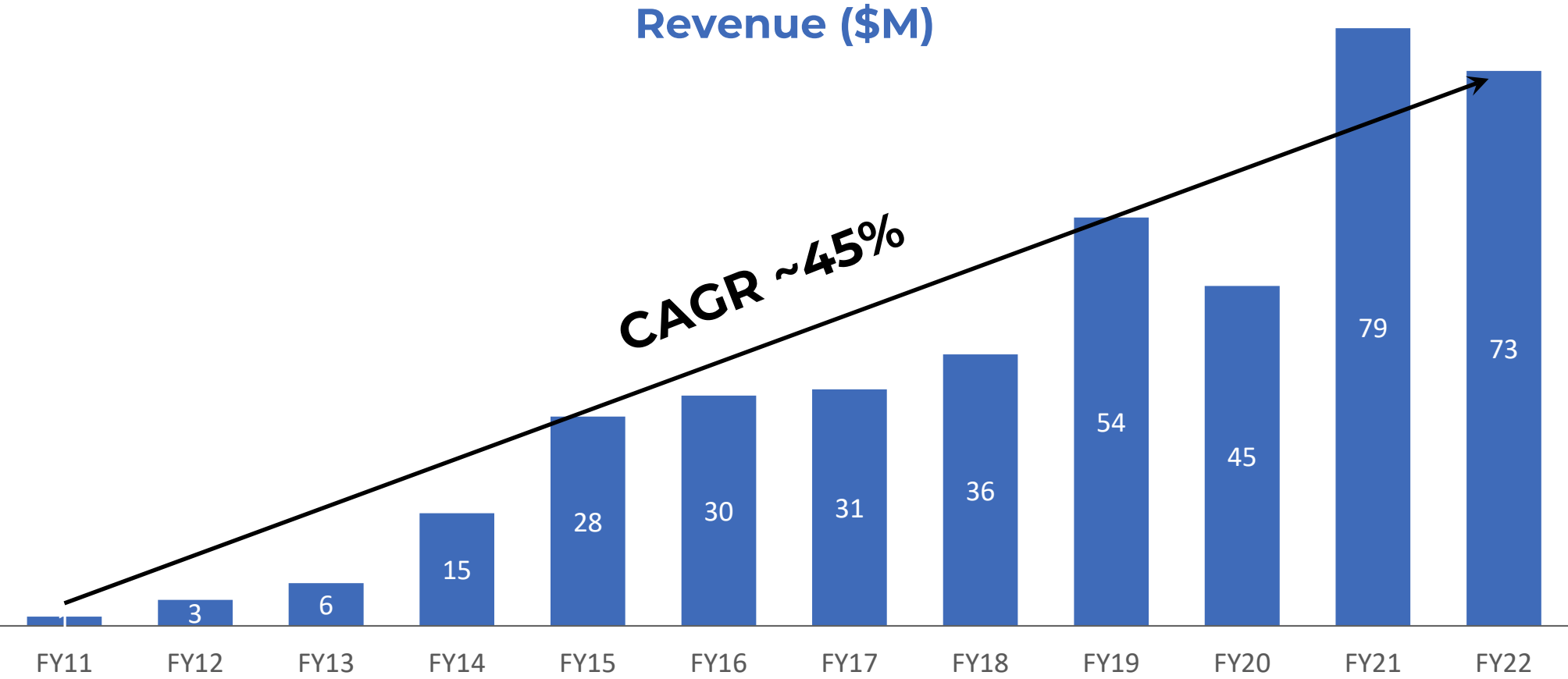


ATOMOS: a global leader in video tech



SOLVING CUSTOMER PROBLEMS FOR OVER 12 YEARS

- Founded in 2010 with vision to democratise high quality video content creation
- Unique ability to partner with dominant industry players across major camera and video fields
- Large customer base >450,000¹ products sold
- Consistent revenue growth – 45% CAGR since inception
- Internal ethos based around ‘product-first’ approach; solving end-customer problems

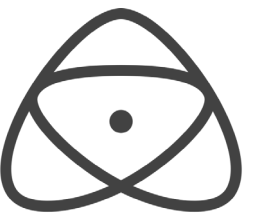


¹Cumulative from sale of first device to FY22

GLOBAL LEADER IN PROVIDING MUST-HAVE TOOLS FOR CONTENT CREATORS. STARTED BY INVENTING THE MONITOR-RECORDER



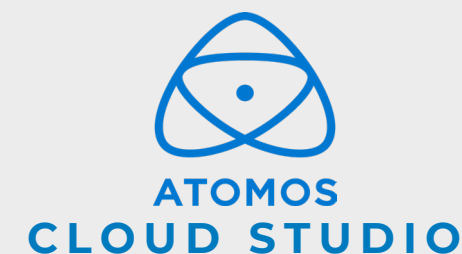
Our products improve content creation at all levels



CONTINUING OUR HERITAGE OF SIMPLIFYING THE WAY CREATORS WORK



Ninja Shinobi Shogun SUMO
Connect: Shogun Zato Ninja

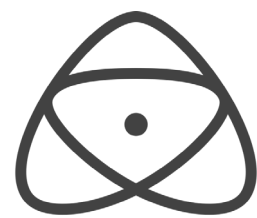


We have a proven history at the forefront of developing innovative products and technologies that improve & simplify the way content creators work:

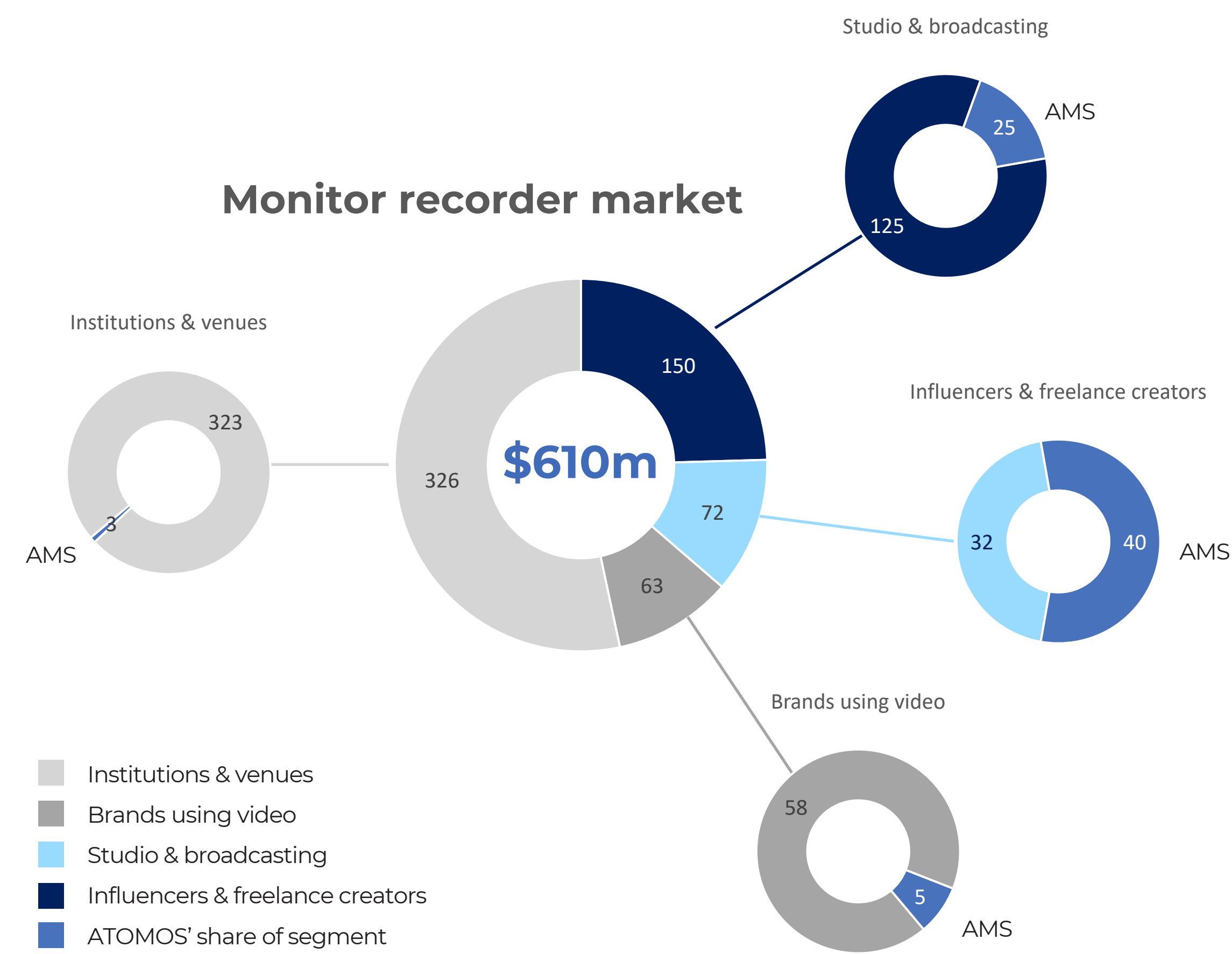
- World 1st in-field recorder (Ninja) which revolutionised digital video workflows
- World 1st in-field 4K recorder monitor (Shogun) combining recording, monitoring, playback and editing in one device
- Apple ProRes RAW: only monitor recorder that can record
- Combination of RAW, HDR, Recording (first 8K ProRes RAW mon/rec)

Continuing this tradition by introducing easy-to-use cloud-based collaboration that will change the way content creators work & collaborate

Market Size



MARKET FOR MONITOR RECORDERS IS \$610M, GROWING AT 12%PA, BUT TOTAL MARKET IS MUCH BIGGER



SIGNIFICANT GROWTH OPPORTUNITY

Atomos is entering new markets for streaming, remote collaboration and cloud-based production which will **significantly increase** its TAM beyond monitor recorders

MONITOR RECORDER TAM

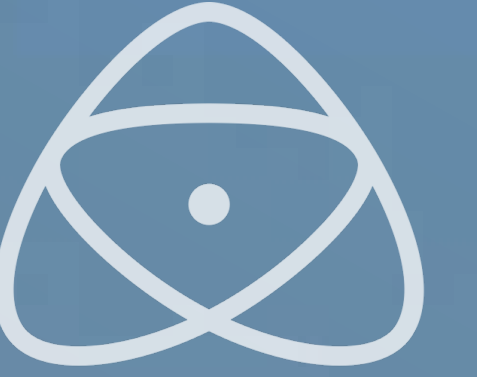
Atomos has ~12% of the market

Very low share of the largest segment, **Institutions & venues**

Overall market is forecast to grow at 12% CAGR 21-31 **baseline growth for AMS**

Greater penetration in all segments will deliver **above market** growth

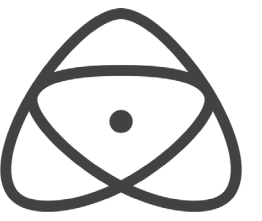
Refer to slide 45 for market sizing detail and sources



FY22 Review:
Challenging but
significant positives
moving forward



FY22 in Review



SEVERAL CHALLENGES OVERSHADOWED GROUNDBREAKING NEW PRODUCT RELEASES



Challenges

- Departure from proven success in active product-led marketing which focused on customer outcomes led to:
 - A sharp fall in 3rd quarter sales¹
 - A build up of inventory beyond requirements
- Growth in cost base under previous management also adversely affected performance
- Change in CEO & subsequent legal claim
- End of year sales initiatives to convert built-up inventory into cash impacted margin
- Balance sheet impacted but new Series 2 & cloud products provide good foundations for future growth



Solid Base now in place

- Cost base corrections to right size business moving forward
- Experienced leadership team now in place with the business part way through a reorganisation
- Experienced marketing director appointed for better alignment of sales and marketing

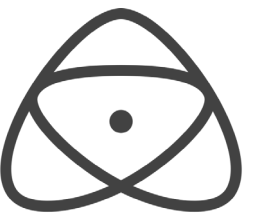


Exceptional New Product Portfolio momentum building into FY23

- Successfully launched new Series 2 'connected' products in 4Q22
- Successful BETA launch of Atomos Cloud
- Remaining Series 2 products to launch/ship in 2H23

¹Refer slide 42 for more detail

Material slowdown in 3Q22 sales had flow on effects



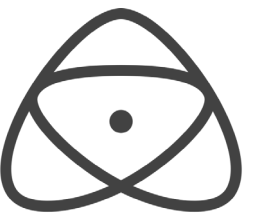
PERFECT STORM OF UNEXPECTED SALES SLOWDOWN & LONG INVENTORY LEAD TIMES IMPACTED CASH FLOWS

FY22	\$m
EBITDA	(5.1)
Non-cash items	(0.2)
Tax	(1.0)
	(6.3)
Movements in working capital:	
· Increase in inventories	(12.1) ¹
· Increase in trade and other receivables	(16.6) ²
· Increase in deferred revenue	8.7 ³
· Increase in other assets	(3.5) ⁴
· Increase in trade and other payables	2.8
· Increase in provisions	0.5
Movements in working capital	(20.2)
Operating activities	(26.5)
Investing activities	(6.0) ⁵
Financing activities	11.4 ⁶
Net change	(21.0)
Opening cash	26.0
Closing cash	5.0

- *Planned build in inventory through 1H22 to mitigate supply chain challenges*
- *Unplanned slowdown in 3Q22 sales impacted profitability & drove inventory build*
- *Longer term planning required post COVID extended correction time*
- *Early signs that supply chain is normalising*

