



**atomo**

# **Annual Report 2023**

**Empowering healthcare consumers**

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Empowering people to enjoy healthier, more informed lives through fast, accurate Point-of-Care testing.

We are re-imagining diagnostics by putting the user experience at the centre of everything we do.

Atomo's mission is to ensure equitable and affordable access to accurate diagnoses and promote a seamless pathway to treatment.

**Who we are**

We are an innovative medical device diagnostics company supplying unique, integrated rapid diagnostic test devices and finished Point-of-Care rapid tests to global partners and consumers.

Atomo's strategic focus is on two revenue generators:

**Point-of-Care Test Products**

HIV, pregnancy and iron deficiency (ferritin) tests for Point-of-Care and at-home self-test, distributed through an expanding global network, with more clinical applications to come.

**Point-of-Care Test Platform Technology**

Unique blood and swab test devices and components, sold to partners with capability to incorporate other indications.



## Chairman's Letter

*"Adoption of rapid diagnostics during the pandemic has changed users' behaviours and expectations of testing, and Atomo will continue to meet this demand."*

Dear Shareholders,

I write to thank you for your continuing support of Atomo Diagnostics (Atomo), and to introduce our Annual Report to June 30, 2023. Throughout the year, we saw continuing consumer and professional user adoption of rapid testing. The material change in revenue mix and magnitude from the extreme demands for COVID tests during the pandemic, shifted to longer term demand for an increasing breadth of rapid diagnostic tests.

The benefits of frequent, convenient screening tests relieve demands on centralised testing resources. We see a growing desire amongst people to exercise a greater level of control over their health. Self-testing allows individuals to accurately assess, and act based on their condition.

Our partners continue to increase in number, reflecting growing demand across products and markets, and marking a new level of acceptance from regulators and public health of the merits of rapid testing.

## Our Business

Atomo develops and supplies devices and finished tests for the rapid testing of medical conditions by professional users and consumers, detecting infectious diseases and chronic health conditions, and assessing consumer wellness.

Atomo participates in three markets in the development and commercialisation of diagnostic devices:

### 1. Infectious Disease Testing

The development, commercialisation, and sale of finished products, such as Atomo's HIV Tests. Demand for Atomo's HIV Tests spans participation in Global Health programmes and increasingly in developed markets, including Australia and the UK. Atomo's HIV Test remains the only TGA-approved self-test, with Australian distribution channels ever widening to include pharmacies, vending machines on university campuses and in licensed on-sex premises.

### 2. Consumer Health and Wellness

Responding to decentralising health services, and increasing demand from consumers for greater convenience and ownership of the healthcare experience, Atomo's user-centric solutions allow end users timely and accurate rapid test results. This change is visible in discussions with rapid test development companies looking to partner with Atomo in using our platforms to house their tests and test menus of interest to our consumer retail partners.

### 3. OEM+ Devices

Atomo partners in developing and supplying our platforms for use in our partners' finished rapid tests. The extent of our involvement in this process sees us describe the Original Equipment Manufacturer activity as OEM+, reflecting the fact that Atomo is increasingly assisting with commercialisation well beyond simply supplying platforms. Tests include NG Biotech's ultra early pregnancy test, and Lumos Diagnostics' FebriDx bacterial detection test. Atomo's partnership with NG Biotech in pregnancy testing involves our distribution in new markets, including the US and Australia, subject to regulatory approvals. We celebrated Lumos' 510(k) clearance from the FDA for its FebriDx test, representing the first 510(k) approved test from the US FDA on Atomo's Pascal platform.

The adoption of rapid testing enables the decentralisation of screening diagnostics, and the widespread acceptance by regulators and by public health authorities who increasingly see its value as a tool for broader community health management. We see this change in the continued popularity and adoption of Telehealth consultations and corresponding validation by health authorities, insurers and clinicians.

## Our Financial Management

Atomo's change year-on-year in revenue and sales mix reflected the absolute shift in demand with the pandemic passing. This change allowed Atomo to prioritise the production and delivery of its patented products. The replenishment of Global Health budgets for HIV that were previously deployed for COVID testing and the widening demand for different types of rapid tests in consumer retail settings enable increased utilisation of our established production capacity. Making full use of this capacity to deliver growing sales remains our priority.

### You, our Shareholders

Atomo's shareholders, and the broader market supported our capital raise, which was completed shortly after year-end. Funds support submission for regulatory approvals and commercial launch of existing products, further widening access to end demand. We welcomed a number of new shareholders on to our register and their interest in and engagement with the company.

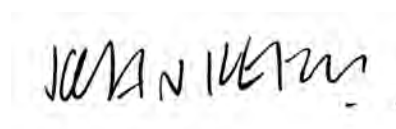
### Our People

The people who make up Atomo - its executives, management and Board - are working tirelessly on the opportunities for rapid diagnostic testing.

John Kelly, CEO; Will Souter, CFO; Chandra Sukumar, COO and all of our management team, have led with care and insight throughout the year, navigating conditions that have offered changing opportunities and different risks. On behalf of shareholders, the Board warmly recognises these considerable efforts.

We are delighted to have Boston-based Dr Cheri Walker join the Atomo Board as an independent Non-Executive Director. Cheri's contribution to the Board draws from her extensive executive responsibilities in innovative healthcare and life sciences. Cheri joined our Audit and Risk Committee chaired by our fellow NED, Dr Paul Kasian.

Atomo continues to deliver on its objective to be a global leader in rapid diagnostics. Adoption of rapid diagnostics during the pandemic has changed users' behaviours and expectations of testing. Atomo continues to meet this demand. We welcome your continuing support and hope that you share in our excitement.



**John Keith**  
Chair, Atomo Board

## CEO's Report

*"Home blood test solutions in the US market are currently collection kits requiring mail-in to a lab. Result times are typically 3- 5 days and tests are expensive, when compared with rapid at-home test equivalents."*



**The Point-of-Care diagnostic market has undergone enormous change over the last several years. The COVID-19 pandemic brought home both the importance and convenience of self-testing. Post the pandemic, diagnostic companies have had reduced revenues and a material drop off in market valuations as COVID testing has largely disappeared. As such they have increasingly turned their attention to expanding their menu of rapid test offerings to leverage the substantial installed supply chain and distribution infrastructure established during the pandemic.**

What has emerged is a permanently changed landscape for rapid testing. In particular, there is a growing acceptance of self-testing among two key target groups: consumers and public health agencies. The unique performance of Atomo's integrated blood tests and test devices positions the company extremely well to become a market leader in the supply of convenient and reliable test solutions across an increasing range of clinical applications.

Atomo has over the course of FY23 entered into a number of new HIV agreements to allow the company to better partner with emerging leaders in the exciting consumer retail market. This includes a deal for the UK / Europe that commenced with an initial purchase order for \$900,000 and an agreement for the South African Private market, with take-or-pay contract obligation valued at over

\$2 million. This expansion in channel partner engagement continues into FY24, with Atomo looking to secure new distributors in a number of markets with growing private sector opportunities, and discussions are well progressed for distribution in markets in Central & South America and in Asia.

Atomo continues to support our partner NG Biotech (NGB) in the global rollout of the ultra-early blood pregnancy test commercialised on our Pascal platform. This test has been successfully launched by NGB in France, the UK and most recently into Brazil. Expansion into other regions of Europe is anticipated later this financial year, with commercial discussions between NGB and potential distributors ongoing across markets in Europe and beyond.

During the year we successfully renegotiated our contractual arrangements with NGB and secured exclusive rights to launch an Atomo branded version of the NGB pregnancy product in Australia, New Zealand, the US and Canada. A submission to the Australian TGA was lodged earlier in 2023, with approval anticipated in the coming months to support national product launch during this financial year.

Atomo has also worked with NGB to prepare a pre-submission application to the US FDA with a meeting planned to confirm the regulatory pathway for the pregnancy product in the US market. Atomo's goal is to seek to secure the first OTC (self-test) approval for a rapid blood test product

in the US market. This approval would enable the company to enter the very large pregnancy testing market in the US, with a unique test that offers significant benefits to women seeking earliest possible detection as well as more accurate detection in early pregnancy.

Blood testing delivers a material improvement in the ability to accurately detect hCG in the very early phase of pregnancy when compared to even the most sensitive urine rapid tests as well as having consistent levels of hCG throughout the day, unlike urine where concentrations drop off after first morning flow. Our market research indicates that these benefits are sufficiently important that around half of women surveyed indicated interest and a willingness to try the Atomo product<sup>1</sup>. The company is very excited about the opportunity to enter the large established pregnancy market with a novel solution that has the potential to generate meaningful market penetration.

OTC approval of Pascal would also transform the marketability and value of our integrated platform as the only solution available for diagnostic companies seeking to provide consumer rapid blood tests to the growing US home health market.

We are pleased to see the resumption of ordering from our OEM Pascal customers with both NGB and Lumos Diagnostics (Lumos) commencing reordering our blood test platforms in FY23 as the broader diagnostic market re-emerges post pandemic. We continue to see expanding demand from NGB as they undertake commercial rollout of their pregnancy test, in addition to anticipated demand for Pascal from NGB to supply finished product back to Atomo for sale into Australia and New Zealand later this financial year.

We also note the recent 510(k) approval of Lumos's FebriDx rapid test on the Atomo Pascal platform. This approval significantly increases the addressable market for sale of FebriDx and hence potential demand for Pascal business with Lumos over the medium term. It also represents the first US approval for our Pascal device and supports further OEM supply agreement opportunities with US companies through the provision of a 510(k) predicate for other diagnostic applications, including our efforts to bring the Atomo pregnancy test to the US market.

As part of our efforts to expand the customer base for Pascal, Atomo has entered into a number of agreements with rapid test development companies specialising in the development of new rapid test strip assays for the market. This enables us to better access opportunities earlier in the commercialisation phase, reducing barriers to adoption, and we are now working with these companies to support their promotion of our technology in the market over the coming year.

1. Hummingbird Research, July 2023

The company has worked hard over the period to reduce operating expenses across the business with approximately \$1.5 million removed from OpEx during FY23. This focus on cost management continues into FY24, with a further material improvement in OpEx reductions targeted for this current financial year.

This prudent cash management saw the company close out the FY23 period with \$6.47m cash on hand, remaining debt free. Early in FY24, the company also secured a further \$2.25m in additional top-up funding through the completion of a Placement and accompanying Share Purchase Plan. This improvement to the company's balance sheet enables us to fund the launch of tests for pregnancy and iron deficiency (ferritin) in Australia, New Zealand and Europe during 2024, as well as progressing activities supporting pregnancy test approvals in the US market.

**Business priorities for the coming year:**

- Launch the pregnancy test in Australia and New Zealand and commence clinical trials in the US with a view to securing a US commercial partner in advance of product approval to de-risk 'go to market' for Atomo shareholders.
- Complete product validation activities related to Atomo's iron deficiency (ferritin) test and submit the product dossier for regulatory approval in Australia, Europe & the UK.
- Secure new Point-of-Care Technology customers through Atomo's expanding reseller network supported by continued success of existing finished products in winning consumer health channel contracts and key market regulatory approvals.
- Support NG Biotech and Lumos as they continue to scale the commercial rollout of their Pascal based tests in global markets.
- Continue to grow HIV sales in LMIC markets, push for further public health adoption in developed markets including Australia, and support Newfoundland in its roll out across the UK and Europe.

As we move forward into FY24, we look forward to continuing to expand our range of Point-of-Care rapid tests and technologies. By putting healthcare in people's hands, we are enabling them to test early, and test often, fulfilling an unmet need and delivering success for Atomo.



