

Atomo Diagnostics Limited
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Australia

Authorised by John Kelly, Managing Director



Half Year Results Presentation

22 February 2022

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INTRODUCTION

Atomo Diagnostics Limited (ASX: AT1) is an innovative medical device diagnostics company supplying unique, integrated rapid diagnostic test (RDT) devices and finished point-of-care rapid tests to the global market



Headquartered in Australia with international operations, Atomo develops, manufactures and sells innovative patented devices and innovative rapid tests that address unmet user needs



Increasing market traction locally in Australia as well as established business in the US, Europe and Global Health markets selling approved Atomo finished tests to healthcare distributors and Atomo devices to diagnostic partners (OEM)



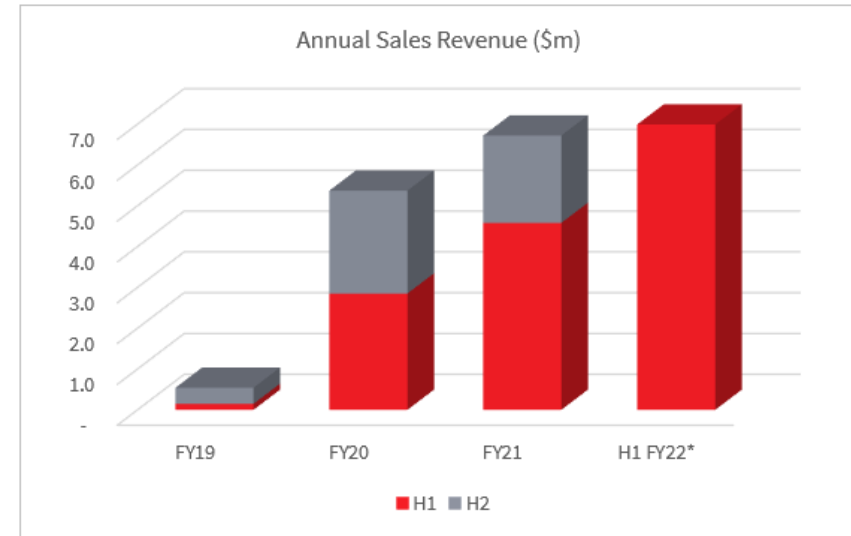
Atomo has experienced strong growth since FY19, with H1 FY22 revenues from customers exceeding FY21 revenues



H1 FY22 – PROFIT AND LOSS

AUD	H1 FY22 (\$m)	H1 FY21 (\$m)	Variance (%)
Revenue	5.34	4.58	17%
Cost of sales	(3.58)	(2.05)	75%
Gross Profit	1.76	2.52	(30%)
Gross Margin	33%	55%	
Licence and settlement fee income	1.65	-	100%
Other income	0.51	0.11	364%
Employee benefits expense	(2.11)	(2.13)	(1%)
Foreign exchanges gains/(losses)	0.05	(0.42)	(112%)
Research and development costs	(0.74)	(0.48)	54%
Professional fees expense	(1.30)	(0.69)	88%
Other expenses	(1.30)	(1.04)	25%
Underlying EBITDA	(1.48)	(2.12)	(30%)

- Total sales from ordinary operating activities was \$5.34m during the period. In addition, revenue of \$1.65m was received from license and settlement fees during the period from Access Bio, Inc, bringing **total customer revenue for the period to \$7.0m**
- Total customer revenue for H1 FY22 exceeding total customer revenue for FY21
- Higher revenue from customers led to a decrease in the underlying EBITDA loss, as the business capitalised on strong demand for COVID-19 finished products
- Continued investment in R&D and core capital items



- Overall gross revenue from customers increased by 53% to \$7.0m (vs PCP H1 FY21), driven by:
 - strong demand for COVID-19 point of care tests
 - growth in sales of HIV self-tests,
- OEM revenues negatively impacted as diagnostic companies have overwhelming focused on the COVID-19 rapid antigen testing market
- HY1 FY22 revenue comprises:

• COVID-19	\$4.51m (420k units sold)
• HIV	\$772k (250k units sold)
• License & settlement fees	\$1.65m
• Other	<u>\$60k</u>
Total customer revenue	\$7.0m

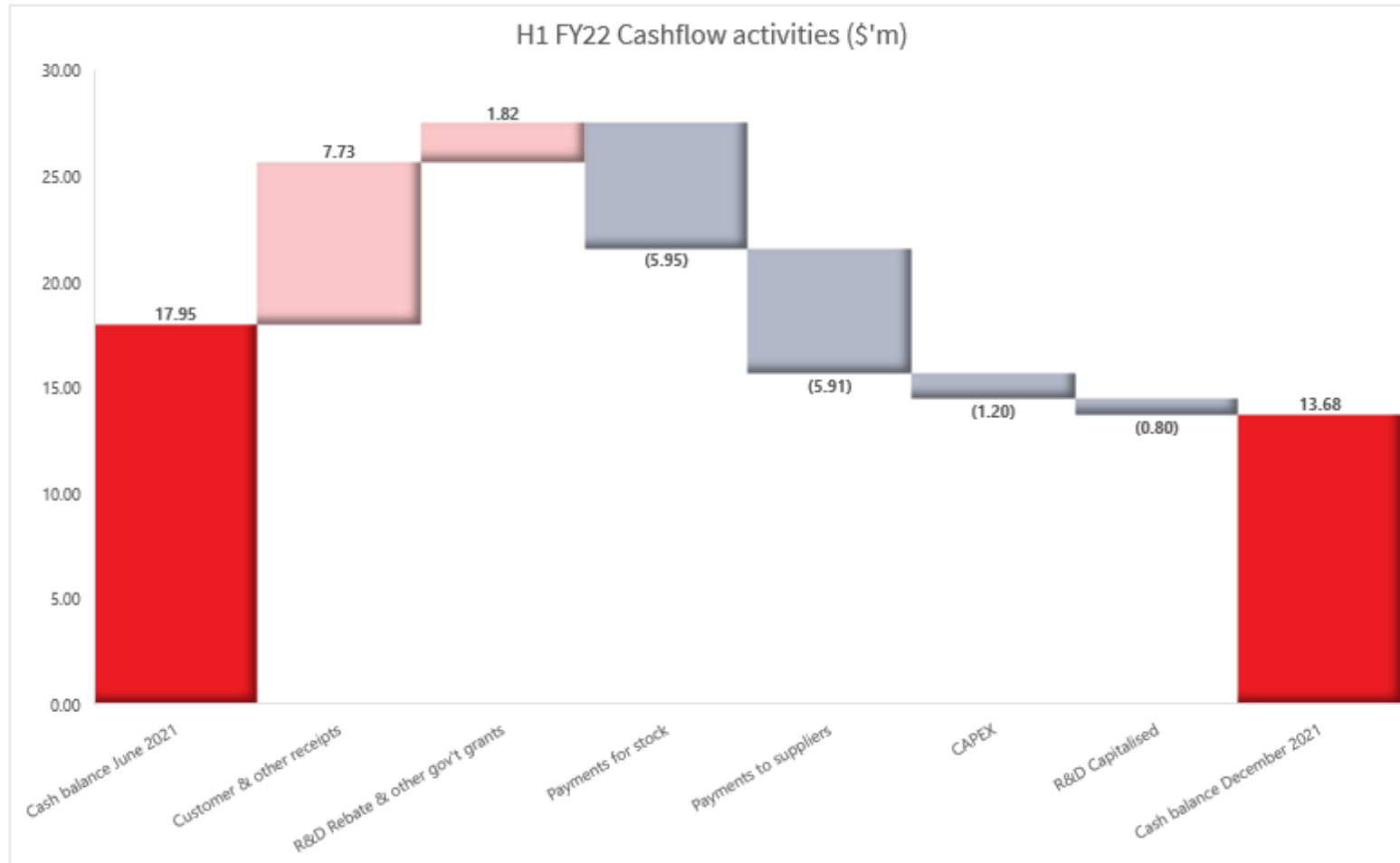
H1 FY22 – BALANCE SHEET

AUD	31-Dec-21 (\$m)	30-Jun-21 (\$m)
Cash and cash equivalents	13.68	17.95
Trade and other receivables	2.85	4.49
Inventories	5.35	3.04
Property, plant and equipment	4.20	3.69
Intangible assets	3.55	3.00
Other assets	0.40	0.07
Total assets	30.03	32.24
Trade and other payables	1.46	1.78
Other liabilities	0.70	0.37
Total liabilities	2.16	2.15
Net Assets	27.87	30.09

- Cash balance of \$13.68m as at 31 December 2021
- The increase in inventory primarily related to the acquisition of COVID-19 rapid antigen tests for sale in the Australian market, the majority of which were sold in January.
- Cash balance of \$15.8m as at 31 January 2022

- Trade receivables were lower at 31 December 2021, as the proportion of sales related to COVID-19 rapid antigen testing in Australia increased, where customers are on shorter payment terms when compared with OEM and HIV customers
- Total R&D spend for H1 FY22 of \$1.72m:
 - \$740k expensed through the profit and loss statement
 - \$980k capitalised to the balance sheet
- R&D expenditure related to a number of key areas of investment, including:
 - The completion of development related to the second-generation blister machine, which is now undergoing installation qualification
 - Ongoing new product device development, including:
 - Concluding investment in optimization of existing Atomo blood-based rapid test devices
 - App and software development