- 1 Inventory at June 2022 of \$28.9m was comprised of finished goods (\$10.3m), stock in transit (\$4.8m) and components (\$13.8m)
- 2 In June a significant amount of inventory was converted to debtors and collected post year end. Due to supplier commitments this was reinvested into inventory through Q1 FY23
- 3 Increase in deferred revenue relates to the deferral of revenue from June to July
- 4 The increase in other assets relates predominantly to supplier deposits (prepaid inventory)
- 5 Investing activities represents capital expenditure, predominantly the capitalized development costs associated with the Series 2 platform (\$2.6m) and Videogram (\$1.6m) and PP&E (\$1m)
- 6 Financing activities reflect the draw down of the \$12m debt facility net of costs

Solid base now in place



COMBINING BACK TO BASICS WITH IMPROVED MARKETING TO DELIVER FUTURE GROWTH



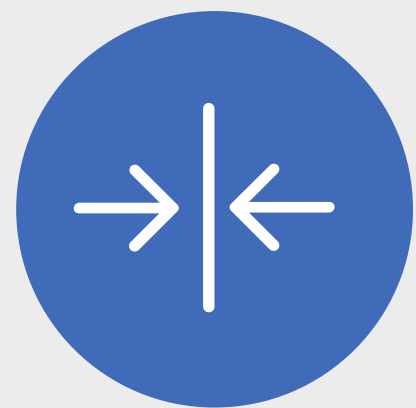
People

- Experienced and cohesive leadership team now in place
- Experienced marketing director appointed for better alignment of sales and marketing
- The business is part way through a reorganisation to be completed by December



New Technology Platform

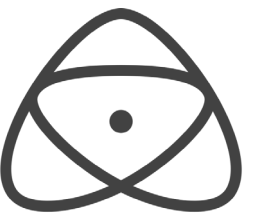
- Investment in Series 2 platform well progressed
- Cloud services platform launched
- Series 2 and Cloud Services will underpin product roadmap for next 5 years
- 3 products in market and more to come



Marketing aligned to sales

- Reverting to well-proven product-focused marketing
- Improved marketing using customer data, segmentation and targeting to increase marketing spend ROI
- Marketing now reports through to Chief Sales Officer to ensure greater alignment

We continued to deliver ground-breaking products



SERIES 2 CONNECTED PRODUCTS AND ATOMOS CLOUD STUDIO

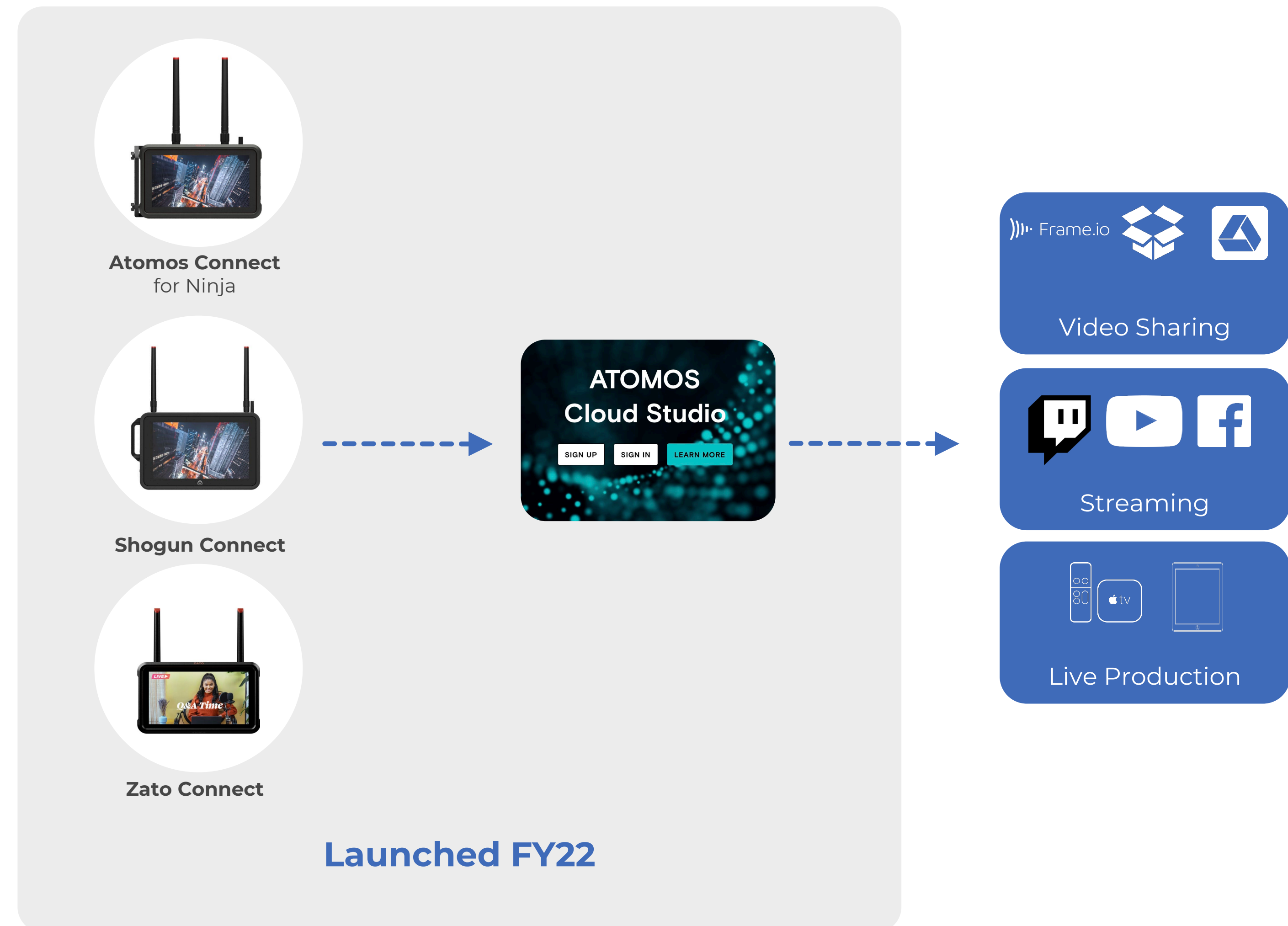
Yet again, Atomos leads the way with democratising content creation

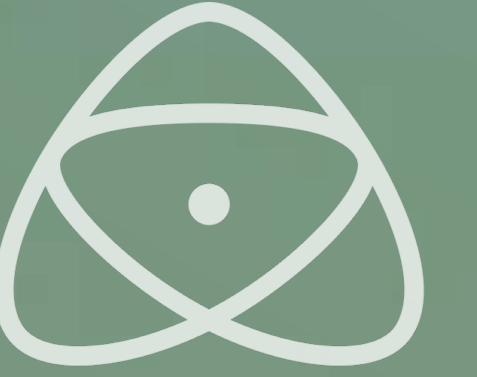
New ground-breaking products invented in FY22 with more to come in 2H23

All share many common hardware elements for easier inventory management

New Atomos Cloud Studio services launched in FY22

Initially with streaming and collaboration services with much more to follow

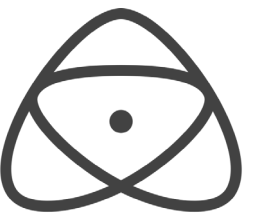




FY23: Returning to, and further building upon, what makes us a global leader



Momentum to accelerate in the new year



NEW PRODUCT ACCELERATION + WORKING CAPITAL REDUCTION FROM 2Q23 ONWARDS

1H23 to be broadly flat on prior year - Channel feedback of softer sales in Q1 reflected in AMS results

Actions initiated in H1:

- More product focused marketing campaigns
- More data-informed marketing campaigns to ensure greater efficiency and marketing spend ROI
- Re-alignment of sales and marketing reporting lines
- This transition will take time - 1H23 forecast to be flat

Feedback on new products is very positive:

- Led by interest from non-traditional Atomos customers in the broadcast space
- But pace of take-up slower due to absence of marketing
- Full potential possible with cloud services roll out in late 1H23

Lower margins:

- Reduced pricing & increased costs of some older products
- Impact of Black Friday

Stronger outlook for 2H23 – FY23 results expected to deliver stronger sales, earnings and cashflow

2H momentum anticipated for new products due to:

- Marketing tailored to better understood customer segments
- Rollout of cloud services
- More time in the market to convert strong early interest

Further new product launches:

- Additional Series 2 products
- DTC / software & cloud subscriptions

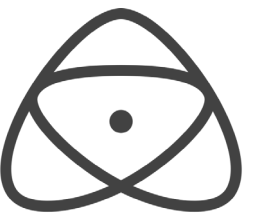
Significant product margin improvement:

- Margin improvement initiatives on existing products
- New product margins are stronger than existing
- Sales from the 3 new initiatives will be at high margins

Balance sheet:

- Unwinding of working capital begins in 2Q23

Improved Marketing Strategy



ENSURING OUR CUSTOMERS UNDERSTAND HOW WE CAN HELP BRING THEIR CREATIVE VISION TO LIFE



Return to product-focused messaging that we **know** works



Highlight **which problems** our products solve for our customers



Demonstrate the **value** that our products bring to our customers



Clearly highlight the **competitive advantages** of our products



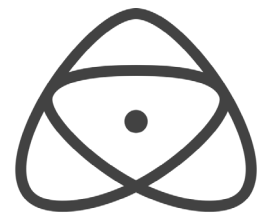
Clearly explain to our products **what** our products do



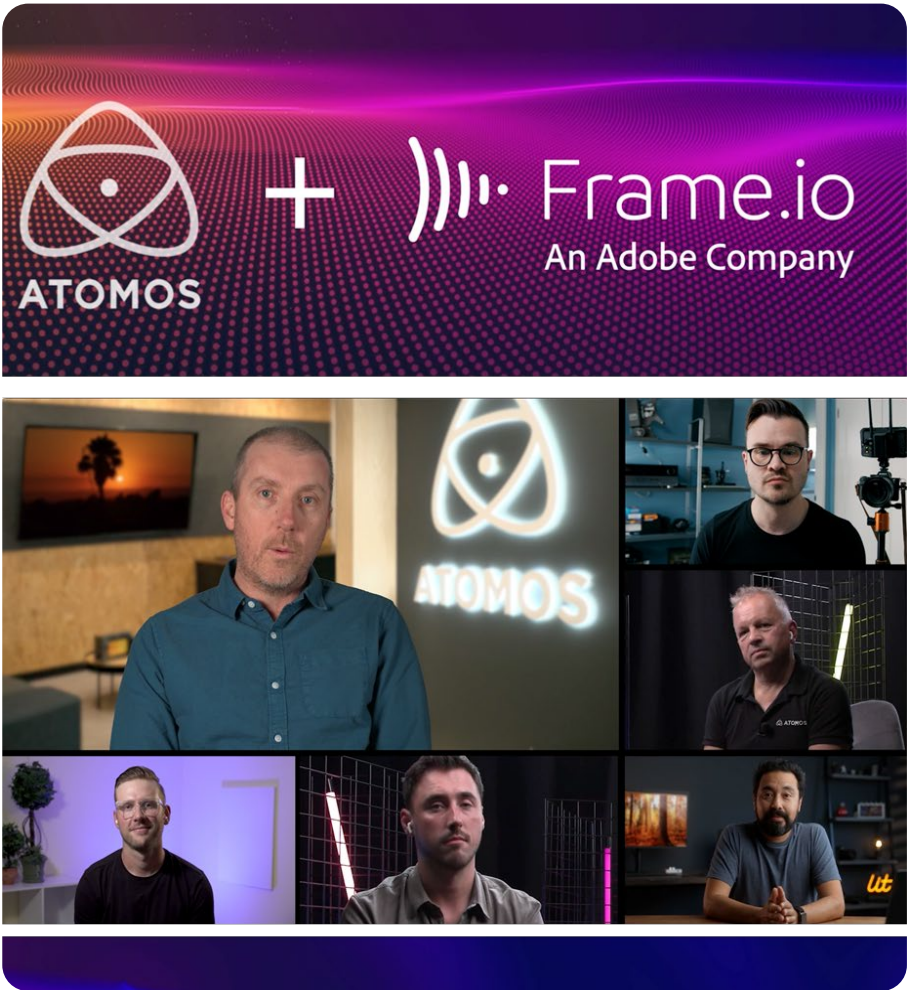
Use customer data to segment and target customers to **increase marketing spend ROI**