**John Kelly**  
Chief Executive Officer

## Delivering on our Strategy

We have completed an intensive manufacturing CapEx phase - future investment focused on commercialising new products, driving revenue growth and delivering investor returns.



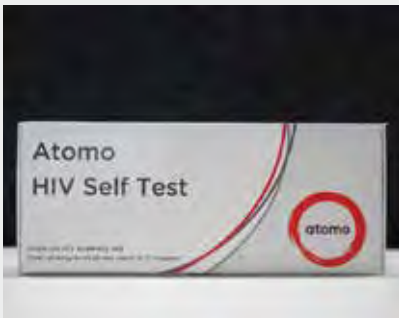
**We actively participate in an expanding global rapid testing market driven by significant industry and consumer tailwinds**



**We have patent protected user friendly testing technology, with multiple OEM contracts, a strong pipeline and emerging channel partner demand**



**Best-in-class usability offers the opportunity for first approved OTC blood tests in the US market, starting with pregnancy**



**Highly regarded finished products with regulatory approval for high volume applications, including HIV screening and blood-based early pregnancy detection**



**Well progressed with commercialisation of a range of home tests with channel partners indicating demand, driving further revenue growth and diversification**

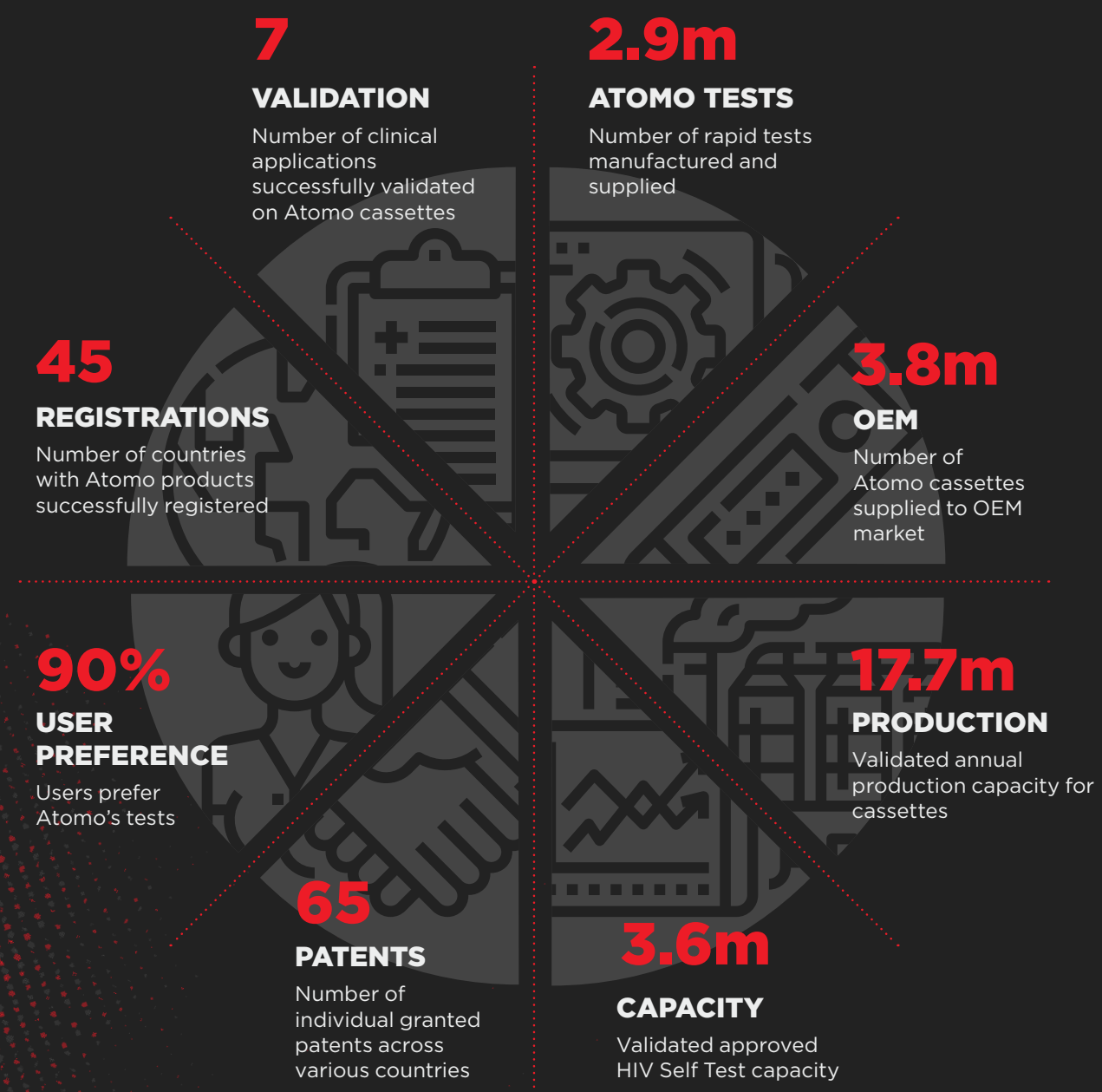


**Regulatory certified, low cost manufacturing in place and easily scaled to significant operational leverage and margin growth in the near term (without further capital expenditure)**



## Key Metrics

With runs on the board, Atomo is making an impact in the rapid test market



## Rapidly Growing Markets Point-of-Care Diagnostics

**~A\$67B**

Global market size for Point-of-Care Testing 2022<sup>2</sup>

**~A\$4.4B**

Global market size for HIV diagnostics 2022<sup>3</sup>

**~A\$2.0B**

Global market size for pregnancy testing 2022<sup>4</sup>

The COVID-19 pandemic caused a step change in healthcare: lower costs, increased convenience and proven efficacy of at-home healthcare, diagnosis and treatment is now embedded in the ecosystem.

Global Point-of-Care markets present a significant opportunity for HIV, pregnancy and other emerging rapid test applications

- Point-of-Care testing has experienced accelerated growth during and post the pandemic and is the fastest growing segment of the diagnostics market
- Growing demand for reliable, rapid diagnostic testing for patients at-home, further supported by an expanding telehealth segment and favourable reimbursement trends

- Providers, payers, regulators, investors and, most importantly, consumers, now understand the unique role of Point-of-Care and at-home testing in the delivery of accessible convenient healthcare
- Atomo is seizing the opportunity to supply reliable novel solutions for rapid testing in HIV, pregnancy and iron deficiency

The pandemic has encouraged existing diagnostic companies to consider the importance of Point-of-Care testing and back that with investment. It has also led to credible well-funded new entrants looking to access reliable rapid test suppliers. These changes present significant opportunities for Atomo, as a company that already has a core competency focussed on making user-centric tests that are acceptable to regulators.

### THE DIAGNOSTIC TEST LANDSCAPE



“Almost everyone has done a rapid diagnostic test”<sup>5</sup>



Delivery of healthcare in the home now commonly accepted



The healthcare ecosystem has permanently changed as a result



Consumer demand is quickly growing

### KEY STAKEHOLDERS



**REGULATORS**

Regulators now understand and accept the role of Point-of-Care diagnostics in the overall healthcare landscape



**CLINICIANS AND PHARMACISTS**

Speed of results, ease of use and ease of access are increasingly important to healthcare professionals



**PUBLIC HEALTH BODIES**

Point-of-Care testing has experienced accelerated growth during the pandemic



**USERS AND CONSUMERS**

Growing demand for reliable, rapid and decentralised diagnostic testing



**RETAIL AND FMCG**

Low-cost, high volume, easy to use diagnostic products with the ability to meet the demands of consumers are now on the shelves in mainstream retailers

## Unique Offering

### Point-of-Care Test Products & Platform Technology

ATOMO'S PASCAL DEVICE



↓90%

reduction in blood delivery errors

↓100%

reduction in buffer delivery errors

↓40%

reduction in time to perform procedure

↑90%

deemed Pascal easier to use

#### Atomo's Pascal Device vs. Competitors

An independent study was conducted to validate Atomo's Pascal device usability when compared to a standard multi-component CE marked self-test<sup>6</sup>.

The study was conducted by an independent Australian CRO with 50 untrained participants performing a rapid blood test for the first time.

#### Drivers of the adoption of rapid testing<sup>7</sup>

##### Easy to use

Simple to use products providing reliability and usability in decentralised settings

##### Speed of results

Rapid results with a high degree of accuracy

##### Easy to obtain & affordable

Accessibility online and increasingly through retail and via healthcare professionals

*"Intuitive, as instructions are clear but also the device is easy ... Streamlined, all done for you, didn't have to do it yourself. Less room for mistake"<sup>8</sup>*

The unique usability attributes of Atomo's platforms has attracted the interest of diagnostic companies looking to put their own tests on the Atomo platform. Both NG Biotech and Lumos Diagnostics have established unique tests for pregnancy and antimicrobial resistance on the Atomo Pascal platform. The usability benefits of the Atomo platforms give our diagnostic partners the potential to achieve regulatory approvals for their tests, which they would otherwise not be able to achieve with a standard rapid test cassette.

Furthermore, the reduction in user errors and improvements in performance facilitate Atomo obtaining approvals for its own Point-of-Care Test Products, such as the blood based pregnancy test, and are expected to improve the potential for CLIA waiver and OTC clearance from the US FDA. Given there are currently no blood-based rapid tests with an OTC approval in the US, this would be a significant differentiator and position Atomo ahead of competitors for both finished products and OEM opportunities.

2. Point-of-Care Testing (POCT) Market, October 2022, Precedence Research

3. HIV Diagnostics Market Outlook, May 2022, Future Market Insights

4. Pregnancy Testing Market, January 2022, Market Data Forecast

5. McKinsey & Co. Telehealth: A quarter-trillion-dollar post COVID-19 reality May, 2022

6. Ergonomie Usability Study, February 2023

7. [https://www.ipsos.com/sites/default/files/ct/news/documents/2022-03/Ipsos\\_Future%20of%20POC%20and%20Rapid%20Testing\\_March%202022.pdf](https://www.ipsos.com/sites/default/files/ct/news/documents/2022-03/Ipsos_Future%20of%20POC%20and%20Rapid%20Testing_March%202022.pdf)

8. Hummingbird Research, July 2023

## Point-of-Care Products

### HIV Diagnostics



#### Atomo's HIV Self Test is commercialised and sold globally

Atomo is now focused on further expansion of its HIV business and is seeking partners to support launch in markets where Viatrix is not yet registered, including in Central and South America, and Asia.

With regulatory approvals including CE Mark for Europe, Australian TGA and prequalification by the World Health Organization, the company's HIV business is poised to grow rapidly.

Finished product assembly is carried out at the company's certified facility in South Africa, reducing the product cost of goods and logistics effort to supply volume into key global health markets, where Atomo's HIV Self Test is registered in 39 LMIC countries.

HIV self-testing is increasingly being used by public health bodies around the world to scale up testing.



Contract signed with Newfoundland Diagnostics late in FY23 worth approximately \$2.1m in FY24, for a Newfoundland branded version of the Atomo HIV Self Test to be supplied into the UK and European markets. With regulatory approval obtained, the product was launched in Q1 FY24 with distribution channels including leading UK and European pharmacies and supermarkets.