 - Development of an integrated swab based test device to improve swab based rapid testing, including for COVID-19 antigen testing
- Net asset position of \$27.87m, and no debt as at 31 December 2021

H1 FY22 – CASHFLOW ACTIVITIES



- Cash receipts of \$7.73m for the half, underpinned by demand for COVID-19 rapid antigen test sales and growth in HIV sales
- R&D Tax rebate of \$1.8m received
- Cash outflows predominantly consisting of:
 - payments for stock to meet demand from customers in COVID-19
 - ramp up in HIV production capacity to support growth
 - spend on new Atomo device R&D and next-gen blister machine

A PERMANENTLY CHANGED DIAGNOSTIC MARKET

Tailwinds and headwinds

Near Term



- Immediate revenue growth opportunities in COVID rapid testing resulting from an unprecedented global pandemic

Medium Term

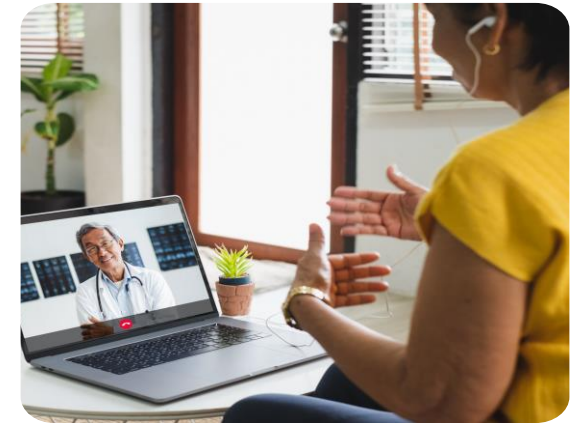


- A contraction of IVD industry new product commercialisation pipelines and resulting impact to Atomo's near term OEM pipeline, as diagnostic companies focus almost exclusivity on COVID-19 testing

Long Term



- Acceptability of rapid testing in the home by consumers globally
- Increased importance of home-based healthcare solutions
- Reduced regulatory and reimbursement barriers to home test channel expansion, especially in the US
- Emerging well capitalised market entrants actively building home delivered healthcare and a new focus from established diagnostic companies
- Increased consumer demand for convenient healthcare services



In the US, telehealth as a share of medical consults went from 0.2% to 13% at the peak of the COVID-19 pandemic, and has stabilised at ~6% of all consults