Improved delivery of marketing

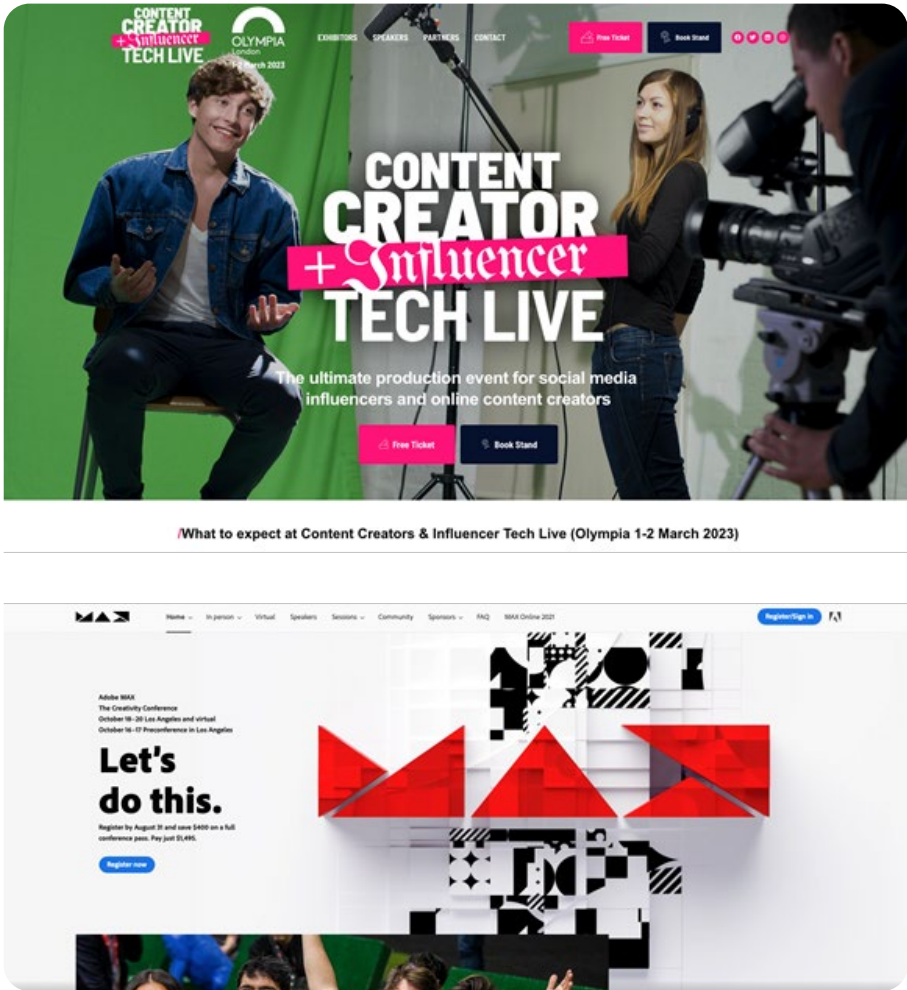


BETTER MARKETING CHANNELS TO CUSTOMERS – BUILD ON PROVEN FUNDAMENTALS



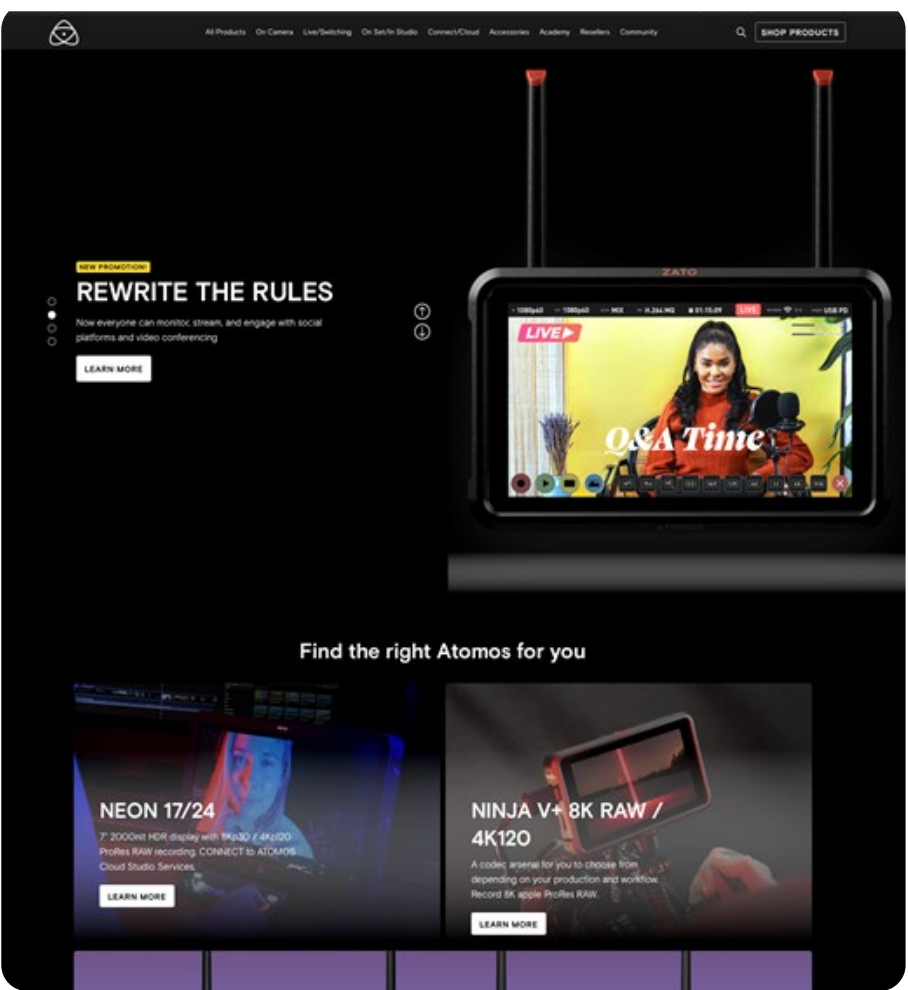
Focus on digital and social

Heavy use of digital platforms like YouTube to target customers. Content marketing to include hosting events that showcase our connected products, thus engaging directly with our partners and customers



No more expensive tradeshows

No more big and expensive tradeshows where it's difficult to measure success. Attend more focused events that have a smaller footprint that focus more directly on our connected products and cloud services



New website

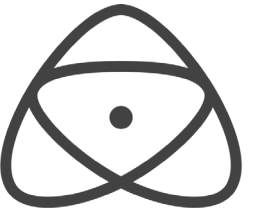
With the launch of eCommerce, fully utilise our website as a powerful marketing tool which engages our customers and clearly explains use cases which solve problems for the market segments they belong to. New website will also provide customer data



Hero ad campaigns

iPhone-style hero ad campaigns showcasing our products that utilise high production values delivering both long-form and short-form content that can be used on multiple forums

Direct to customer



ROLLOUT OF ATOMOS ECOMMERCE ON TRACK



Website partner for eCommerce solution engaged and progress underway



Payment platform partner selected



Innovative buy-now-pay-later partner selected



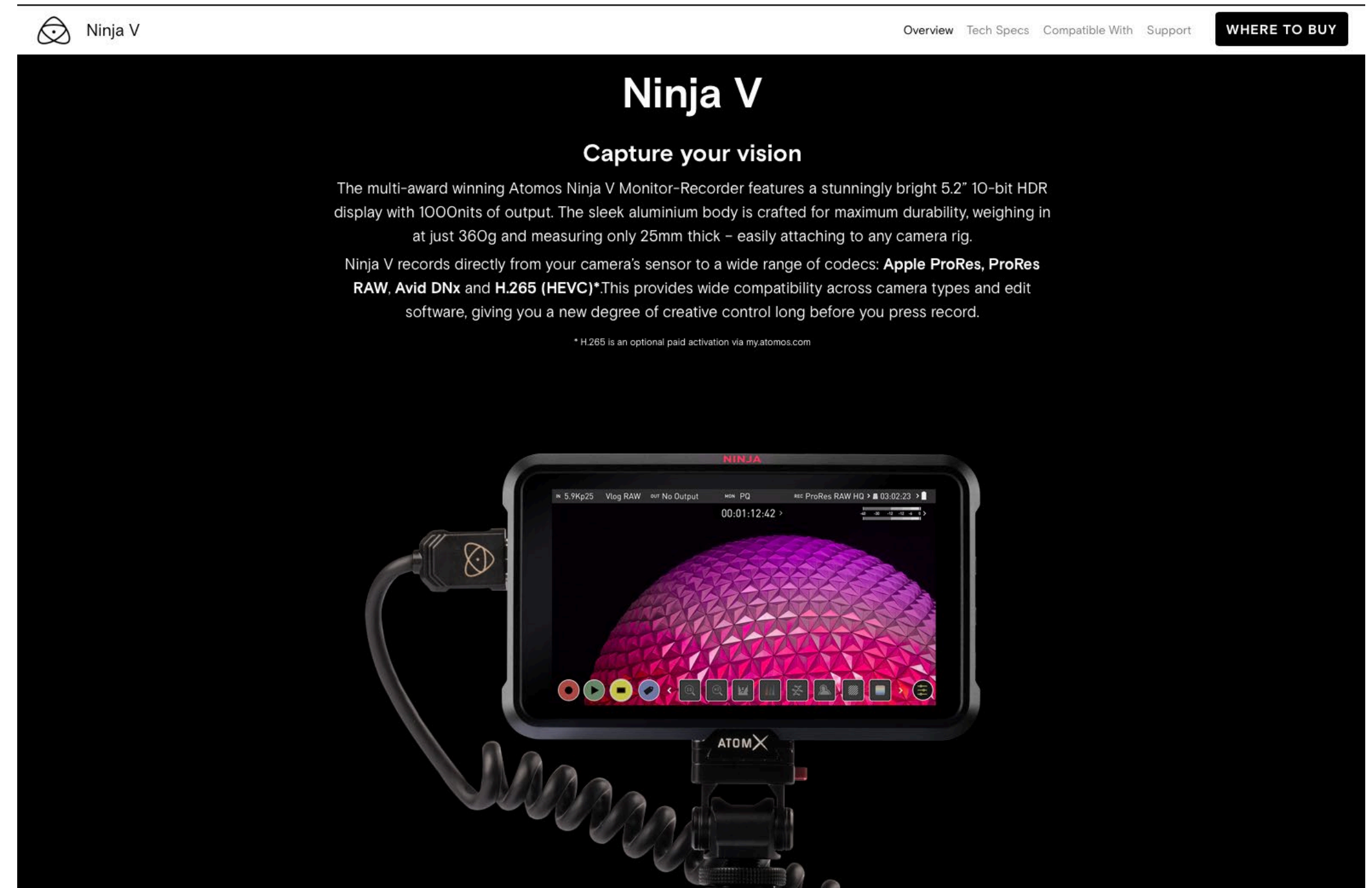
Third partner logistics partners engaged



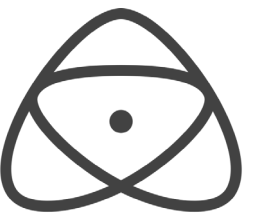
On schedule to launch eCommerce on redesigned Atomos website H1 FY23



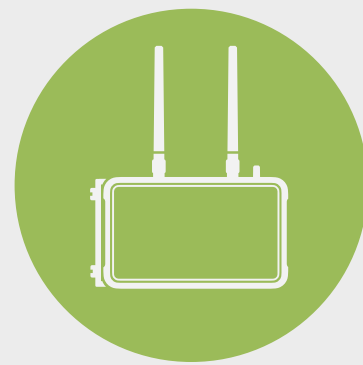
Experienced D2C expert leading rollout of Atomos eCommerce solution



New Era for Atomos Products



POWERING NEW GENERATION OF VIDEO COLLABORATION



Atomos Cloud Studio



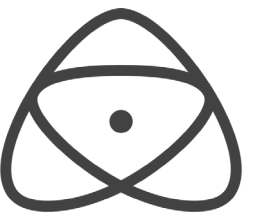
Series 2 Devices

Powering the ability to collaborate
in real-time with **anyone**,
anywhere, **anytime** will
revolutionalise content creation

The ability for creators to get their
content to their audience in almost
real-time will be game changing



New Era for Atomos Products



PARTNERS LIKE **ADOBE** HELPING DRIVE DEMAND FOR ATOMOS PRODUCTS AND SERVICES

Atomos Cloud Studio

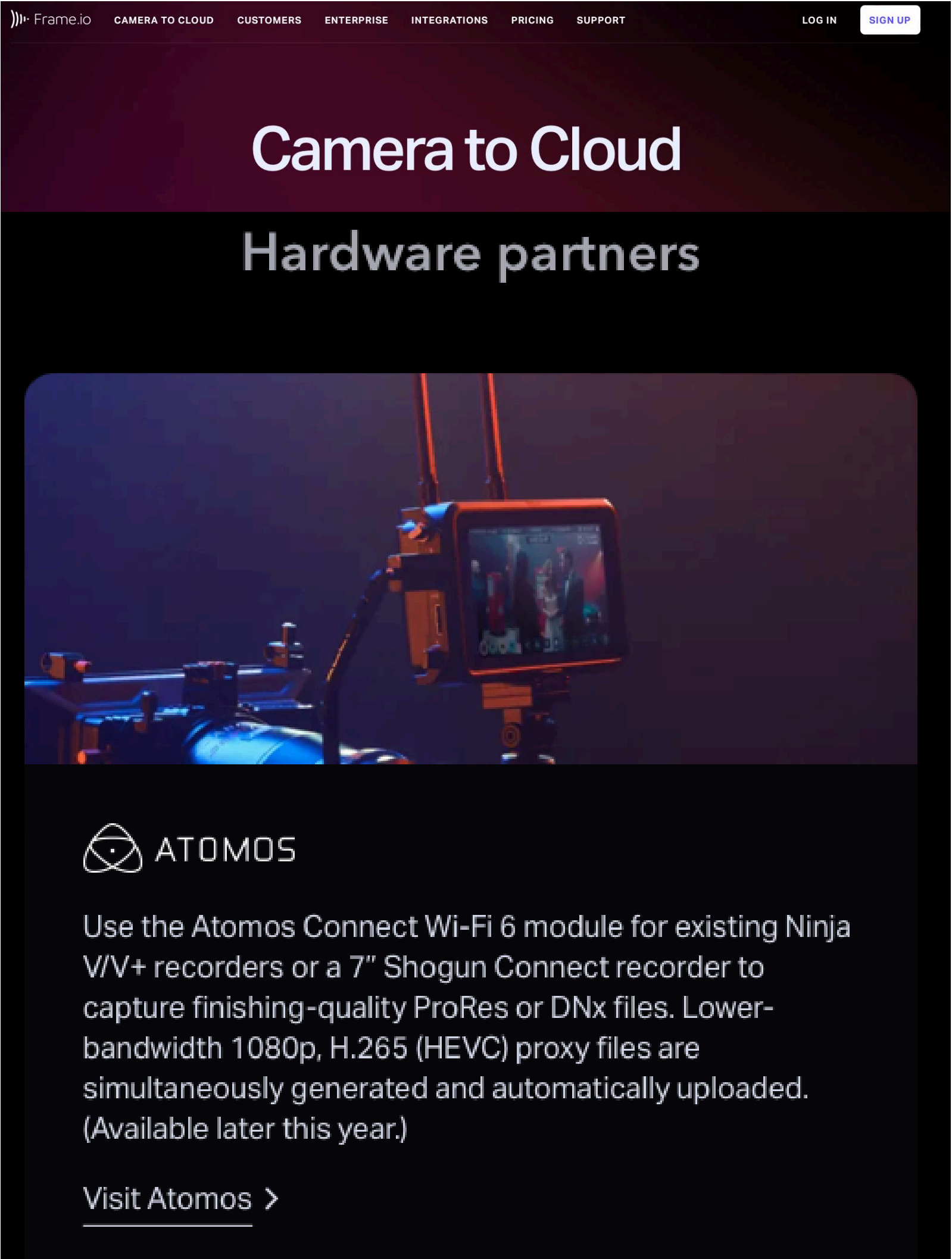
+
Frame.io

25+ million Adobe Create Cloud subscribers now have a reason to consider an Atomos product