*"The HIV Self-Test LMIC global health market is growing, with current demand for 15-17m tests annually, anticipated to reach 30m tests annually by 2027."*<sup>9</sup>

*"We are delighted to be partnering with Atomo. Their pioneering products with a true focus on efficacy, performance and the customer experience are unparalleled and the team are a delight to work with."*

**Lucy Gould, Senior Product Manager**

9. HIV rapid diagnostic test market landscape, WHO, June 2023

## Point-of-Care Products

### Pregnancy Testing



#### Pregnancy Market Opportunity

Atomo's early detection pregnancy test has a material opportunity to create a premium niche in the valuable female healthcare market.

The US, with around one-third of the global market share (2021), performs more than 30 million rapid pregnancy self-tests each year.

Increased focus on earlier pregnancy detection given recent changes to the US landscape for women's health.

No early detection pregnancy blood self-tests have been commercialised in developed healthcare markets, creating a clear opportunity for Atomo to take a first mover position in key markets.

The Australian pregnancy test market is estimated at more than 5 million tests per annum.

*"6 in 10 women felt positive about the atomoNOW™ Pregnancy Test, the message on high accuracy has strong appeal, and the convenience is clear ... 1 in 4 women could think of no hesitations to use the atomoNOW™ Pregnancy Test"<sup>10</sup>*

10. Hummingbird Research, July 2023

#### The Atomo blood-based pregnancy test has significant benefits, advantages and differentiating factors:

- hCG, the biomarker for pregnancy, builds up earlier in blood than in urine, making blood a better sample type for early detection of pregnancy.
- Extensive clinical studies show a high accuracy rate at lower levels of hCG when compared to urine tests, making it an ultra early pregnancy test. Early test detection urine tests typically claim performance at 25 mIU/mL.
- Test anywhere, anytime. hCG levels in urine reduce significantly after morning first flow, while levels in blood stay constant, meaning a test can be bought and used straight away, any time of day.
- The recent 510(k) clearance for Lumos Diagnostics' FebriDx test which was on the Atomo Pascal platform provides a predicate which should assist in obtaining approval for the Atomo pregnancy test, which is also on the Atomo Pascal platform.

The clear priority is to obtain approval and launch in Australia, the US and Canada. Awaiting TGA approval, and planned FDA pre-sub meeting.

## Commercial Pipeline

### Other applications



#### atomoNOW™ Iron Deficiency Test

Atomo has a strong pipeline of product development moving beyond infectious diseases to target women's health and at-home wellness monitoring.

Atomo is developing a blood-based Iron deficiency test using its already-approved Galileo platform.

As the first and only HIV self-test approved in Australia, the Galileo platform has achieved global commercialisation and demonstrated usability performance in the hands of lay users. Atomo will leverage its existing validated process and the capacity at its facility in South Africa to manufacture the atomoNOW™ Iron deficiency test, resulting in low incremental cost. The development of the Iron Deficiency Test is expected to receive regulatory approval in the UK, Australia, and Europe (IVDR).

According to a study by the World Health Organisation<sup>11</sup>, 30% of all women globally aged between 15 and 39 suffer from anaemia.

Pregnant women see a greater than 40% increase in this figure. The most common cause of anaemia is iron deficiency. Ferritin is one of the "Top 10 most requested tests"<sup>12</sup> that doctors in the USA order, and it has frequently been identified by Atomo's partners as a test of interest for which there is demand.

Atomo is developing a simple to use test that enables users to identify if they are vitamin D deficient and then assess the effectiveness of treatment or lifestyle changes.

Atomo is targeting approval and launch in Australia and New Zealand towards the end of 2024, with the UK and Europe to follow in early 2025.

#### Other Applications

Atomo is seeking to expand its finished products portfolio to include a range of applications. Tests of interest include:

- Testosterone monitoring
- Thyroid function monitoring (TSH)
- HIV/Syphilis combo
- Chlamydia/Gonorrhoea combo (utilising the Atomo swab platform)
- Coeliac disease
- Allergy

#### Atomo Digital

Atomo has partnered with BBI to further enhance its mobile app to accompany its Galileo and Pascal platform.

The app is specifically designed for untrained self-test users and includes easy-to-follow, animated steps of use, integrated timer, image capture as well as a patented blood delivery step to ensure the correct amount of sample is delivered, checking the validity of the test as well as preventing false results.

Atomo continues to engage with a number of diagnostic reader companies in regards to optimisation of Atomo devices with a range of reader solutions.

11. [https://www.who.int/data/gho/data/themes/topics/anaemia\\_in\\_women\\_and\\_children](https://www.who.int/data/gho/data/themes/topics/anaemia_in_women_and_children)

12. <https://www.findlabtest.com/article/top-10-blood-tests-ordered-by-doctors/>

## Operational Capabilities

**Atomo's operations are well positioned to deliver. Production capacity has been qualified and validated and the company's operations, including the wholly owned finished product facility in Cape Town, having been audited and certified by international regulators.**

Atomo's supply chain can produce up to 17 million assembled cassettes annually across Pascal and Galileo applications, with the ability to cost effectively

scale beyond this level of production as demand for Atomo's unique solutions expands over time.

Atomo's facility in South Africa can now produce more than 3 million HIV Self-Tests annually, with facility operations currently being upgraded to allow for an increasing range of Atomo finished products to be cost effectively produced there at scale.

### Sydney facility

The blister machine and R&D lab in Sydney optimises the OEM onboarding process, supplementing the validated South African production capacity and capability. For OEM clients, blister machines offer a quick way to develop and manufacture buffer blisters, and the research and development lab facilitates Atomo product assembly, test strip optimisation and mechanical testing of 3D-printed components throughout design iteration for feasibility and verification.



The blister machine and R&D lab in Sydney



Atomo South Africa team

### South African facility

Atomo has completed the expansion of its manufacturing facility in South Africa by adding additional storage capacity, staff facility and a backup power system to support the production of HIV tests.

The same validated process will be used for the AtomoNow Iron deficiency test. To accommodate large volume orders and storage, Atomo has teamed with a 3PL warehouse and distribution company in Cape Town. With the above modification the current validated capacity is >3.6m tests per year. There are currently 18 competent and experienced employees working for Atomo in South Africa. Because Atomo has established strong local supply chain partners, lead times are more flexible and less expensive. This will support PEPFAR and other Global Health partners in their goal to procure 15 million HIV tests from manufacturers based in Africa by 2025.

Atomo runs a validated fully integrated SAP ERP system for all its global operations.

## Environmental, Social & Governance

The following sustainability issues are most material to our business and are important to key stakeholders such as investors, consumers, customers, suppliers, governments and employees.

### PRODUCT QUALITY & SAFETY

Choosing materials from quality sources, complying with ISO 13485 Medical Devices Quality Management, and delivering safe products to customers and investigating all concerns to ensure our products maintain the highest quality

### ETHICAL PURCHASING & HUMAN RIGHTS IN THE 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

### RESOURCE USE & 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

### PRODUCT PRICING & ACCESSIBILITY

Strategies and initiatives designed to provide more affordable diagnostic pricing and accessibility to products for patients through development, manufacture and marketing of high-quality generic and branded products, with a particular focus on accessible diagnostics for the global health and Lower and Middle Income markets

### CORRUPTION & BRIBERY

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

### ENVIRONMENTAL REGULATION

Focused on meeting or exceeding environmental regulation across its operations globally

### SAFE & HEALTHY EMPLOYMENT

Ensuring our employees work in a safe environment with opportunities for training and growth, addressing health and safety concerns as they arise and mitigating the risk of re-occurrence of incidents

### 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



# People & Culture

## Nurturing our Team

### A Focus on Mental Health and Professional Development

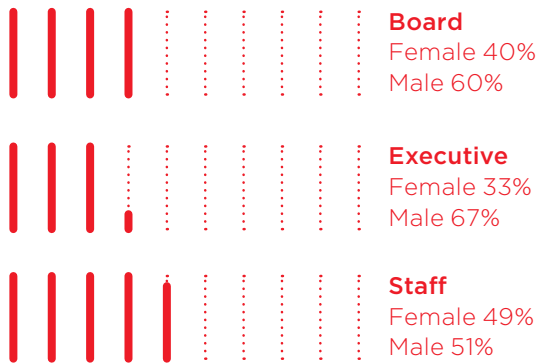
At Atomo our people are at the heart of our success. Over the past year, we continued our commitment to creating a diverse workplace that fosters both mental and physical health awareness and personal and professional development.

We came together for a workshop to raise awareness and equip our staff with tools to support their peers and recognise early signs of mental health and promoted open and honest conversations through active participation in R U OK day.

Further, we introduced a Learning and Development platform offering a wide range of courses and resources designed to empower our people with skills and knowledge they need to support their personal and professional development.

As we move forward, we remain committed to the well-being and development of our people. By fostering a culture of inclusion, support and continuous learning we are confident we will achieve great things.

### Gender Diversity as at 30 June 2023



### Priscilla Strachan People Experience Manager

Priscilla is based at our headquarters in Sydney and is responsible for shaping our People strategy and managing execution of the People functions.



*"I have a deep commitment to nurturing a positive inclusive workplace culture and fostering employee well-being, I am dedicated to creating an environment where every team member can flourish. I am proud to be part of the Atomo team and my mission is to contribute to the ongoing success of Atomo by cultivating a dynamic and engaged workforce."*

### Ryan Smith Production Lead

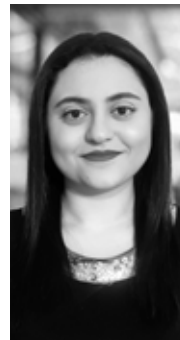
Ryan is based in our production facility in Cape Town South Africa and is responsible for managing daily production activities as well as supervising our great team of operational staff.



*"At Atomo Diagnostics, we promote growth and development, that is one of the things I appreciate immensely. I was one of the first employees that was onboarded in Atomo, South Africa and had the privilege to see and experience how the company has grown."*

### Suzy Elhlou Finance Manager

Suzy is based at our headquarters in Sydney and is responsible for financial planning, reporting and compliance.



*"Making a positive difference is what drives me to do my best. It is exciting and rewarding being part of a team that are leading thinkers and experts in their respective fields and the devoted mentorship that is fostered and upheld by our management team. I am very passionate in playing my part in making a better tomorrow."*





**atomo**

# **Financial Statements**

**Atomo Diagnostics Limited**  
**ABN 37 142 925 684**  
**Annual Report 30 June 2023**

**Atomo Diagnostics Limited**  
**Directors' report**  
**For the period ended 30 June 2023**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Atomo Diagnostics Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 June 2023.

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

**Directors**

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

<b>Director</b>	<b>Appointed</b>	<b>Resigned</b>
John Keith (Chair & Non-Executive Director)	2 December 2011	n/a
John Kelly (Managing Director)	1 April 2010	n/a
Curt LaBelle (Non-Executive Director)	21 October 2016	n/a
Paul Kasian (Non-Executive Director)	4 February 2020	n/a
Deborah Neff (Non-Executive Director)	15 September 2021	n/a
Cheri Walker (Non-Executive Director)	15 November 2022	n/a

The Company Secretary is Maria Clemente who was appointed on 1 March 2023 (Tharun Kuppanda resigned on 1 March 2023).

**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 \$9,957,632 (30 June 2022: \$5,706,854).

Revenue of approximately \$2.5m comprised \$1.56m for HIV sales, \$390k for COVID-19 related sales and \$591k for other OEM sales. Revenue was significantly lower than FY22 as the COVID-19 pandemic passed and with it, demand ceased for COVID-19 rapid antigen and rapid antibody tests.

Cash and cash equivalents at 30 June 2023 amounted to \$6.47 million compared to \$12.97 million as at 30 June 2022.

