

Atomo Diagnostics Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Atomo Diagnostics Limited
ABN: 37 142 925 684
Reporting period: For the half-year ended 31 December 2023
Previous period: For the half-year ended 31 December 2022

2. Results for announcement to the market

			AUD
Revenues from ordinary activities	up	42% to	1,923,371
Loss from ordinary activities after tax	down	45% to	(3,152,282)
Loss for the half-year	down	44% to	(3,172,922)
		31 December 2023	31 December 2022
		AUD Cents	AUD Cents
Basic earnings per share		(0.50)	(1.01)
Diluted earnings per share		(0.50)	(1.01)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

Refer to the 'Operating and Financial Review' within the Directors' Report for further commentary on the half-year's results, financial position and likely developments in future years.

3. Net tangible assets

	Reporting period AUD Cents	Previous period AUD Cents
Net tangible assets per ordinary security	<u>1.66</u>	<u>2.75</u>

The net tangible assets / (liabilities) per ordinary security is calculated based on 639,202,310 ordinary shares on issue as at 31 December 2023, and 570,890,991 ordinary shares that were on issue as at 31 December 2022.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

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7. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Financial Report.

8. Attachments

Details of attachments (if any):

The Half Year Financial Report of Atomo Diagnostics Limited for the half-year ended 31 December 2023 is attached.

9. Signed



Signed _____

Date: 26 February 2024

John Keith
Chair
Sydney

For personal use only

Atomo Diagnostics Limited

ABN 37 142 925 684

Half Year Financial Report - 31 December 2023

Atomo Diagnostics Limited
Corporate directory
For the half-year ended 31 December 2023

Directors	John Keith (Chair & Non-Executive Director) John Kelly (Managing Director) Paul Kasian (Non-Executive Director) Deborah Neff (Non-Executive Director) Cheri Walker (Non- Executive Director)
Company secretary	Maria Clemente
Registered office	Level 1 3 - 5 George Street Leichhardt NSW 2040
Principal place of business	Level 1 3 - 5 George Street Leichhardt NSW 2040
Share register	Boardroom Pty Limited Level 8 210 George Street Sydney NSW 2000
Auditor	BDO Audit Pty Ltd Level 11, 1 Margaret Street Sydney NSW 2000
Solicitors	HWL Ebsworth Lawyers Level 14, Australia Square 264 - 178 George Street Sydney NSW 2000
Stock exchange listing	Atomo Diagnostics Limited shares are listed on the Australian Securities Exchange (ASX code: AT1)
Website	www.atomodiagnostics.com

Atomo Diagnostics Limited
Directors' report
For the half-year ended 31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Atomo Diagnostics Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

All amounts are presented in Australian dollars (AUD) unless otherwise stated.

Directors

The following persons were directors of Atomo Diagnostics Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Director	Appointed	Resigned
John Keith (Chair & Independent Non-Executive Director)	2 December 2011	n/a
John Kelly (Managing Director)	1 April 2010	n/a
Paul Kasian (Non-Executive Director)	4 February 2020	n/a
Deborah Neff (Non-Executive Director)	15 September 2021	n/a
Cheri Walker (Non-Executive Director)	15 November 2022	n/a
Curt LaBelle (Non-Executive Director)	1 April 2010	19 December 2023

The Company Secretary is Maria Clemente, who was appointed on 1 March 2023.

Principal activities

The principal activities of the group during the course of the half-year were the development and sale of medical devices.

There were no significant changes in the nature of the activities of the group during the half-year.

Review of operations

The loss for the group for the half year after providing for income tax amounted to \$3,152,282 (H1 FY23: 31 December 2022: \$5,743,450).

Revenue of approximately \$1.92m comprised product sales of \$1.52m for HIV point-of-care tests and \$407k for OEM point-of-care technology. Revenue and margin improved significantly, with sales increasing ~98% and margin improving from ~39% to ~46% for comparative period HY23 (excluding COVID).

