

Atomo Diagnostics Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Atomo Diagnostics Limited
ABN:	37 142 925 684
Reporting period:	For the period ended 30 June 2024
Previous period:	For the period ended 30 June 2023

2. Results for announcement to the market

			AUD
Revenues	up	61% to	4,086,535
Loss from ordinary activities after tax attributable to the owners of Atomo Diagnostics Limited	down	31% to	6,847,803
Loss from the period attributable to the owners of Atomo Diagnostics Limited	down	33% to	6,790,717
		30 June 2024 AUD Cents	30 June 2023 AUD Cents
Basic earnings per share		(1.079)	(1.744)
Diluted earnings per share		(1.079)	(1.744)

Dividends

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

Comments

The loss for the group after providing for income tax amounted to AUD6,847,803 (30 June 2023: AUD9,957,632).

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

3. Net tangible assets

	30 June 2024 AUD cents	30 June 2023 AUD cents
Net tangible asset per ordinary security	<u>1.25</u>	<u>2.02</u>

The net tangible assets / (liabilities) per ordinary security is calculated based on 639,202,310 ordinary shares on issue as at 30 June 2024, and 570,890,991 ordinary shares that were on issue as at 30 June 2023.

4. Loss of control over entities

Not applicable.

5. Details of associates and joint venture entities

Not applicable.

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6. Audit qualification or review

The financial statements have been audited and an unmodified opinion has been issued.

7. Attachments

The Annual Report of Atomo Diagnostics Limited for the period ended 30 June 2024 is attached.

8. Annual General Meeting

Atomo Diagnostics advises that its Annual General Meeting will be held on or about 15 November 2024. The time and other details relating to the Meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after despatch.

In accordance with the ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5.00pm (AEDT) on 27 September 2024.

9. Signed

Signed



Date: 29 August 2024

John Keith
Chair
Sydney

Atomo Diagnostics Limited

ABN 37 142 925 684

Annual Report - 30 June 2024

Atomo Diagnostics Limited
Corporate directory
For the period ended 30 June 2024

Directors	John Keith (Chair & Non-Executive Director) John Kelly (Managing Director and CEO) Paul Kasian (Non-Executive Director) Deborah Neff (Non-Executive Director) Cheri Walker (Non- Executive Director)
Company secretary	Mathew Watkins
Registered office	Level 1 3 - 5 George Street Leichhardt NSW 2040 Tel: +61 2 9099 4750
Principal place of business	Level 1 3 - 5 George Street Leichhardt NSW 2040 Tel: +61 2 9099 4750
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
Corporate Governance Statement	www.atomodiagnostics.com/governance

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Principal activities

The principal activities of the group during the course of the 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 year.

Review of operations

The loss for the group after providing for income tax amounted to AUD6,847,803 (30 June 2023: AUD9,957,632).

Revenue of approximately \$4.1m comprised \$3.2m for HIV sales, \$730k for OEM sales and remaining \$120k for development fees and other revenue. Overall revenue increased by 61% when compared to FY23 revenue results, driven by the growing demand for Atomo's HIV self-tests globally.

Cash and cash equivalents at 30 June 2024 amounted to \$3.69m compared to \$6.47m as at 30 June 2023.

Ongoing measures continued to be undertaken during the period to reduce operating expenditure for the group. Overall operating expenses reduced year on year by \$2m, equivalent to 19% when compared to the prior period (excluding one-off inventory write offs & impairment of intangibles in comparative periods). With investment already made in the development and commercialisation of Atomo's novel patent-protected technology, and with manufacturing capacity installed and validated, capital expenditure has reduced very significantly. The focus continues to investing prudently in key areas of the business to support market facing and revenue generating activities and the business in a position to materially increase sales revenue without requiring corresponding increases in underlying operating costs.

Business development activities continue to focus on re-establishing and growing our OEM customer base, with particular focus on the US market following Lumos Diagnostics successfully obtaining a 510(k) clearance for its FebriDx test on the Atomo Pascal device. NG Biotech have launched their blood pregnancy self-test in a number of European countries and in Brazil, further validating the regulatory scope of important existing markets where Pascal supports clearance for self-testing.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the financial period.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2024 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.

Likely developments and expected results of operations

With approximately \$3.69m of cash at bank and no debt, Atomo continues to pursue its key priorities while remaining focused on conserving capital over the medium term.

- Continued rollout of HIV Self-Testing globally, including the UK where the test is now available in Boots and Tesco's and into Eastern Europe, as well supporting national scale up of HIV self-testing via government funded programs.
- Focus on the expansion of Atomo's Point-of-Care (POC) cassette supply business, especially in the US market where the recent FDA 510(k) clearance obtained by Lumos Diagnostics for their test on the Atomo Pascal device opens a pathway for Atomo product and for new Diagnostics partners seeking improved user-friendly solution for POC and self-test markets.
- Growing the emerging development services business where Atomo is being paid to develop products and custom solutions for partners seeking access to Atomo technology and products.

Business risk

The group 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 group 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, and investigates all concerns to

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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. Ensuring 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 from 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 business risk.

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

Information on directors

Name:	John Keith
Title:	Non-Executive Chair
Experience and expertise:	John Keith has served as a Non-Executive Director of Atomo since December 2011 and became Chair in 2014.
	Mr Keith is one of the Managing Directors at BNP Paribas, establishing and leading its financial institutions coverage team. Prior to joining BNP Paribas in 2011, Mr Keith held country management and senior business and coverage positions for Nomura Securities in Sydney and Hong Kong. His career comprises working with supranational, sovereign and institutional clients across all areas of investment and institutional banking.
	Mr Keith holds a Bachelor of Arts (Hons) majoring in Economic History from the Victoria University of Wellington, a Master of Applied Finance from Macquarie University and a Global Executive MBA from the University of Sydney.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of the Audit and Risk Committee and Member of the People, Culture Nomination & Remuneration Committee.
Interests in shares:	3,261,056
Interests in options:	Nil
Contractual rights to shares:	Nil

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Name: **John Kelly**
Title: Managing Director and CEO
Experience and expertise: John Kelly is the Managing Director and CEO of Atomo.

For 25 years Mr Kelly has focused on developing and commercialising innovative healthcare products that enhance usability and performance, having started with CR Bard in Europe developing Class III implantable cardiology products.

Prior to co-founding Atomo in 2010, Mr Kelly acted as the Chief Operating Officer (COO) of Unilife Corporation, which was previously an ASX-listed company (ASX:UNS) and subsequent to his departure, a Nasdaq listed company (NASDAQ:UNIS). At Unilife Corporation, he led the global operations team from 2005 to 2008, developing 'Unifill', the world's first glass prefilled drug delivery device with integrated auto retract safety feature, and this technology was successfully licensed to Sanofi Aventis. Prior to joining Unilife in 2005, Mr Kelly spent five years at ResMed where he led the New Product Implementation Group and managed the development of the ground-breaking Mirage Swift and Activa mask systems.

Mr Kelly holds an Honours degree in Mechanical Engineering from the University of Liverpool, a Master's degree in Manufacturing Systems Engineering from Queen's University Belfast, and an Executive MBA from the University of Sydney, where he was awarded the Business School's inaugural 'Excellence in Leadership' scholarship.

Other current directorships: Nil
Former directorships (last 3 years): Nil
Special responsibilities: Nil
Interests in shares: 72,490,248
Interests in options: 666,666
Contractual rights to shares: Nil

Name: **Paul Kasian**
Title: Non-Executive Director
Experience and expertise: Dr Kasian is an experienced executive director with demonstrated success in both domestic and international companies encompassing senior leadership, strategy, investment and risk roles.

His other roles have included Chief Investment Officer and Head of Global Financials at HSBC Asset Management, Founding Director of Accordius and Founding Director of Wallara Asset Management.

He holds a PhD in Microbiology and a Master of Business Administration, both from the University of Melbourne, and is a Graduate Member of the Australian Institute of Company Directors.