Ongoing measures were undertaken during the year to reduce operating expenditure and carefully manage capital expenditure. With substantial investment already made in developing and bringing to market Atomo's patent-protected rapid test devices and finished test products, and in installing manufacturing capacity over prior years, the focus has primarily been on investing prudently but strategically in key areas of the business to support market facing and revenue generating activities. This includes focusing on supporting existing and new potential markets for our existing HIV Self-Test product, where a new material contract was entered into during the year with Newfoundland Diagnostics for the UK and European markets, Viatrix continues to pursue larger global health tender opportunities in LMIC, and Atomo has focused on growth in sales in the Australian market through direct to consumer pharmacy channels, and continues to work on potential larger State and Federal Government opportunities.

The company has obtained the rights from NG Biotech to launch a rapid blood-based pregnancy test on the Atomo Pascal platform under an Atomo brand in Australia, New Zealand, Canada and the US and awaits TGA approval to enable launch in Australia in H1 FY24 with other markets to follow. Preparation is under way to start the regulatory process for approval from the FDA to enable sales in the US, where there is a substantial and growing market for rapid pregnancy testing. Atomo intends to bring further new products to market with an iron deficiency test the next priority following the launch of the pregnancy test.

Business development activities continue to focus on re-establishing and growing our OEM business in the post-pandemic environment, with NG Biotech growing sales of its blood-based pregnancy test in Europe and launch in Brazil, leading to increased sales of the Atomo Pascal device, and with Lumos Diagnostics successfully obtaining a 510(k) clearance for its FebriDx test on the Atomo Pascal device. This US approval establishes a regulatory precedent for Atomo in that key international market as well as increasing the addressable market where the pascal enabled FebriDX test can be supplied.

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**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**

- 1,733,332 options issued to executives under the Company's Post-IPO option plan lapsed as the KPIs applicable to the options were not satisfied with respect to the year ended 30 June 2023.
- The Board has exercised its discretion to allocate 934,999 options to executives under the company's post-IPO option plan to reward the diligent execution of the corporate strategy and to ensure retention of the key talent needed to deliver strategic outcomes in the interest of shareholders.
- On 1 July 2023, the board has exercised its discretion to allocated 6,100,000 options to employees, under the company's employee share plan. The option award is in recognition of the performance of key staff throughout the year and to support retention of the key talent needed to deliver on the company's business objectives.
- On 13 July 2023 Atomo completed a Placement to institutional and sophisticated investors at \$0.036 per share to raise \$1.25m. A Share Purchase Plan was undertaken with Eligible Shareholders that raised \$0.46m at a price of \$0.03 per share which closed on 1 August 2023, and an SPP shortfall placement was made to institutional investors on the same terms as the SPP to raise \$0.54m.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

**Likely developments and expected results of operations**

With additional funding received from the recently completed Placement, SPP and Shortfall Placement Atomo is well funded moving into FY24 to deliver on its key priorities, including:

- Continued growth in HIV Self-Test sales with increased participation in global health tenders, targeted entry into private sector markets in Asia and the Americas, and growth in higher margin developed markets including Australia, the UK and Europe through retail focused distribution and government engagement.
- Focus on the expansion of Atomo's Point of Care technology 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 and its partners. Recent partnership referral agreements entered into with leading test strip assay development companies that have customers bringing new tests to market are expected to assist with awareness and availability of Atomo's devices and generate new OEM business development contracts.
- Securing regulatory approvals and launching Atomo's new rapid test products in key markets. The two new women's health focused priority markets to be launched in FY24 are for the early detection of pregnancy and for the monitoring of iron deficiency.

**Business risk**

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

- **Regulatory risk:** The company sells medical devices and finished products that require regulatory approvals to be maintained (for existing approved products), and to be obtained (for new products) in multiple jurisdictions. This includes obtaining and maintaining product approvals from the TGA in Australia, the FDA in the US, Health Canada in Canada, comparable bodies in Asia and South America, the World Health Organisation for LMIC global health markets, and compliance with the IVDD and IVDR regimes in Europe. There are risks associated with these regulatory approvals that may impact on the business should approvals be withdrawn for existing products or not obtained for new products.
- **Product quality and safety:** Should quality or safety issues arise with Atomo's products, there is the potential for negative financial and or reputational impacts. To mitigate this risk Atomo sources materials from quality suppliers, complies with ISO 13485 Medical Devices Quality Management, and delivers safe products to customers. Atomo aims to adhere to or exceed strict regulatory standards in all jurisdictions that it serves, and investigates all concerns to ensure our products maintain the highest quality. We are frequently inspected by independent regulatory authorities auditing compliance with these standards.
- **Compliance:** Responsibility to drive compliance with legal and regulatory requirements applicable to our global business. Includes development of policies and controls, communication and training, oversight and continuous improvement. Consequently, compliance affects every aspect of what we do, to deliver quality products to consumers.
- **Supply chain:** Responsibility to partners to ensure our product line is free from human rights concerns such as forced labour and trafficking, unsafe labour standards and unfair treatment. Atomo relies on third party manufacturers in certain areas and as such has potential exposure to supply chain disruption risks. The company takes steps to stay closely engaged with its supply chain and ensures sufficient stock on hand to mitigate this risk.

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- **Employees and skilled labour:** Atomo's business relies on key qualified personnel. Atomo seeks to ensure our employees are appropriately remunerated and work in a safe environment, which meets or exceeds relevant regulatory expectations, addresses health and safety concerns as they arise and mitigates the risk of reoccurrence of incidents.
- **Operational risk:** Atomo has international operations, including a manufacturing facility in South Africa and as such is potentially exposed to additional political, legal, economic and regulatory risk specific to those locations.
- **Atomo operates in a competitive industry:** Strategies and initiatives designed to provide diagnostics at competitive prices to ensure it can develop, manufacture and market high-quality generic and branded products, with a particular focus on accessible diagnostics for the global health and Lower and Middle Income markets.
- **Corruption and bribery:** Business must be conducted with transparency, and free from unethical persuasion. Ethical business practices relate to every aspect of Atomo's business, from identifying product sources, through the development of diagnostics, transactions with regulatory bodies and sale to customers.
- **Resource use and waste management:** Includes energy usage during manufacture and logistics, water usage and waste as a by-product of manufacture, with particular consideration given to the fact that the products are classified as medical waste upon use.
- **Climate risk:** The board is considering on an ongoing basis the potential response to climate risk and considering potential implementation of a formal review and policy response in future years.

The Board believes that the group has adequate systems in place for the management of its exposure to 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 & 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 and 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 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 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: 999,999  
Contractual rights to shares: Nil

**Name:** **Curt LaBelle**  
**Title:** Non-Executive Director  
**Experience and expertise:** Curt LaBelle has served as 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. Dr LaBelle is 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. His 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.

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: 65,051,280 (inclusive of the GHIF Holding)  
Interests in options: Nil  
Contractual rights to shares: Nil

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<b>Name:</b>	<b>Paul Kasian</b>
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 Sedarex (appointed July 2023) and Non Executive Director of Eco Systems Ltd (appointed October 2019).
Former directorships (last 3 years):	Executive Chairman of Zecuro Therapeutics
Special responsibilities:	Chair of the Audit and Risk Committee and member of the People, Culture & Remuneration Committee.
Interests in shares:	100,000
Interests in options:	Nil
Contractual rights to shares:	Nil
<b>Name:</b>	<b>Deborah Neff</b>
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 of the University of California, Davis Foundation and also chairs the College of Biological Sciences Leadership Council at the University.  She serves as an Independent Director and member of the Governance committee for Guide Dogs for the Blind Inc. a non-profit organisation.  Deborah holds a Bachelor in Science degree from the University of California, Davis.
Other current directorships:	Non-Executive Director and member of the Audit Committee for Cytek Biosciences, Inc.
Former directorships (last 3 years):	Nil
Special responsibilities:	Chair of the People, Culture & Remuneration Committee and member of the Audit and Risk Committee
Interests in shares:	Nil
Interests in options:	Nil
Contractual rights to shares:	Nil
<b>Name:</b>	<b>Cheri Walker</b>
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 President, Chief Executive Officer, and Director of Rhinostics. 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:	Director of Rhinostics
Former directorships (last 3 years):	Director CellDx, Director BrickBio
Special Responsibilities:	Nil
Interest in shares:	Nil
Interest in options:	Nil
Contractual rights to shares:	Nil



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'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**

Maria Clemente is a corporate governance and compliance expert with 15 years of experience in corporate advisory. Prior to joining BoardRoom Pty Ltd as a Company Secretary, Maria was a senior listings adviser at the ASX where she had extensive involvement in the oversight of listed entities and demonstrated solid knowledge of the role of equity markets including capital raisings, mergers and acquisitions and other corporate activities.

Ms Clemente is admitted as a lawyer in New South Wales and spent a decade in corporate restructure and turnaround as a senior manager, with specialist experience in conducting formal insolvency appointments, as well as in the areas of commercial disputes, succession, partnership and Corporations Act matters.

Ms Clemente was appointed as Atomo's Company Secretary on 1 March 2023. (Tharun Kuppana held the position from 25 January 2022 to 1 March 2023).

**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 2023, and the number of meetings attended by each director were:

	Attended	Full Board Held <sup>^</sup>	Nomination and Remuneration Committee		Audit and Risk Committee	
			Attended	Held <sup>^</sup>	Attended	Held <sup>^</sup>
John Keith	8	8	3	3	3	3
John Kelly	8	8	-	-	-	-
Curt LaBelle	7	8	-	-	-	-
Paul Kasian	8	8	3	3	3	3
Deborah Neff	7	8	3	3	3	3
Cheri Walker <sup>1</sup>	5	8	-	-	-	-

<sup>^</sup> Represents the number of meetings when the director was eligible to attend as a member of the relevant committee.

<sup>1</sup> Cheri Walker was appointed director on 15 November 2022 and therefore did not attend the 3 board meetings held in FY23 prior to her appointment. Dr Walker was subsequently appointed as a member of the Audit & Risk Committee on 22 February 2023.

**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 – Founder and Managing Director
- Curt LaBelle – Non-Executive Director
- Paul Kasian – Non-Executive Director
- Deborah Neff – Non-Executive Director
- Cheri Walker – Non-Executive Director (Appointed on 15 November 2022)

And the following executives:

- William Souter – Chief Financial Officer
- Chandra Sukumar – Chief Operating Officer

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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, shortly prior to listing, the Board established a 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 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://atomodiagnosics.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.

***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.

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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 and non-monetary benefits
- 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 fringe benefits (for example motor vehicle 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.

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

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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total AUD
	Cash salary and fees AUD	Cash bonus AUD	Other monetary AUD	Super-annuation AUD	Long service leave AUD	Equity-settled AUD	
<b>30 June 2022</b>							
<i>Non-Executive Directors:</i>							
John Keith	130,000	-	-	-	-	-	130,000
Curt LaBelle	50,000	-	-	-	-	-	50,000
Paul Kasian	63,636	-	-	6,364	-	-	70,000
Connie Carnabuci*	28,228	-	-	2,823	-	-	31,051
Deborah Neff**	53,880	-	-	-	-	-	53,880
<i>Executive Directors:</i>							
John Kelly	367,825	94,500	-	38,356	7,748	24,662	533,091
<i>Other Key Management Personnel:</i>							
William Souter**	267,117	90,000	22,727	29,670	1,226	39,459	450,199
Chandra Sukumar^	62,864	-	-	5,159	4,621	-	72,644
Mark Smith^^	186,553	-	-	-	-	15,784	202,337
Fabio Baglioni+	52,227	-	-	-	-	-	52,227
	<b>1,262,330</b>	<b>184,500</b>	<b>22,727</b>	<b>82,372</b>	<b>13,595</b>	<b>79,905</b>	<b>1,645,429</b>

\* Resigned on 9 December 2021.