Ongoing measures continued to be undertaken during the period to reduce operating expenditure for the group. With investment already made in the development and commercialisation of Atomo's novel patent-protected rapid test devices and finished test products, and with manufacturing capacity installed and validated, capital expenditure has reduced very significantly. The focus has been on investing prudently in key areas of the business to support market facing and revenue generating activities.

Atomo continued to invest in business development activities, in particular in securing new OEM cassette supply customers following the regulatory approval of the Pascal cassette by US FDA. Commercial activities related to finished product related to expansion of HIV test business in Europe through a strategic partnership with Newfoundland Diagnostics and direct to pharmacy in Australia. Development efforts have been directed to securing TGA approval for a blood based pregnancy test in Australia and preparing a product dossier for an Iron deficiency test.

As at 31 December 2023, cash and cash equivalents amounted to \$6.5 million, with no debt.

Atomo Diagnostics Limited
Directors' report
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Significant changes in the state of affairs

- On 1 July 2023 and 19 October 2023, the board exercised its discretion to allocate 6,100,000 options and 500,000 options respectively to employees, under the company's employee share plan. The option awarded in recognition of the performance of key staff throughout the year and to support retention of key talent needed to deliver the company's business objectives.
- On 22 August 2023, 1,733,332 options issued to executives under the Company's Post IPO option plan lapsed as the KPI's applicable to the options were not satisfied with respect to the year ended 30 June 2023.
- On 22 August 2023, the Company issued 568,333 options to executives under the Company's Post IPO option plan to reward the diligent execution of the corporate strategy and to ensure retention of the key talent needed to deliver strategic outcomes in the interest of shareholders.
- On 13 July 2023 Atomo completed a Placement to institutional and sophisticated investors at \$0.036 per share to raise \$1.25m. Respectively 34,977,932 shares were issued. A Share Purchase Plan was undertaken with Eligible Shareholders that raised \$0.46m at a price of \$0.03 per share which closed on 1 August 2023, and an SPP shortfall placement was made to institutional investors on the same terms as the SPP to raise \$0.54m. Respectively 33,333,387 shares were issued.

There were no other significant changes in the state of affairs of the group during the financial half-year.

Likely developments and expected results of operations

With approximately \$6.5 million of cash at bank and no debt, Atomo continues to be well funded to pursue its key priorities in the second half of FY24:

- Continued growth in HIV Self-Test sales revenues and margins through increased participation in developed markets, including the UK, Europe and Australia. UK / European growth has been driven by a change of distributor and subsequent launch of product through TESCO supermarkets in the UK and pharmacy chains in Germany. Australian growth has been based on launch through a number of pharmacy groups as well as recent increased public health support for a number of self-test access pilots.
- Focus on the expansion of Atomo's Point of Care technology supply business, with a FDA 510(k) clearance obtained by Lumos Diagnostics for their FebriDx test on the Atomo Pascal device opening up a predicate pathway for approval of other tests by Atomo and new Pascal customers. Recent partnership referral agreements entered into with leading test strip assay development companies that have customers bringing new tests to market are expected to assist with awareness and availability of Atomo's devices and generate new OEM business development contracts, with a number of recent enquiries relating to Atomo's integrated swab device and custom solutions to support clip in reader compatibility.
- Securing regulatory approvals and launching Atomo's new rapid test products in key markets. The two new women's health focused priority markets to being commercialised with the most progressed being a blood based rapid pregnancy test that was submitted to the Australian TGA in April 2023. The second test is for the monitoring of iron deficiency.

Business risk

The group's operations are not subject to any significant environmental regulation under Australian Commonwealth or State law.

The company has identified the following material business risks that may cause its revenue and profitability to decline and are important to key stakeholders such as investors, consumers, customers, supplier, governments and employees.