Hundreds of new cameras now part of the Frame.IO ecosystem via an **Atomos** product

Large increase (+50%) in daily number of video files uploaded to Frame.IO reported immediately after system went live


50 units of Ninja+Connect and Shogun Connect now in use by Frame.IO sales teams for customer trials

A screenshot of the Frame.io website. The top navigation bar includes links for Frame.io, CAMERA TO CLOUD, CUSTOMERS, ENTERPRISE, INTEGRATIONS, PRICING, SUPPORT, LOG IN, and SIGN UP. The main heading is 'Camera to Cloud' followed by 'Hardware partners'. Below this is a video player showing a camera rig. Under the video is the Atomos logo and a text block describing the integration: 'Use the Atomos Connect Wi-Fi 6 module for existing Ninja V/V+ recorders or a 7" Shogun Connect recorder to capture finishing-quality ProRes or DNx files. Lower-bandwidth 1080p, H.265 (HEVC) proxy files are simultaneously generated and automatically uploaded. (Available later this year.)' At the bottom is a link 'Visit Atomos >'.

Frame.io CAMERA TO CLOUD CUSTOMERS ENTERPRISE INTEGRATIONS PRICING SUPPORT LOG IN SIGN UP

Camera to Cloud

Hardware partners

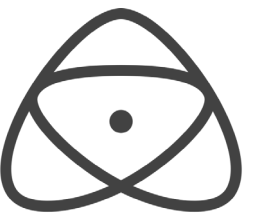


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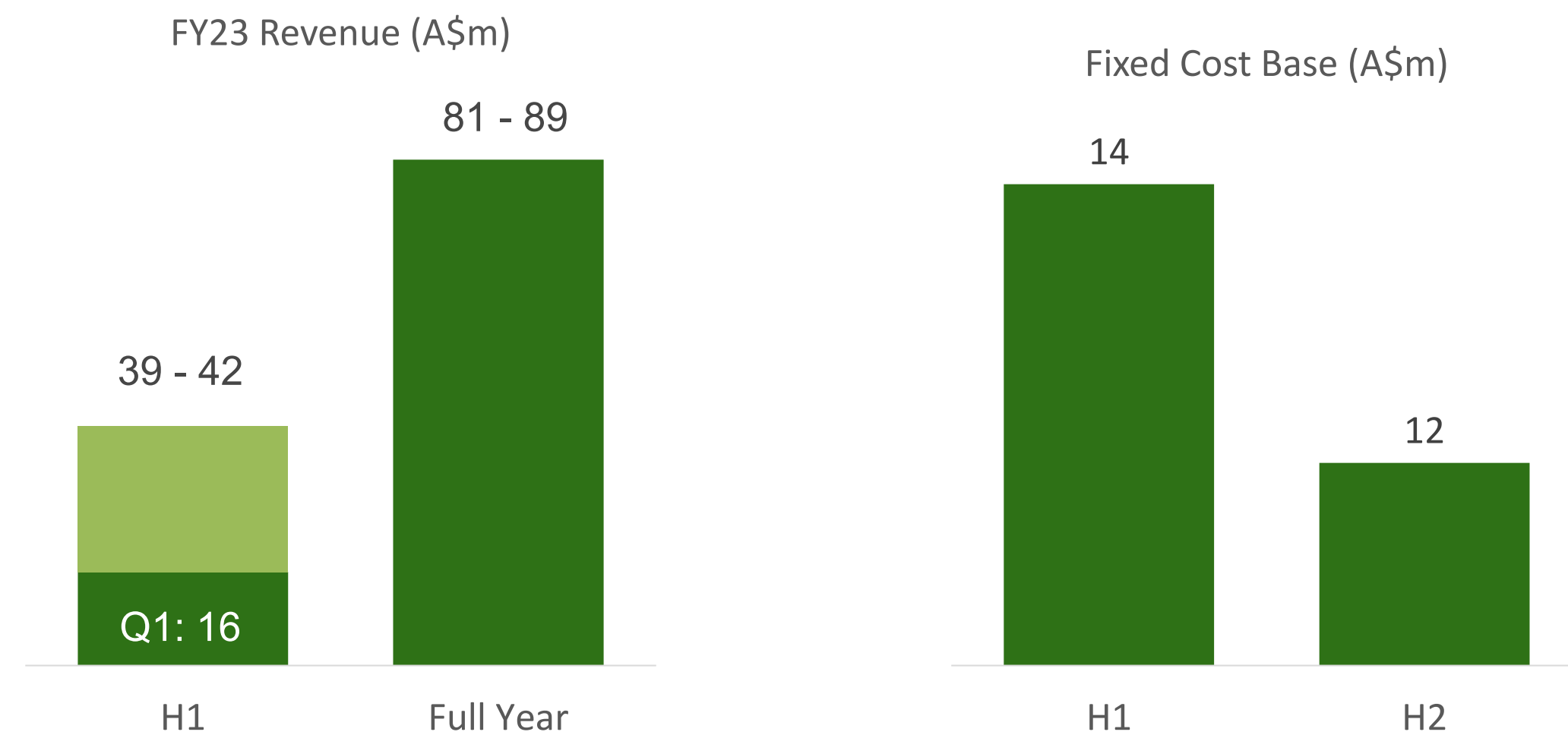
Use the Atomos Connect Wi-Fi 6 module for existing Ninja V/V+ recorders or a 7" Shogun Connect recorder to capture finishing-quality ProRes or DNx files. Lower-bandwidth 1080p, H.265 (HEVC) proxy files are simultaneously generated and automatically uploaded. (Available later this year.)

[Visit Atomos >](#)

New products & services driving FY23



AND RIGHT-SIZING THE BUSINESS TO REDUCE BREAK EVEN SALES POINT



New Products yet to be launched:

- DTC targeting 10% of sales
- Gradual build in contribution from subscription services
- Two new Series 2 connected products to launch in 4Q23
- New products (launched and yet to be launched) account for ~40% of full year sales

1H23 expected to be flat YOY:

- Black Friday to drive strong 2Q23 sales

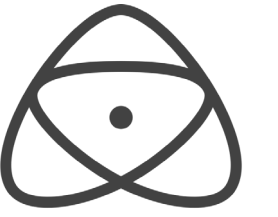
Sales momentum for newly launched products to build from:

- Marketing investment
- Launch of Atomos Cloud Studio

Thorough cost base review:

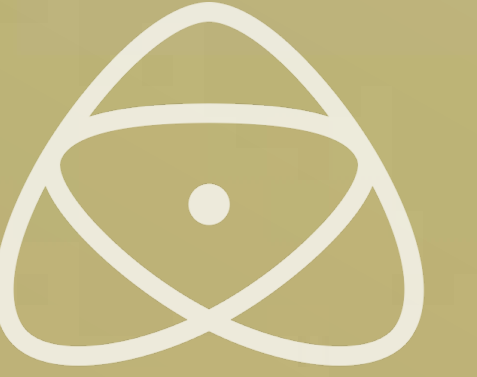
- Reorganisation to be completed by December
- Reduction in large expensive trade show spend
- All operating expense items under review for necessity

Atomos Group Strategy



NEW PRODUCTS AND CLOUD SERVICES TO DRIVE VALUE

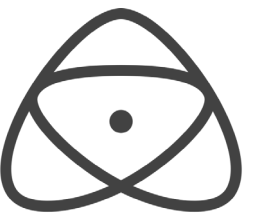




Strategic Investments:



MAVIS technology + Atomos



MASS APPEAL OF **ATOMOS LIVE PRODUCTION**

Atomos Cloud Studio



GAME CHANGER

Enormous simplicity enables mass-appeal opportunities

With nothing more than two **iPhones**, an **iPad** and an **Atomos Cloud** subscription, anyone can do a live production. **Anywhere. Anytime.**

Social events

Corporate

Grass-roots sports

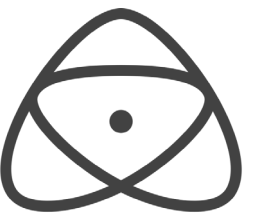
Houses of Worship

Schools

Live Performances

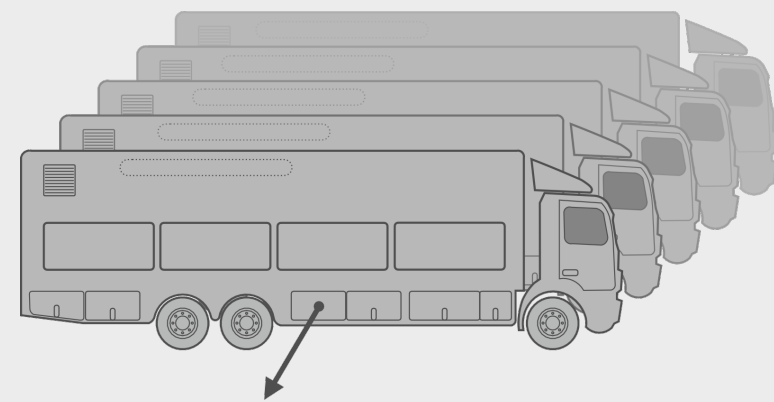
This technology will allow **anyone** to host their own live pay-per-view events using **ATOMOS live production services**

MAVIS technology



ATOMOS CLOUD STUDIO WILL REVOLUTIONISE LIVE PRODUCTION

Outside Broadcast Vans – Legacy Live Production



Traditional Live Production

- Not scalable
- Very expensive
- Complicated
- Restrictive set of expensive cameras suitable for use



SIMPLIFY

Easier
Cheaper

**Much Wider
Appeal**

**Eliminate
adoption barriers**

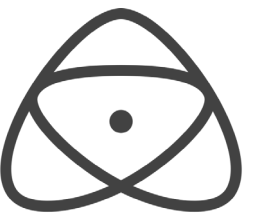
Atomos Cloud Studio – Live Production



Atomos Live Production

- Scalable (cloud based)
- Cost effective (SaaS model)
- Simple to setup and use (everything controlled from intuitive iPad app)
- Flexible – use ANY camera via ATOMOS monitor/recorder or use iPhone

Mavis Strategic Investment



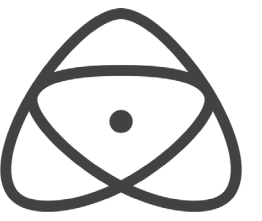
RATIONALE – THIS TECHNOLOGY POWERS FUTURE GROWTH

£2m for 20% strategic stake:

- ✓ Exclusive access to game-changing MAVIS technology: built-for-purpose video streaming protocol and disruptive live production in the cloud solution
- ✓ Provides pre-emptive rights on additional investment in MAVIS for 5 years
- ✓ The 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 MAVIS board