\*\* Appointed on 15 September 2021.

^ Appointed on 18 April 2022.

^^ Resigned on 31 March 2022.

+ Resigned on 30 July 2021.

\*\* One-off payment of \$25,000 (inclusive of super) included in Other monetary in relation to employment agreement re-negotiation

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 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<i>Non-Executive Directors:</i>						
John Keith	100%	100%	-	-	-	-
Curt LaBelle	100%	100%	-	-	-	-
Paul Kasian	100%	100%	-	-	-	-
Connie Carnabuci*	-	100%	-	-	-	-
Deborah Neff**	100%	100%	-	-	-	-
Cheri Walker	100%	-	-	-	-	-
<i>Executive Directors:</i>						
John Kelly	82%	78%	15%	17%	3%	5%
<i>Other Key Management Personnel:</i>						
William Souter	82%	66%	15%	25%	3%	9%
Chandra Sukumar^	85%	100%	15%	-	-	-
Mark Smith^^	-	92%	-	-	-	8%
Fabio Baglioni+	-	100%	-	-	-	-

\* Resigned on 9 December 2021.

\*\* Appointed on 15 September 2021.

^ Appointed on 18 April 2022.

^^ Resigned on 31 March 2022.

+ Resigned on 30 July 2021.

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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.

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

Name	Cash bonus paid/payable		Cash bonus forfeited	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<i>Non-Executive Directors:</i>				
John Keith	-	-	-	-
Curt LaBelle	-	-	-	-
Paul Kasian	-	-	-	-
Connie Carnabuci	-	-	-	-
Deborah Neff	-	-	-	-
Cheri Walker	-	-	-	-
<i>Executive Directors:</i>				
John Kelly	60%	75%	40%	25%
<i>Other Key Management Personnel:</i>				
William Souter	60%	100%	40%	-
Chandra Sukumar	60%	-	40%	-

**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  
 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 & 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: William Souter  
 Title: Chief Financial Officer  
 Agreement commenced: 10 March 2020  
 Term of agreement: Not specified  
 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.

**Atomo Diagnostics Limited**  
**Directors' report**  
**For the period ended 30 June 2023**

Name: Chandra Sukumar  
 Title: Chief Operating Officer  
 Agreement commenced: 31 October 2016 (appointed as COO on 18 April 2022)  
 Term of agreement: Not specified  
 Details: Annual salary of \$250,000 (excluding superannuation) following appointment to COO role on 18 April 2022. 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.

**Share-based compensation**

*Option plan details*

1. Pre-IPO option plan details

In 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 persons.

As at the date of this report, no options under Pre-IPO options remain outstanding.

2. Post-IPO Option plan details

Shortly prior to being listed on the ASX, the Company established a new employee option plan to align the interests of eligible employees and Directors with shareholders 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 persons.

Upon Atomo's admission to the official list of ASX, Atomo granted a total of 6,800,000 options under the post-IPO option plan to the four (4) executive KMPs exercisable at \$0.25 within thirty six (36) months from the date of vesting. The options vest in three equal tranches in 12 months, 24 months and 36 months respectively, subject to the satisfaction of vesting conditions relating to KPIs determined by the Managing Director or in the case of the Managing Director, determined by the Board in consultation with the People, Culture, Nomination and Remuneration Committee, as follows:

*KPI 1: ROI Hurdle:*

15% per annum calculated using the following formula:

Change in EBITDA year on year / amount invested in operating assets during the year.

*KPI 2: Revenue Hurdle:*

Tranche 1 / FY21 - Revenue growth of 60%

Tranche 2 / FY22 - Revenue growth of 40%

Tranche 3 / FY23 - Revenue growth of 25%

As at the date of this report, the Company had on issue 3,001,664 options to KMPs under the post-IPO option plan.

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise date	Fair value per option at grant date
John Kelly	666,666	25 August 2022	25 August 2022	14 April 2025	AUD0.25	AUD0.022
John Kelly	333,333	8 November 2021	8 November 2021	14 April 2024	AUD0.25	AUD0.074
William Souter	533,333	25 August 2022	25 August 2022	14 April 2025	AUD0.25	AUD0.022
William Souter	533,333	8 November 2021	8 November 2021	14 April 2024	AUD0.25	AUD0.074

**Atomo Diagnostics Limited**  
**Directors' report**  
**For the period ended 30 June 2023**

In addition to the above, subsequent to 30 June 2023, the Board has exercised its discretion to allocate the following new options to management 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:

John Kelly	366,666 options
William Souter	293,333 options
Chandra Sukumar	275,000 options
<b>Total</b>	<b>934,999 options</b>

These options are exercisable at \$0.0468 per option and expire on 22 August 2026. In addition, these options are conditional upon the executive remaining employed by the Company and in the case of John Kelly, on Shareholder approval of the allocation.

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
Curt LaBelle <sup>1</sup>	65,051,280	-	-	-	65,051,280
Paul Kasian	100,000	-	-	-	100,000
Deborah Neff	-	-	-	-	-
Cheri Walker <sup>2</sup>	-	-	-	-	-
William Souter	250,000	-	-	-	250,000
Chandra Sukumar	170,000	-	-	-	170,000
	<b>141,322,584</b>	-	-	-	<b>141,322,584</b>

<sup>1</sup> Includes shares held by Global Health Investment Fund LLC. Curt LaBelle is President at GHIF.

<sup>2</sup> Appointed on 15 November 2022

*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
<i>Options over ordinary shares</i>					
John Keith	1,200,000	-	-	(1,200,000)	-
John Kelly	999,999	666,666	-	(666,666)	999,999
Curt LaBelle <sup>1</sup>	1,200,000	-	-	(1,200,000)	-
Paul Kasian	-	-	-	-	-
Deborah Neff	-	-	-	-	-
Cheri Walker <sup>2</sup>	-	-	-	-	-
William Souter	1,066,667	533,333	-	(533,334)	1,066,666
Chandra Sukumar	-	-	-	-	-
	<b>4,466,666</b>	<b>1,199,999</b>	-	<b>(3,600,000)</b>	<b>2,066,665</b>

<sup>1</sup> Includes shares held by Global Health Investment Fund LLC. Curt LaBelle is President at GHIF.

<sup>2</sup> Appointed on 15 November 2022.

**Atomo Diagnostics Limited**  
**Directors' report**  
**For the period ended 30 June 2023**

**Statutory performance indicators**

The Company 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**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Loss for the year attributable to the Company (\$)	(9,957,632)	(5,706,854)	(6,021,215)
Basic earnings per share (cents)	(1.74)	(1.00)	(1.07)
Dividend payments	-	-	-
Dividend payout ratio <sup>1</sup>	-	-	-
Increase / (decrease) in share price	(61%)	(70%)	(46%)
Total KMP incentives as a percentage of profit / (loss) for the year	(16.3%)	(28.8%)	(27.6%)

<sup>1</sup> The dividend payout ratio is calculated on dividends paid and profit for the year.

***This concludes the remuneration report, which has been audited.***

**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 2024	AUD0.25	1,613,332
Post- IPO options	14 April 2025	AUD0.25	1,733,332
Post- IPO options	14 April 2026	AUD0.25	533,334
Other options	30 April 2024	AUD0.40	2,000,000
Other options	30 April 2024	AUD0.60	2,000,000
			7,879,998

In addition to the above, subsequent to 30 June 2023, the Board has exercised its discretion to allocate the following new options to management and employees 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:

Options	Expiry date	Exercise price	Number under option
Employee share options	01/07/2027	AUD0.0350	6,100,000
KMP share options	22/08/2026	AUD0.0468	934,999

These options are conditional upon the employee or executive remaining employed by the Company and in the case of John Kelly, on Shareholder approval of the allocation.

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 2023 and up to the date of this report.



**Atomo Diagnostics Limited**  
**Directors' report**  
**For the period ended 30 June 2023**

**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 ensure 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 23 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 23 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.

**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.

**Atomo Diagnostics Limited**  
**Directors' report**  
**For the period ended 30 June 2023**

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

A handwritten signature in black ink, appearing to read "JOHN KEITH". The signature is written in a cursive, slightly slanted style.

---

John Keith  
Chair

24 August 2023  
Sydney



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Sydney NSW 2000  
Australia

## **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 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.

A handwritten signature in black ink that reads 'Gareth Few'. The signature is written in a cursive, flowing style.

**Gareth Few**  
**Director**

**BDO Audit Pty**  
**Ltd**

Sydney

24 August 2023

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

**Atomo Diagnostics Limited**

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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 24 August 2023. 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 2023**

	Note	Consolidated	
		30 June 2023 AUD	30 June 2022 AUD
Revenue	3	2,543,716	12,336,111
Costs of sales		(1,876,247)	(8,090,427)
<b>Gross profit</b>		<b>667,469</b>	<b>4,245,684</b>
Other Income	4	1,157,705	2,690,863
Employee benefits expense	5	(4,853,433)	(4,102,416)
Foreign exchange gains		107,548	87,653
Depreciation and amortisation expense	5	(1,891,787)	(1,997,405)
Research and development expenses		(604,719)	(1,410,756)
Insurance		(402,950)	(441,499)
Inventory obsolescence expense		(1,168,832)	(362,889)
IT expenses		(197,600)	(264,263)
Occupancy expenses		(9,497)	(43,929)
Professional and consulting fee expenses		(822,793)	(2,325,613)
Regulatory expenses		(555,559)	(689,010)
Travel expenses		(279,125)	(123,735)
Other expenses		(1,089,072)	(954,069)
Finance costs	5	(14,987)	(15,470)
<b>Loss before income tax expense</b>		<b>(9,957,632)</b>	<b>(5,706,854)</b>
Income tax expense	6	-	-
<b>Loss after income tax expense for the period attributable to the owners of Atomo Diagnostics Limited</b>		<b>(9,957,632)</b>	<b>(5,706,854)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(112,330)	164,612
<b>Other comprehensive income for the period, net of tax</b>		<b>(112,330)</b>	<b>164,612</b>
<b>Total comprehensive income for the period attributable to the owners of Atomo Diagnostics Limited</b>		<b>(10,069,962)</b>	<b>(5,542,242)</b>
		<b>AUD Cents</b>	<b>AUD Cents</b>
Basic earnings per share	32	(1.744)	(1.003)
Diluted earnings per share	32	(1.744)	(1.003)

*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 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>AUD</b>	<b>AUD</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	6,470,318	12,966,400
Trade and other receivables	8	1,823,824	2,678,106
Inventories	9	2,136,666	3,420,647
<b>Total current assets</b>		<b><u>10,430,808</u></b>	<b><u>19,065,153</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	10	2,509,488	3,665,230
Right-of-use assets	11	233,732	316,786
Intangible assets	12	3,299,531	3,574,690
<b>Total non-current assets</b>		<b><u>6,042,751</u></b>	<b><u>7,556,706</u></b>
<b>Total assets</b>		<b><u>16,473,559</u></b>	<b><u>26,621,859</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	861,631	1,083,212
Lease liabilities	14	170,701	155,926
Provisions	15	277,155	291,158
Deferred Revenue	16	185,074	-
<b>Total current liabilities</b>		<b><u>1,494,561</u></b>	<b><u>1,530,296</u></b>
<b>Non-current liabilities</b>			
Lease liabilities	17	84,176	184,879
Provisions	18	104,611	92,970
<b>Total non-current liabilities</b>		<b><u>188,787</u></b>	<b><u>277,849</u></b>
<b>Total liabilities</b>		<b><u>1,683,348</u></b>	<b><u>1,808,145</u></b>
<b>Net assets</b>		<b><u>14,790,211</u></b>	<b><u>24,813,714</u></b>
<b>Equity</b>			
Issued capital	19	68,036,837	68,036,837
Reserves	20	303,125	803,348
Accumulated losses		<u>(53,549,751)</u>	<u>(44,026,471)</u>
<b>Total equity</b>		<b><u>14,790,211</u></b>	<b><u>24,813,714</u></b>

