This is a supplementary prospectus dated 31 March 2020 and is intended to be read with the Prospectus dated 4 March 2020 and the first supplementary prospectus dated 17 March 2020 relating to the Offer to apply for Shares in the Company.

Atomo Diagnostics Limited
ACN 142 925 684
Supplementary Prospectus

Important Information

This supplementary prospectus is dated 31 March 2020 (**Second Supplementary Prospectus**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on the same date. This Second Supplementary Prospectus supplements the prospectus dated 4 March 2020 (**Prospectus**) and the first supplementary prospectus dated 17 March 2020 (**First Supplementary Prospectus**) issued by Atomo Diagnostics Limited ACN 142 925 684 (**Company**) in relation to the Offer of Shares by the Company. Unless otherwise indicated, terms defined in the Prospectus have the same meaning in this Second Supplementary Prospectus.

Neither ASIC nor ASX takes any responsibility for the contents of this Second Supplementary Prospectus. This Second Supplementary Prospectus must be read together with the Prospectus and the First Supplementary Prospectus. Other than the changes set out below, all other details in the Prospectus and the First Supplementary Prospectus remain unchanged.

Pursuant to section 719(4) of the *Corporations Act 2001* (Cth) (**Corporations Act**), the Prospectus is taken to include the First Supplementary Prospectus and this Second Supplementary Prospectus. If there is a conflict between the Prospectus, the First Supplementary Prospectus and this Second Supplementary Prospectus, this Second Supplementary Prospectus will prevail.

This Second Supplementary Prospectus provides important information to assist investors in deciding whether to invest in the Company and should be read in its entirety. If, after reading this Second Supplementary Prospectus, you have any questions, you should consult your professional adviser. This Second Supplementary Prospectus, the First Supplementary Prospectus and the Prospectus can be accessed online at https://atomodiagnostics.com.

1. Reasons for the Second Supplementary Prospectus

This Supplementary Prospectus has been prepared to disclose the Company's entry into a binding supply agreement for the supply of Atomo devices to be used for a blood-based lateral flow rapid test to detect Covid-19 virus with NG Biotech, Inc (**NG Biotech**), an existing OEM customer of the Company in France. The initial order under the agreement is for the supply of 397,200 devices, which represents the Company's available inventory and next production batch available for sale in early April. The agreement provides NG Biotech with the right to issue purchase orders for up to a total of 2.465 million devices (including the initial 397,200 devices) in the 2020 calendar year, which may increase or decrease subject to Atomo's production capacity. NG Biotech commits to order at least 70% of the monthly quantities agreed with Atomo and should NG Biotech fail to meet its minimum order commitment, then Atomo shall be released from its commitment to reserve capacity of 2.465 million devices for NG Biotech. The Company and NG Biotech intend to enter into a further binding purchase agreement for the ongoing supply of Atomo products beyond 2020.

As referenced in the First Supplementary Prospectus, NG Biotech has recently developed a blood-based lateral flow rapid test strip which screens for the presence of IgG and IgM antibodies, which are generated by the human body in consequence to the SARS-CoV-2 virus and the disease referred to as Covid-19. Atomo's integrated devices will be used to house this diagnostic strip to produce a finished blood-based rapid test product to detect Covid-19.

A description of the use of blood-based antibody tests for the detection of the COVID-19 virus was included in the First Supplementary Prospectus.

Existing blood-based Covid-19 tests entering the market are typically multi-component test kits that require multiple accessories to perform the test. They are also generally for professional-use only. In contrast, the product referred to above uses Atomo's integrated device which is approved in Europe and Australia for self-testing as well as for professional use testing for a number of clinical applications, including for the detection of HIV infection. Based on its experience in other blood based infectious applications, Atomo expects it will be more difficult for manufacturers of multi-component test kits to secure regulatory approvals to be used as a self-test for the detection of Covid-19.

In addition to the agreement referred to above and negotiations to enter into a further binding agreement for the on-going supply of Atomo's products to NG Biotech, Atomo continues to have technical and commercial discussions with three additional diagnostic companies with respect to the further commercialisation of Covid-19 tests using Atomo's devices.

The Company will need to bring forward the planned expansion of its production capacity as set out in Section 9.3 of the Prospectus in order to meet the anticipated ongoing demand for the Company's test devices to deliver Covid-19 tests and continue to support Atomo's existing HIV distributors and OEM customers. This expansion in production is consistent with the objectives set out in the Prospectus, where the use of funds provided for $11.7 million for expansion of manufacturing and distribution activities. The Company has commenced placing orders for additional tooling and assembly equipment and is in the process of expanding supply arrangements to gear up for anticipated demand.

This Second Supplementary Prospectus has also been prepared to include a summary of the Company's existing option plan adopted in 2016. The Company does not propose to grant any further Options under this existing option plan. Rather, a summary of the option plan adopted in 2016 has been included to provide additional detail on the terms and conditions of the Options on issue. Any future Options will be issued under the option plan adopted in 2020 and summarized in Section 8.4.4.1 of the Prospectus.