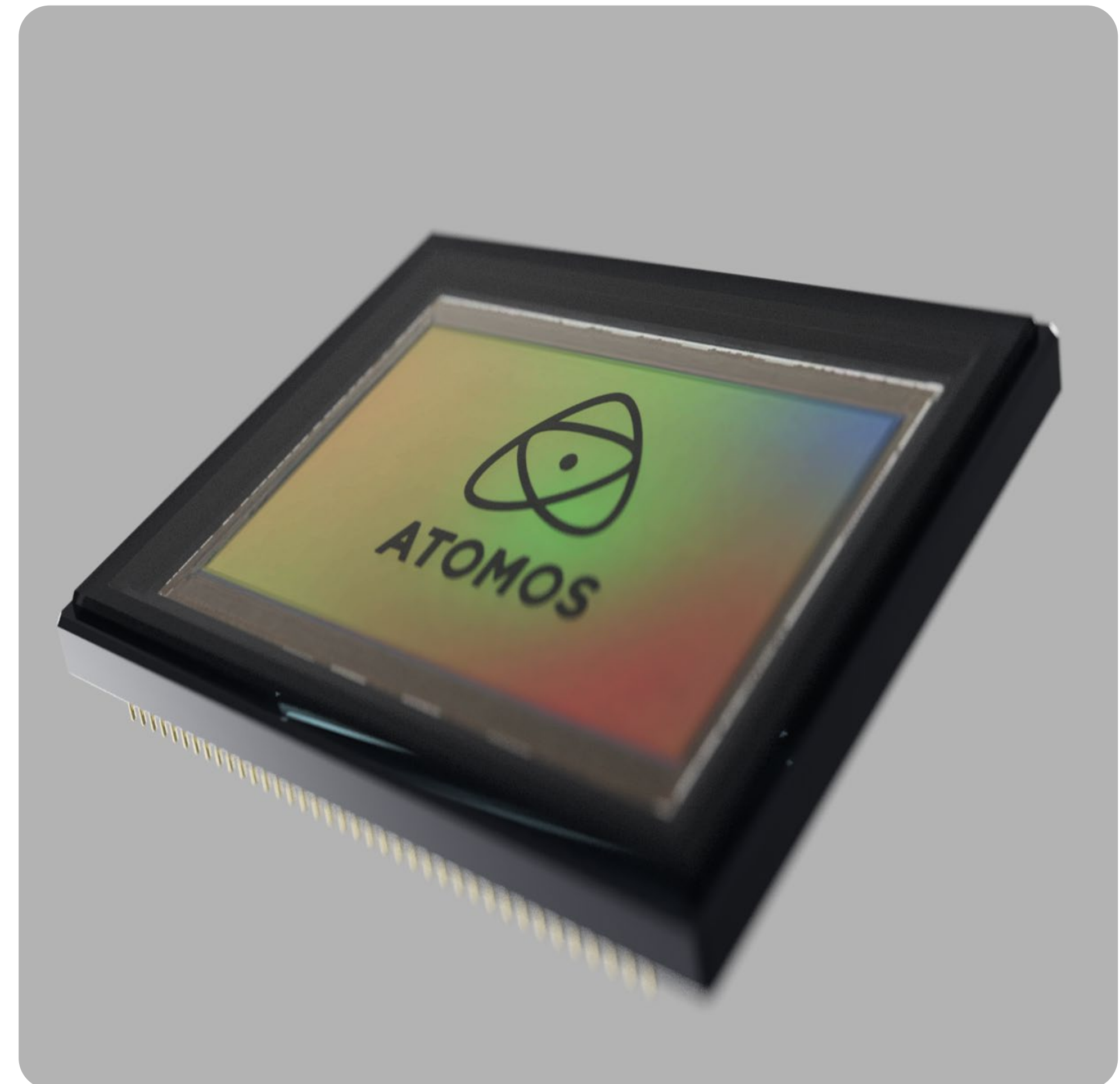


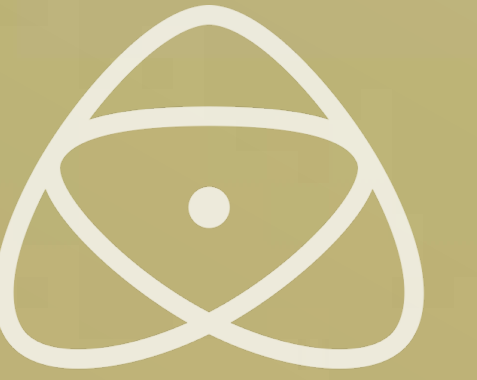
World class 8K video sensor



EXPLORING COMMERCIALISATION

- Atomos has developed an 8K and high-speed 4K world-class video sensor which captures video images suitable for use in a mainstream DSLR camera
- Outside of big camera makers like Sony & Canon, having 8K sensor technology is extremely rare & valuable (USD \$1,000 - \$1,500 sell price)
- Invested \$5m over last 5 years in development of the sensor
- For camera makers, access to high-quality 8K sensors is very limited
- External validation of the tech: Several camera makers already engaged and showing great interest – **significant future market opportunity**
- Development is complete and the sensor is ready for commercialisation. Estimated investment to commercialisation ~\$1m

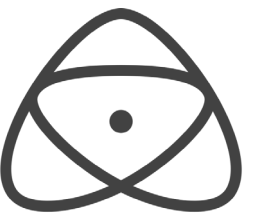




Capital Raising



Capital Raise



OVERVIEW

Offer size and structure

Capital raising of approximately \$18 million via a:

- A fully underwritten Placement of approximately 52.4 million shares (representing approximately 23.6% of issued capital) to institutional and sophisticated investors to raise approximately \$5.2 million (“Placement”) under its Listing Rule 7.1 placement capacity (as expanded by a “super size” waiver granted by ASX)
- A 4 for 7 fully underwritten accelerated pro-rata non-renounceable entitlement offer (“Entitlement Offer”) to existing shareholders as of the Record Date to raise approximately \$12.7 million comprising of:
 - an accelerated institutional component (“Institutional Entitlement Offer”); and
 - a retail component (“Retail Entitlement Offer”)

The Placement and Entitlement Offer are together referred to as the (“Offer”)

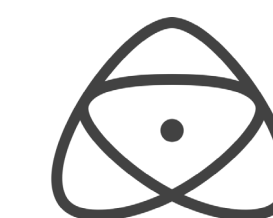
Offer pricing

New Shares will be issued at a fixed price of \$0.10 (Offer Price):

- 33.3% discount to the last traded price of \$0.15 on 17 October 2022
- 33.9% discount to the 5-day VWAP of \$0.151
- 21.7% discount to theoretical ex-rights price (TERP) of \$0.128



Capital Raise



USE OF FUNDS

Uses	A\$m	Sources	A\$m
Initial investment in MAVIS	1.7 ¹	Placement	5.2
Second investment in MAVIS	1.7 ¹	Accelerated non-renounceable entitlement offer	12.7
Marketing of new revenue streams	2.0		
Sensor Commercialisation	1.0		
Debt reduction	5.0		
Balance sheet flexibility	5.5		
Capital raising costs	1.0		
Total Uses	17.9	Total Sources	17.9

¹MAVIS investment is denominated in GBP and therefore subject to exchange rate fluctuations. The total investment of GBP 2 million has been translated to AUD at the current rate of AUD 1.68: GBP 1.00. The initial investment in MAVIS will be made in October 2022, the second investment will be made in April 2023.

COMMENTARY

Strategic Initiatives:

- Atomos will invest in a 20% stake (via two equal instalments in Oct-22 and Apr-23) in leading cloud-based video processing and production company, MAVIS
- Ensure the go-to-market effort for new DTC / software & cloud services initiatives maximized
- A portion of the funds raised will be invested in the commercialization of the 8K sensor

Debt Reduction and amended facility terms¹:

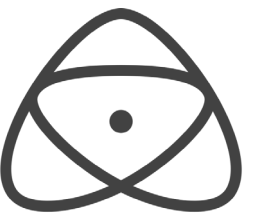
- Existing debt facility of \$12m with Arrowpoint will be reduced by A\$4m via an early prepayment
- An additional \$1m prepayment from raise proceeds will be made which can be redrawn from April 2023
- Second tranche of facility (for additional \$4m) cancelled - new limit \$8m
- Covenants: gross leverage, interest cover and current ratios
- EBITDA definition changed to remove poor FY22 Q3 period for the purposes of covenant testing

Balance sheet flexibility / working capital funding:

- The Company has built an excess of inventory which it is progressively reducing but the process will take 6-12 months to be fully realized
- In the meantime, a portion of the Offer proceeds will be used to support the working capital needs of the business (retaining top tech talent and payments to suppliers)

¹Refer to slide 43 for more detail on the facility terms

Capital Raise



POST OFFER PRO FORMA BALANCE SHEET

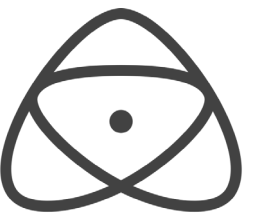
A\$m	¹ 30 Jun'22	Offer Proceeds	² Strategic Investment	Debt Repayment	Offer Costs	Pro Forma
Cash and cash equivalent	5.0	17.9	(1.7)	(5.0)	(1.0)	15.2
Trade & other receivables	29.3					29.3
Inventories	28.8					28.8
Fixed & intangible assets	36.9					36.9
Investments	0.0		1.7			1.7
Other assets	8.7					8.7
Total assets	108.7	17.9	0.0	(5.0)	(1.0)	120.6
Trade and other payables	(24.3)					(24.3)
Deferred revenue	(8.7)					(8.7)
Other liabilities	(9.2)					(9.2)
Borrowings	(11.8)			5.0		(6.8)
Total liabilities	(54.0)	0.0	0.0	5.0	0.0	(49.0)
Net assets	54.7	17.9	0.0	0.0	(1.0)	71.6

- Increase in cash of \$17.9m from the Offer proceeds
- Investment of GBP 1 million² for an initial 10% stake in MAVIS Broadcast
- Debt repayment reflects a \$4m permanent reduction in the facility and a \$1m temporary reduction which can be redrawn from April 2023
- Offer Costs reflect JLM fees and legal expenses

¹Audited balance sheet as at 30 June 2022

²MAVIS investment is denominated in GBP and therefore subject to exchange rate fluctuations. The initial investment of GBP 1 million has been translated to AUD at the current rate of AUD 1.68: GBP 1.00

Capital Raise



CAPITAL STRUCTURE

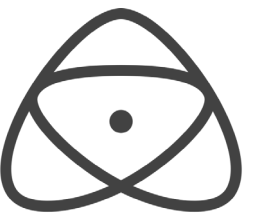
Substantial Holders	Pre-Offer	
Ellerston Capital ¹	28,550,164	12.84%
Regal Funds Management ¹	16,407,514	7.38%

Capital Structure	Pre-Offer		Post Offer
Ordinary shares on issue	222,351,585	100.00%	401,821,079
Share options ²	7,194,582		7,194,582
Performance rights	1,089,018		1,089,018
Share rights	83,819		83,819
Number of shares fully diluted	230,719,004		410,188,498

¹Share holdings confirmed as at 17 October 2022

²Share options will be repriced in accordance with the Listing Rules on completion of the Offer

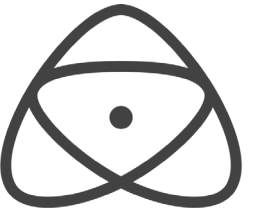
Capital Raise



TIMETABLE

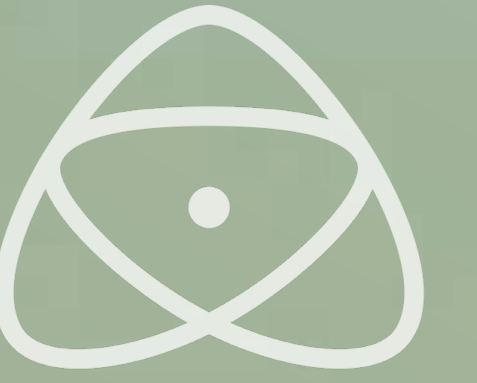
Event	Date
Announcement of Placement and Entitlement Offer	18 October
Entitlement Offer Record Date	20 October
Institutional Placement and Entitlement Offer	
Institutional Placement and Entitlement Offer opens	18 October
Institutional Placement and Entitlement Offer closes	19 October
Announcement of results of Institutional Placement and Entitlement Offer	20 October
Shares recommence trading	20 October
Settlement of New Shares issued under the Institutional Entitlement Offer	24 October
Issue and commencement of trading of New Shares under the Institutional Entitlement Offer	25 October
Retail Entitlement Offer	
Retail offer booklet despatched to Eligible Retail Shareholders and Retail Entitlement Offer opens	25 October
Retail Entitlement Offer closes	8 November
Announcement of results of Retail Entitlement Offer	15 November
Issue of New Shares under the Retail Entitlement Offer	15 November
Commencement of trading of New Shares issued under the Retail Entitlement Offer	16 November

Highlights



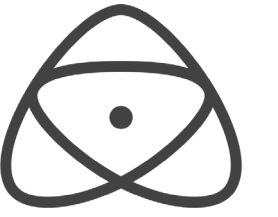
Atomos is building products and services that are at the forefront of new collaboration workflows. These new products and services will fuel growth for the next 5+ years.

- Leverage proven Atomos fundamentals:
Deep tech expertise, great product design, brand equity, partnerships with industry leaders
- Improve marketing with customer data, segmentation and targeting to increase marketing spend ROI
- Complete rollout of **Series 2** cloud-connected products
- Efficient **digital marketing campaigns** for new cloud studio services
- Complete organization restructure and **cost base reduction**
- MAVIS technology + Atomos place **Atomos at forefront** of the future of video content creation
- Balance sheet **improvement** from debt and working capital reduction



Risks





RISKS ASSOCIATED WITH INVESTMENT

Conditions to investment

The Mavis Broadcast investment is reliant on Atomos raising funds under the Placement to fund the subscription for shares. The Mavis Broadcast investment is reliant on Atomos raising funds under the Placement to fund the subscription for shares. The capital raising is being fully underwritten by the Joint Lead Managers, subject to the terms and conditions of the Underwriting Agreement. The Joint Lead Managers' obligation to underwrite the Placement is conditional on certain customary matters, including delivering certain certificates. Further, if certain events occur, some of which are beyond Atomos' control, the Joint Lead Managers may terminate the Underwriting Agreement. If the Underwriting Agreement is terminated, it may have an adverse impact on the ability of Atomos to proceed with the Offer and the quantum of the funds raised under the Offer.