CB Insight's – 2021 Healthcare Digital Transformation Survey

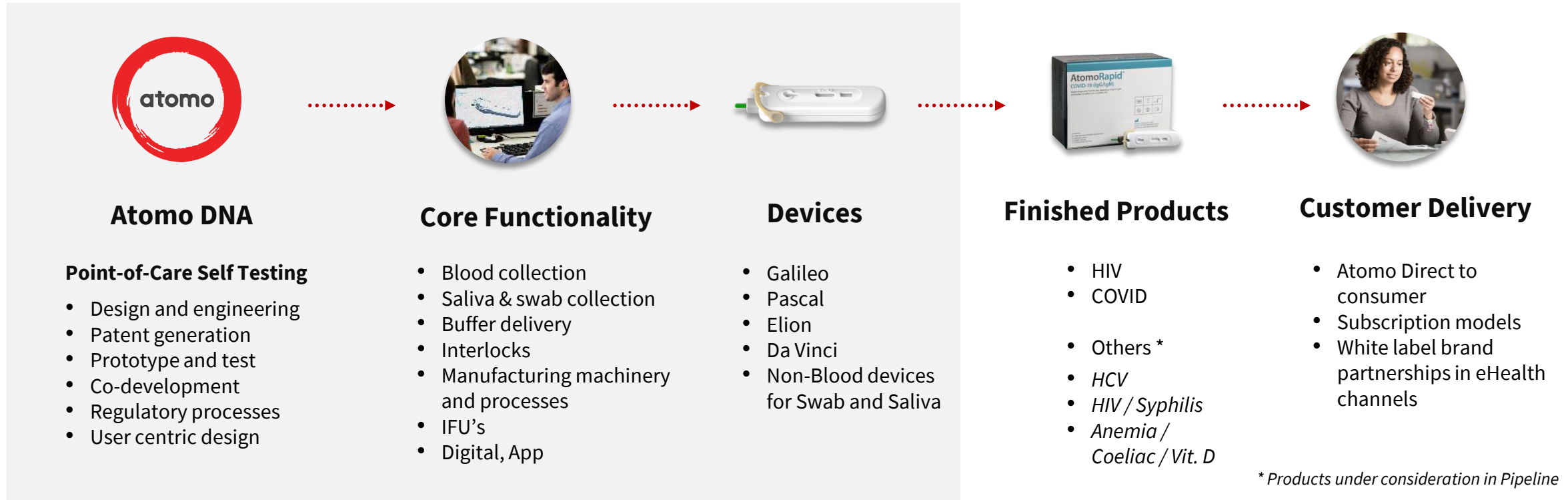
ATOMO'S CORE CAPABILITIES

The intersection between Medical Devices & Diagnostics

IP Intensive



Less IP Intensive
More sales focused



Atomo has commercialised rapid blood test devices with a level of integrated functionality and user simplicity unmatched in the rapid test market

The company is now actively focused on commercialising integrated devices that materially improve testing with swab and saliva samples



ATOMO'S OPERATIONAL FOOTPRINT

North America

- Biggest partnership opportunities
- Rapidly emerging home testing channel
- Engaging with market on HIVST pathway
- Establishing US operations and scaling up blister production
- Senior Atomo Commercial resource starting Q4 FY22

LMIC's

- South Africa (SA) operations centre for HIVST, headcount: 17
- Assay partner co-located in SA
- Viatris partnership covering more than 100 countries. Registration in 25 countries, with 15 further national registration approvals pending
- HIV ST production capacity currently ~3m

Europe

- HIV ST, Blood based pregnancy and FebriDx all CE Marked
- OEM partners: NG Biotech
- Commercial partner for HIVST: Owen Mumford
- **Dedicate Senior resource based in UK**

Asia

- Cassette moulding and assembly (Current Annual Manufacturing Capacity: ~20M)
- Seeking China market entry partner