Other current directorships: Dr Kasian is currently Non-Executive Director (appointed 31 August 2016) and Chair (appointed 15 September 2018) of IODM Limited (ASX: IOD). He was appointed a Non Executive Chairman of Diamond Key International on 7 December 2022. He is also Non Executive Chairman of Sedarex (appointed July 2023).
Former directorships (last 3 years): Non-Executive Director of Eco Systems Ltd
Special responsibilities: Chair of the Audit and Risk Committee and member of the People, Culture, Nomination & Remuneration Committee.
Interests in shares: 100,000
Interests in options: Nil
Contractual rights to shares: Nil

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Name:	Deborah Neff
Title:	Non-Executive Director
Experience and expertise:	A veteran of the life sciences industry, Deborah has spent most of her career building market-leading global businesses. As principal of DJN Consulting, LLC based in the San Francisco Bay Area, Deborah currently works with several privately held healthcare start-up companies providing strategic business advice and mentoring to the executive management teams. Previously was CEO of Evanostics, LLC, Pathwork Diagnostics Inc, and COO at Complete Genomics following a 15 year career with Becton Dickinson, where she last served as President of BD Biosciences, a major global business unit of the company.
	She is an executive Trustee and Chair of the Foundation Board at the University of California, Davis.
	She serves as an independent Director and member of the Governance committee for Guide Dogs for the Blind, Inc. a non-profit organisation.
Other current directorships:	Deborah holds a Bachelor in Science degree from the University of California, Davis. Non-Executive Director and a member of the audit and nominating/governance committees at Cytek Biosciences, Inc.
Former directorships (last 3 years):	Nil
Special responsibilities:	Chair of the People, Culture, Nomination & Remuneration Committee and member of the Audit and Risk Committee
Interests in shares:	Nil
Interests in options:	Nil
Contractual rights to shares:	Nil
Name:	Cheri Walker
Title:	Non-Executive Director
Experience and expertise:	Dr. Walker is an executive with more than twenty-five years of experience working with life science and diagnostic companies. Dr. Walker is currently the Chief Executive Officer of Zeta Corporation. She has previously held senior executive positions at Abcam; Charles River Labs; Qiagen, and Life Technologies, now part of ThermoFisher. Dr. Walker holds a BA in Biology from Swarthmore College and a Ph.D. in Human and Molecular Genetics from Baylor College.
Other current directorships:	Nil
Former directorships (last 3 years):	Director CellIDx, Director BrickBio, Director of Rhinostics
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	Nil
Interests in options:	Nil
Contractual rights to shares:	Nil

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Name:	Curt LaBelle
Title:	Non-Executive Director (Resigned on 20 December 2023)
Experience and expertise:	Curt LaBelle has served as a Non-Executive Director of Atomo since October 2016. Dr LaBelle has been actively involved in the healthcare industry for over 20 years, both operationally and as an investor. Previously, Dr LaBelle was President at the Global Health Investment Fund (GHIF), a social impact investment fund, which manages approximately US\$108 million backed by the Gates Foundation, JP Morgan and others. He also serves as a director on the boards of Z Optics, Revelation Bio and Atticus Medical. Prior to joining GHIF, Dr LaBelle was Managing Director at Tullis Health Investors and Vice President at Investor Growth Capital. He is a former chairman of Impulse Monitoring (acquired by Nuvasive), Exagen Inc. (NASDAQ:XGN) and a former director of Sirion Therapeutics (products acquired by Alcon and Bausch), SafeOp Surgical (acquired by AlphaTec) and KAI Pharmaceuticals (acquired by Amgen). As Dr LaBelle is President at GHIF, a substantial shareholder of Atomo, Dr LaBelle is not considered to be an independent Director. Dr LaBelle holds a Bachelor of Economics from Brigham Young University, and MD and MBA degrees from Columbia University. Other current directorships: Director of Eyenovia Inc. (NASDAQ:EYEN) Former directorships (last 3 years): Former chairman of Exagen Inc. (NASDAQ: XGN) Special responsibilities: Nil Interests in shares: Nil Interests in options: Nil Contractual rights to shares: Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretary

Mr Watkins is a highly qualified company secretary and member of global financial and corporate services provider, Vistra (Australia) Pty Ltd. He has more than a decade of experience, specialising in the provision of services to ASX-listed and unlisted public companies operating in the mining, biotechnology, and industrial sectors.

Mr Watkins is also a member of the Institute of Chartered Accountants of Australia and New Zealand and possesses a Bachelor of Business from Swinburne University of Technology.

Mr Watkins was appointed as Atomo's Company Secretary on 9 June 2024. (Maria Clemente held the position from 1 March 2023 to 4 March 2024 and Sally McDow held the position from 5 March 2024 to 8 June 2024).

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the period ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		People, Culture, Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held ²	Attended	Held ²	Attended	Held ²
John Keith	7	7	3	3	3	3
John Kelly	7	7	-	-	-	-
Paul Kasian	7	7	3	3	3	3
Deborah Neff	6	7	3	3	3	3
Cheri Walker	7	7	-	-	2	3
Curt LaBelle ¹	1	4	-	-	-	-

¹ Resigned on 20 December 2023

² Represents the number of meetings when the director was eligible to attend as a member of the relevant committee.

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Directors' report
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Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The key management personnel of the group during the financial year consisted of the following Directors of the Company:

- John Keith – Non-Executive Chair
- John Kelly – Managing Director and CEO
- Paul Kasian – Non-Executive Director
- Deborah Neff – Non-Executive Director
- Cheri Walker – Non-Executive Director
- Curt LaBelle – Non-Executive Director (Resigned on 20 December 2023)

And the following executives:

- William Souter – Chief Financial Officer (Resigned on 13 December 2023)
- Chandra Sukumar – Chief Operating Officer

The remuneration report is set out under the following main headings:

- Remuneration Governance
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel
- Statutory performance indicators

Remuneration Governance

To assist the Board in fulfilling its responsibilities in respect of remuneration and nomination related matters, the Board established a People, Culture, Nomination and Remuneration Committee to monitor and make recommendations to the Board in relation to:

- (i) recruitment, retention and termination policies and practices for Executive Directors and direct reports to the Managing Director and the alignment of the policies and practices with the promotion and sustainment of a culture aligned with Atomo's values, the promotion of long term sustainable success and the achievement of the company's business objectives;
- (ii) people strategies and practices which will instil and reinforce the Company's purpose and values, ensure health and wellbeing (physical and mental) and support the achievement of the company's long term business objectives;
- (iii) the development of, and progress in meeting, the Company's diversity objectives; and
- (iv) the Company's performance appraisal processes for the Managing Director and the Managing Director's direct reports, the Board, Board Committees and individual Non-Executive Directors.

During the prior financial year, this Committee was renamed into the 'People, Culture, Nomination and Remuneration Committee' (PCNRC) and the Committee Charter was amended to formally delegate the following Board's nomination responsibilities to PCNRC.

The members of the PCNRC at the date of this report are:

- Deborah Neff (Chair)
- John Keith
- Paul Kasian

The role and responsibilities, composition, structure and membership requirements of the PCNRC are documented in the People, Culture, Nomination and Remuneration Committee Charter which is available on Atomo's website at: <https://atomodiagnostics.com/governance/>. The Committee Charter provides that the Committee should comprise at least three members, all of whom are Non-Executive Directors and a majority of whom are independent Directors and the Chair of the Committee should be an independent Director who is not Chair of the Board. All of the current members of the PCNRC have been assessed by the Board as being independent Non-Executive Directors and the Chair of the Committee is not Chair of the Board.

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Principles used to determine the nature and amount of remuneration

Non-executive directors remuneration

Each of the Non-Executive Directors has entered into appointment letters with Atomo confirming the terms of their appointment and their roles and responsibilities. The appointment letters are on standard commercial terms.

The Chair, John Keith, receives an annual fee of \$130,000 and each Non-Executive Director receives an annual fee of \$50,000.

Each Chair of a Board Committee receives an additional amount of \$20,000 per annum. The Chair of the Audit and Risk Committee is Paul Kasian. The Chair of the People, Culture Nomination and Remuneration Committee is Deborah Neff.

Deborah Neff is also director of Atomo US, Inc effective 30 March 2022, for which she receives an annual fee of \$20,000.

Directors may also be reimbursed for expenses properly incurred by them in dealing with the Company's business or in carrying out their duties as a Director.

Under the Constitution, the Board decides the amount paid to each Non-Executive Director as remuneration for their services as a Director. However, under the ASX Listing Rules, the total amount of fees paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company's shareholders in general meeting. This amount has been fixed initially in the Company's Constitution at \$500,000 per annum in aggregate and may be varied by ordinary resolution in a general meeting.

Executive remuneration

The group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the People, Culture, Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other benefits where it does not create any additional costs to the group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. Details of STIs paid to executives during the year can be found under the heading "Amounts of remuneration" below.

The long-term incentives ('LTI') include long service leave and share-based payments. Further details in relation to Atomo's Employee Share Option Plan ('ESOP') can be found under the heading "Share-based compensation" below.

Voting and comments made at the company's 2 November 2023 Annual General Meeting ('AGM')

At the 2 November 2023 AGM, 32.63% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. As such the Company received its first strike in relation to its remuneration report.

The Board acknowledges that it received its first strike at its 2023 Annual General Meeting of shareholders. In response to this strike received from shareholders (while there was no specific feedback received in relation to remuneration) the Company advises it has taken the following steps.

The Company has not materially increased remuneration of its KMP's (or larger employee base) during the period. It applied relevant CPI increases to remuneration to reflecting inflation. Non Executive Director fees remain unchanged from when the Company listed.