- **Regulatory risk:** The company sells medical devices and finished products that require regulatory approvals to be maintained (for existing approved products), and to be obtained (for new products) in multiple jurisdictions. This includes obtaining and maintaining product approvals from the TGA in Australia, the FDA in the US, Health Canada in Canada, comparable bodies in Asia and South America, the World Health Organisation for LMIC global health markets, and compliance with the IVDD and IVDR regimes in Europe. There are risks associated with these regulatory approvals that may impact on the business should approvals be withdrawn for existing products or not obtained for new products.
- **Product quality and safety:** Should quality or safety issues arise with Atomo's products, there is the potential for negative financial and or reputational impacts. To mitigate this risk Atomo sources materials from quality suppliers, complies with ISO 13485 Medical Devices Quality Management, and delivers safe products to customers. Atomo aims to adhere to or exceed strict regulatory standards in all jurisdictions that it serves,

Atomo Diagnostics Limited
Directors' report
For the half-year ended 31 December 2023

and investigates all concerns to ensure our products maintain the highest quality. We are frequently inspected by independent regulatory authorities auditing compliance with these standards.

- **Compliance:** Responsibility to drive compliance with legal and regulatory requirements applicable to our global business. Includes development of policies and controls, communication and training, oversight and continuous improvement. Consequently, compliance affects every aspect of what we do, to deliver quality products to consumers.
- **Supply chain:** Responsibility to partners to ensure our product line is free from human rights concerns such as forced labour and trafficking, unsafe labour standards and unfair treatment. Atomo relies on third party manufacturers in certain areas and as such has potential exposure to supply chain disruption risks. The company takes steps to stay closely engaged with its supply chain and ensures sufficient stock on hand to mitigate this risk.
- **Employees and skilled labour:** Atomo's business relies on key qualified personnel. Atomo seeks to ensure our employees are appropriately remunerated and work in a safe environment, which meets or exceeds relevant regulatory expectations, addresses health and safety concerns as they arise and mitigates the risk of reoccurrence of incidents.
- **Operational risk:** Atomo has international operations, including a manufacturing facility in South Africa and as such is potentially exposed to additional political, legal, economic and regulatory risk specific to those locations.
- **Atomo operates in a competitive industry:** Strategies and initiatives designed to provide diagnostics at competitive prices to ensure it can develop, manufacture and market high-quality generic and branded products, with a particular focus on accessible diagnostics for the global health and Lower and Middle Income markets.
- **Corruption and bribery:** Business must be conducted with transparency, and free from unethical persuasion. Ethical business practices relate to every aspect of Atomo's business, from identifying product sources, through the development of diagnostics, transactions with regulatory bodies and sale to customers.
- **Resource use and waste management:** Includes energy usage during manufacture and logistics, water usage and waste as a by-product of manufacture, with particular consideration given to the fact that the products are classified as medical waste upon use.
- **Climate risk:** The board is considering on an ongoing basis the potential response to climate risk and considering potential implementation of a formal review and policy response in future years.

The Board believes that the group has adequate systems in place for the management of its exposure to environmental and social risks.

Proceedings on behalf of the Group

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the group, or to intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or part of those proceedings.

Rounding of Amounts

The group is of a kind referred to in *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Atomo Diagnostics Limited
Directors' report
For the half-year ended 31 December 2023

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



John Keith
Chair

26 February 2024
Sydney

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF ATOMO
DIAGNOSTICS LIMITED

As lead auditor for the review of Atomo Diagnostics Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Atomo Diagnostics Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Gareth Few'.

Gareth Few
Director

BDO Audit Pty Ltd

Sydney, 26 February 2024

Atomo Diagnostics Limited
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General information

The financial statements cover both Atomo Diagnostics Limited as an individual entity and the group consisting of Atomo Diagnostics Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Atomo Diagnostics Limited's functional and presentation currency.

Atomo Diagnostics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 1
3 - 5 George Street
Leichhardt NSW 2040

Principal place of business

Level 1
3 - 5 George Street
Leichhardt NSW 2040

A description of the nature of the group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2024. The directors have the power to amend and reissue the financial statements.