Australia

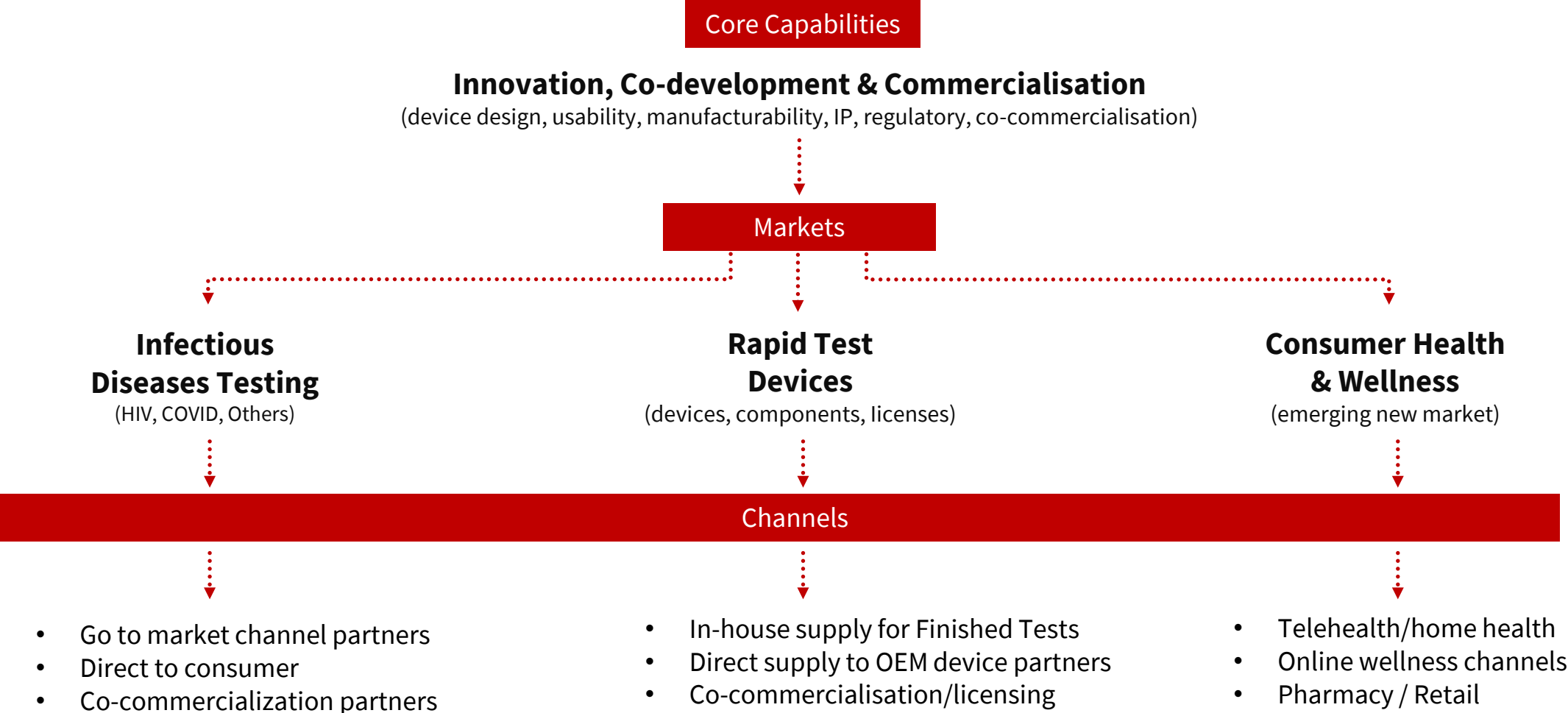
- Headquarters: Headcount 24
- Innovation Center
- ASX, majority of shareholders
- ARTG listed products
- Direct to market capability



