



ASX Announcement

27 April 2022

Quarterly Activity Report Q3 FY22

Highlights

- **Significant COVID-19¹ rapid antigen test sales:** The Omicron outbreak in Australia at the end of CY21 generated significant demand for rapid antigen testing which continued into Q3 FY22, with the Company selling approximately 550k COVID-19 rapid antigen tests over the period
- **HIV business:** Continued demand from Europe and LMIC markets with several new country registrations adding to the international customer base for Atomo's HIV Self-Test, as well as increased interest in the local Australian market
- **US business:** Establishment of a US commercial entity and recruitment of an experienced US business development resource during the quarter
- **Cash receipts:** Total quarterly cash receipts of \$6.7m from customers, primarily driven by COVID-19 related inflows
- **Operating cash flow:** Positive operating cash flow for the quarter of \$2.8m
- **Revenue:** Quarterly unaudited revenue from customers of \$5.7m, including \$5.2m from COVID-19 sales
- Atomo finished the quarter debt-free and with **cash on hand** of \$16.4m, up from \$13.7m at the end of Q2 FY22

¹ COVID-19 rapid testing detects SARS-COV-2, the virus that causes COVID-19



SYDNEY Australia, 27 April 2022 – Atomo Diagnostics Limited (ASX: AT1) (**Atomo**) is pleased to release its Appendix 4C and quarterly activity report for the three-months ended 31 March 2022 (Q3 FY22).

COVID-19 Rapid Antigen Tests – strong demand in Q3

During Q3 FY22, sales of Atomo professional-use rapid COVID-19 antigen tests were strong with the company selling in January all existing stock on hand at the commencement of the quarter. A further batch of products was received in Australia towards the end of March and the company made further sales before the end of the quarter. Atomo sold approximately 550k COVID-19 rapid antigen tests during the quarter, more than the number of tests sold in H1 FY2022.

The Company continues to make sales of its professional-use tests into several channels although the overall level of demand for rapid antigen tests has reduced as the Omicron peak has subsided. Demand for professional testing remains in the resources sector and among corporates, with demand in the aged care sector having significantly reduced due to a change to mandatory requirements in that industry. Testing levels across smaller organisations have also seen a contraction in recent months. The Company does not anticipate a return to peak demand unless or until a new variant of concern emerges and has managed its stock position accordingly.

The Company continues to work actively to obtain TGA approval for a COVID-19 rapid antigen self-test and is working with the listed manufacturer of its antigen test to deliver additional clinical information to the TGA, including data related to the detection of the Omicron variant.

HIV – new territories and channels

During the quarter, Atomo received further orders from its European and LMIC channel partners, reflecting the addition of new territories in both markets during H1 FY22. In conjunction with local pharmacy partners and the Pharmacy Guild, Atomo continues to push into this market segment in Australia as well as focusing on an HIV testing and product awareness campaign. The Company is also exploring opportunities to support regular



screening of PreP users who need to test negative for HIV four times per annum to remain on treatment.

New Product Development

Atomo recently completed a detailed design of a swab-based rapid test device that simplifies the steps of use and workflow required to carry out rapid swab-based testing. During Q3 FY22, the device design was optimised, refined and overall size significantly reduced, allowing the development and commercialisation of the device to move to the next phase of pilot production and clinical evaluations. Atomo is now actively engaging with internationally recognised rapid test manufacturers to assess commercial opportunities for the device. Atomo is also considering the potential to develop its own swab-based finished rapid test products using the unique Atomo swab test device, with a range of sexual health home test applications such as chlamydia and gonorrhoea under active evaluation.

US Market entry

Atomo has recently recruited a senior US Business Development team member with deep in-country industry experience in point of care testing and expertise to help grow the Company's business locally. With the necessary US entity now established and the first senior appointment, Atomo continues to grow and expand the business development pipeline, particularly as US companies again look beyond the COVID-19 pandemic seeking their next growth opportunities. Recent engagement with the market indicates further validation of a major shift towards at-home healthcare delivery, including diagnostics, given the changing landscape resulting from the COVID-19 pandemic.

Financials

Total cash received from customers during the period of \$6.7m included \$6.4m from COVID-19 related receipts and \$300k from HIV sales, leading to positive operating cash flow for the quarter of \$2.8m. Cash outflows during the period primarily related to ongoing inventory and product manufacturing expenses, as well as new product development related to the new swab device.

Quarterly unaudited revenue from customers was \$5.7m, including \$5.2m from COVID-19 sales, the majority of which were made early in the quarter and therefore were collected within the period.



Atomo finished the quarter debt-free and with cash on hand of \$16.4m, compared with \$13.7m at the end of Q2 FY22, which puts the Company in a strong position to execute on its plans for US market entry and new product development as it moves into FY23.