Mavis investment risk

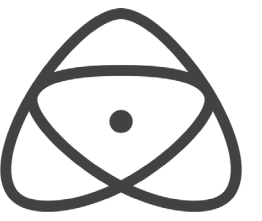
Atomos has undertaken pre-acquisition due diligence in relation to its acquisition of Mavis shares. There is a risk that these due diligence investigations did not identify all material issues, or that issues apparent from the information provided were not adequately appreciated or addressed. There is also a risk that information provided was not complete, accurate or reliable. There are inherent risks with any investment in shares which applies to Atomos's investment in Mavis and like any other investment, Atomos may not realise any return on its investment in Mavis and may not see any benefits from its investment in Mavis.

Maintaining key shareholder rights and exclusivity

All key shareholder rights of Atomos commence from the first investment in Mavis Broadcast, but will expire if the second investment does not complete by mid-April 2023. This would entail that Atomos' key shareholder rights will be reduced to that of a minority investor in Mavis.

The exclusive licence to use certain MAVIS technology in its products under the Integrated Services Agreement is subject to meeting agreed annualised recurring revenue targets.

Risks



RISKS ASSOCIATED WITH ATOMOS

Competition risk

Atomos competes against other video technology companies. Atomos faces the risk that (amongst other things) existing competitors could increase their market share through aggressive sales and marketing campaigns, product research and development or price discounting. Atomos may fail to anticipate and respond to changing opportunities, technology or customer requirements as quickly as its competitors or new market entrants into the video technology industry could develop products which compete with Atomos' products.

Launch of new products

The development and release of new products, or the adoption of these new products by OEM licensees and end users, may take longer than expected or such new products may not be well received by customers as a result of various reasons including (amongst others) the new products not being well priced when compared with competing products or the new products lacking a strong feature that resonates with customers.

Reliance on key distributors

Atomos does not have formal written contracts in place with a majority of its distributors who order and purchase products from Atomos on an ad hoc basis with no minimum purchase order obligations. This represents a risk of current sales revenue not being replicated. Atomos' customers and distributors may decide not to continue to place purchase orders in the future or at the same level as in prior periods. As a result, Atomos' operating performance may vary from period to period and may fluctuate significantly in the future.

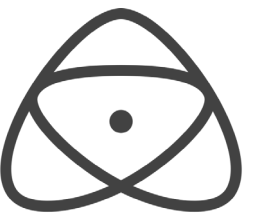
Supply chain risk

There are certain components for which Atomos has a single or limited source of supply. Accordingly, there is a risk that if the supplier was to cease supply, this could cause a disruption to Atomos' ability to deliver its products. Further to this, Atomos would have difficulty in sourcing alternative suppliers for certain of these components which are only available from a single source.

Ability to retain or attract key personnel

The loss of key members of the management team or members of the design and engineering teams, or any delay in their replacement, may adversely affect Atomos' ability to implement its strategies and may also adversely affect Atomos' future financial performance. Atomos' performance and future success depends on its continuing ability to identify, hire, develop, motivate and retain highly skilled personnel for all areas of the organisation. Competition for qualified employees in Atomos' industry is intense.

Risks



RISKS ASSOCIATED WITH ATOMOS

Failure to manage growth

Atomos will need to continue to invest in sales and marketing and other systems and processes to support the development of its business if Atomos gains significant market share over and above its current short-term expectations. If this is not done in a timely, robust and efficient way to handle projected growth it may negatively impact on Atomos' financial performance.

Intellectual property

There is no guarantee that dividends will be paid on shares in Atomos in the future, as this is a matter to be determined by the Board in its discretion and the Board's decision will have regard to, amongst other things, the financial performance and position of Atomos, relative to its capital expenditure and other liabilities.

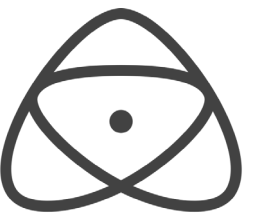
Breach of third-party intellectual property rights

There is a risk that third parties may allege that Atomos' products use intellectual property derived by them or from their products without their consent or permission. Atomos may be the subject of claims which could result in dispute or litigation, which could result in monetary damages, cause delays and increase costs, and have an adverse impact on Atomos' operations, reputation or financial performance.

Employment dispute

Atomos has been served with a proceeding filed in the United States by former CEO, Estelle McGeachie. The proceedings relate to employment law complaints and contain wide ranging allegations against the Company. The Board considers that the claims are unfounded and intends to defend the proceedings. However, regardless of the merits of the claim, employment law claims are often time consuming, expensive to litigate or settle, and may cause significant diversion of management attention. There may also be an adverse impact on the reputation of the Company as a result of public allegations by the former CEO. While the Company has insurance in place, it has not yet received confirmation from its insurer as to whether the claim will be covered in full or part. To the extent any of the employment law claims are successful and/or to the extent that the insurance is not sufficient to meet the claims or the costs of defending the claims, they may have a material adverse effect on the Company's business, reputation and financial performance.

Risks



RISKS ASSOCIATED WITH ATOMOS

Risk of shareholder dilution

Atomos may in the future elect to issue new shares or engage in capital raising to fund ongoing working capital requirements of Atomos or acquisitions that Atomos may decide to make. While Atomos will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period, Shareholders at the time may be diluted as a result of such issues of shares and capital raisings.

Availability of funding

Atomos may need to raise additional funds from time to time to finance ongoing development and growth and meet its other longer-term objectives. Directors can give no assurance that future funds can be raised on favourable terms, if at all. If further funds are required but cannot be raised, this may force curtailment of product development initiatives, operations and may adversely impact Atomos' financial position.

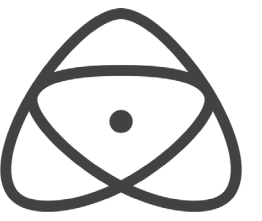
COVID-19

The COVID-19 pandemic continues to impact the global economy and the ability of individuals, businesses and governments to operate and travel. There continues to be considerable uncertainty as to the duration of and further impact of COVID-19 including the emergence of new strains and measures which may be taken by governments and regulatory authorities to manage future stages of the pandemic. The impact of some or all of these factors could cause significant disruption to Atomos' operations and financial performance.

General economic conditions

Adverse changes in economic conditions such as inflation, interest rates, exchange rates, government policy, national and international economic conditions, employment rates, among other matters are outside Atomos' control and have the potential to have an adverse impact on Atomos, its operations and its share price.

Selling Restrictions



New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (the **FMC Act**).

The Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than under the Entitlement Offer, the Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

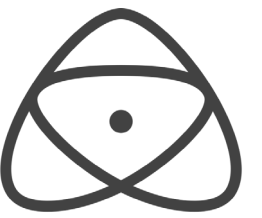
This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore.

Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (**SFA**) or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Selling Restrictions



Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**).

Accordingly, this document may not be distributed, and the Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

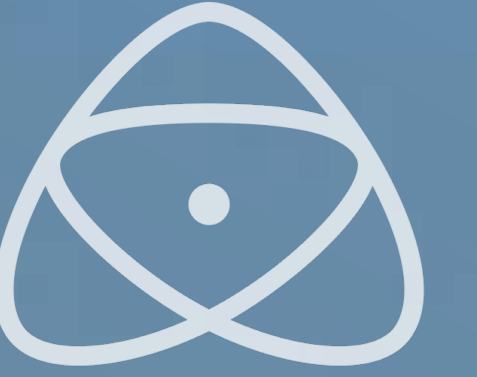
United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

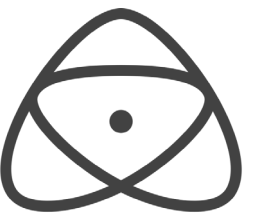
In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.



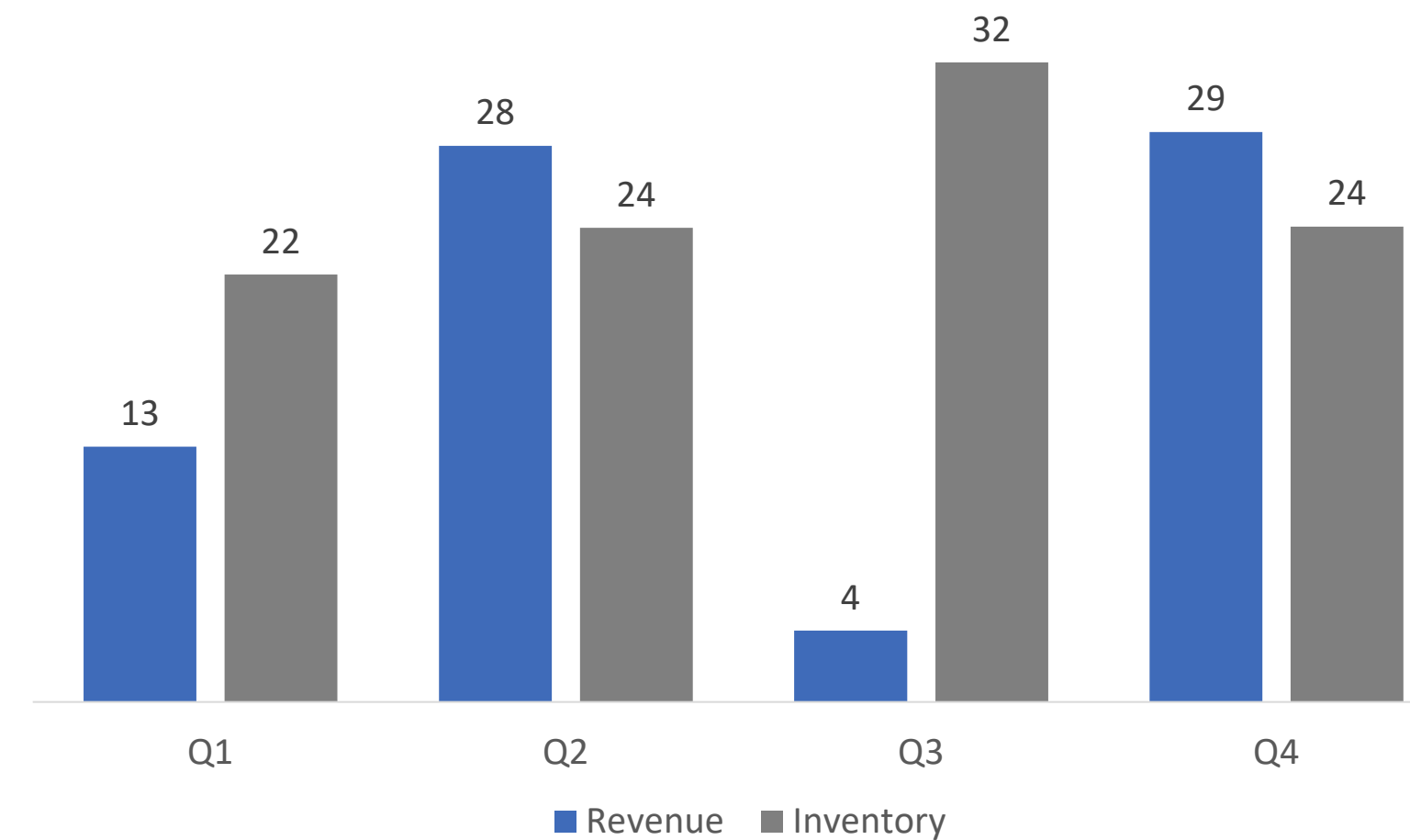
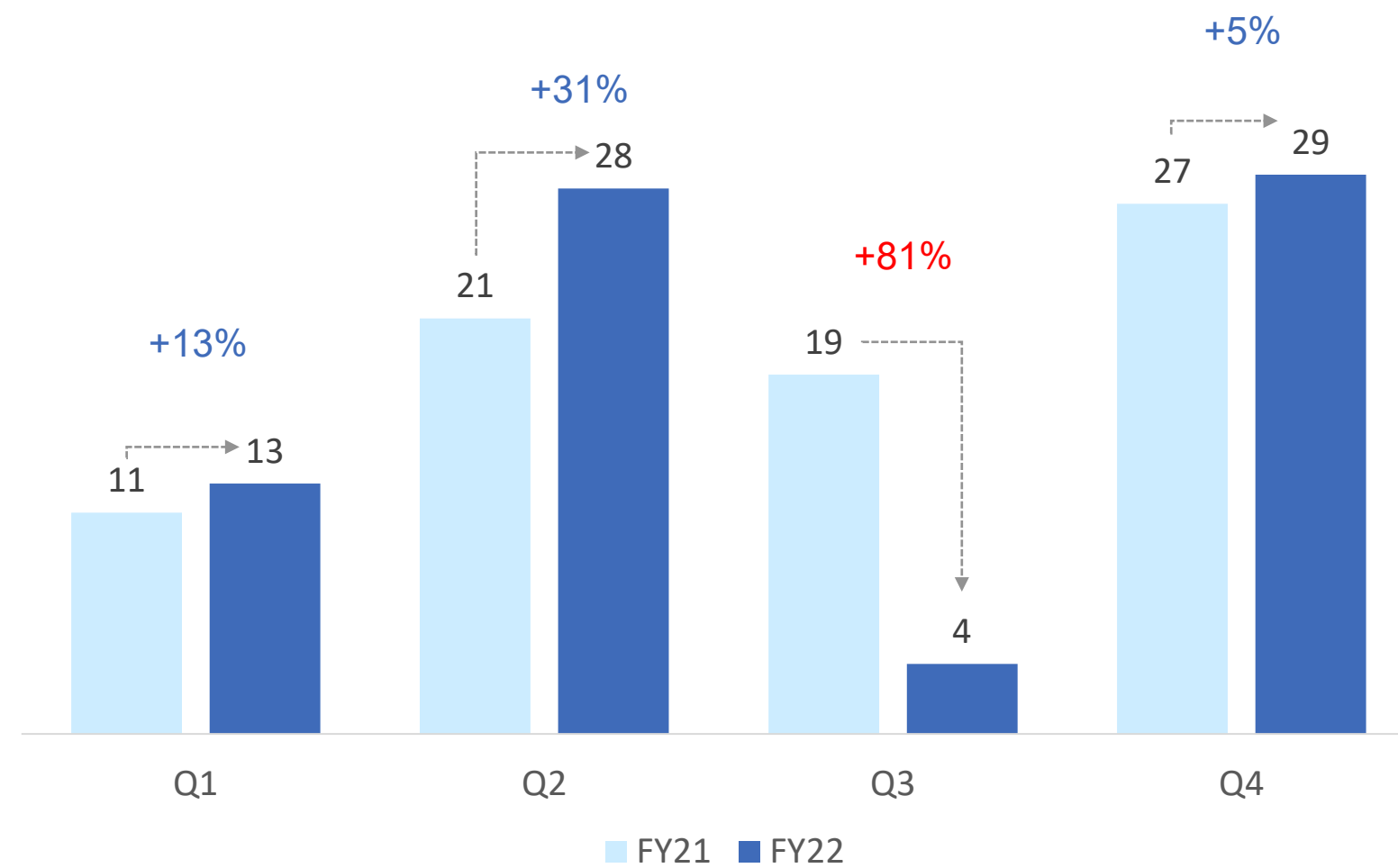
Appendix