*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 2023**

	Issued Capital AUD	Foreign Currency Translation Reserve AUD	Share Based Payment Reserve AUD	Accumulated Losses AUD	Total Equity AUD
<b>Consolidated</b>					
<b>Balance at 1 July 2021</b>	<b>67,921,661</b>	<b>(227,690)</b>	<b>713,027</b>	<b>(38,319,617)</b>	<b>30,087,381</b>
Loss after income tax expense for the period	-	-	-	(5,706,854)	(5,706,854)
Other comprehensive income for the period, net of tax	-	164,612	-	-	164,612
Total comprehensive income for the period	-	164,612	-	(5,706,854)	(5,542,242)
<i>Transactions with owners in their capacity as owners:</i>					
Equity-settled share based payments	-	-	201,029	-	201,029
Exercise of options	116,426	-	(47,630)	-	68,796
Issue costs	(1,250)	-	-	-	(1,250)
<b>Balance at 30 June 2022</b>	<b>68,036,837</b>	<b>(63,078)</b>	<b>866,426</b>	<b>(44,026,471)</b>	<b>24,813,714</b>
	Issued Capital AUD	Foreign Currency Translation Reserve AUD	Share Based Payment Reserve AUD	Accumulated Losses AUD	Total Equity AUD
<b>Consolidated</b>					
<b>Balance at 1 July 2022</b>	<b>68,036,837</b>	<b>(63,078)</b>	<b>866,426</b>	<b>(44,026,471)</b>	<b>24,813,714</b>
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
Exercise of options	-	-	-	-	-
Issue costs	-	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>68,036,837</b>	<b>(175,408)</b>	<b>478,533</b>	<b>(53,549,751)</b>	<b>14,790,211</b>

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 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>AUD</b>	<b>AUD</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inc. of GST)		3,300,514	16,315,588
Payments to suppliers and employees (inc. of GST)		<u>(10,430,849)</u>	<u>(20,951,514)</u>
		<b>(7,130,335)</b>	<b>(4,635,926)</b>
Interest received		74,109	5,456
R & D and other government incentives received		<u>1,208,555</u>	<u>1,823,828</u>
<b>Net cash used in operating activities</b>	<b>31</b>	<b><u>(5,847,671)</u></b>	<b><u>(2,806,642)</u></b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(59,976)	(1,392,793)
Payments for intangibles assets		<u>(341,300)</u>	<u>(912,709)</u>
<b>Net cash used in investing activities</b>		<b><u>(401,276)</u></b>	<b><u>(2,305,502)</u></b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of share capital (net of costs)		-	67,546
Repayment of leases		<u>(170,752)</u>	<u>(49,938)</u>
<b>Net cash from/(used in) financing activities</b>		<b><u>(170,752)</u></b>	<b><u>17,608</u></b>
Net decrease in cash and cash equivalents		(6,419,699)	(5,094,536)
Cash and cash equivalents at the beginning of the financial period		12,966,400	17,946,517
Effects of exchange rate changes on cash and cash equivalents		<u>(76,383)</u>	<u>114,419</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>7</b>	<b><u><u>6,470,318</u></u></b>	<b><u><u>12,966,400</u></u></b>

*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 2023**

**Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

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 2022. 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.

**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 28.

**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 2023 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.

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**Note 1. Significant accounting policies (continued)**

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.

*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

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.

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**Note 1. Significant accounting policies (continued)**

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.

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.

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**Note 1. Significant accounting policies (continued)**

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.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**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.

**Inventories**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**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.

*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.

**Leases**

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**Note 1. Significant accounting policies (continued)**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**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.

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**Note 1. Significant accounting policies (continued)**

**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.

**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.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**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.

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**Note 1. Significant accounting policies (continued)**

**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.

**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.

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
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**Note 1. Significant accounting policies (continued)**

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.

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.

**Dividends**

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

**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.



**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**Note 1. Significant accounting policies (continued)**

**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.

**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.

**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*

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.

*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.

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

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

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.

*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.

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**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
<i>Revenue from contracts with customers</i>		
Sales of goods	2,543,716	12,336,111
Rendering of services	-	-
	<hr/>	<hr/>
<b>Total</b>	<b><u>2,543,716</u></b>	<b><u>12,336,111</u></b>

*Disaggregation of revenue*

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

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
<i>Major product lines</i>		
Point-of-care tests	1,932,289	12,215,947
Point-of-care technology	590,737	-
Other	20,690	120,164
	<hr/>	<hr/>
<b>Total</b>	<b><u>2,543,716</u></b>	<b><u>12,336,111</u></b>

Point-of-care (POC) tests revenue line aggregates previously segregated HIV and COVID sales that were sold. The group intends to expand its portfolio of POC tests and is therefore combining these revenue items into one category.

Point-of-care (POC) technology revenue line aggregates previously classified OEM sales, services and other potential component technology offerings.

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	2,543,716	12,336,111
Services transferred over time	-	-
	<hr/>	<hr/>
<b>Total</b>	<b><u>2,543,716</u></b>	<b><u>12,336,111</u></b>

**Note 4. Other Income**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
R&D tax rebate	946,411	1,029,205
Licence and settlement fees	137,185	1,656,202
Interest income	74,109	5,456
	<hr/>	<hr/>
<b>Total</b>	<b><u>1,157,705</u></b>	<b><u>2,690,863</u></b>

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**Note 5. Expenses**

Profit / (loss) before income tax from continuing operations includes the following specific expenses:

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
<b>Employee benefits expense</b>		
Salaries, wages and directors' fees	3,731,788	3,210,355
Contributions to defined contribution superannuation funds	274,546	263,815
Equity-settled share-based payments	46,459	201,029
Other employment related expenses	800,640	427,217
<b>Total</b>	<b>4,853,433</b>	<b>4,102,416</b>
<b>Depreciation and amortisation</b>		
Depreciation expense (Note 10)	1,215,718	1,390,540
Amortisation expense (Note 12)	523,178	487,992
Right-of-use assets (Note 11)	152,891	118,873
<b>Total</b>	<b>1,891,787</b>	<b>1,997,405</b>
<b>Finance Cost</b>		
Lease interest expense	14,987	15,470
<b>Total</b>	<b>14,987</b>	<b>15,470</b>

**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:

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
<i>Income tax expense</i>		
Current tax	-	-
Deferred tax - origination and reversal of temporary differences	-	-
Aggregate income tax expense	<u>-</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(9,957,632)	(5,706,854)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax using the Group's average tax rate 27% (2022: 27%)	2,723,109	1,516,038
Permanent and temporary difference	(53,771)	(480,166)
Tax losses not brought to account	(2,669,338)	(1,035,872)
Income tax expense	<u>-</u>	<u>-</u>

**(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.

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**Note 6. Income tax (continued)**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Net tax effect of carried forward losses not brought to account	6,202,721	3,800,722

**Note 7. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Cash at bank	<u><b>6,470,318</b></u>	<u><b>12,966,400</b></u>

**Note 8. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Trade receivables	687,334	975,854
Less: Allowance for expected credit losses	<u>(4,050)</u>	<u>(56,884)</u>
	<u>683,284</u>	<u>918,970</u>
Other receivables	379,575	587,182
R&D tax rebate receivable	<u>760,965</u>	<u>1,171,954</u>
<b>Total</b>	<u><b>1,823,824</b></u>	<u><b>2,678,106</b></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:

<b>Consolidated</b>	<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>	<b>AUD</b>	<b>AUD</b>
0 to 30 Days	687,334	621,507	4,050	8,128
31 to 60 Days	-	172,178	-	6
61 to 90 Days	-	12,586	-	378
91 to 120 Days	-	-	-	-
121+ Days	-	169,583	-	48,372
<b>Total</b>	<u><b>687,334</b></u>	<u><b>975,854</b></u>	<u><b>4,050</b></u>	<u><b>56,884</b></u>

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**Note 9. Current assets - inventories**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Raw materials - at cost	2,021,385	1,924,952
Less: Provision for impairment	<u>(40,967)</u>	<u>(23,541)</u>
	<u>1,980,418</u>	<u>1,901,411</u>
Work in progress - at cost	56,375	33,421
Less: Provision for impairment	<u>-</u>	<u>(24,871)</u>
	<u>56,375</u>	<u>8,550</u>
Finished goods - at cost	149,339	1,485,757
Less: Provision for impairment	<u>(49,466)</u>	<u>-</u>
	<u>99,873</u>	<u>1,485,757</u>
Stock in transit - at cost	<u>-</u>	<u>24,929</u>
<b>Total</b>	<b><u>2,136,666</u></b>	<b><u>3,420,647</u></b>

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

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Leasehold improvements - at cost	468,474	463,064
Less: Accumulated depreciation	<u>(130,093)</u>	<u>(90,406)</u>
Total leasehold improvements	<u>338,381</u>	<u>372,658</u>
Plant and equipment - at cost	7,126,423	7,071,857
Less: Accumulated depreciation	<u>(4,955,316)</u>	<u>(3,779,285)</u>
Total plant and equipment	<u>2,171,107</u>	<u>3,292,572</u>
<b>Total</b>	<b><u>2,509,488</u></b>	<b><u>3,665,230</u></b>

*Reconciliations*

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

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

<b>Consolidated</b>	<b>Leasehold improvements AUD</b>	<b>Plant and equipment AUD</b>	<b>Total AUD</b>
Balance at 1 July 2021	112,599	3,550,378	3,662,977
Additions	293,917	1,098,876	1,392,793
Depreciation expense	<u>(33,858)</u>	<u>(1,356,682)</u>	<u>(1,390,540)</u>
<b>Balance at 30 June 2022</b>	<b><u>372,658</u></b>	<b><u>3,292,572</u></b>	<b><u>3,665,230</u></b>

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

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Land and buildings - right-of-use	494,695	436,930
Less: Accumulated depreciation	<u>(273,227)</u>	<u>(123,767)</u>
	<u>221,468</u>	<u>313,163</u>
Plant and equipment - right-of-use	13,884	14,493
Less: Accumulated depreciation	<u>(1,620)</u>	<u>(10,870)</u>
	<u>12,264</u>	<u>3,623</u>
<b>Total</b>	<b><u>233,732</u></b>	<b><u>316,786</u></b>

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.