The Company is not intending to issue any LTI's to KMP's for the financial year 2025.

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The Directors fully acknowledge last year's strike and would like to confirm to its shareholders that the Company's remuneration practices remain a focus for the Board in light of the Company's performance, while continuing to consider market benchmarking. The Company welcomes engagement from shareholders on the remuneration of the Directors and KMP's.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the group are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees AUD	Cash bonus AUD	Non-monetary AUD	Super-annuation AUD	Long service leave AUD	Equity-settled AUD	Total AUD
30 June 2024							
<i>Non-Executive Directors:</i>							
John Keith	130,000	-	-	-	-	-	130,000
Paul Kasian	63,063	-	-	6,937	-	-	70,000
Deborah Neff	90,000	-	-	-	-	-	90,000
Cheri Walker	50,000	-	-	-	-	-	50,000
Curt LaBelle ¹	25,000	-	-	-	-	-	25,000
<i>Executive Directors:</i>							
John Kelly	406,056	35,000	-	27,399	8,022	-	476,477
<i>Other Key Management Personnel:</i>							
William Souter ²	143,679	-	-	12,285	-	5,858	161,822
Chandra Sukumar	243,395	25,000	-	27,399	2,636	5,492	303,922
	<u>1,151,193</u>	<u>60,000</u>	<u>-</u>	<u>74,020</u>	<u>10,658</u>	<u>11,350</u>	<u>1,307,221</u>

¹ Resigned on 20 December 2023

² Resigned on 13 December 2023

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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees AUD	Cash bonus AUD	Non-monetary AUD	Super-annuation AUD	Long service leave AUD	Equity-settled AUD	Total AUD
30 June 2023							
<i>Non-Executive Directors:</i>							
John Keith	130,000	-	-	-	-	-	130,000
Paul Kasian	63,348	-	-	6,652	-	-	70,000
Deborah Neff	88,330	-	-	-	-	-	88,330
Cheri Walker	31,250	-	-	-	-	-	31,250
Curt LaBelle ¹	50,000	-	-	-	-	-	50,000
<i>Executive Directors:</i>							
John Kelly	417,050	79,200	-	25,292	5,614	14,861	542,017
<i>Other Key Management Personnel:</i>							
Chandra Sukumar	243,197	49,250	-	25,292	6,553	-	324,292
William Souter ²	290,411	57,600	-	25,292	1,585	11,889	386,777
	<u>1,313,586</u>	<u>186,050</u>	<u>-</u>	<u>82,528</u>	<u>13,752</u>	<u>26,750</u>	<u>1,622,666</u>

¹ Resigned on 20 December 2023

² Resigned on 13 December 2023

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
<i>Non-Executive Directors:</i>						
John Keith	100%	100%	-	-	-	-
Paul Kasian	100%	100%	-	-	-	-
Deborah Neff	100%	100%	-	-	-	-
Cheri Walker	100%	100%	-	-	-	-
Curt LaBelle ¹	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
John Kelly	93%	82%	7%	15%	-	3%
<i>Other Key Management Personnel:</i>						
Chandra Sukumar	90%	85%	8%	15%	2%	-
William Souter ²	96%	82%	-	15%	4%	3%

¹ Resigned on 20 December 2023

² Resigned on 13 December 2023

Cash bonuses are dependent on meeting defined performance measures. The maximum bonus values are established at the start of each financial year and amounts payable to KMPs are determined by the Board in consultation with the People, Culture, Nomination and Remuneration Committee.

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The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
<i>Non-Executive Directors:</i>				
John Keith	-	-	-	-
Paul Kasian	-	-	-	-
Deborah Neff	-	-	-	-
Cheri Walker	-	-	-	-
Curt LaBelle ¹	-	-	-	-
<i>Executive Directors:</i>				
John Kelly	27%	60%	73%	40%
<i>Other Key Management Personnel:</i>				
Chandra Sukumar	33%	60%	67%	40%
William Souter ²	-	60%	-	40%

¹ Resigned on 20 December 2023

² Resigned on 13 December 2023

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: John Kelly
Title: Managing Director
Agreement commenced: 1 October 2011
Term of agreement: Not specified - agreement has been revised since commencement date of service
Details: Annual salary of \$440,000 (including superannuation). The fixed remuneration will alter by any changes in the compulsory superannuation contribution that Atomo Diagnostics Limited is required to make. Plus a cash bonus of up to 30% of gross salary (subject to the satisfaction of performance criteria), to be reviewed annually by the People, Culture, Nomination & Remuneration Committee.

John Kelly is entitled to participate in the Company's share and option plans. Please refer to the section titled "Share-based compensation" for further details.

Ten (10) week termination notice by either party however this notice period does not apply if the employment is terminated for serious and wilful misconduct or any conduct by John Kelly that amounts to fraud, theft, violence, harassment, gross negligence or any other action that may otherwise bring the Company into disrepute.

Name: Chandra Sukumar
Title: Chief Operating Officer
Agreement commenced: 31 October 2016
Term of agreement: Not specified - agreement has been revised since commencement date of service
Details: Annual salary of \$250,000 (excluding superannuation). The fixed remuneration will alter by any changes in the compulsory superannuation contribution that Atomo Diagnostics Limited is required to make. Plus a cash bonus of up to 30% of base salary (subject to the satisfaction of performance criteria), to be reviewed annually by the People, Culture & Remuneration Committee.

Chandra Sukumar is entitled to participate in the Company's share and option plans. Please refer to the section titled "Share-based compensation" for further details.

Ten (10) week termination notice by either party however this notice period does not apply if the employment is terminated for serious and wilful misconduct or any conduct by Chandra Sukumar that amounts to fraud, theft, violence, harassment, gross negligence or any other action that may otherwise bring the Company into disrepute.

Atomo Diagnostics Limited
Directors' report
For the period ended 30 June 2024

Name: William Souter
Title: Chief Financial Officer
Agreement commenced: 10 March 2020 (Resigned on 13 December 2023)
Term of agreement: Not specified - agreement has been revised since commencement date of service
Details: Annual salary of \$320,000 (including superannuation). The fixed remuneration will alter by any changes in the compulsory superannuation contribution that Atomo Diagnostics Limited is required to make. Plus a cash bonus of up to 30% of gross salary (subject to the satisfaction of performance criteria), to be reviewed annually by the People, Culture & Remuneration Committee.

William Souter is entitled to participate in the Company's share and option plans. Please refer to the section titled "Share-based compensation" for further details.

Sixteen (16) week termination notice by either party however this notice period does not apply if the employment is terminated for serious and wilful misconduct or any conduct by William Souter that amounts to fraud, theft, violence, harassment, gross negligence or any other action that may otherwise bring the Company into disrepute.

Share-based compensation

Option plan details

The Board has exercised its discretion to allocate the following options to management in prior periods as part of the Company's remuneration scheme to reward the diligent execution of the corporate strategy and to ensure retention of the key talent needed to deliver strategic outcome in the interest of shareholders.

As at the date of this report, the Company had on issue 941,666 options to KMPs under the post-IPO option plan. The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial period or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
John Kelly	666,666	25 August 2022	25 August 2022	14 April 2025	AUD0.250	AUD0.073
Chandra Sukumar	275,000	22 August 2023	22 August 2023	22 August 2026	AUD0.047	AUD0.030

All options were granted over unissued fully paid ordinary shares in the Company. Options granted carry no dividend or voting rights.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial period by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

	Balance at the start of the period	Received as part of remuneration	Additions	(Disposals)/ other	Balance at the end of the period
<i>Ordinary shares</i>					
John Keith	3,261,056	-	-	-	3,261,056
John Kelly	72,490,248	-	-	-	72,490,248
Paul Kasian	100,000	-	-	-	100,000
Deborah Neff	-	-	-	-	-
Cheri Walker	-	-	-	-	-
Curt LaBelle ^{1 & 2}	65,051,280	-	-	(65,051,280)	-
Chandra Sukumar	170,000	-	-	-	170,000
William Souter ^{3 & 4}	250,000	-	-	(250,000)	-
	<u>141,322,584</u>	<u>-</u>	<u>-</u>	<u>(65,301,280)</u>	<u>76,021,304</u>

Atomo Diagnostics Limited
Directors' report
For the period ended 30 June 2024

¹ Includes shares held by Global Health Investment Fund LLC. Curt LaBelle resigned on 20 December 2023

² Curt LaBelle resigned on 20 December 2023. To this effect, shares held by Mr LaBelle and Global Health Investment Fund LLC is no longer considered related party share holdings in the company at 30 June 2024. Shares are included in Disposals/Other

³ Resigned on 13 December 2023

⁴ William Souter resigned on 13 December 2023. To this effect, shares held by Mr Souter is no longer considered related party shares holdings in the company at 30 June 2024. Shares are included in Disposals/Other

