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FY21 Interim Results Presentation

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ATOMO DIAGNOSTICS LIMITED | (ASX: AT1)

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INVESTMENT CASE



A proven innovator – commercialised the world's first fully integrated, blood-based rapid test devices



Emerging market participant with 3.5m devices sold globally and a further 2m contracted



'Best in class' solutions based on Atomo's award winning rapid test devices now increasingly recognised



Large global market - The global lateral testing market accounted for US\$5.4 billion in 2020*



Flexible rapid test platform that can be quickly and effectively adapted to support new products across a range of clinical applications



Scalable production with a cost-effective supply chain capacity of 1.6m total devices per month, based on **Robust IP** and significant proprietary design and process know-how



Extensive Pipeline of next generation RDT devices and applications to drive growth into the future

KEY FINANCIAL METRICS¹ - Strong top-line growth

Revenue

\$4.58m

↑ 389%

Gross Profit

\$2.52m

↑ 278%

GP Margin

55%

↑ 1,300bps

Drivers

Revenue:

- **COVID-19:** Sales to NG Biotech & direct to the Australian market
- **HIV:** Mylan sales into S. Africa & other countries, plus direct in the Australian market
- **OEM:** Sales to Lumos to support global FebriDx rollout

Gross Profit & Margin:

- Continued expansion of higher margins as the business scales

Net Op. Cashflow:

- Benefit of volume gains, decline in unit costs, lower funding costs and increase in R&D grant

EBITDA

(\$2.12m)

↓ 68%

Net Op. Cashflow

(\$193k)

↑ 91%

Net Cash

\$24.7m

Debt free

KEY BUSINESS HIGHLIGHTS – *Growing international recognition*

Access Bio Partnership

Agreement to supply 2m COVID-19 Antibody RDT devices into US (take or pay), with first shipments delivered to the US

Australian COVID-19 progress

COVID-19 antibody test sales commenced. Initial sales of the COVID-19 antigen test¹.

HIV facility certified

South African HIV facility certified and fully operational

HIV self-test demand growing

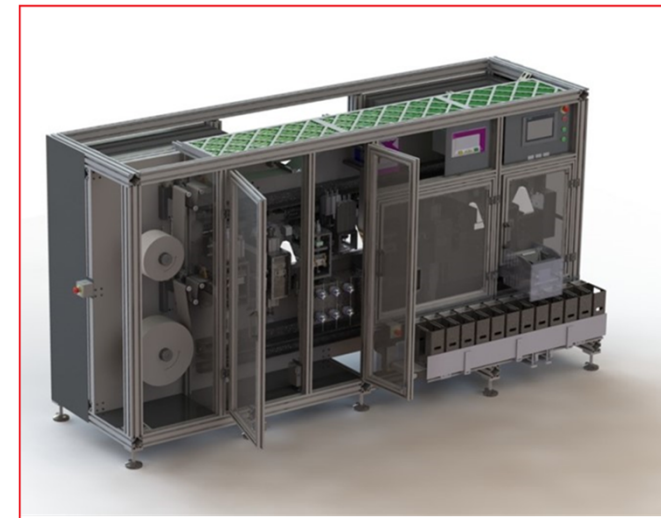
Expanding approvals supporting increased sales opportunities, with increased demand anticipated over the coming 12 months

OEM demand accelerates

Production ramp up to meet demand for OEM devices, with additional automated blister machines being commissioned

Increased device capacity

Rated capacity increased during H.1 FY21, from 750k to 1.6m total devices per month



Atomo's second generation proprietary blister manufacturing machine

BUSINESS UNITS SUMMARY

COVID-19

Revenue - \$2.61m

- **Access Bio** – agreement signed to supply 2m devices by 30 Sept 2021 (take or pay). FDA submission finalised early January.
- First shipment of 259k units delivered
- **Australia** –
 - **Commercial traction** secured for the AtomoRapid Antibody test.- Sales of \$394k achieved.
 - **Initial launch** of the Atomo rapid antigen test – manufactured by Access Bio on behalf of Atomo.
- **NG Biotech** – 1.9m devices sold to 31 Dec 20. Minimum orders not met, move to non-exclusive basis.
- **Europe** – Atomo re-engaging with other interested parties to discuss potential commercial arrangements