Atomo Diagnostics Limited
Statements of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
		31	31
	Note	December	December
		2023	2022
		AUD	AUD
Revenue	2	1,923,371	1,358,966
Costs of sales		<u>(1,045,184)</u>	<u>(1,117,807)</u>
Gross profit		878,187	241,159
Other Income	3	572,253	602,865
Employee benefits expense	4	(2,333,384)	(2,411,789)
Foreign exchange gains/(losses)		11,960	88,635
Depreciation and amortisation expense	4	(833,929)	(1,048,008)
Research and development expenses		(108,813)	(383,847)
Insurance		(169,585)	(218,550)
Inventory obsolescence expense		(15,793)	(1,045,212)
IT expenses		(94,262)	(102,332)
Occupancy expenses		(9,159)	(4,264)
Professional and consulting fee expenses		(343,384)	(420,202)
Regulatory expenses		(273,829)	(284,675)
Travel expenses		(73,621)	(213,368)
Other expenses		(352,972)	(535,896)
Finance costs		<u>(5,951)</u>	<u>(7,966)</u>
Loss before income tax expense		(3,152,282)	(5,743,450)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year		(3,152,282)	(5,743,450)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(20,640)</u>	<u>48,739</u>
Other comprehensive income for the half-year, net of tax		<u>(20,640)</u>	<u>48,739</u>
Total comprehensive income for the half-year		<u><u>(3,172,922)</u></u>	<u><u>(5,694,711)</u></u>
		AUD Cents	AUD Cents
Basic earnings per share	17	(0.50)	(1.01)
Diluted earnings per share	17	(0.50)	(1.01)

The above statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Atomo Diagnostics Limited
Statements of financial position
As at 31 December 2023

		Consolidated	
		31	
	Note	December	30 June
		2023	2023
		AUD	AUD
Assets			
Current assets			
Cash and cash equivalents	5	6,509,722	6,470,318
Trade and other receivables	6	1,310,995	1,823,824
Inventories	7	1,810,523	2,136,666
Total current assets		9,631,240	10,430,808
Non-current assets			
Property, plant and equipment	8	2,062,824	2,509,488
Right-of-use assets		154,053	233,732
Intangible assets	9	3,084,028	3,299,531
Total non-current assets		5,300,905	6,042,751
Total assets		14,932,145	16,473,559
Liabilities			
Current liabilities			
Trade and other payables		690,641	861,631
Lease liabilities		171,463	170,701
Provisions		245,786	277,155
Deferred revenue		-	185,074
Total current liabilities		1,107,890	1,494,561
Non-current liabilities			
Lease liabilities		-	84,176
Provisions		119,650	104,611
Total non-current liabilities		119,650	188,787
Total liabilities		1,227,540	1,683,348
Net assets		13,704,605	14,790,211
Equity			
Issued capital	10	70,086,549	68,036,837
Reserves		320,089	303,125
Accumulated losses		(56,702,033)	(53,549,751)
Total equity		13,704,605	14,790,211

The above statements of financial position should be read in conjunction with the accompanying notes

Atomo Diagnostics Limited
Statements of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued Capital AUD	Foreign Currency Translation Reserve AUD	Share Based Payment Reserve AUD	Accumulated Losses AUD	Total equity AUD
Balance at 1 July 2022	68,036,837	(63,078)	866,426	(44,026,471)	24,813,714
Loss after income tax expense for the half-year	-	-	-	(5,743,450)	(5,743,450)
Other comprehensive income for the half-year, net of tax	-	48,739	-	-	48,739
Total comprehensive income for the half-year	-	48,739	-	(5,743,450)	(5,694,711)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	-	36,605	-	36,605
Balance at 31 December 2022	<u>68,036,837</u>	<u>(14,339)</u>	<u>903,031</u>	<u>(49,769,921)</u>	<u>19,155,608</u>
Consolidated	Issued Capital AUD	Foreign Currency Translation Reserve AUD	Share Based Payment Reserve AUD	Accumulated Losses AUD	Total equity AUD
Balance at 1 July 2023	68,036,837	(175,408)	478,533	(53,549,751)	14,790,211
Loss after income tax expense for the half-year	-	-	-	(3,152,282)	(3,152,282)
Other comprehensive income for the half-year, net of tax	-	(20,640)	-	-	(20,640)
Total comprehensive income for the half-year	-	(20,640)	-	(3,152,282)	(3,172,922)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 10)	2,049,712	-	-	-	2,049,712
Issue of share options	-	-	37,604	-	37,604
Balance at 31 December 2023	<u>70,086,549</u>	<u>(196,048)</u>	<u>516,137</u>	<u>(56,702,033)</u>	<u>13,704,605</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes

Atomo Diagnostics Limited
Statements of cash flows
For the half-year ended 31 December 2023

		Consolidated	
		31	31
		December	December
	Note	2023	2022
		AUD	AUD
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,935,585	1,803,667
Payments to suppliers and employees (inclusive of GST)		<u>(4,655,750)</u>	<u>(5,422,101)</u>
		(2,720,165)	(3,618,434)
Interest received		76,834	26,203
R & D and other government incentives received		<u>760,965</u>	<u>1,208,555</u>
Net cash used in operating activities	16	<u>(1,882,366)</u>	<u>(2,383,676)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,154)	(77,237)
Payments for intangibles		<u>-</u>	<u>(328,878)</u>
Net cash used in investing activities		<u>(2,154)</u>	<u>(406,115)</u>
Cash flows from financing activities			
Repayment of lease liabilities		(88,434)	(86,396)
Proceeds from issue of shares		2,259,206	-
Payments for transaction costs		<u>(209,493)</u>	<u>-</u>
Net cash from/(used in) financing activities		<u>1,961,279</u>	<u>(86,396)</u>
Net increase/(decrease) in cash and cash equivalents		76,759	(2,876,187)
Cash and cash equivalents at the beginning of the financial half-year		6,470,318	12,966,400
Effects of exchange rate changes on cash and cash equivalents		<u>(37,355)</u>	<u>70,545</u>
Cash and cash equivalents at the end of the financial half-year	5	<u><u>6,509,722</u></u>	<u><u>10,160,758</u></u>

The above statements of cash flows should be read in conjunction with the accompanying notes

Atomo Diagnostics Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 1. Material accounting policy information

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Going Concern

During the financial period ended 31 December 2023 the group has reported a loss after tax of \$3,152,282 (HY23: \$5,743,450) and cash used in operating activities of \$1,882,366 (HY23: \$2,383,676). As at the 31 December 2023, the group holds cash and cash equivalents of \$6,509,722 (FY23: \$6,470,318).

The Directors have assessed the financial and operating implications of the above matters, including the expected net cash outflows over the next 12 months. Should forecast revenue not be achieved, the group can flexibility manage cash outflows by reducing discretionary expenditure. Based on this consideration, the directors are of the view that the group will be able to pay its debts as and when they fall due for at least 12 months following the date of these financial statements and that it is appropriate for the financial statements to be prepared on the going concern basis.

New or amended Accounting Standards and Interpretations adopted

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Reclassification of prior year amounts and balances

When required by Accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Operating segments

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments under AASB 8 Operating Segments. The CEO (Chief Operating Decision Maker or "CODM") assesses the financial performance of the Group in an integrated basis only and accordingly, the Group is managed on the basis of a single segment, being medical device research and development. Information presented to the CODM on a monthly basis is categorised by type of expenditure.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Atomo Diagnostics Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 2. Revenue

	Consolidated	Consolidated
	31	31
	December	December
	2023	2022
	AUD	AUD
Point of care tests	1,487,131	1,259,470
Point of care technology	406,763	87,723
Other	29,477	11,773
	<u>1,923,371</u>	<u>1,358,966</u>

Note 3. Other Income

	Consolidated	Consolidated
	31	31
	December	December
	2023	2022
	AUD	AUD
R&D tax rebate	495,419	530,510
Licence and settlement fees	-	9,552
Government grant	-	36,600
Interest income	76,834	26,203
	<u>572,253</u>	<u>602,865</u>