Option holding

The number of options over ordinary shares in the company held during the financial period by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
Options over ordinary shares					
John Kelly	999,999	-	-	(333,333)	666,666
Curt LaBelle ¹	-	-	-	-	-
Paul Kasian	-	-	-	-	-
Deborah Neff	-	-	-	-	-
Cheri Walker	-	-	-	-	-
William Souter ²	1,066,667	293,333	-	(1,360,000)	-
Chandra Sukumar	-	275,000	-	-	275,000
	<u>2,066,666</u>	<u>568,333</u>	<u>-</u>	<u>(1,693,333)</u>	<u>941,666</u>

¹ Includes shares held by Global Health Investment Fund LLC. Curt LaBelle resigned on 20 December 2023

² Resigned on 13 December 2023

³ William Souter resigned on 13 December 2023. To this effect options, held by Mr Souter are no longer considered related party options holdings in the company at 30 June 2024. Options are included in Disposals/Other

Statutory performance indicators

The group aims to align its executive remuneration to its strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the group's financial performance over the last three years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Measure	2024	2023	2022
Loss for the year attributable to the Company (\$)	(6,847,803)	(9,957,632)	(5,706,854)
Basic earnings per share (cents)	(1.08)	(1.74)	(1.00)
Dividend payments	-	-	-
Dividend payout ratio	-	-	-
Increase / (decrease) in share price	14%	(61%)	(70%)
Total KMP incentives as a percentage of profit / (loss) for the year	(19.1%)	(16.3%)	(28.8%)

This concludes the remuneration report, which has been audited.

Atomo Diagnostics Limited
Directors' report
For the period ended 30 June 2024

Shares under option

Unissued ordinary shares of Atomo Diagnostics Limited under option at the date of this report are as follows:

Options	Expiry date	Exercise price	Number under option
Post- IPO options	14 April 2025	AUD0.250	1,733,332
Post- IPO options	14 April 2026	AUD0.250	533,334
Employee share options	22 August 2026	AUD0.047	818,333
Employee share options	1 July 2026	AUD0.035	2,120,000
Employee share options	1 July 2027	AUD0.035	3,180,000
			<u>8,384,999</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Atomo Diagnostics Limited issued on the exercise of options during the period ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 22 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 22 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Atomo Diagnostics Limited
Directors' report
For the period ended 30 June 2024

Officers of the company who are former partners of BDO

There are no officers of the company who are former partners of BDO.

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.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



John Keith
Chair

29 August 2024
Sydney

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

As lead auditor of Atomo Diagnostics Limited for the year ended 30 June 2024, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

BDO Audit Pty Ltd



Gareth Few
Director

Sydney, 29 August 2024

Atomo Diagnostics Limited
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For the period ended 30 June 2024

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General information

The financial statements cover Atomo Diagnostics Limited as a group consisting of Atomo Diagnostics Limited and the entities it controlled at the end of, or during, the period. 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 is 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 29 August 2024. The directors have the power to amend and reissue the financial statements.

Atomo Diagnostics Limited
Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		AUD	AUD
Revenue	3	4,086,535	2,543,716
Costs of sales		(2,480,532)	(1,876,247)
Gross profit		1,606,003	667,469
Other Income	4	1,096,216	1,157,705
Employee benefits expense	5	(4,037,165)	(4,853,433)
Foreign exchange gains		25,170	107,548
Depreciation and amortisation expense	5	(1,659,270)	(1,891,787)
Impairment of assets	12	(798,990)	-
Research and development expenses		(236,423)	(604,719)
Insurance		(321,331)	(402,950)
Inventory obsolescence expense		(169,298)	(1,168,832)
IT expenses		(191,082)	(197,600)
Occupancy expenses		(18,834)	(9,497)
Professional and consulting fee expenses		(633,167)	(822,793)
Regulatory expenses		(654,011)	(555,559)
Travel expenses		(97,315)	(279,125)
Other expenses		(748,786)	(1,089,072)
Finance costs	5	(9,520)	(14,987)
Loss before income tax expense		(6,847,803)	(9,957,632)
Income tax expense	6	-	-
Loss after income tax expense for the period attributable to the owners of Atomo Diagnostics Limited		(6,847,803)	(9,957,632)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		57,086	(112,330)
Other comprehensive income for the period, net of tax		57,086	(112,330)
Total comprehensive income for the period attributable to the owners of Atomo Diagnostics Limited		(6,790,717)	(10,069,962)
		AUD Cents	AUD Cents
Basic earnings per share	28	(1.079)	(1.744)
Diluted earnings per share	28	(1.079)	(1.744)

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

Atomo Diagnostics Limited
Statement of Financial Position
As at 30 June 2024

		Consolidated	
	Note	30 June 2024	30 June 2023
		AUD	AUD
Assets			
Current assets			
Cash and cash equivalents	7	3,687,990	6,470,318
Trade and other receivables	8	2,063,259	1,823,824
Inventories	9	1,838,757	2,136,666
Total current assets		7,590,006	10,430,808
Non-current assets			
Property, plant and equipment	10	1,641,519	2,509,488
Right-of-use assets	11	75,567	233,732
Intangible assets	12	2,071,920	3,299,531
Total non-current assets		3,789,006	6,042,751
Total assets		11,379,012	16,473,559
Liabilities			
Current liabilities			
Trade and other payables	13	774,176	861,631
Lease liabilities	14	84,670	170,701
Provisions	15	279,191	277,155
Deferred Revenue	16	49,841	185,074
Total current liabilities		1,187,878	1,494,561
Non-current liabilities			
Lease liabilities	17	-	84,176
Provisions	18	106,515	104,611
Total non-current liabilities		106,515	188,787
Total liabilities		1,294,393	1,683,348
Net assets		10,084,619	14,790,211
Equity			
Issued capital	19	70,086,549	68,036,837
Reserves	20	88,405	303,125
Accumulated losses		(60,090,335)	(53,549,751)
Total equity		10,084,619	14,790,211

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

Atomo Diagnostics Limited
Statement of Changes in Equity
For the period ended 30 June 2024

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 period	-	-	-	(9,957,632)	(9,957,632)
Other comprehensive income for the period, net of tax	-	(112,330)	-	-	(112,330)
Total comprehensive income for the period	-	(112,330)	-	(9,957,632)	(10,069,962)
<i>Transactions with owners in their capacity as owners:</i>					
Equity-settled share based payments	-	-	(387,893)	434,352	46,459
Balance at 30 June 2023	68,036,837	(175,408)	478,533	(53,549,751)	14,790,211
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 period	-	-	-	(6,847,803)	(6,847,803)
Other comprehensive income for the period, net of tax	-	57,086	-	-	57,086
Total comprehensive income for the period	-	57,086	-	(6,847,803)	(6,790,717)
<i>Transactions with owners in their capacity as owners:</i>					
Equity-settled share based payments	-	-	(271,806)	307,219	35,413
Issue of shares	2,259,206	-	-	-	2,259,206
Issue costs	(209,494)	-	-	-	(209,494)
Balance at 30 June 2024	70,086,549	(118,322)	206,727	(60,090,335)	10,084,619

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

Atomo Diagnostics Limited
Statement of Cash Flows
For the period ended 30 June 2024

Note	Consolidated	
	30 June 2024 AUD	30 June 2023 AUD
Cash flows from operating activities		
Receipts from customers (inc. of GST)	3,806,870	3,300,514
Payments to suppliers and employees (inc. of GST)	(9,406,018)	(10,430,849)
	(5,599,148)	(7,130,335)
Interest received	152,080	74,109
R & D and other government incentives received	760,964	1,208,555
Net cash used in operating activities	27 (4,686,104)	(5,847,671)
Cash flows from investing activities		
Payments for property, plant and equipment	(16,084)	(59,976)
Payments for intangibles assets	-	(341,300)
Net cash used in investing activities	(16,084)	(401,276)
Cash flows from financing activities		
Net proceeds form issue of share capital (net of costs)	2,049,712	-
Repayment of leases	(182,712)	(170,752)
Net cash from/(used in) financing activities	1,867,000	(170,752)
Net decrease in cash and cash equivalents	(2,835,188)	(6,419,699)
Cash and cash equivalents at the beginning of the financial period	6,470,318	12,966,400
Effects of exchange rate changes on cash and cash equivalents	52,860	(76,383)
Cash and cash equivalents at the end of the financial period	7 3,687,990	6,470,318

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

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 1. Material accounting policy information

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.

The Directors have reviewed all of the new and revised accounting standards and interpretations issued by the Australian Accounting Standards Board for annual reporting periods beginning or after 1 July 2023. It has been determined that there is no impact, material or otherwise, of any other new or revised accounting standards and interpretations.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The annual report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of the assets and the settlement of liabilities in the ordinary course of business.