HIV

Revenue - \$0.77m

- **PrEP Health agreement** - signed for distribution of the Atomo HIV Self-Test in Australia
- **Independent validation** - Atomo HIV Self-Test demonstrated excellent usability in a recent evaluation, with 100% of untrained, first-time self-test users judging it 'easy to use'.
- **International demand** – demand growing in global markets
- **South African HIV facility** - now fully operational following certification by BSI, TGA and WHO
- **Professional use test** – TGA approval. Aust commercial launch planned in the coming months

OEM

Revenue - \$1.10m

- **Production increase** – responding to growing demand. eg: Lumos Diagnostics commercialising a rapid blood test to detect viral vs bacterial infections
- **OEM opportunities** – continue to seek new OEM opportunities across Pascal and Galileo devices. Elion device anticipated to launch during CY2021

Pascal



Galileo



Elion



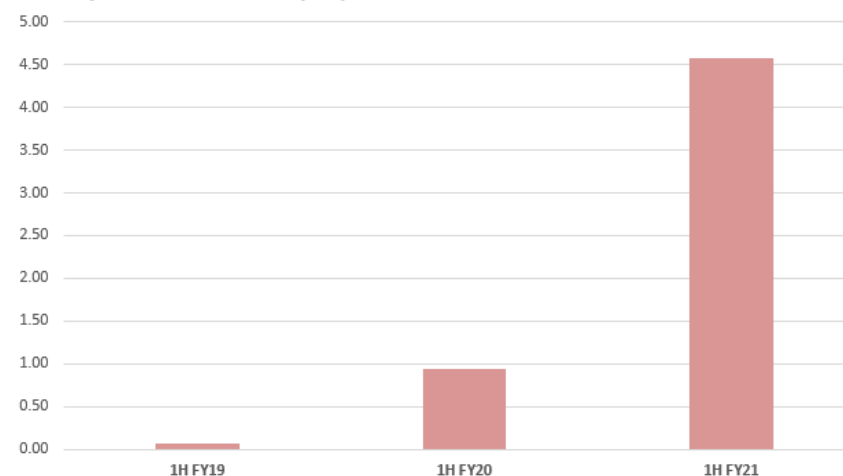
UNDERLYING P/L & CASHFLOW – *Scale benefits materialising*

AUD	1H FY21 (\$m)	1H FY20 (\$m)	Variance (\$m)	Variance (%)
Revenue	4.58	0.94	3.64	388.5%
Costs of Sales	(2.05)	(0.54)	(1.51)	277.5%
Gross Profit	2.52	0.39	2.13	542.0%
Gross profit margin	55.1%	42.0%	-	-
Other Income	0.11	0.25	(0.14)	-56.2%
Employee benefits expense	(2.13)	(1.10)	(1.03)	93.9%
Foreign exchange gains / (losses)	(0.42)	0.19	(0.62)	-316.8%
Research and development expenses	(0.48)	(0.04)	(0.43)	1012.2%
Professional fees expense	(0.69)	(0.38)	(0.32)	83.9%
Other expenses	(1.04)	(0.58)	(0.46)	79.0%
Underlying EBITDA	(2.12)	(1.26)	(0.86)	68.3%

- Overall Gross Profit margin **increased from 42% to 55%** as new higher margin contracts delivered improved performance and scale benefits allowed the business to drive down COGS
- Overheads increased as the company and increased capability across management, technical and sales functions, plus public Company expenses
- EBITDA loss of \$2.12 million as gross margins continued to improve and expenses were managed
- Strong cash conversion on sales with cash receipts totalling \$5.8m
- Net Operating Cashflow improvement to near break-even (\$193k)

- Significant revenue growth of 389% generated by:
 - \$2.61 million from continued customer demand for COVID-19 point of care antibody testing devices, including sales of Atomo devices to NG Biotech and sales of finished product by Atomo in the Australian market
 - \$0.77 million from HIV related sales, as sales were made into South Africa, directly in Australia, and in other markets via Mylan.
 - \$1.11 million from OEM business as Lumos in particular continued to ramp up its FebriDX roll out

Half-year Sales Revenue (\$m)