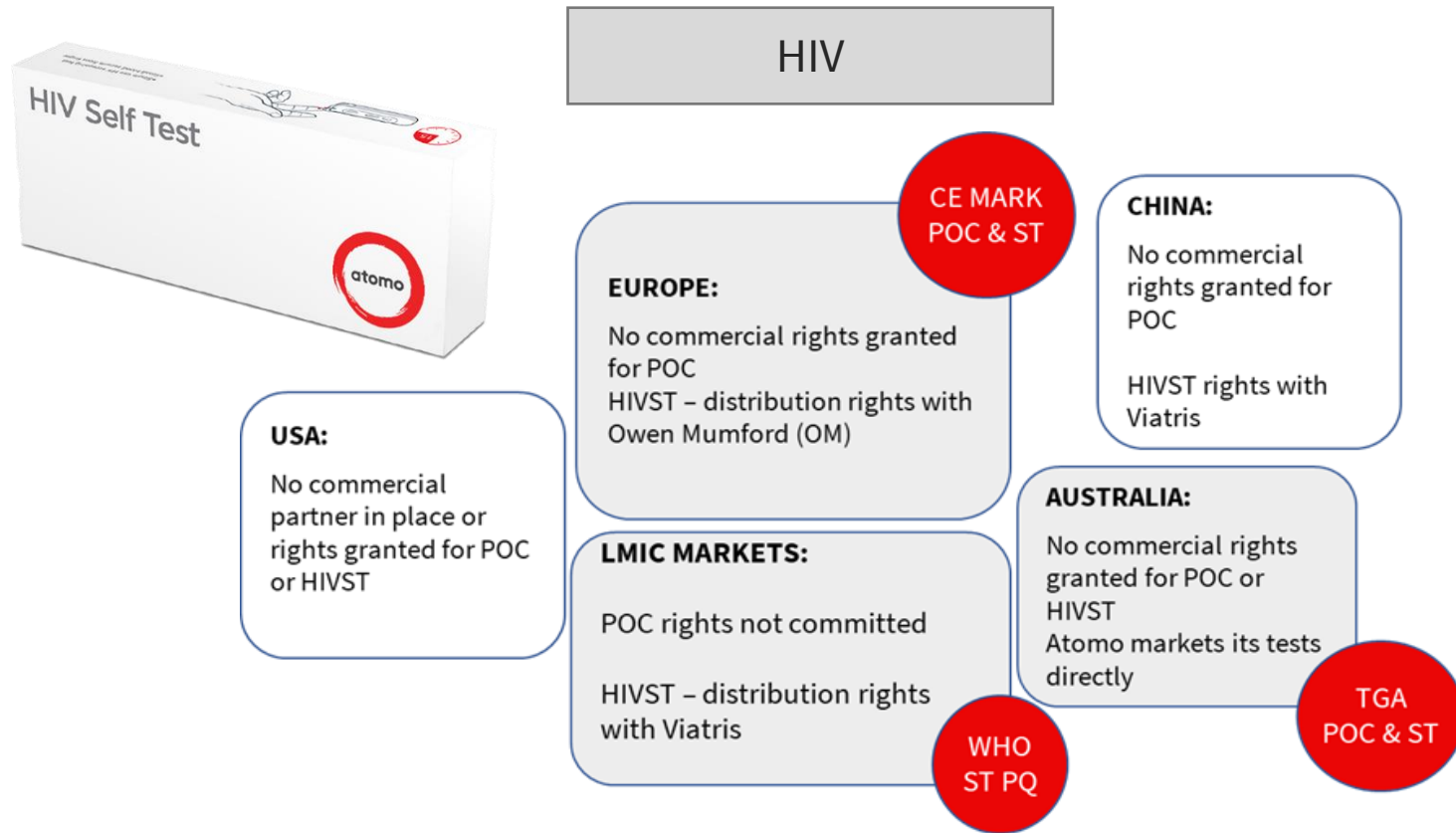
Atomo's Next Gen High volume blister manufacturing machine



ATOMO'S STRATEGIC FOCUS



A GROWING INFECTIOUS DISEASE BUSINESS



HIV Opportunity

Targeting commercial agreements covering USA and China market

Australian self-test market recently opened up with Atomo having first mover advantage