As disclosed in the financial statements, the group incurred a loss of \$6,847,803 (2023: \$9,957,632) and had net cash outflows from operating activities of \$4,686,104 (2023: \$5,847,671) for the year ended 30 June 2024. The group had a surplus between current assets and current liabilities of \$6,402,128 (2023: \$8,936,247 surplus) and a cash balance of \$3,687,990 (2023: \$6,470,318) as at 30 June 2024.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on whether the company will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The continuing viability of the group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the group being successful with the following factors:

- The ability of the group to raise additional funds from shareholders, new investors and or debt markets. The group has successfully conducted a number of capital raises in the recent years. When taking these into account, there is a reasonable expectation that alternative sources of funding can be sourced, as and when required. Further, the group understands it will require further funding to continue to execute its growth strategy as planned. In its determination on going concern, the Board placed significant reliance upon the representations of its Corporate Advisor with respect to its confidence in its ability to continue raising capital on behalf of the group;
- Increased revenue from opportunities with existing and new customers and sales arrangements as they are realised into sales revenue; and
- Effective monitoring and reduction of the group's overhead expenditures, including the continued realisation of head office cost reductions.

In the event that the group is unable to achieve the matters detailed above, it may not be able to continue as a going concern and therefore the group may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 1. Material accounting policy information (continued)

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the consolidated entity and the company not continue as going concerns.

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.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Atomo Diagnostics Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the period then ended. Atomo Diagnostics Limited and its subsidiaries together are referred to in these financial statements as the 'group'.

Subsidiaries are all those entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the group. Losses incurred by the group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Atomo Diagnostics Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 1. Material accounting policy information (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers and sale of goods and services

Revenue is measured based on the consideration specified in a contract with a customer. The group recognises revenue when it transfers control over a good or service to a customer as per agreement arranged. This varies between:

- Goods are ready and released by Quality Assurance (QA)
- Goods are made available at collection point ex-works
- Goods are delivered to customer at the arranged delivery point
- Goods have been dispatched from manufacturing warehouse ex-works
- Services is recognised over time as the services rendered are based on either an hourly rate or a fixed price

Where ex-works is agreed, the customer is responsible to make necessary arrangements for freight and the collection of goods from the group's warehouse.

Invoices are usually payable within 30 to 75 days, dependent on the contracted agreement. The contracts do not allow the customers to return the goods as the testing kits have a set shelf-life and have gone through vigorous testing prior to delivery.

Since none of the contracts permit the customer to return an item, revenue is recognised for all the goods once the goods have been released by QA and are available for collection at the group's warehouse.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax liability arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, or on taxable temporary differences arising on the initial recognition of goodwill.

Note 1. Material accounting policy information (continued)

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that could follow the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

R&D tax incentives:

R&D tax incentives received by the group are recognised as other income over the periods necessary to match the benefit of the incentive with the cost for which it is intended to compensate ("associated cost"). Such periods will depend on whether the associated costs are capitalised or expensed as incurred.

Under this policy, for that portion of associated costs which are expensed during the period, the proportional incentive is recognised in other income in full during the same period. For that portion of associated costs which are capitalised during the period, the proportional incentive is initially offset against the capitalised associated costs and recognised against amortisation expense on a systematic basis matching the useful life of the capitalised asset.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days but certain customers have longer payment terms.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Recognition and measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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For the period ended 30 June 2024

Note 1. Material accounting policy information (continued)

Subsequent expenditure:

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the group.

Depreciation:

Depreciation is calculated based on the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives of property, plant and equipment are as follows:

Plant and Equipment	2 - 5 years
Leasehold improvements	1 - 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Intangible assets

Recognition and measurement:

Computer software:

Computer software comprises computer application system software and licenses. Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to computer software. Costs capitalised include external direct costs of materials and services, direct payroll and payroll-related costs.

Patents, trademarks and licences:

Other intangible assets, including patents, trademarks and licences that are acquired by the group and have finite useful lives are measured at cost less any accumulated amortisation and impairment losses.

Capitalised development costs:

Capitalised development costs relate to the Company's rapid test platforms and associated manufacturing assets and are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on research activities is recognised in profit or loss as incurred.

Subsequent expenditure:

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation:

Amortisation is calculated based on the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives of intangible assets are as follows:

Patents and trademarks	10 - 20 years
Other intangibles	10 years
Capitalised development costs	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Deferred Revenue

Deferred revenues are amounts received upfront prior to the satisfaction of revenue performance obligations. Amounts expected to be recognised as revenue within the 12 months following the balance sheet date are classified within current liabilities. Amounts not expected to be recognised as revenue within the 12 months following the balance sheet date are classified within non-current liabilities at the present value amount.

Note 1. Material accounting policy information (continued)

Impairment

Non-financial assets:

At each reporting date, the group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is valued.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ('CGUs').

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Classification and measurement – non-derivative financial assets and financial liabilities:

The group's management assessed which business models applied to the financial assets held by the group and classified its financial instruments into the appropriate AASB 9 categories.

Financial assets classified as held-to-maturity and loans and receivables under AASB 139 that were measured at amortised cost continued to be measured at amortised cost under AASB 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Consequently, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The group has one type of financial assets (trade and other receivables) that are subject to AASB 9 expected credit loss model.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Provisions

Provisions are recognised when the group has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 1. Material accounting policy information (continued)

Employee benefits

Short-term employee benefits:

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits:

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense:

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments:

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. Where early exercise has occurred, this cost is accelerated. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Note 1. Material accounting policy information (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share:

Basic earnings per share is calculated by dividing the profit attributable to the owners of Atomo Diagnostics Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 1. Material accounting policy information (continued)

Rounding of amounts

The company 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.

The accounting policies that are material to the group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted and includes assumptions which require judgement.

Revenue from contracts with customers involving sale of goods and services

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the group is considered to be the point when customer obtains control of the promised goods as outlined in the arrangement.

When recognising revenue in relation to services, revenue is recognised over time as the services is provided. Services are deemed rendered based on the contractual arrangements with the customer and as each performance obligation is identified and satisfied.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Write-down of inventories

Any write-down of inventories requires a degree of estimate and judgement. The level of the write-down is assessed by taking into account the recent sales experience, the ageing of the inventories and other factors that affect inventory obsolescence.

Fair value measurement hierarchy

The group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Impairment of intangible assets

The group tests intangible assets for impairment for each reporting period or more frequently if events or changes in circumstances indicate it has suffered an impairment, in accounting policy stated in Note 1. The recoverable amount of a cash generating unit ('CGU') is determined based on value-in-use calculations whereby cash flows are projected and extrapolated over a five year period with growth rates that do not exceed the long-term average growth rate for the market in which the group operates. The discount rate used reflects the group's pre tax weighted average cost of capital.

Capitalised development costs

Costs that are directly associated with the development of products are recognised as intangible assets where the relevant criteria under the accounting standards are met, as described in Note 1. This requires a degree of estimation and judgement.

Research and development tax rebate

The group is entitled to claim R&D tax incentives in Australia. The R&D tax incentive is calculated using the estimated R&D expenditure multiplied by a 43.5% refundable tax offset. The group accounts for this incentive as follows:

- For activities capitalised during the period, the rebate is amortised and recognised as other income within the Statement of Profit or Loss and Other Comprehensive Income over the life of the intangible asset.
- For activities directly expensed during the period, the rebate is recognised as other income within the Statement of Profit or Loss and Other Comprehensive Income for activities expenses during the period.

Note 3. Revenue

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Revenue from contracts with customers		
Sale of goods	4,058,437	2,543,716
Rendering of services	28,098	-
	<u>4,086,535</u>	<u>2,543,716</u>

Atomo Diagnostics Limited
Notes to the Financial Statements
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Note 3. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
<i>Major product lines</i>		
Point-of-care tests	3,236,960	1,932,289
Point-of-care technology	757,113	590,737
Other	92,462	20,690
Total	<u>4,086,535</u>	<u>2,543,716</u>

	Consolidated	
	30 June 2024	30 June 2023
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	4,058,437	2,543,716
Services transferred over time	28,098	-
	<u>4,086,535</u>	<u>2,543,716</u>

Note 4. Other Income

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
R&D tax rebate	939,104	946,411
Licence and settlement fees	5,032	137,185
Interest income	152,080	74,109
Total	<u>1,096,216</u>	<u>1,157,705</u>

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 5. Expenses

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Profit / (loss) before income tax from continuing operations includes the following specific expenses:		
Employee benefits expense		
Salaries, wages and directors' fees	3,508,417	3,731,788
Contributions to defined contribution superannuation funds	292,254	274,546
Equity-settled share-based payments	35,413	46,459
Other employment related expenses	201,081	800,640
Total	4,037,165	4,853,433
Depreciation and amortisation		
Depreciation expense (Note 10)	884,053	1,215,718
Amortisation expense (Note 12)	614,067	523,178
Right-of-use assets (Note 11)	161,150	152,891
Total	1,659,270	1,891,787
Finance Cost		
Lease interest expense	9,520	14,987
Total	9,520	14,987

Note 6. Income tax

(a) Income tax benefit

Income tax benefit comprises current and deferred tax expense and is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income. The components of income tax benefit comprise:

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
<i>Income tax expense</i>		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
Aggregate income tax expense	-	-
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(6,847,803)	(9,957,632)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax using the Group's average tax rate 27% (2023: 27%)	1,697,926	2,723,109
Permanent and temporary difference	(263,329)	(53,771)
Tax losses not brought to account	(1,434,597)	(2,669,338)
Income tax expense	-	-

(b) Deferred tax assets and liabilities

Due to the uncertainty of the group generating sufficient taxable income to offset tax losses carried forward, the future tax benefits of these losses, to the extent that they do not set off temporary differences that have resulted in deferred tax liabilities, has not been brought to account in these financial statements.