FY22 Revenue vs Inventory

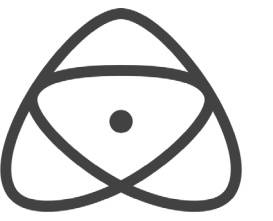


SALES DECLINE & INVENTORY BUILD DRIVEN BY CHANGE IN MARKETING APPROACH



- Departure from proven success in active product-led marketing which focused on customer outcomes led to:
 - Sharp fall in 3rd quarter sales
 - A build up of inventory beyond requirements

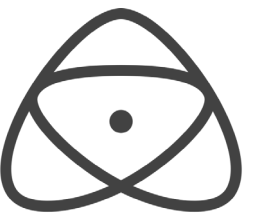
Debt Facility



TERMS OF THE FACILITY FOLLOWING COMPLETION OF THE OFFER

- Existing debt facility of \$12m with Arrowpoint will be reduced by A\$4m via an early prepayment
- Second tranche of facility (for additional \$4m) cancelled - new limit \$8m
- An additional \$1m prepayment from raise proceeds will be made which can be redrawn from April 2023
- \$0.6m per quarter amortisation with a final quarter (Dec-24) payment of \$2.6m
- Covenants:
 - Gross leverage (Gross Drawn Facility / LTM Pro Forma EBITDA) <4.0x / <3.0x from 3Q23
 - Interest cover (LTM Pro Forma EBITDA / Annualised Interest Expense) >2.5x
 - Current ratios (Total Current Assets / Total Current Liabilities) >1.1x
- EBITDA definition changed to remove poor FY22 Q3 period for the purposes of covenant testing
- Interest rate: 10.5%

Strategic Investment



KEY TERMS AND CONDITIONS



Structure

- 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



Consideration

- 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 investment

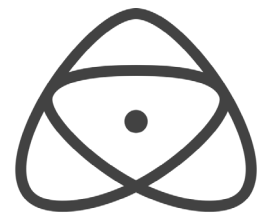
- The investment is conditional upon the completion of the Offer, entry into a new shareholders agreement and adoption of a new articles of association by MAVIS shareholders and Atomos containing key consent rights of Atomos, amongst other negotiated and customary rights
- Financing commitments from Atomos



Key rights and benefits given to AMS

- Appointment of 1 director to the board of MAVIS
- Various consent rights for up to 5 years, including over: the issue or allotment of any share capital or securities other than on a pre-emptive basis in connection with a fundraising; transfer of shares by other shareholders other than in accordance with rights of pre-emption; share buy-backs and reduction of share capital; and undertaking any material or fundamental change in the nature or scope of the business of MAVIS
- A first right to buy 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.

Market Size



OUR CLOUD BASED PRODUCTS WILL REVOLUTIONIZE THE CREATIVE WORKFLOW ACROSS SEGMENTS

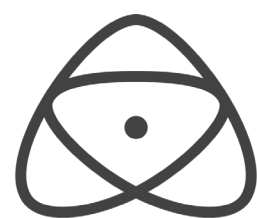
- The table summarises the Atomos market for video monitor recorders segmented by customer type
- This market is growing at 12% pa and Atomos has around 12% market share but with minimal penetration in certain segments
- This does not attempt to quantify the total addressable market for video content creation more generally (incl. cloud)

OUR CUSTOMER SEGMENTS		HOW THEY USE VIDEO	OUR TARGETING APPROACH	2021 (\$m)	Est. Share ⁴	2031 (\$m)	CAGR 21-31 (%)
1	Influencers and freelance creators	Direct monetisation - sell or advertise against their video content eg Ali Abdaal 3.4m followers	Our traditional customer base, growing with social media growth. We leverage <i>our</i> influencers, including tech partners	72	40 (55%)	222	12.0%
2	Studio and broadcasting	Direct monetisation – sell or advertise against their video content e.g. NBC currently in talks for volume sale	Connected Series 2 products make us more attractive to bigger players, we will use relationship marketing	150	25 (17%)	516	13.1%
3	Brands using video	Indirect monetisation – brands use video for ‘content marketing’ and communications. Online video marketing growing to USD 120.6b at 20% CAGR from 2016 to 2025 ¹	We will use our ‘how to videos’ to target In-house content marketing teams. 69% own their own equipment ²	63	5 (8%)	195	12.0%
4	Institutions and venues	For communications purposes eg education, corporates streaming AGMs, houses of worship streaming services	Very large opportunity. Atomos will target institutions with our products’ ease-of-use and value for money	326	3 (1%)	955	11.3%
				Subtotal	73	1,887	12.0%
				Atomos market share ³ (%)	c.11.8%	n/a	n/a

Sources: SDKI “Global Video Production Cameras Market 2021-2031”, Signal Fire “Creator Economy Market Map”, Wyzowl The State of Video Marketing 2022

- (1) PwC, “Global Entertainment & Media Outlook 2021-2025”
 (2) Hubspot, “50 Video Marketing Statistics: 2022 Marketers Survey” RBA, management estimates
 (3) Atomos market share based on FY22 monitor recorder and related accessory sales
 (4) Management estimates of sales by segment

Market Size



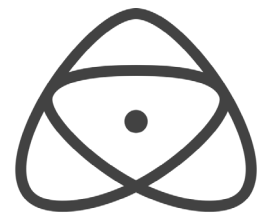
CUSTOMER SEGMENT – INSTITUTIONS AND VENUES

SEGMENT BREAKDOWN		HOW THEY USE VIDEO	OUR TARGETING APPROACH	2021 (\$m)	2031 (\$m)	CAGR 21-31 (%)
1	Large venues and Events	Streaming live events such as concerts, religious services, conferences etc	Targeted B2B relationship marketing	118	359	11.8%
2	Educational institutions	Covid-19 has accelerated the shift to online video learning at secondary, tertiary and for executive training	Targeted B2B relationship marketing	105	298	11.0%
3	Corporate	Live and pre-recorded video communications to internal and external stakeholders including 'all hands' employee meetings, AGMs etc	Targeted B2B relationship marketing	103	298	11.2%
			Subtotal	326	955	11.3%

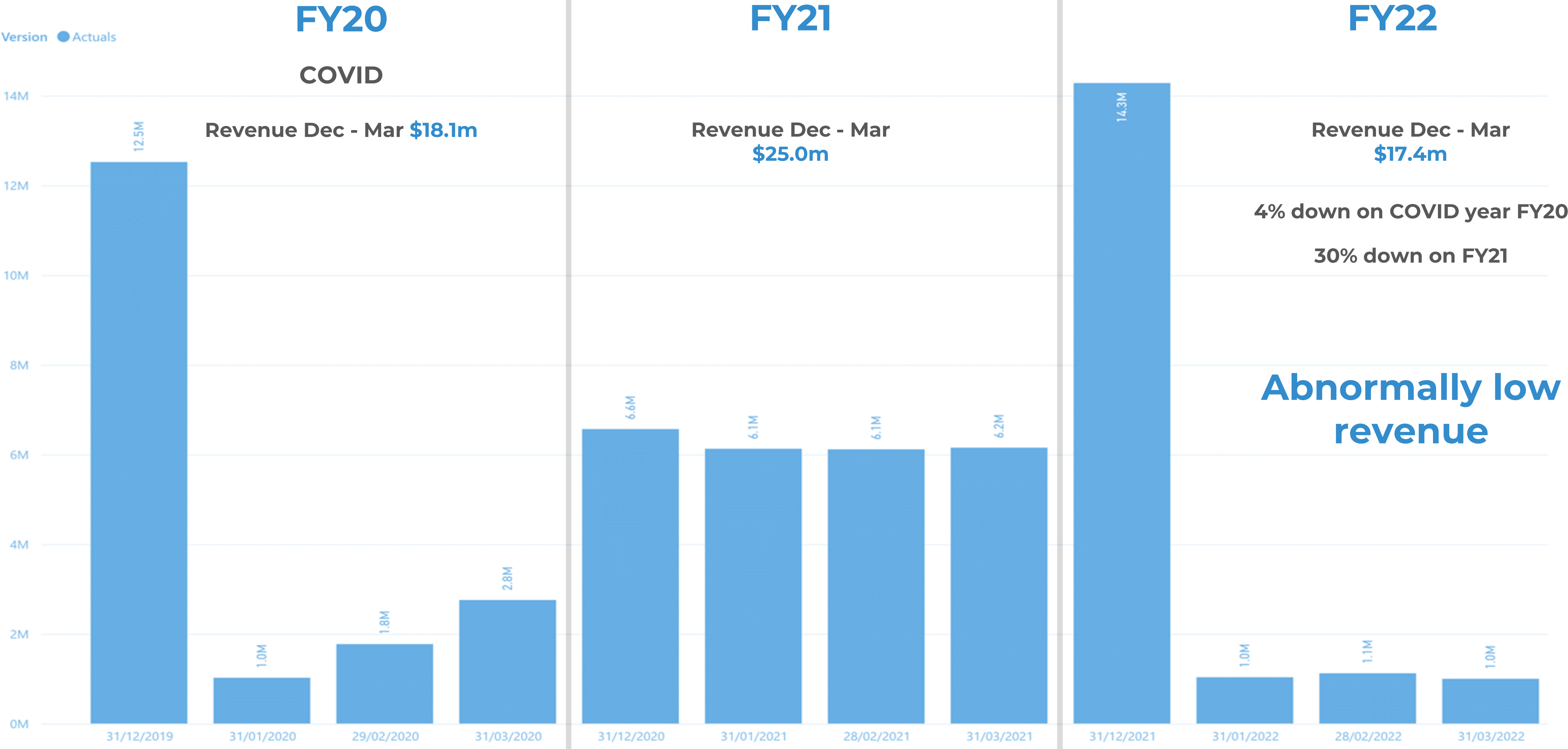
Sources: SDKI “Global Video Production Cameras Market 2021-2031”, RBA, management Estimates