**Note 12. Non-current assets - intangible assets**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Development - at cost	3,094,863	2,909,418
Less: Accumulated amortisation	<u>(1,154,045)</u>	<u>(706,905)</u>
Total Development - at cost	<u>1,940,818</u>	<u>2,202,513</u>
Patents and trademarks - at cost	1,632,443	1,627,442
Less: Accumulated amortisation	<u>(742,492)</u>	<u>(668,821)</u>
Total Patents and trademarks - at cost	<u>889,951</u>	<u>958,621</u>
Other intangible assets - at cost	550,475	492,902
Less: Accumulated amortisation	<u>(81,713)</u>	<u>(79,346)</u>
Total Other intangible assets - at cost	<u>468,762</u>	<u>413,556</u>
<b>Total</b>	<b><u>3,299,531</u></b>	<b><u>3,574,690</u></b>

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**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:

<b>Consolidated</b>	<b>Patents and trademarks AUD</b>	<b>Product development costs AUD</b>	<b>Other intangibles AUD</b>	<b>Total AUD</b>
Balance at 1 July 2021	956,543	2,026,546	42,745	3,025,834
Additions	72,185	734,193	373,219	1,179,597
Capitalisation of R&D rebate	-	(319,374)	-	(319,374)
Capitalised R&D rebate recognised as income	-	176,625	-	176,625
Amortisation expense	(70,107)	(415,477)	(2,408)	(487,992)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	958,621	2,202,513	413,556	3,574,690
Additions	5,000	-	57,573	62,573
Capitalised R&D rebate recognised as income	-	185,445	-	185,445
Amortisation expense	(73,670)	(447,140)	(2,367)	(523,177)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 30 June 2023</b>	<b>889,951</b>	<b>1,940,818</b>	<b>468,762</b>	<b>3,299,531</b>

**Note 13. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>30 June 2023 AUD</b>	<b>30 June 2022 AUD</b>
Trade payables	179,340	378,262
Accrued expenses	611,061	627,986
Other payables	71,230	76,964
	<hr/>	<hr/>
<b>Total</b>	<b>861,361</b>	<b>1,083,212</b>

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

**Note 14. Current liabilities - lease liabilities**

	<b>Consolidated</b>	
	<b>30 June 2023 AUD</b>	<b>30 June 2022 AUD</b>
Lease liability	170,701	155,926
	<hr/>	<hr/>

**Note 15. Current liabilities - provisions**

	<b>Consolidated</b>	
	<b>30 June 2023 AUD</b>	<b>30 June 2022 AUD</b>
Annual leave	191,549	211,168
Long service leave	85,606	79,990
	<hr/>	<hr/>
<b>Total</b>	<b>277,155</b>	<b>291,158</b>

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.



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**Note 16. Current liabilities - deferred revenue**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Deferred revenue	<b>185,074</b>	-

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

**Note 17. Non-current liabilities - lease liabilities**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Lease liability	<b>84,176</b>	<b>184,879</b>

**Note 18. Non-current liabilities - provisions**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Long service leave	54,611	42,970
Lease make good	50,000	50,000
<b>Total</b>	<b>104,611</b>	<b>92,970</b>

**Note 19. Equity - issued capital**

*Movements in ordinary share capital*

<b>Details</b>	<b>Number of Shares</b>	<b>AUD</b>
Opening balance as at 1 July 2022	570,890,991	68,036,837
Issue of shares	-	-
Exercise of options	-	-
<b>Closing balance as at 30 June 2023</b>	<b>570,890,991</b>	<b>68,036,837</b>

*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.

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**Note 19. Equity - issued capital (continued)**

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**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Foreign currency reserve	(175,408)	(63,078)
Share-based payments reserve	478,533	866,426
	<b>303,125</b>	<b>803,348</b>

*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.

*Movements in reserves*

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

<b>Consolidated</b>	<b>Foreign currency AUD</b>	<b>Share based payment AUD</b>	<b>Total AUD</b>
<b>Balance at 1 July 2021</b>	<b>(227,690)</b>	<b>713,027</b>	<b>485,337</b>
Equity-settled share-based payments	-	201,029	201,029
Exercise of options	-	(47,630)	(47,630)
Foreign currency translation	164,612	-	164,612
<b>Balance at 30 June 2022</b>	<b>(63,078)</b>	<b>866,426</b>	<b>803,348</b>
Equity-settled share-based payments	-	46,459	46,459
Exercise of options	-	-	-
Lapsed and cancelled options reallocated to equity	-	(434,352)	(434,352)
Foreign currency translation	(112,330)	-	(112,330)
<b>Balance at 30 June 2023</b>	<b>(175,408)</b>	<b>478,533</b>	<b>303,125</b>

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**Note 21. Equity - dividends**

*Dividends*

No dividends were paid, recommended or declared during the financial year (2022: Nil).

*Franking credits*

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Franking credits available for subsequent financial years	-	-
Franking credits available for subsequent financial years	-	-

**Note 22. 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.

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

<b>Consolidated</b>	<b>Assets</b>		<b>Liabilities</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>	<b>AUD</b>	<b>AUD</b>
US dollars	869,000	136,504	26,510	7,711
Pound Sterling	20,066	22,025	-	8,981
South African Rand	233,170	932,485	29,291	25,978
Euros	-	-	-	53,974
Japanese Yen	-	-	1,075	-
	<b>1,122,236</b>	<b>1,091,014</b>	<b>56,876</b>	<b>96,644</b>

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**Note 22. Financial instruments (continued)**

Reasonably possible movements in the Australian dollar against all other currencies as at 30 June 2023 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 2023	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
AUD Strengthening	10%	<u>(96,851)</u>	<u>(96,851)</u>	10%	<u>118,373</u>	<u>118,373</u>

*Price risk*

The group is not exposed to any significant price risk.

*Interest rate risk*

As at 30 June 2023, 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 \$88,253 (2022: \$119,561). 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.

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**Note 22. Financial instruments (continued)**

*Financing arrangements*

The group has no used or unused financing facilities in place as at 30 June 2023 (2022: 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 2023	%	AUD	AUD	AUD	AUD	AUD
<b>Non-derivatives</b>						
<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
<b>Total non-derivatives</b>		<b>1,041,956</b>	<b>78,505</b>	<b>7,598</b>	-	<b>1,128,059</b>

	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 2022	%	AUD	AUD	AUD	AUD	AUD
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	378,262	-	-	-	378,262
Other payables	-	704,950	-	-	-	704,950
<i>Interest-bearing - variable</i>						
Lease liability	5.18%	169,517	142,985	48,205	-	360,707
<b>Total non-derivatives</b>		<b>1,252,729</b>	<b>142,985</b>	<b>48,205</b>	-	<b>1,443,919</b>

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 2023**

**Note 23. Remuneration of auditors**

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

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
<i>Audit services - BDO</i>		
Audit or review of the financial statements	101,000	88,000
<i>Other services - BDO</i>		
Tax advisory services	20,431	11,755
Other services	-	52,416
	20,431	64,171
<b>Total</b>	<b>121,431</b>	<b>152,171</b>

**Note 24. Contingent assets**

There were no contingent assets as at 30 June 2023 (2022: Nil).

**Note 25. Contingent liabilities**

There were no contingent liabilities as at 30 June 2023 (2022: Nil).

**Note 26. Commitments**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Committed at the reporting date but not recognised as liabilities, payable:		
Inventory	-	145,060

Inventory commitments relate to volumes of devices committed to be purchased throughout the year for sale to customers.

**Note 27. Related party transactions**

**Parent entity**

Atomo Diagnostics Limited is the parent entity.

**Subsidiaries**

Interests in subsidiaries are set out in note 29.

**Key management personnel compensation**

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

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Short-term employee benefits	1,499,635	1,469,557
Post-employment benefits	82,529	82,372
Long-term benefits	13,752	13,595
Share-based payments	26,750	79,905
<b>Total key management personnel compensation</b>	<b>1,622,666</b>	<b>1,645,429</b>

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**Note 27. Related party transactions (continued)**

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 24.8% of the issued capital of the company as at 30 June 2023 (30 June 2022: 26.1%).

**Transactions with other related parties**

There were no transactions with other related parties during the year (2022: Nil).

**Note 28. Parent entity information**

*Statement of Profit or Loss and Other Comprehensive Income*

	<b>Parent</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
<b>Statement of profit and loss and other comprehensive income</b>		
Loss for the year	(6,226,216)	(15,708,461)
Other comprehensive income	-	-
	<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>	<b><u>(6,226,216)</u></b>	<b><u>(15,708,461)</u></b>

*Statement of Financial Position*

	<b>Parent</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
<b>Statement of financial position</b>		
<i>Assets</i>		
Total current assets	10,190,303	15,087,005
Total non-current assets	7,221,265	7,895,767
<b>Total assets</b>	<b><u>17,411,568</u></b>	<b><u>22,982,772</u></b>
<i>Liabilities</i>		
Total current liabilities	2,771,389	1,555,247
Total non-current liabilities	104,611	277,848
<b>Total liabilities</b>	<b><u>2,876,000</u></b>	<b><u>1,833,095</u></b>
<i>Equity</i>		
Share capital	68,036,837	68,036,837
Share based payment reserve	478,533	866,426
Retained earnings	(53,979,802)	(47,753,586)
<b>Total Equity</b>	<b><u>14,535,568</u></b>	<b><u>21,149,677</u></b>

*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 2023 (2022: Nil).

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**Note 28. Parent entity information (continued)**

*Capital commitments - Property, plant and equipment*

	<b>Parent</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Committed at the reporting date but not recognised as liabilities, payable:		
Inventory	-	145,060

Inventory commitments relate to volumes of devices committed to be purchased throughout the year for sale to customers.

*Significant accounting policies*

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.

**Note 29. 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:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>30 June 2023</b>	<b>30 June 2022</b>
		<b>%</b>	<b>%</b>
<b>Parent entity:</b>			
Atomo Diagnostics Limited	Australia	-	-
		-	-
<b>Subsidiaries:</b>			
Atomo Australia Pty Limited	Australia	100.00%	100.00%
Atomo Limited	United Kingdom	100.00%	100.00%
Atomo US Inc.	United States	100.00%	100.00%
Atomo Operations US LLC	United States	100.00%	100.00%
		-	-
<b>Branch operations:</b>			
Atomo South Africa (operating branch of Atomo Australia Pty Limited)	South Africa	100.00%	100.00%

**Note 30. Events after the reporting period**

- 1,733,332 options issued to executives under the Company's Post-IPO option plan lapsed as the KPIs applicable to the options were not satisfied with respect to the year ended 30 June 2023.
- The Board has exercised its discretion to allocate 934,999 options to executives under the company's post-IPO option plan to reward the diligent execution of the corporate strategy and to ensure retention of the key talent needed to deliver strategic outcomes in the interest of shareholders.
- On 1 July 2023, the board has exercised its discretion to allocated 6,100,000 options to employees, under the company's employee share plan. The option award is in recognition of the performance of key staff throughout the year and to support retention of the key talent needed to deliver on the company's business objectives.
- On 13 July 2023 Atomo completed a Placement to institutional and sophisticated investors at \$0.036 per share to raise \$1.25m. A Share Purchase Plan was undertaken with Eligible Shareholders that raised \$0.46m at a price of \$0.03 per share which closed on 1 August 2023, and an SPP shortfall placement was made to institutional investors on the same terms as the SPP to raise \$0.54m.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.