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 6. Income tax (continued)

	Consolidated	Consolidated
	30 June	30 June
	2024	2023
	AUD	AUD
Net tax effect of carried forward losses not brought to account	8,061,647	6,202,721

Note 7. Current assets - cash and cash equivalents

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	AUD	AUD
Cash at bank	<u>3,687,990</u>	<u>6,470,318</u>

Note 8. Current assets - trade and other receivables

	Consolidated	Consolidated
	30 June 2024	30 June 2023
	AUD	AUD
Trade receivables	1,248,874	687,334
Less: Allowance for expected credit losses	<u>(19,294)</u>	<u>(4,050)</u>
	<u>1,229,580</u>	<u>683,284</u>
Other receivables	80,020	379,575
R&D tax rebate receivable	<u>753,659</u>	<u>760,965</u>
Total	<u>2,063,259</u>	<u>1,823,824</u>

Allowance for expected credit losses

The group monitors its level of debt recovery at each reporting date (including interim reporting dates) in order to assess for any changes in the probability of customers' ability to pay, including due to external factors.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Carrying amount		Allowance for expected credit losses	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	AUD	AUD	AUD	AUD
Consolidated				
0 to 30 Days	998,684	687,334	9,286	4,050
61 to 90 Days	<u>250,190</u>	<u>-</u>	<u>10,008</u>	<u>-</u>
Total	<u>1,248,874</u>	<u>687,334</u>	<u>19,294</u>	<u>4,050</u>

Atomo Diagnostics Limited
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For the period ended 30 June 2024

Note 9. Current assets - inventories

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Raw materials - at cost	1,267,348	2,021,385
Less: Provision for impairment	(83,855)	(40,967)
	<u>1,183,493</u>	<u>1,980,418</u>
Work in progress - at cost	141,548	56,375
Finished goods - at cost	109,702	149,339
Less: Provision for impairment	(21,293)	(49,466)
	<u>88,409</u>	<u>99,873</u>
Stock in transit - at cost	425,307	-
Total	<u>1,838,757</u>	<u>2,136,666</u>

Note 10. Non-current assets - property, plant and equipment

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Leasehold improvements - at cost	471,587	468,474
Less: Accumulated depreciation	(175,108)	(130,093)
Total leasehold improvements	<u>296,479</u>	<u>338,381</u>
Plant and equipment - at cost	7,139,394	7,126,423
Less: Accumulated depreciation	(5,794,354)	(4,955,316)
Total plant and equipment	<u>1,345,040</u>	<u>2,171,107</u>
Total	<u>1,641,519</u>	<u>2,509,488</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial period 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	3,113	12,971	16,084
Depreciation expense	(45,015)	(839,038)	(884,053)
Balance at 30 June 2024	<u>296,479</u>	<u>1,345,040</u>	<u>1,641,519</u>

Consolidated	Leasehold improvements	Plant and equipment	Total
	AUD	AUD	
Balance at 1 July 2022	372,658	3,292,572	3,665,230
Additions	5,410	54,566	59,976
Depreciation expense	(39,687)	(1,176,031)	(1,215,718)
Balance at 30 June 2023	<u>338,381</u>	<u>2,171,107</u>	<u>2,509,488</u>

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 11. Non-current assets - right-of-use assets

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Land and buildings - right-of-use	494,695	494,695
Add: Foreign exchange movement	2,985	1,927
Less: Accumulated depreciation	(431,601)	(275,154)
	<u>66,079</u>	<u>221,468</u>
Plant and equipment - right-of-use	13,884	13,884
Less: Accumulated depreciation	(4,396)	(1,620)
	<u>9,488</u>	<u>12,264</u>
Total	<u>75,567</u>	<u>233,732</u>

The group leases land and buildings for its offices in Sydney Australia and warehouse in South Africa under agreements of between one (1) to three (3) years with, in some cases, options to extend, which have not been taken up. The group also leases a single piece of office equipment under a five (5) year agreement. Additions in the year were nil (2023: nil).

Note 12. Non-current assets - intangible assets

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Development - at cost	3,280,309	3,094,863
Less: Accumulated amortisation	(1,602,356)	(1,154,045)
Less: Impairment	(798,990)	-
Total Development - at cost	<u>878,963</u>	<u>1,940,818</u>
Patents and trademarks - at cost	1,632,443	1,632,443
Less: Accumulated amortisation	(814,900)	(742,492)
Total Patents and trademarks - at cost	<u>817,543</u>	<u>889,951</u>
Other intangible assets - at cost	550,485	550,475
Less: Accumulated amortisation	(175,071)	(81,713)
Total Other intangible assets - at cost	<u>375,414</u>	<u>468,762</u>
Total	<u>2,071,920</u>	<u>3,299,531</u>

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 12. Non-current assets - intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

Consolidated	Patents and trademarks AUD	Product development costs AUD	Other intangibles AUD	Total AUD
Balance at 1 July 2022	958,621	2,202,513	413,556	3,574,690
Additions	5,000	-	57,573	62,573
Amortisation expense ¹	(73,670)	(261,695)	(2,367)	(337,732)
Balance at 30 June 2023	889,951	1,940,818	468,762	3,299,531
Additions	-	-	-	-
Impairment of assets	-	(798,990)	-	(798,990)
Amortisation expense ¹	(72,408)	(262,865)	(93,348)	(428,621)
Balance at 30 June 2024	817,543	878,963	375,414	2,071,920

¹ The amount is made up of the amortisation charge and release of the R&D capitalised rebate into Other income.

Impairment of intangibles

At the beginning of the financial year the recoverable amount of the cash generating unit (CGU) was in excess of the carrying value. The group tests intangible assets for impairment for each reporting period or more frequently if events or changes in circumstances indicate it has suffered an impairment, in accounting policy stated in Note 1.

During the course of the financial year the financial performance of the group fell below budget largely as a result of:

- Delay's in securing necessary approvals to enable the company to market product and secure new market revenue
- Growth in the HIV business while significant, did not meet full budgetary expectations. Although significant volumes were supplied to Atomo's European partner NewFoundland Diagnostics, the roll out of products was slower than anticipated over the period

The recoverable amount of the CGU is determined based on value-in-use (VIU) calculations whereby cash flows are projected and extrapolated over a five-year period with growth rates that do not exceed the long-term average growth rate for the market in which the group operates. The VIU model is discounted using the group's weighted average costs of capital (WACC) of 12.8% (2023:11.9%).

Atomo operates as a single operating segment and cash generating unit (CGU) being point of care diagnostics goods and services.

Based the assessment performed, the recoverable amount of the CGU is determined to be lower than the carrying amount as at 30 June 2024. As a result, the group recognised an impairment of \$798,990 against intangible assets - product development costs.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	30 June 2024 AUD	30 June 2023 AUD
Trade payables	478,640	179,340
Accrued expenses	219,527	611,061
Other payables	76,009	71,230
Total	774,176	861,631

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 14. Current liabilities - lease liabilities

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Lease liability	<u>84,670</u>	<u>170,701</u>

Note 15. Current liabilities - provisions

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Annual leave	161,677	191,549
Long service leave	<u>117,514</u>	<u>85,606</u>
Total	<u>279,191</u>	<u>277,155</u>

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the group does not have an unconditional right to defer settlement.

Note 16. Current liabilities - deferred revenue

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Deferred revenue	<u>49,841</u>	<u>185,074</u>

Deferred revenue recognised relates to payments received in advance for POC Tests orders.

Note 17. Non-current liabilities - lease liabilities

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Lease liability	<u>-</u>	<u>84,176</u>

Note 18. Non-current liabilities - provisions

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Long service leave	56,515	54,611
Lease make good	<u>50,000</u>	<u>50,000</u>
Total	<u>106,515</u>	<u>104,611</u>

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 19. Equity - issued capital

Movements in ordinary share capital

Details	Date	Number of Shares	AUD
Opening balance	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	30 June 2024	639,202,310	70,086,549

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may take one of several actions which may include issue of new shares, the payment of dividends, a return of capital to shareholders or sell assets to reduce debt. See subsequent events for current initiatives being pursued at the date of this report.