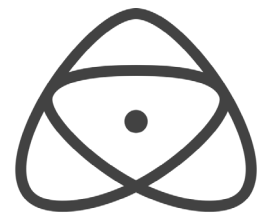
Appendix



SELL IN ANALYSIS



Appendix

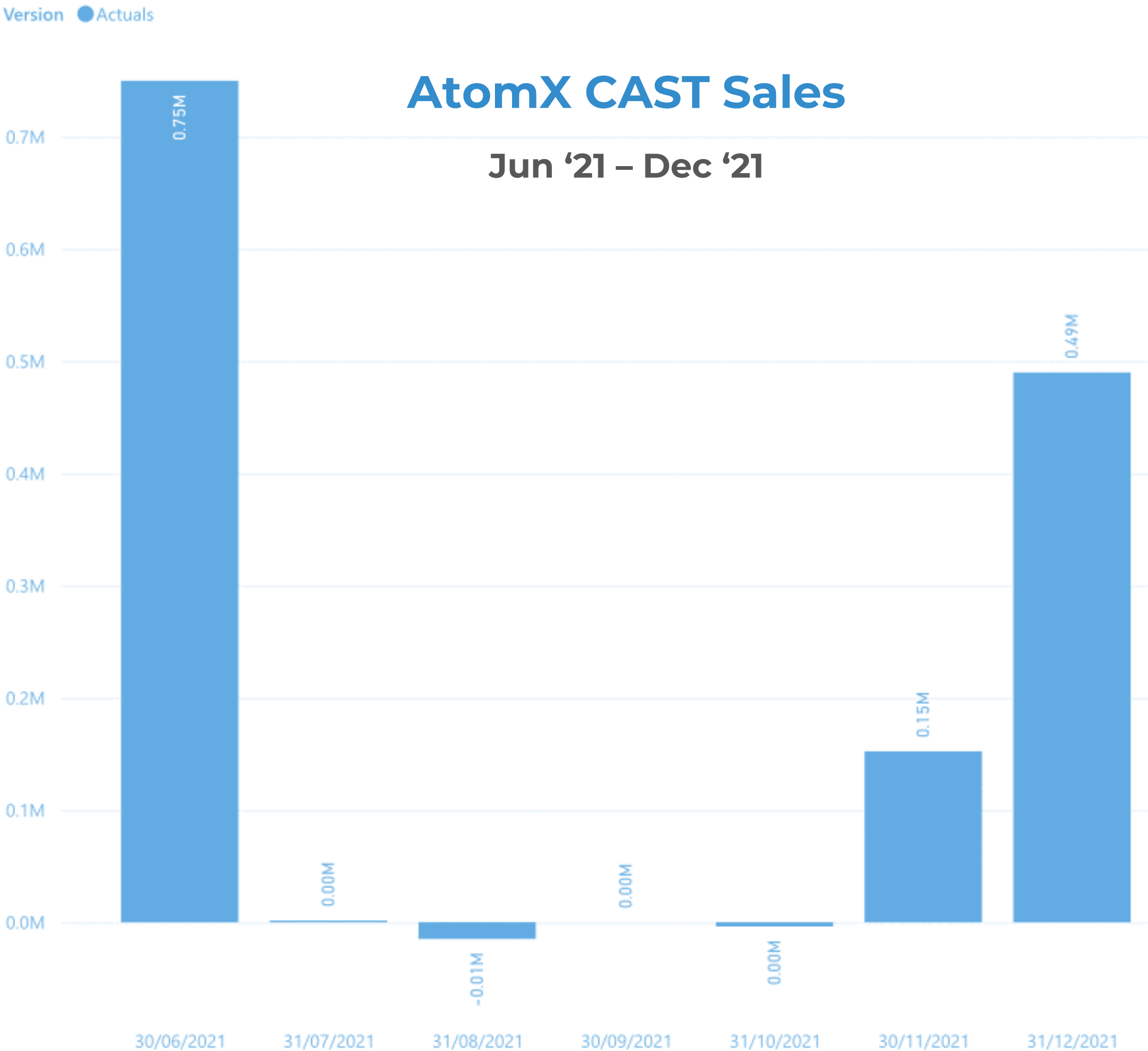


SELL IN ANALYSIS

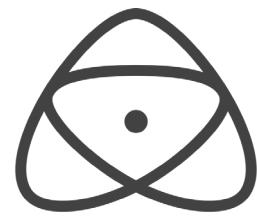
Facts regarding AtomX CAST sales June 2021:

- AtomX CAST fundamentally does not have any software installed as all the necessary software runs on the Ninja V or Ninja V+
- FY21 bonuses not dependent on sales – only on EBITDA
- Total ATOMOS Jun '21 sales of \$15m
- CAST sales in Jun '21 of \$750K – 5% of total Jun '21 sales
- < 1% of total FY21 sales of \$78m
- EBITDA target for FY21 was \$10m for max bonus payout
- Atomos achieved \$10.7m EBITDA - \$700K above target
- CAST sales for FY21 generated \$400K gross margin

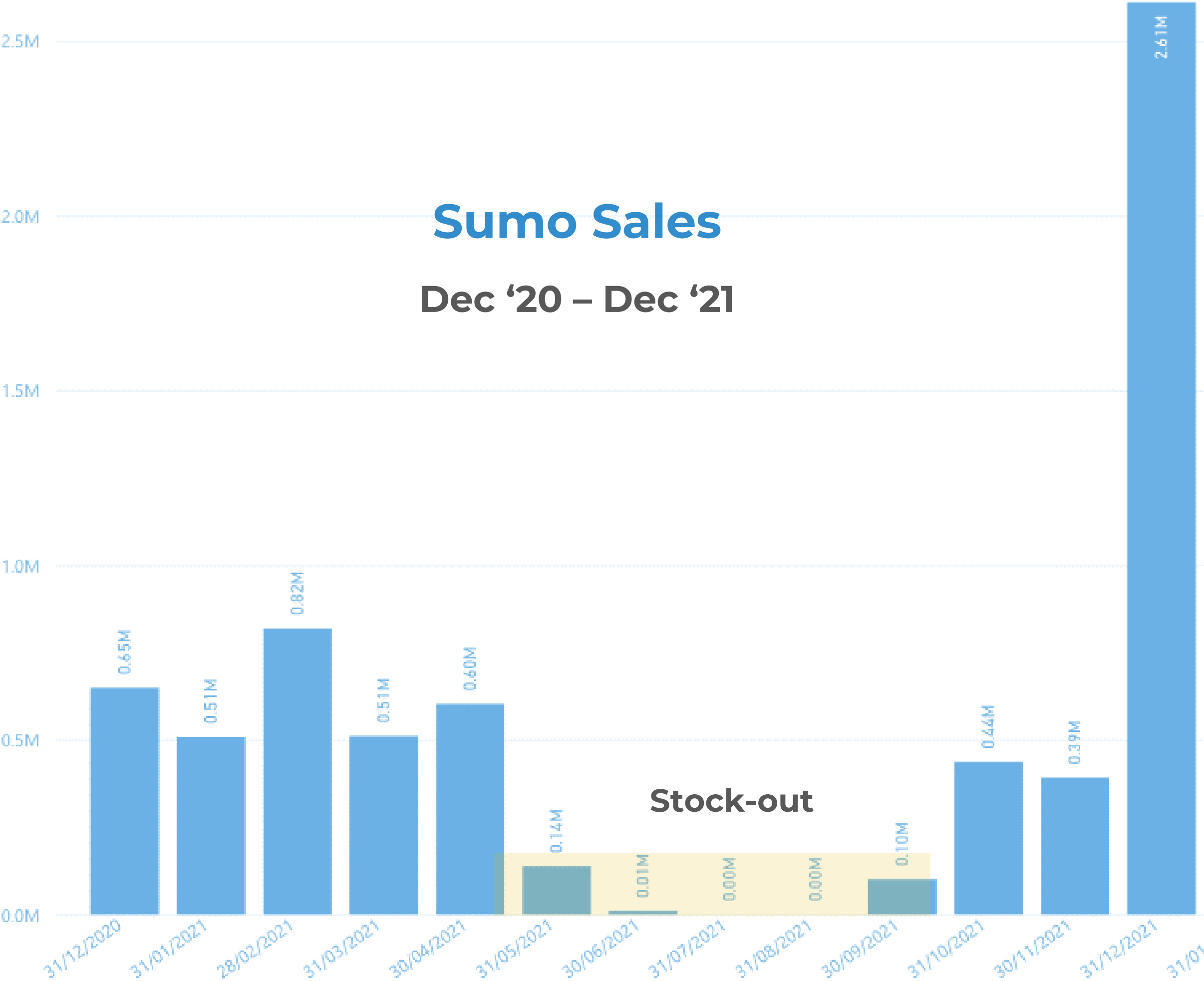
CAST sales had no impact on achieving EBITDA target and therefore bonus payout



Appendix



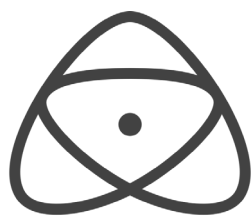
SELL IN ANALYSIS



Facts regarding December 2021 Sumo sales:

- Dec '20 – Apr '20 monthly sales run-rate was \$618K/month
- Minimal Stock available for 5 months: May '21 to Oct '21
- Backlog at end Nov '21 was 1,015 units - \$2m sales value
- Dec '21 sales of \$2.6m – equivalent to \$2.0m backlog plus historical run-rate of \$600K
- Including big Dec '21 sales month, the average sales run-rate across this 13-month period was \$520K/month
- Return of 200 (out of 380) units from China distributor in March '22 after a deal fell through. Atomos stock on hand at start of March was 16 units with back orders of 444. This relieved the stock pressure for the China distributor and satisfied demand elsewhere. A customer service win but of no financial benefit to Atomos

No abnormal sales activity evident – December 2021 sales spike due entirely to backlog caused by stock-out



UNDERWRITING AGREEMENT

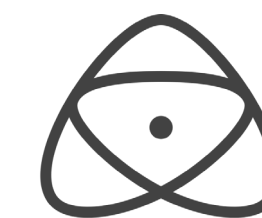
Atomos Limited ACN 139 730 500 (**Atomos**) has entered into an underwriting agreement with Morgans Corporate Limited ACN 010 539 607 and Shaw and Partners Limited ACN 003 221 583 (**Joint Lead Managers**), (**Agreement**) under which the Joint Lead Managers have agreed to manage and underwrite the placement to institutional and sophisticated investors (**Placement**) and accelerated pro rata non-renounceable entitlement offer (**Entitlement Offer**) of fully paid ordinary shares in the capital of Atomos (together, the **Offer**).

The Agreement contains customary representations and warranties and indemnities in favour of the Joint Lead Managers for an agreement of this nature.

Atomos will pay the Joint Lead Managers a management and underwriting fee equal to 5% of the proceeds raised under the institutional entitlement offer and institutional placement and 5% of the proceeds raised under the retail entitlement offer. The Company must also pay to the Joint Lead Managers its reasonable expenses including legal costs up to an agreed amount and out-of-pocket expenses incurred by the Underwriters in relation to the Offer.

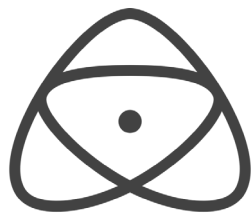
The Joint Lead Manager’s obligations under the Agreement, including to manage and underwrite the Offer are conditional on certain matters, including Atomos delivering certain certificates, reports, sign-offs and opinions to the Joint Lead Managers. Further, if certain events occur, some of which are beyond the control of Atomos, the Joint Lead Managers may terminate the Agreement. Termination of the Agreement may have a materially adverse impact on the total amount of proceeds that could be raised under the Offer. Some of the termination events are detailed below.

Termination events – Unqualified	
The Joint Lead Managers may terminate its obligations under the Agreement if any of the following events (amongst others) occur.	
Index fall	If at any time, the ASX/S&P 300 Index falls by 10% or more below its level at the close of trading on the business day before the date of the Agreement and remains at or below that level for two consecutive business days or the business day immediately prior to the settlement date of the Retail Entitlement Offer.
Misleading disclosure	A statement contained in the Investor Presentation or Cleansing Notices is or becomes misleading or deceptive or likely to mislead or deceive or a matter required to be included is omitted from the Investor Presentation or Cleansing Notices.
ASX listing	<ul style="list-style-type: none">• Atomos ceases to be admitted to the official list of ASX or its securities (or interests in them) cease trading or are suspended from official quotation or cease to be quoted on the ASX; or• ASX makes any official statement to any person, or indicates to Atomos or the Joint Lead Managers that it will not grant permission for the official quotation of the securities under the Offer; or• permission for the official quotation of the offer securities is granted before the date of issue of those offer securities, and the approval is subsequently withdrawn, qualified or withheld.



UNDERWRITING AGREEMENT

Regulatory action	Certain regulatory actions are commenced in relation to the Offer or Offer Materials including an application made by ASIC for an order under Part 9.5 of the Corporations Act, ASIC gives notice of an intention to hold, any investigation or hearing in relation to the Offer or any of the Offer Materials or prosecutes or commences proceedings against or gives notice of an intention to prosecute or commence proceedings against the Issuer, or, there is an application to a Government Agency (including, without limitation, the Takeovers Panel) for an order, declaration (including, in relation to the Takeovers Panel, of unacceptable circumstances) or other remedy in connection with the Offer (or any part of it).
Force majeure	There is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any Government Agency which makes it illegal for the Underwriters to satisfy an obligation under this document, or to market, promote or settle the Offer.
Insolvency	Atomos or any group member of Atomos becomes insolvent or there is an act or omission which will or is likely to result in Atomos or any group member of Atomos becoming insolvent.
Change in directors or management	A change to the chief executive officer or chief financial officer or the board of directors of Atomos occurs, or any such changes are announced, other than as disclosed on the ASX prior to the date of the Agreement.
Termination events – Qualified The Joint Lead Managers may terminate its obligations under the Agreement if any of the following events (amongst others) occur, provided that the event satisfies a materiality qualification or has given, or could reasonably be expected to give rise to, the Joint Lead Managers being involved in a contravention of an applicable law or incurring a liability under an applicable law.	
Disruption in financial markets or trading	If securities on the ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange are suspended or limited in a material respect for more than one day on which that exchange is open for trading or there is a general moratorium on commercial banking activities in Australia, Hong Kong, Singapore, the United Kingdom or the United States of America as declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries.
Adverse change	A adverse change occurs in the business, assets, liabilities, earnings, business, operations, management, profits, losses or prospects of Atomos or the Atomos group.
Hostilities	If hostilities not presently existing commence, or a major escalation in existing hostilities occurs, in any one or more of the United States of America, Australia, New Zealand, the United Kingdom, any member state of the European Union, any member of NATO, China, Hong Kong or Singapore or any of these countries declare a national emergency of war, a major terrorist act is perpetrated or a pandemic, epidemic or large-scale outbreak of a disease (including without limitation SARS, swine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not presently existing occurs or in respect of which there is a major escalation, including an escalation resulting in a material shut-down of business.



UNDERWRITING AGREEMENT

Breach of warranty	A representation and warranty contained in the Agreement on the part of Atomos is untrue or incorrect when given or taken to be given or becomes untrue or incorrect
Regulatory action	There is a contravention by Atomos, any Atomos group member, Mavis Broadcast Limited or any Mavis Broadcast Limited group member of the Corporations Act, the constitution (or equivalent applicable documents), the listing rules, any applicable laws, or a requirement, order or request made by or on behalf of the ASIC, ASX or any other government agency or any agreement entered into by it or any Offer materials or any aspect of the Offer does not comply with the Corporations Act 2001 (Cth), the listing rules, the ASX waivers or any other applicable law or regulation.



ATOMOS

HARDWARE. SOFTWARE. CLOUD.

Q&A