In accordance with ASX Listing Rule 4.7B, Atomo advises that an amount of \$187k was paid during the quarter to Atomo Directors in salary and director's fees.

Key Priorities

Atomo's key priorities as we move into FY23 include:

- Secure new OEM customer contracts to supply Atomo's blood test devices to diagnostic companies seeking to commercialise new tests or enter self-test markets with existing professional use tests.
- Secure a channel partner agreement with an emerging eHealth player in North America for commercialisation of one or more Atomo tests in the US market.
- Support existing OEM partners Lumos and NG Biotech as they refocus on expanding the marketing and sales of their rapid test products in Europe and Canada and seek to launch in new markets such as the US.
- Complete development of Atomo's swab device and secure commercial interest from diagnostic companies seeking to utilise the device in new or existing swab-based rapid test kits.
- Complete development and submit for regulatory approval product dossiers for new Atomo finished test products to build upon the success of Atomo's HIV Self-Test product market entry and associated regulatory approvals for its devices.
- Continue to expand US activities and in-country capabilities to raise levels of awareness and engagement related to the Company and its unique easy to use rapid test solutions.



Appendix A provides a summary of actual expenditure, compared to the estimated use of funds set out in Atomo's IPO prospectus dated 4 March 2020 (**Prospectus**), in accordance with ASX Listing Rule 4.7C. Cash expenditure during the quarter was consistent with the use of funds set out in the Prospectus. Refer to the notes to the summary table in Appendix A for further information in relation to each of the categories of expenditure.

Webinar Invitation – Investors and Analysts

A webinar briefing will be provided on **28 April at 11am (AEST)**.

Participants can pre-register ahead of time via the following link:

https://us02web.zoom.us/webinar/register/WN_pel9iDCXSfuLuacK0fZFbA

Once the registration form is completed, investors will receive a confirmation email with details on how to access the briefing. If you would like to ask a question during the briefing, please send your question ahead of the session to: george.kopsiaftis@irdepartment.com.au

For more information, please contact:

Jane Lowe

IR Department

jane.lowe@irdepartment.com.au

Phone: +61 411 117 774

John Kelly

Atomo Diagnostics

john.kelly@atomodiagnostics.com

Phone: +61 401 922 279

This announcement was authorised by the Board of Directors.



About Atomo

Atomo is an Australian medical device company supplying unique, integrated rapid diagnostic test (RDT) devices to the global diagnostic market. Atomo's patented devices simplify testing procedures and enhance usability for professional users and untrained self-testers. The Company has supply agreements in place for tests targeting infectious diseases including COVID-19, HIV, viral vs bacterial differentiation and female health.

See more at www.atomodiagnosics.com.

Forward looking statements

This announcement may contain forward looking statements which may be identified by words such as "believes", "considers", "could", "estimates", "expects", "intends", "may", and other similar words that involve risks and uncertainties. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Atomo or its Directors and management, and could cause Atomo's actual results and circumstances to differ materially from the results and circumstances expressed or anticipated in these statements. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements



Appendix A

Use of funds	Prospectus	Actual Funds Deployed		Ref
		Actual Accumulated	As a % of Prospectus	
	(A\$'000)	(A\$'000)	%	
Expansion of Manufacturing & Distribution	11,700	5,113	43.7%	1
Research & Development and Product Commercialisation	11,025	5,403	49.0%	2
GHIF Loan Repayment (Including Outstanding Interest)	7,010	7,746	110.5%	3
Administrative Costs	2,446	1,591	65.0%	4
Market Expansion	1,600	1,488	93.0%	5
Interest on Convertible Notes	900	756	84.0%	6
Working Capital & Operating Costs	5,055	(430)	-8.5%	7
Costs of the Offer	2,704	1,897	70.2%	8
TOTAL (INCLUDING EXISTING CASH)	42,440	23,565	55.5%	9

Ref	Comment
1	Capacity ramp up to support accelerated growth
2	Includes capitalised R&D related to blister machine design and engineering
3	Forex movements. No further outflows beyond Q4 FY20
4	Includes incremental public company costs
5	Excludes expenses related to new market entry
6	Actual less than estimate due to IPO timing. No further outflows beyond Q4 FY20
7	Net working capital balance after accounting for outflows for operating costs and cash receipts since IPO
8	Excludes cash outflows pre-IPO relating to costs of the offer amounting to \$1.2 million. No further outflows beyond Q4 FY20
9	Total of \$42.44m includes existing cash of \$12.44m on hand as at 31 December 2019 as per Prospectus. Total expenditure includes net working capital movements from 31 December 2019 to IPO of \$1.3m