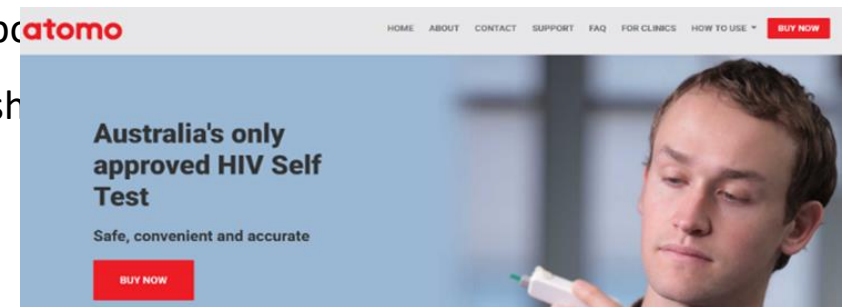
RAPID TESTING IN AUSTRALIA

COVID-19 TESTING SUMMARY

- Australia demonstrated significant demand for rapid COVID-19 tests in late 2021 after roll-out delays due to resistant public health policy
- Atomo sold 420k rapid COVID tests during H1 FY22, with product sales in January outstripping total sales in H1
- Overall market demand has since reduced as Omicron infection rates drop and free government tests impact the market
- Atomo has more than 120 enterprise/Government customers and continues to see demand based on Atomo's in market service and support

LONGER TERM OPPORTUNITY

- TGA has significantly relaxed conditions of supply related to home use (self-test) products in Australia
- Given greater acceptance of home testing in the community Atomo sees an opportunity to expand its HIV self-tests in the local market and has first mover advantage in HIV as well as established presence in the country



OEM MARKET – ATOMO RAPID TEST DEVICES: UNIQUE SOLUTIONS

Leverage existing blood platforms



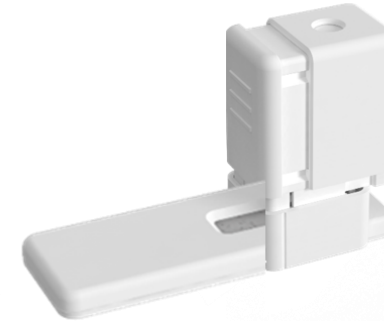
Accelerate roll-out of current solutions with existing approvals, with potential for partners to upgrade existing products to an Atomo cassette or commercialise their new tests using Atomo cassettes and components



Development beyond blood



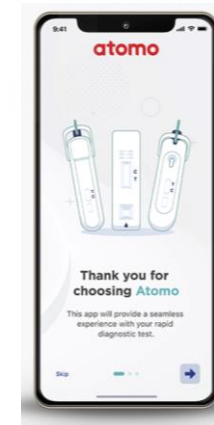
Atomo to complete development & commercialise new integrated solutions for swab and saliva testing utilising the Company's proven experience and portfolio of patent protected technologies and proprietary know-how



Custom Development



- Work with partners for bespoke solutions that leverage Atomo's technology, and create locked in customers through supply, licensing and royalties
- Expand solutions to include upgrades with APP and/or low-cost reader functionality



CLINIC AT HOME – THE NEXT HEALTHCARE FRONTIER

*two thirds
of all clinical decisions are
based on a diagnostic test*



POINT OF CARE/ LABS



EHEALTH DOCTOR CONSULTATION/ LAB, POC & SELF-TESTS



CONSUMER/ SELF-TESTS

Hospital & Physician Networks
(in physician office, hospital, etc.)
Treatment Programs with provider (e.g. PrEP)

Telemed Providers
Amwell, Plushcare, Teladoc
Ro
Amazon Care
MeMD

Adult Health Specialists
Nurx,
Him & Hers, etc.

Wellness
Everlywell, Cerascreen
BioIQ
Prima, etc.

Retail Pharmacy Clinics
Target, Walmart, Albertsons, Costco, Walgreens, CVS, etc.

Strategic Opportunity / home testing market:

Rapidly emerging new market for eHealth enabled healthcare in the home, cannibalising lab/clinic-based models as well as challenging traditional retail and pharmacy channels

This consumer-focused market requires solutions that are inherently user friendly and address limitations with current kits formats