

Quarterly Activities Report Q4 FY2020

Highlights

- Successful ASX listing followed oversubscribed Initial Public Offering which raised \$30m with strong support from Australian institutional investors
- Significant new customer demand driven by COVID-19 point of care antibody testing
- Manufacturing capacity ramped up to meet growing demand for Atomo's products
- Cash receipts for the three-month period ended 30 June 2020 (Q4 FY20) were \$1.84m
- Revenues for FY20 (unaudited) in excess of \$5 million
- Atomo finished quarter with no debt and cash on hand of \$27.1m

SYDNEY Australia Wednesday, 22 July 2020 – Australian rapid blood test company Atomo Diagnostics Limited (ASX: AT1) (**Atomo**) is pleased to release its inaugural Appendix 4C and quarterly activities report, covering the three-month period ended 30 June 2020 (Q4 FY20).

Successful ASX Listing and addition to ASX All Ordinaries Index

Atomo listed on the Australian Securities Exchange on 16 April, being the first company to successfully list on the exchange since the end of February and the first ever company to hold a virtual ASX listing ceremony. The listing followed an oversubscribed Initial Public Offer which raised \$30 million and closed early, with the benefit of strong support from leading institutional investors. Approximately 150m new ordinary shares were issued to investors at \$0.20 to raise \$30m.

On 22 June, following less than a full quarter of trading as a listed company, Atomo was delighted to be admitted to the S&P Dow Jones All Ordinaries Index. The Index represents the 500 largest companies in the Australian equities market with constituents drawn from eligible ASX listed entities.



Significant new customer demand now evident

Atomo's co-founder and Managing Director John Kelly said,

"We are extremely pleased to be in a position to report significant sales traction and revenues in our inaugural quarterly report since listing. We remain focused on increasing manufacturing capacity over the next 12 months, with the first step up in additional production volume anticipated to be validated and available in August. This will support the increasing demand that we are seeing for our innovative rapid test solutions globally as we continue to rollout out our products in HIV and COVID-19 markets, and look to expand the range of rapid test applications that are supported by our technology through new Atomo rapid tests or increased OEM agreements with other diagnostic partners."

Expansion of NG Biotech COVID-19 antibody test device partnership

At the operational level, during the quarter, Atomo's focus was on fulfilling demand from customers seeking rapid diagnostic test (RDT) devices for blood-based testing of antibodies produced in response to exposure to the COVID-19 virus.

In March, Atomo entered into an agreement with existing customer NG Biotech, Inc (**NG Biotech**) for the supply of devices. Atomo has quickly moved to meet this demand with NG Biotech committing to the purchase of more than 1.75m devices during the quarter. Further, Atomo expanded the partnership with NG Biotech for the supply of finished products by NG Biotech to Atomo for sale to certain markets in Atomo's region, subject to approval by the relevant regulators.

Discussions are well progressed in relation to other potential COVID-19 partnerships for distribution of Atomo devices into other markets, including North America.

Manufacturing scale up

In response to increased demand for devices driven by COVID-19, Atomo has accelerated its previously planned modular manufacturing scale up.

The first phase of the implemented capacity upgrade will be completed early in the current quarter (Q1 FY21) with total monthly device capacity increasing from approximately 250,000

units per month pre-IPO, to approximately 500,000 units per month in Q1 FY21, and a pathway to in excess of 1 million units per month by the end of CY20.

Expenditure related to manufacturing and operating costs of \$1.8m as set out in the Appendix 4C relate to both the manufacture of products sold during the period and the manufacture of products to be supplied during Q1 FY21.

Financials

- Cash receipts for the three-month period ended 30 June 2020 (Q4 FY20) were \$1.84m, reflecting a substantial ramp up in sales and revenue driven by new business related to COVID-19 antibody testing
- Further significant additional cash receipts from sales made during the quarter expected to be received after quarter-end (i.e. during Q1 FY21),
- Revenues for FY20 (unaudited) in excess of \$5 million
- Atomo's cash balance at the end of the quarter was \$27.1m, with all pre-IPO debt and interest obligations fully repaid in line with the use of funds set out in Atomo's IPO Prospectus.

Key cash outflows for the quarter included:

- \$7.7m to fully repay GHIF debt principal and interest
- \$756k in interest on Convertible Notes
- \$1.9m in IPO costs
- \$628k on expansion of manufacturing capacity

In accordance with ASX Listing Rule 4.7B, Atomo advises that an amount of \$80k was paid during the quarter to Atomo's Non-Executive Directors in payment of their director fees.

Comparison of actual expenditure against use of funds statement

Appendix A provides a summary of actual expenditure, compared to the estimated use of funds set out in the Prospectus, in accordance with ASX Listing Rule 4.7C. Cash expenditure during the quarter was consistent with the use of funds set out in Atomo's IPO Prospectus



other than for a variance in respect of the amount of the GHIF Loan repayment due to foreign exchange movements between the date of the Prospectus and the date of repayment.

Refer to the notes to the summary table in Appendix A for further information in relation to each of the categories of expenditure.