Note 4. Expenses

	Consolidated	Consolidated
	31	31
	December	December
	2023	2022
Profit / (loss) before income tax from continuing operations includes the following specific expenses:		
Employee benefits expense		
Salaries, wages and directors' fees	(2,033,689)	(2,085,280)
Contributions to defined contribution superannuation funds	(154,183)	(141,819)
Equity-settled share-based payments	(37,604)	(36,605)
Other employment related expenses	(107,908)	(148,086)
	<u>(2,333,384)</u>	<u>(2,411,790)</u>
Depreciation and amortisation		
Depreciation expense (Note 8)	(446,955)	(706,655)
Amortisation expense (Note 9)	(308,226)	(263,364)
Right-of-use assets	(78,748)	(77,989)
	<u>(833,929)</u>	<u>(1,048,008)</u>
Finance Cost		
Lease interest expense	(5,951)	(7,966)
	<u>(5,951)</u>	<u>(7,966)</u>

Atomo Diagnostics Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	31	30 June
	December	2023
	2023	2023
	AUD	AUD
Cash at bank	<u>6,509,722</u>	<u>6,470,318</u>

Note 6. Current assets - trade and other receivables

	Consolidated	
	31	30 June
	December	2023
	2023	2023
	AUD	AUD
Trade receivables	564,076	687,334
Less: Allowance for expected credit losses	<u>(1,243)</u>	<u>(4,050)</u>
	562,833	683,284
Other receivables	345,466	379,575
R&D tax rebate receivable	<u>402,696</u>	<u>760,965</u>
	<u>1,310,995</u>	<u>1,823,824</u>

Note 7. Current assets - inventories

	Consolidated	
	31	30 June
	December	2023
	2023	2023
	AUD	AUD
Raw materials - at cost	1,778,800	2,021,385
Less: Provision for impairment	<u>(40,690)</u>	<u>(40,967)</u>
	1,738,110	1,980,418
Work in progress - at cost	<u>8,911</u>	<u>56,375</u>
Finished goods - at cost	115,299	149,339
Less: Provision for impairment	<u>(56,537)</u>	<u>(49,466)</u>
	58,762	99,873
Stock in transit - at cost	<u>4,740</u>	<u>-</u>
	<u>1,810,523</u>	<u>2,136,666</u>

Atomo Diagnostics Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 8. Non-current assets - property, plant and equipment

	Consolidated	
	31	30 June
	December	2023
	2023	2023
	AUD	AUD
Leasehold improvements - at cost	467,504	468,474
Less: Accumulated depreciation	(151,500)	(130,093)
Total leasehold improvements	316,004	338,381
Plant and equipment - at cost	7,127,684	7,126,423
Less: Accumulated depreciation	(5,380,864)	(4,955,316)
Total plant and equipment	1,746,820	2,171,107
Total property, plant and equipment	2,062,824	2,509,488

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Leasehold improvements	Plant and equipment	Total
	AUD	AUD	AUD
Balance at 1 July 2023	338,381	2,171,107	2,509,488
Additions	-	2,567	2,567
Exchange differences	(970)	(1,306)	(2,276)
Depreciation expense	(21,407)	(425,548)	(446,955)
Balance at 31 December 2023	316,004	1,746,820	2,062,824

Note 9. Non-current assets - intangible assets

	Consolidated	
	31	30 June
	December	2023
	2023	2023
	AUD	AUD
Development - at cost	3,187,586	3,094,863
Less: Accumulated amortisation	(1,379,371)	(1,154,045)
Total Development - at cost	1,808,215	1,940,818
Patents and trademarks - at cost	1,632,443	1,632,443
Less: Accumulated amortisation	(778,696)	(742,492)
Total Patents and trademarks - at cost	853,747	889,951
Other intangible assets - at cost	550,475	550,475
Less: Accumulated amortisation	(128,409)	(81,713)
Total Other intangible assets - at cost	422,066	468,762
Total intangible assets	3,084,028	3,299,531