The group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The group currently has no debt and is not subject to certain financing arrangements covenants.

Note 20. Equity - reserves

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
Foreign currency reserve	(118,322)	(175,408)
Share-based payments reserve	206,727	478,533
	88,405	303,125

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars and the effect of permanent loans with foreign operations within the group.

Share-based payments reserve

The reserve is used to recognise the fair value of equity-settled share-based payments where they relate to yet-to-be exercised options.

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 20. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial period are set out below:

Consolidated	Foreign currency AUD	Share based payment AUD	Total AUD
Balance at 1 July 2022	(63,078)	866,426	803,348
Foreign currency translation	(112,330)	-	(112,330)
Equity-settled share-based payments	-	46,459	46,459
Lapsed and cancelled options reallocated to equity	-	(434,352)	(434,352)
Balance at 30 June 2023	(175,408)	478,533	303,125
Equity-settled share-based payments	-	-	-
Exercise of options	-	-	-
Lapsed and cancelled options reallocated to equity	-	(271,806)	(271,806)
Foreign currency translation	57,086	-	57,086
Balance at 30 June 2024	(118,322)	206,727	88,405

Note 21. Financial instruments

Financial risk management objectives

The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 21. Financial instruments (continued)

The carrying amount of the group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets		Liabilities	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	AUD	AUD	AUD	AUD
US dollars	487,161	869,000	199,237	26,510
Pound Sterling	256,952	20,066	114	-
South African Rand	1,135,323	233,170	77,701	29,291
Euros	5,032	-	2,972	-
Japanese Yuan	-	-	-	1,075
	1,884,468	1,122,236	280,024	56,876

Reasonably possible movements in the Australian dollar against all other currencies as at 30 June 2024 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases:

Consolidated - 30 June 2024		AUD strengthened		AUD weakened	
		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
% change				% change	
AUD Strengthening	10%	<u>(145,859)</u>	<u>(145,859)</u>	10%	<u>178,272</u>

Price risk

The group is not exposed to any significant price risk.

Interest rate risk

As at 30 June 2024, the group was not exposed to any significant interest rate risk. There is minimal exposure to the impact of adverse changes in benchmark interest rates.

The group was exposed to variable interest rate risks on cash and short-term deposits. A reasonably possible change of 100 basis points in interest rates during the year would have increased or decreased profit before tax by \$51,139 (2023: \$88,253). This analysis assumes that all other variables remain constant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 21. Financial instruments (continued)

Financing arrangements

The group has no used or unused financing facilities in place as at 30 June 2024 (2023: nil).

Remaining contractual maturities

The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual maturities
Consolidated - 30 June 2024	%	AUD	AUD	AUD	AUD	AUD
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	478,640	-	-	-	478,640
Other payables	-	295,536	-	-	-	295,536
<i>Interest-bearing - variable</i>						
Lease liability	5.46%	86,757	-	-	-	86,757
Total non-derivatives		860,933	-	-	-	860,933

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual maturities
Consolidated - 30 June 2023	%	AUD	AUD	AUD	AUD	AUD
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	179,340	-	-	-	179,340
Other payables	-	682,291	-	-	-	682,291
<i>Interest-bearing - variable</i>						
Lease liability	5.46%	180,325	78,505	7,598	-	266,428
Total non-derivatives		1,041,956	78,505	7,598	-	1,128,059

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 22. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company:

	Consolidated	
	30 June 2024	30 June 2023
	AUD	AUD
<i>Audit services - BDO Australia</i>		
Audit or review of the financial statements	110,500	101,000
<i>Other services - BDO Australia & US</i>		
Tax advisory services	20,510	20,431
Total	131,010	121,431

Note 23. Related party transactions

Parent entity

Atomo Diagnostics Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 24.

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	
	30 June 2024	30 June 2023
Short-term employee benefits	1,211,193	1,499,635
Post-employment benefits	74,020	82,529
Long-term benefits	10,658	13,752
Share-based payments	11,350	26,750
Total key management personnel compensation	1,307,221	1,622,666

Further details relating to key management personnel compensation are set out in the remuneration report included in the directors' report.

Key management personnel transactions

Directors and other key management personnel hold 11.9% of the issued capital of the company as at 30 June 2024 (30 June 2023: 24.8%).

Transactions with other related parties

There were no transactions with other related parties during the year (2023: nil).

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 24. Parent entity information

Statement of Profit or Loss and Other Comprehensive Income

	Parent	
	30 June	30 June
	2024	2023
	AUD	AUD
Statement of profit and loss and other comprehensive income		
Loss for the year	(6,866,250)	(6,226,216)
Other comprehensive income	-	-
Total comprehensive income	<u>(6,866,250)</u>	<u>(6,226,216)</u>

Statement of Financial Position

	Parent	
	30 June	30 June
	2024	2023
	AUD	AUD
Statement of financial position		
<i>Assets</i>		
Total current assets	7,155,284	10,190,304
Total non-current assets	4,856,344	7,221,265
Total assets	<u>12,011,628</u>	<u>17,411,569</u>
<i>Liabilities</i>		
Total current liabilities	2,457,888	2,771,389
Total non-current liabilities	106,515	104,611
Total liabilities	<u>2,564,403</u>	<u>2,876,000</u>
<i>Equity</i>		
Share capital	70,086,549	68,036,837
Share based payment reserve	206,727	478,533
Retained earnings	(60,846,052)	(53,979,802)
Total Equity	<u>9,447,224</u>	<u>14,535,568</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
None.

Contingent liabilities
There were no contingent liabilities attributed to the parent entity as at 30 June 2024 (2023: nil).

Capital commitments - Property, plant and equipment
Inventory commitments relate to volumes of devices committed to be purchased throughout the year for sale to customers.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 1.

- Investments in subsidiaries are accounted for at cost, less any impairment, in the Parent Entity.
- Dividends received from subsidiaries are recognised as other income by the Parent Entity and its receipt may be an indicator of an impairment of the investment.

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2024 %	30 June 2023 %
Parent entity:			
Atomo Diagnostics Limited	Australia	-	-
Subsidiaries:			
Atomo Australia Pty Limited	Australia	100%	100%
Atomo Limited	United Kingdom	100%	100%
Atomo US Inc.	United States	100%	100%
Atomo Operations US LLC	United States	100%	100%
Branch operations:			
Atomo South Africa (operating branch of Atomo Australia Pty Limited)	South Africa	100%	100%

Note 26. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 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 27. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30 June 2024 AUD	30 June 2023 AUD
Loss after income tax expense for the period	(6,847,803)	(9,957,632)
Adjustments for:		
Depreciation and amortisation	1,659,270	1,891,787
Share-based payments	35,413	46,460
Foreign exchange differences	4,225	(35,947)
Finance costs	9,520	14,987
Provision for expected credit loss	15,014	34,934
Impairment of intangible assets	798,990	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(575,127)	818,976
Decrease in inventories	297,909	1,283,981
Increase/(decrease) in trade and other payables	(87,456)	57,146
Increase/(decrease) in employee benefits	3,941	(2,363)
Net cash used in operating activities	<u>(4,686,104)</u>	<u>(5,847,671)</u>

Note 28. Earnings per share

	Consolidated	
	30 June 2024 AUD	30 June 2023 AUD
Loss after income tax attributable to the owners of Atomo Diagnostics Limited	<u>(6,847,803)</u>	<u>(9,957,632)</u>
Loss after income tax attributable to the owners of Atomo Diagnostics Limited used in calculating diluted earnings per share	<u>(6,847,803)</u>	<u>(9,957,632)</u>

Atomo Diagnostics Limited
Notes to the Financial Statements
For the period ended 30 June 2024

Note 28. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	634,658,764	570,890,991
Adjustments for calculation of diluted earnings per share:		
No adjustments given that in a loss situation, this would be anti-dilutive	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	634,658,764	570,890,991
	AUD Cents	AUD Cents
Basic earnings per share	(1.079)	(1.744)
Diluted earnings per share	(1.079)	(1.744)

Note 29. Share-based payments

Set out below are summaries of options granted under the plan:

30 June 2024

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
14/04/2020	14/04/2024	AUD0.250	533,333	-	-	(533,333)	-
25/08/2022	14/04/2024	AUD0.250	1,079,999	-	-	(1,079,999)	-
14/04/2020	14/04/2025	AUD0.250	533,333	-	-	-	533,333
14/04/2020	14/04/2026	AUD0.250	533,334	-	-	-	533,334
31/05/2021	30/04/2024	AUD0.400	2,000,000	-	-	(2,000,000)	-
31/05/2021	30/04/2024	AUD0.600	2,000,000	-	-	(2,000,000)	-
01/07/2023	01/07/2026	AUD0.035	-	2,440,000	-	(320,000)	2,120,000
01/07/2023	01/07/2027	AUD0.035	-	3,660,000	-	(480,000)	3,180,000
22/08/2023	22/08/2026	AUD0.047	-	568,333	-	-	568,333
19/10/2023	22/08/2026	AUD0.047	-	500,000	-	(250,000)	250,000
22/08/2022	14/04/2025	AUD0.250	1,199,999	-	-	-	1,199,999
			<u>7,879,998</u>	<u>7,168,333</u>	<u>-</u>	<u>(6,663,332)</u>	<u>8,384,999</u>

30 June 2023

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
11/04/2019	11/04/2023	AUD0.160	4,800,000	-	-	(4,800,000)	-
14/04/2020	14/04/2204	AUD0.250	533,333	-	-	-	533,333
08/11/2021	14/04/2024	AUD0.250	1,079,999	-	-	-	1,079,999
14/04/2020	14/04/2025	AUD0.250	533,333	-	-	-	533,333
25/08/2022	14/04/2025	AUD0.250	-	1,199,999	-	-	1,199,999
14/04/2020	14/04/2026	AUD0.250	2,266,666	-	-	(1,733,332)	533,334
31/05/2021	30/04/2024	AUD0.600	2,000,000	-	-	-	2,000,000
31/05/2021	30/04/2024	AUD0.400	2,000,000	-	-	-	2,000,000
			<u>13,213,331</u>	<u>1,199,999</u>	<u>-</u>	<u>(6,533,332)</u>	<u>7,879,998</u>

The weighted average share price during the financial period was AUD[0.09] ([2023]: AUD[0.22]).

The weighted average remaining contractual life of options outstanding at the end of the financial period was [1.8] years ([2023]: [1.2] years).

In current and prior financial years, the Company issued options to employees, directors and key stakeholders to align the interests of those parties through the sharing of a personal interest in the future growth and development of the Company and to provide a means of attracting and retaining skilled and experienced eligible persons.

Atomo Diagnostics Limited
Consolidated entity disclosure statement
As at 30 June 2024

As required by the Treasury Laws Amendment (Making Multinationals Pay Their Fair Share - Integrity and Transparency) Act 2024, the following provides information about the subsidiaries included in the consolidated financial statements of the group as at 30 June 2024.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Atomo Diagnostics Limited	Body corporate	Australia	100.00%	Australia
Atomo Australia Pty Limited	Body corporate	Australia	100.00%	Australia
Atomo Limited	Body corporate	United Kingdom	100.00%	United Kingdom
Atomo US Inc.	Body corporate	United States of America	100.00%	United States of America
Atomo Operations US LLC	Body corporate	United States of America	100.00%	United States of America
Atomo South Africa (operating branch of Atomo Australia Pty Limited)	Body corporate	South Africa	100.00%	South Africa

As at 30 June 2024 no entities included were a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity or a participant in a joint venture within the consolidated entity.

In determining the tax residency, the group has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling RD 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisors in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Atomo Diagnostics Limited
Directors' declaration
For the period ended 30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2024 and of its performance for the financial period ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the consolidated entity disclosure statement required by subsection 295(3A) of the Corporations Act 2001 is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



John Keith
Chair

29 August 2024
Sydney

INDEPENDENT AUDITOR'S REPORT

To the members of Atomo Diagnostics Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Atomo Diagnostics Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's

ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 3, the Group recognised revenue of \$4,086,535 for the year ended 30 June 2024. Revenue was identified as a key audit matter as it is a key performance indicator to the users of the financial report.	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none">• Reviewed whether the revenue recognition policies are in accordance with Australian Accounting Standards and the Group's accounting policies as described in Note 1;• Substantive testing around year end to ensure revenue is correctly recorded in the period to which it relates;• Performed analytical procedures to identify variances in expectations on revenue recognition for further investigation; and• Selected a sample of revenue transactions during the year and substantively tested to ensure revenue has been appropriately reflected in the financial statements for the year ended 30 June 2024.

Carrying value of intangibles

Key audit matter	How the matter was addressed in our audit
<p>As at 30 June 2024, the Group recognised intangible assets with a carrying value of \$2,071,920 as disclosed in Note 12.</p> <p>The valuation of intangible assets is significant to our audit because of the carrying value in the Statement of Financial Position and the judgements and estimation required by management in assessing recoverability.</p> <p>The Group has determined the recoverable amount through a value-in-use calculation for the cash generating unit. This process is judgmental and based on management's assumptions, specifically those in relation to revenue growth rates, estimated expenditure and discount rates.</p>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> • Obtained management's value-in-use model and assessment of impairment; • Critically assessed the valuation and impairment analysis completed by management, including the mathematical accuracy, reasonableness of the assumptions and estimates used to determine the recoverable amount of its intangible assets; • Together with BDO Valuation specialists, assessed the reasonableness of the discount rates applied by management; • Where appropriate, considered the historical actual results to those budgeted, to assess the quality of management's forecasts; and • Evaluated the sensitivity analysis applied to the discounted cash flow model to assess the disclosure in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Atomo Diagnostics Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

A stylized, handwritten signature of the BDO firm, appearing as 'BDO' in a cursive script.A handwritten signature in cursive script that reads 'Gareth Few'.

Gareth Few
Director

Sydney, 29 August 2024

Atomo Diagnostics Limited
Shareholder information
For the period ended 30 June 2024

The shareholder information set out below was applicable as at 13 August 2024.

Number of security holders

At the specified date, there were 6,850 holders of ordinary shares (quoted and unquoted) and 18 holders of options (unquoted) over ordinary shares. These were the only classes of equity securities on issue.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Ordinary shares		
	Number of holders	Number of shares
1 to 1,000	277	165,292
1,001 to 5,000	2,787	7,437,653
5,001 to 10,000	1,118	9,021,484
10,001 to 100,000	2,080	70,484,034
100,001 and over	588	552,093,847
Total	6,850	639,202,310

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
GZ Family Holdings Pty Ltd	79,787,536	12.48
Dalraida Holdings Pty Limited	65,120,000	10.19
Global Health Investment Fund	64,811,280	10.14
Mr Xiaoyi Lin	11,880,000	1.86
Grand Challenges Canada	11,390,824	1.78
Liverbird Pty Ltd	10,931,653	1.71
Australia West Holdings Pty	10,500,000	1.64
Australia North Holdings Pty	9,580,000	1.50
ID&E Pty Ltd	9,032,248	1.41
Mark Andrew Smith	7,790,224	1.22
Mr Ian Fredrick Johnson	7,506,080	1.17
John Michael Kelly	7,370,248	1.15
Leo James Lynch	7,321,121	1.15
Citicorp Nominees Pty Limited	6,355,684	0.99
Mr Ankur Choudhary	5,887,126	0.92
Ruth Karen Devney	5,626,408	0.88
Sokolov Pty Ltd	4,031,888	0.63
H & L Management Pty Ltd	4,000,000	0.63
Rue Des Rocs Pty Ltd	3,800,000	0.59
Miss Lisa Marie Mackenzie	3,351,968	0.52
Total top 20 shareholders	336,074,288	52.56

Atomo Diagnostics Limited
Shareholder information
For the period ended 30 June 2024

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
GZ Family Holdings Pty Ltd	79,787,536	12.48
John Kelly	72,490,248	11.34
Global Health Investment Fund LLC	64,811,280	10.14

Restricted securities

There are no unquoted restricted ordinary shares securities and unquoted options over ordinary shares as at 30 June 2024.

Option Holding Distribution

Size of option holding	Number of holders	Number of options	% of Issued Options
1 to 1,000	-	-	-
1,001 to 5,000	-	-	-
5,001 to 10,000	-	-	-
10,001 to 100,000	-	-	-
100,001 and over	18	8,384,999	100%
Total	18	8,384,999	

Unquoted Options Over Ordinary Shares

There were 8,384,999 unquoted options over ordinary shares on issue as follows:

Unquoted options - description	Number of options	Number of holders
Options exercisable at 0.25 expiring at various dates	2,266,666	3
Options exercisable at 0.047 expiring at various dates	818,333	3
Options exercisable at 0.035 expiring at various dates	5,300,000	13

No option holder holds more than 20% of the unquoted options on issue.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Unmarketable Parcels

There are 3,738 holders of an unmarketable parcel of shares based on the closing market price of \$0.028 at the specified date.

Other ASX Required Information

During the period between admission to the Official List of ASX and the end of the reporting period, the company used the cash and assets in a form readily convertible to cash that it had at the time of admission to the ASX, in a way consistent with its business objectives. This statement is made pursuant to ASX Listing Rule 4.10.19.