**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**Note 31. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Loss after income tax expense for the period	(9,957,632)	(5,706,854)
Adjustments for:		
Depreciation and amortisation	1,891,787	1,997,405
Share-based payments	46,460	201,029
Foreign exchange differences	(35,947)	48,944
Finance costs	14,987	15,470
Bad debt	34,934	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	818,976	1,712,120
Decrease/(increase) in inventories	1,283,981	(377,152)
Increase/(decrease) in trade and other payables	57,146	(731,853)
Increase/(decrease) in employee benefits	(2,363)	34,249
<b>Net cash used in operating activities</b>	<b><u>(5,847,671)</u></b>	<b><u>(2,806,642)</u></b>

**Note 32. Earnings per share**

	<b>Consolidated</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>AUD</b>	<b>AUD</b>
Loss after income tax attributable to the owners of Atomo Diagnostics Limited	<u>(9,957,632)</u>	<u>(5,706,854)</u>
<b>Loss after income tax attributable to the owners of Atomo Diagnostics Limited used in calculating diluted earnings per share</b>	<b><u>(9,957,632)</u></b>	<b><u>(5,706,854)</u></b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	570,890,991	568,949,638
Adjustments for calculation of diluted earnings per share:		
No adjustments given that in a loss situation, this would be anti-dilutive	-	-
<b>Weighted average number of ordinary shares used in calculating diluted earnings per share</b>	<b><u>570,890,991</u></b>	<b><u>568,949,638</u></b>
	<b>AUD Cents</b>	<b>AUD Cents</b>
Basic earnings per share	(1.744)	(1.003)
Diluted earnings per share	(1.744)	(1.003)

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**Note 33. Share-based payments**

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

**Consolidated 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
<u>Pre-IPO</u>							
11/04/2019	11/04/2023	AUD0.16	4,800,000	-	-	(4,800,000)	-
<u>Post-IPO</u>							
14/04/2020	14/04/2024	AUD0.25	533,333	-	-	-	533,333
08/11/2021	14/04/2024	AUD0.25	1,079,999	-	-	-	1,079,999
14/04/2020	14/04/2025	AUD0.25	533,331	-	-	-	533,331
25/08/2022	14/04/2025	AUD0.25	-	1,199,999	-	-	1,199,999
14/04/2020	14/04/2026	AUD0.25	2,266,668	-	-	(1,733,332)	533,336
<u>Other options</u>							
31/05/2021	30/04/2024	AUD0.40	2,000,000	-	-	-	2,000,000
31/05/2021	30/04/2024	AUD0.60	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>

**Consolidated 30 June 2022**

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
<u>Pre-IPO</u>							
21/11/2012	14/04/2022	AUD0.03	2,293,184	-	(2,293,184)	-	-
06/04/2018	06/04/2022	AUD0.16	6,800,000	-	(6,800,000)	-	-
11/04/2019	11/04/2023	AUD0.16	4,800,000	-	-	-	4,800,000
<u>Post-IPO</u>							
14/04/2020	14/04/2024	AUD0.25	533,333	-	-	-	533,333
08/11/2021	14/04/2024	AUD0.25	-	1,079,999	-	-	1,079,999
14/04/2020	14/04/2025	AUD0.25	2,266,666	-	-	(1,733,335)	533,331
14/04/2020	14/04/2026	AUD0.25	2,266,668	-	-	-	2,266,668
<u>Other options</u>							
31/05/2021	30/04/2024	AUD0.40	2,000,000	-	-	-	2,000,000
31/05/2021	30/04/2024	AUD0.60	2,000,000	-	-	-	2,000,000
			<u>22,959,851</u>	<u>1,079,999</u>	<u>(9,093,184)</u>	<u>(1,733,335)</u>	<u>13,213,331</u>

The weighted average share price during the financial period was AUD0.22 (2022: AUD0.29).

The weighted average remaining contractual life of options outstanding at the end of the financial period was 1.2 years (2022: 1.8 years).

**(a) Pre-IPO Options**

In 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.

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

During the period, options pertaining to pre-IPO lapsed. As at the date of this report, no pre-IPO options remain outstanding.

**Atomo Diagnostics Limited**  
**Notes to the Financial Statements**  
**For the period ended 30 June 2023**

**(b) Post-IPO Options**

**Note 33. Share-based payments (continued)**

Shortly prior to being listed on the ASX, the Company established a new employee option plan to align the interests of eligible employees and Directors with shareholders 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.

Upon Atomo's admission to the official list of ASX, Atomo granted a total of 8,400,000 options under the post-IPO option plan to the four (4) executive KMPs exercisable at \$0.25 within thirty six (36) months from the date of vesting. The options vest in three equal tranches in 12 months, 24 months and 36 months respectively, subject to the satisfaction of vesting conditions relating to KPIs determined by the Managing Director or in the case of the Managing Director, determined by the Board in consultation with the People, Culture and Remuneration Committee as follows:

*KPI 1: ROI Hurdle:*

15% per annum calculated using the following formula:

Change in EBITDA year on year / amount invested in operating assets during the year.

*KPI 2: Revenue Hurdle:*

Tranche 1/ FY21 - Revenue growth of 60%

Tranche 2/ FY22 - Revenue growth of 40%

Tranche 3/ FY23 - Revenue growth of 25%

In addition, KPIs with respect to an additional 1,733,332 options with an expiry date of 14 April 2026 were not satisfied and have subsequently lapsed. Accordingly, as at the date of this report, the Company had on issue 2,066,665 options to KMPs under the post-IPO option plan.

In addition, subsequent to 30 June 2023, the Board has exercised its discretion to allocate the following new options to management 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:

John Kelly	366,666 options
William Souter	293,333 options
Chandra Sukumar	275,000 options
<b>Total</b>	<b>934,999 options</b>

These options are exercisable at \$0.0468 per option and expire on 22 August 2026. In addition, these options are conditional upon the executive remaining employed by the Company and in the case of John Kelly, on Shareholder approval of the allocation.

**(c) Other Options**

Tranche 1 (2,000,000 options) issued to Bondi Partners on 31 May 2021 were fully vested on 31 October 2022. These options are exercisable at an exercise price of \$0.40 per option and expire on 30 April 2024.

Tranche 2 (2,000,000 options) are exercisable at \$0.60, were fully vested on 30 April 2022 and expire on 30 April 2024.

**Atomo Diagnostics Limited**  
**Director's declaration**  
**For the period ended 30 June 2023**

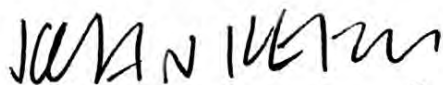
In the directors' opinion:

- 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 2023 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

24 August 2023  
Sydney



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 Australia

## 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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies 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 2023 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.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



### 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.

### Revenue Recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
As disclosed in Note 3, the Group recognised revenue of \$2,543,716 for the year ended 30 June 2023. 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"> <li>• Reviewed whether the revenue recognition policies are in accordance with Australian Accounting Standards and the Group's accounting policies as described in Note 1;</li> <li>• Substantive testing around year end to ensure revenue is correctly recorded in the period to which it relates;</li> <li>• Performed analytical procedures on material revenue streams and compared them against expectations; and</li> <li>• 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 2023.</li> </ul>



### Carrying Value of Intangible Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As at 30 June 2023, the Group recognised intangible assets with a carrying value of \$3,299,531 as disclosed in Note 12.</p> <p>The valuation of intangible assets is significant to our audit because of the significant value in the Statement of Financial Position and the significant judgement 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 growth rates, estimated expenditure and discount rates, which are affected by current and future markets.</p>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none"> <li>• Obtained management's value-in-use model and assessment of impairment;</li> <li>• Critically assessed the valuation and impairment analysis completed by management, including the reasonableness of the assumptions and estimates used to determine the recoverable amount of its intangible assets;</li> <li>• Together with BDO valuation specialists, assessed the reasonableness of the discount rates applied by management;</li> <li>• Where appropriate, considered the accuracy of the Group's historical cash flow forecasts; and</li> <li>• Evaluated the sensitivity analysis applied to the discounted cash flow model to assess whether changes in the key assumptions would impact the recoverable amount of the intangible assets.</li> </ul>

### 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 2023, 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material 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 (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](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 2023.

In our opinion, the Remuneration Report of Atomo Diagnostics Limited, for the year ended 30 June 2023, 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 handwritten signature in black ink that reads 'Gareth Few'. Above the signature, the letters 'BDO' are written in a smaller, cursive script.

Gareth Few  
Director

Sydney, 24 August 2023



**Atomo Diagnostics Limited**  
**Shareholder information**  
**For the period ended 30 June 2023**

The shareholder information set out below was applicable as at 31 August 2023.

**Number of security holders**

At the specified date, there were 7,523 holders of ordinary shares (quoted and unquoted) and 20 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:

	<b>Ordinary shares</b>	
	<b>Number of holders</b>	<b>Number of shares</b>
1 to 1,000	290	175,281
1,001 to 5,000	3,029	8,138,070
5,001 to 10,000	1,276	10,324,805
10,001 to 100,000	2,335	79,578,209
100,001 and over	593	540,985,945
<b>Total</b>	<b>7,523</b>	<b>639,202,310</b>

**Equity security holders**

*Twenty largest quoted equity security holders*

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

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
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	11,500,000	1.80
Grand Challenges Canada	11,390,824	1.78
Liverbird Pty Ltd	10,931,653	1.71
Australia West Holdings Pty	10,416,667	1.63
ID&E Pty Ltd	9,032,248	1.41
Australia North Holdings Pty	8,100,000	1.27
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	5,637,017	0.88
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
BNP Paribas Nominees Pty Ltd	3,387,932	0.53
Miss Lisa Marie Mackenzie	3,351,968	0.52
<b>Total top 20 shareholders</b>	<b>330,913,094</b>	<b>51.77</b>

**Substantial holders**

Substantial holders in the company are set out below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
GZ Family Holdings Pty Ltd	79,787,536	12.48
John Kelly	72,490,248	11.34
Global Health Investment Fund LLC	65,051,280	10.18

**Atomo Diagnostics Limited**  
**Shareholder information**  
**For the period ended 30 June 2023**

**Restricted securities**

There are no unquoted restricted ordinary shares securities and unquoted options over ordinary shares as at 30 June 2023.

**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	20	13,979,998	100%
<b>Total</b>	<b>20</b>	<b>13,979,998</b>	

**Unquoted Options Over Ordinary Shares**

There were 13,979,998 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	2,599,999	2
Options exercisable at 0.25 expiring at various dates	1,279,999	2
Options exercisable at 0.40 expiring at 30 April 2024	2,000,000	1
Options exercisable at 0.60 expiring at 30 April 2024	2,000,000	1
Options exercisable at 0.035 expiring at various dates	6,100,000	15

One 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 5,238 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.

**Atomo Diagnostics Limited**  
**Corporate directory**  
**For the period ended 30 June 2023**

<b>Directors</b>	John Keith (Chair & Non-Executive Director) John Kelly (Managing Director) Curt LaBelle (Non-Executive Director) Paul Kasian (Non-Executive Director) Deborah Neff (Non-Executive Director) Cheri Walker (Non- Executive Director)
<b>Company secretary</b>	Maria Clemente
<b>Registered office</b>	Level 1 3 - 5 George Street Leichhardt NSW 2040 Tel: +61 2 9099 4750
<b>Principal place of business</b>	Level 1 3 - 5 George Street Leichhardt NSW 2040 Tel: +61 2 9099 4750
<b>Share register</b>	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Tel: 1300 554 474
<b>Auditor</b>	BDO Audit Pty Ltd Level 11, 1 Margaret Street Sydney NSW 2000
<b>Solicitors</b>	HWL Ebsworth Lawyers Level 14, Australia Square 264 - 178 George Street Sydney NSW 2000
<b>Stock exchange listing</b>	Atomo Diagnostics Limited shares are listed on the Australian Securities Exchange (ASX code: AT1)
<b>Website</b>	<a href="http://www.atomodiagnosics.com">www.atomodiagnosics.com</a>
<b>Corporate Governance Statement</b>	<a href="http://www.atomodiagnosics.com/governance">www.atomodiagnosics.com/governance</a>

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Atomo Diagnostics Limited  
ACN 142 925 684  
[atodiagnosics.com](http://atodiagnosics.com)