Outlook

As Atomo moves into FY21, the focus will be on continuing to meet demand created by the ongoing COVID-19 pandemic, as well as continuing to progress activities as outlined in the Prospectus including:

- Scale up and ongoing global roll-out of business in the HIV Self-Test market
- Expansion of sales of OEM products to existing and new OEM customers
- Developing and expanding new Atomo rapid test products and entry into new point of care test (POCT) markets

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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, viral vs bacterial differentiation and female health.

See more at www.atomodiagnostics.com.

Appendix A

In accordance with ASX Listing Rule 4.7C Atomo provides the following use of funds information:

Use of funds	Prospectus Estimate	Actual Funds Deployed to end Q4 FY20	Actual Funds Deployed vs Prospectus	Ref
	(A\$'000)	(A\$'000)	%	
Expansion of Manufacturing & Distribution	11,700	628	5.4%	1
Research & Development and Product Commercialisation	11,025	452	4.1%	2
GHIF Loan Repayment (Including Outstanding Interest)	7,010	7,746	110.5%	3
Administrative Costs	2,446	139	5.7%	4
Market Expansion	1,600	0	0.0%	5
Interest on Convertible Notes	900	756	84.0%	6
Working Capital & Operating Costs	5,055	1,215	24.0%	7
Costs of the Offer	2,704	1,897	70.2%	8
TOTAL (INCLUDING EXISTING CASH)	42,440	12,834	30.2%	9

Ref	Comment
1	Capacity ramp up to support accelerated growth
2	Ramp up delayed by focus on COVID-19 business
3	Difference in exchange rate at time of repayment vs Prospectus date
4	In progress
5	Commencing from FY21 as per Prospectus
6	Actual less than estimate due to IPO timing
7	Net working capital balance after accounting for outflows for operating costs and overheads during the period and receipts of \$1.84m from customers during the period
8	Excludes cash outflows pre-IPO relating to the cost of the offer of \$1.2m
9	Total of \$42.44m includes existing cash of \$12.44m on hand as at 31/12 as per Prospectus. June quarter expenditure excludes net working capital outflows from 31/12 to IPO of \$1.3m

Appendix 4C **Quarterly cash flow report for entities** **subject to Listing Rule 4.7B**

Name of Entity

Atomo Diagnostics Limited

ABN

37 142 925 684

Quarter Ended ("current quarter")

June 2020

Consolidated statement of cash flows		Current Quarter	Year to date (12 months)
		A\$'000	A\$'000
1. Cash flows from operating activities			
1.1 Receipts from customers		1,837	2,654
1.2 Payments for			
(a) research and development		(452)	(1,388)
(b) product manufacturing and operating costs		(1,819)	(5,489)
(c) advertising and marketing		0	(37)
(d) leased assets		(1)	(4)
(e) staff costs		(1,131)	(2,459)
(f) administration and corporate costs		(266)	(642)
1.3 Dividends received (see note 3)		0	0
1.4 Interest received		17	22
1.5 Interest and other costs of finance paid		(919)	(1,499)
1.6 Income taxes paid		0	0
1.7 Government grants and tax incentives		0	808
1.8 Other (provide details if material)		0	0
1.9 Net cash from / (used in) operating activities		(2,734)	(8,034)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) entities		0	0
(b) businesses		0	0
(c) property, plant and equipment		(628)	(819)
(d) investments		0	0

Consolidated statement of cash flows		Current Quarter A\$'000	Year to date (12 months) A\$'000
	(e) intellectual property & intangible assets	(56)	(102)
	(f) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) entities	0	0
	(b) businesses	0	0
	(c) property, plant and equipment	0	0
	(d) investments	0	0
	(e) intellectual property	0	0
	(f) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) operating activities	(684)	(921)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	30,000	30,038
3.2	Proceeds from issue of convertible debt securities	0	16,048
3.3	Proceeds from exercise of options	51	51
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,881)	(2,691)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	(7,585)	(9,343)
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from / (used in) financing activities	20,585	34,103
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,939	1,856
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,734)	(8,034)

Consolidated statement of cash flows		Current Quarter A\$'000	Year to date (12 months) A\$'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(684)	(921)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	20,585	34,103
4.5	Effect of movement in exchange rates on cash held	(2)	100
4.6	Cash and cash equivalents at end of period	27,104	27,104

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current Quarter A\$'000	Previous Quarter A\$'000
5.1	Bank balances	27,104	9,939
5.2	Term deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	27,104	9,939

6. Payments to related parties of the entity and their associates		Current Quarter A\$'000	Previous Quarter A\$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	80	0
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0	0

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity

- 7.1 Loan facilities
 7.2 Credit standby arrangement
 7.3 Other (please specify)
 7.4 **Total financing facilities**

Total facility amount at quarter end A\$'000	Amount drawn at quarter end A\$'000
0	0
0	0
0	0
0	0

7.5 Unused financing facilities available at quarter end

0

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Not applicable.

8. Estimated cash available for future operating activities**A\$'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,734)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	27,104
8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	27,104
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	10

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 22/07/2020

Authorised by:The Board

(Name of body or officer authorising release see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entities activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of the board of directors, you can insert here: "By the [name of board committee eg Audit and Risk Committee] for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.