BALANCE SHEET – *Well capitalised*

AUD	31 Dec 20 (\$m)	30 Jun 20 (\$m)
Cash and cash equivalents	24.69	27.10
Trade and other receivables	2.27	3.49
Inventories	2.63	1.21
Current tax assets	0.80	1.27
Property, plant and equipment	1.84	1.45
Intangible assets	2.73	1.52
Other assets	0.06	0.06
Total assets	35.02	36.10
Trade and other payables	1.59	1.30
Borrowings	-	-
Other liabilities	0.30	0.32
Total liabilities	1.89	1.62
Net assets	33.13	34.48
Issued capital	67.34	66.51
Reserves	0.67	0.30
Retained losses	(34.88)	(32.33)
Total Equity	33.14	34.48

- Cash of \$24.69 million as at 31 December 2020 and no debt, putting the company in a strong position to continue to invest in growth
- Product manufacturing and build up of inventory in anticipation of continued strong growth of COVID-19 rapid test sales and HIV global tender opportunities
- An investment of \$2.29m million in R&D was made over the half year period including:
 - \$1.81 million capitalised to the balance sheet as Intangible development, primarily related to investment in the next generation blister machines
 - \$0.48 million expenditure expensed through the P&L on new product development and other R&D activities
- A further investment of \$0.65 million capital investment in PPE to support and scale production capabilities, process improvements and capacity

2H21 – KEY PRIORITIES

- Following delivery of two containers to-date, ramp up supply of Atomo devices to Access Bio under the take or pay contract for rapid antibody tests to the US market.
- FDA Emergency Use Authorisation approval of Access Bio's COVID-19 rapid antibody tests to support sales beyond the contracted minimum 2 million tests
- Atomo driving continued growth of direct sales channels for COVID-19 antibody and antigen rapid testing in Australian, as well as seeking new opportunities in international markets
- Support Mylan (now Viatris) to scale up the HIV Self-Test tender business
- Commercialisation agreements for new finished products
- Continuing investment in development of digitisation to support the use of Atomo products; especially in home settings and via telehealth services



COVID-19 – HERE TO STAY?

THE LANCET

Future scenarios for the COVID-19 pandemic

“SARS-CoV-2 could continue to mutate in ways that both accelerate virus transmission and reduce vaccine effectiveness. 5–7 Vaccine hesitancy, misinformation, and disinformation could compromise the global COVID-19 response”

David Skegg

Department of Preventive and Social Medicine, University of Otago, Dunedin, New Zealand

nature

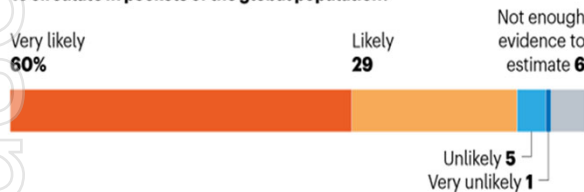
NEWS FEATURE • 16 FEBRUARY 2021

The coronavirus is here to stay – here's what that means

ENDEMIC FUTURE

In a Nature poll, 89% of scientists felt that SARS-CoV-2 was either very likely or likely to become an endemic virus.

How likely do you think it is that SARS-CoV-2 will become an endemic virus: that is, one that continues to circulate in pockets of the global population?



“Eradicating this virus right now from the world is a lot like trying to plan the construction of a stepping-stone pathway to the Moon. It's unrealistic,”

Michael Osterholm,
Epidemiologist, Uni Minnesota in
Minneapolis.

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'COVID-19 is here to stay for the foreseeable future'

Future of field-based sciences in the time of coronavirus

Date: September 14, 2020

Source: Max Planck Institute for the Science of Human History

"In the future we will likely see spatially and temporally patchy peaks and troughs in COVID-19 case numbers,"

Dr. Denise Kuehnert, head of the
Transmission, Infection,
Diversification & Evolution Group

THE AUSTRALIAN

“As scientists develop new treatments, COVID-19 will further “become an infection that we can live with”

Rachel Bender Ignacio,
infectious-disease expert at
the Fred Hutchinson Cancer
Research Centre in Seattle



As vaccines raise hope, reality dawns: Covid is here to stay

COVID-19 could shift from a pandemic disease to an endemic one, but epidemiologists say we need to accept 'that our lives are not going to be the same'

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SIMPLY BETTER DIAGNOSTICS

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