Atomo Diagnostics Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 9. Non-current assets - intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Patents and trademarks AUD	Product development costs AUD	Other intangibles AUD	Total AUD
Balance at 1 July 2023	889,951	1,940,818	468,762	3,299,531
Additions	-	-	-	-
Capitalised R&D rebate recognised as income	-	92,723	-	92,723
Amortisation expense	(36,204)	(225,326)	(46,696)	(308,226)
Balance at 31 December 2023	853,747	1,808,215	422,066	3,084,028

Note 10. Equity - issued capital

	31 December 2023 Shares	Consolidated 30 June 2023 Shares	31 December 2023 AUD	30 June 2023 AUD
Ordinary shares - fully paid	<u>639,202,310</u>	<u>570,890,991</u>	<u>70,086,549</u>	<u>68,036,837</u>

Movements in ordinary share capital

Details	Date	Number of Shares	Issued Capital AUD
Opening balance as at	1 July 2023	570,890,991	68,036,837
Issue of shares at \$0.036 per share	19 July 2023	34,977,932	1,259,206
Issue of shares at \$0.030 per share	8 August 2023	33,333,387	1,000,002
Transaction costs			(209,496)
Closing balance as at	31 December 2023	<u>639,202,310</u>	<u>70,086,549</u>

Note 11. Contingent assets

There were no contingent assets as at 31 December 2023.

Note 12. Contingent liabilities

There were no contingent liabilities as at 31 December 2023.

Note 13. Commitments

There were no commitments made at the reporting date that were not recognised in the statement of financial position.

Atomo Diagnostics Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 14. Related party transactions

(a) Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	31	31
	December	December
	2023	2022
Short-term employee benefits	853,614	863,392
Post-employment benefits	44,195	41,264
Share-based payments	11,350	26,750
Total key management personnel compensation	909,159	931,406

(b) Key management personnel transactions

Directors and other key management personnel hold 11.8% of the issued capital of the company as at 31 December 2023 (30 June 2023: 26.4%).

(c) Transactions with related parties

There were no transactions with related parties during the current and previous financial half-year.

Note 15. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 16. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	31	31
	December	December
	2023	2022
	AUD	AUD
Loss after income tax expense for the half-year	(3,152,282)	(5,743,450)
Adjustments for:		
Depreciation and amortisation	833,929	1,048,008
Share-based payments	37,604	36,605
Foreign unrealised exchange differences	16,715	(21,806)
Finance costs	5,951	7,966
Bad debt (reversal)	(2,784)	(43,144)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	207,302	926,908
Decrease in inventories	326,143	1,486,682
Decrease in prepayments	30,514	164,802
Decrease in trade and other payables	(169,128)	(206,457)
Decrease in employee benefits	(16,330)	(39,790)
Net cash used in operating activities	(1,882,366)	(2,383,676)

Atomo Diagnostics Limited
Notes to the financial statements
For the half-year ended 31 December 2023

Note 17. Earnings per share

	Consolidated	
	31	31
	December	December
	2023	2022
	AUD	AUD
Loss after income tax	<u>(3,152,282)</u>	<u>(5,743,450)</u>
Loss after income tax used in calculating diluted earnings per share	<u><u>(3,152,282)</u></u>	<u><u>(5,743,450)</u></u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>628,840,171</u>	<u>570,890,991</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>628,840,171</u></u>	<u><u>570,890,991</u></u>
	AUD Cents	AUD Cents
Basic earnings per share	(0.50)	(1.01)
Diluted earnings per share	(0.50)	(1.01)

Atomo Diagnostics Limited
Directors' declaration
For the half-year ended 31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's and group's financial position as at 31 December 2023 and of their performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



John Keith
Chair

26 February 2024
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Atomo Diagnostics Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Atomo Diagnostics Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

Gareth Few

Gareth Few
Director

Sydney, 26 February 2024