2. Amendments to the Prospectus

2.1 Section 2.3.3.3 of the Prospectus (page 31) is amended by deleting the sections entitled "Entry into preliminary documentation", "Business focus" and "Regulatory approvals" in their entirety and replacing them as follows:

2.3.3.3 titled **Near Term OEM Opportunity**

Entry into binding supply agreement

*The Company has entered into a binding supply agreement with existing OEM customer NG Biotech (**NG Biotech Agreement**) under which the Company has agreed to supply its devices and other components for use by NG Biotech in the manufacture of its blood-based lateral flow rapid test to detect Covid-19 virus.*

Under the agreement, Atomo agrees to supply its devices to NG Biotech at an agreed price and in the quantities requested by NG Biotech. Atomo has agreed to an initial supply of 397,200 devices, that number being determined having regard to the total of Atomo's current inventory and Atomo's available production capacity between now and early April 2020. The agreement provides NG Biotech with the right to issue purchase orders for up to a total of 2.465 million devices (including the initial 397,200 devices) in the 2020 calendar year, which may increase or decrease subject to Atomo's production capacity. NG Biotech commits to order at least 70% of the monthly quantities agreed with Atomo and should NG Biotech fail to meet its minimum order commitment, then Atomo shall be released from its commitment to reserve capacity of 2.465 million devices for NG Biotech.

The agreement will terminate on 31 December 2020 unless extended by the parties. It is the parties' intention that an additional binding agreement is entered into for the on-going supply of Atomo

products beyond 2020. Atomo has confirmed with its suppliers that its supply chain is operating normally with no material delays from Covid-19 disruption apparent.

The agreement grants NG Biotech exclusive rights to use Atomo devices in the manufacture and sale of a finished product for the diagnosis of Covid-19 in France and the UK and non-exclusive rights in other European countries. Under the agreement, either party has the ability to terminate the agreement if the other party commits a material breach which is not capable of remedy or commits a material breach or defaults on any payment and such breach or default is not remedied within 30 calendar days from when notice is received.

In addition to the agreement referred to above, Atomo continues to have ongoing technical and commercial discussions with three additional diagnostic companies with respect to the further commercialisation of Covid-19 tests using Atomo's devices.

Business focus

As set out in Section 9.3, the Company's intended use of funds raised under the Offer includes $11.7 million for expansion of manufacturing and distribution activities. Consistent with this use of funds, the Company will need to bring forward the planned expansion of its production capacity as set out in Section 9.3 of the Prospectus in order to meet the anticipated ongoing demand for the Company's test devices to deliver Covid-19 tests and continue to support Atomo's existing HIV distributors and OEM customers.

Specifically, Atomo has placed orders for additional tooling and assembly equipment to increase manufacturing capacity for the Company's devices to be used for HIV and Covid-19 tests.

While mindful that the potential market for blood based Covid-19 RDTs is very significant, the Company notes that the market for Covid-19 tests is uncertain and quickly evolving, particularly given the uncertainty around the timeline for regulatory approvals, the development and approval of self-tests and, generally, how recently the outbreak of Covid-19 occurred. The Company will release updated disclosure in relation to its operations as required.

Status of regulatory approvals

To improve timely access to diagnostics, emergency use approvals have been implemented by a number of national regulators to help fast-track test approvals and so significantly reduce time to market for Covid-19 tests.

NG Biotech's Covid-19 rapid diagnostic test has been CE Marked for professional use in Europe.

The Company's RDT devices have been proven in the market through the development, regulatory approval and commercialisation of a range of infectious disease blood based rapid test applications, including the Company's own HIV Self-Test product which has received prequalification from the World Health Organisation, as well as securing approval by the Australian TGA and CE Mark for Europe.

2.2 Section 8.4.4 of the Prospectus (page 96) is amended by including a new Section 8.4.4.3 titled **2016 Employee share option plan and terms of current options** as follows:

8.4.4.3 2016 Option Plan

*On 24 November 2016, the Board adopted an employee share option plan (**2016 Option Plan**).*

The Company does not propose to grant any further Options under the 2016 Option Plan. Rather, the Company intends to grant future Options under the Option Plan summarized in Section 8.4.4.1. The 2016 Option Plan will remain on foot given that some of the Options currently on issue in the

Company, as set out in Section 11.4, were issued under the terms and conditions contained in the 2016 Option Plan.

The key terms of the 2016 Option Plan are set out below:

Term	***Description***
Eligible participants	*Eligible participants included natural persons who were a:* *(a) permanent full time or permanent part-time employee (excluding employees who were given notices of dismissal for misconduct or who had given notices of resignation to avoid such dismissal);* *(b) director;* *(c) independent contractor; or* *(d) any other person as approved by the Board,* *of the Company or any subsidiary of the Company who the Board determined to be eligible to participate in the 2016 Option Plan (**Eligible 2016 Option Plan Participant**).*
Plan interests	*Eligible 2016 Option Plan Participants were provided with an opportunity to be granted Options under the 2016 Option Plan with any vesting conditions as determined by the Board.*
Quantum	*The number of Options offered to an Eligible 2016 Option Plan Participant were specified in the invitation made to that Eligible 2016 Option Plan Participant.*
Terms and conditions	*The Board may from time to time invite an Eligible 2016 Option Plan Participant to participate in the 2016 Option Plan. Invitations that were made under the 2016 Option Plan were to be on such terms as the Board determined and were to specify, amongst other things, the following:* *(a) the type of Options that were being offered;* *(b) the number of Shares over which the Options were exercisable;* *(c) the grant date of the Options;* *(d) the exercise price of the Options;* *(e) the duration of the Options, including the first and last exercise date of the Options;* *(f) any grant price that may be applicable;* *(g) any vesting conditions that may be applicable; and* *(h) the time period for making an application to participate in the 2016 Option Plan and how the Eligible 2016 Option Plan Participant was to accept the Offer.* *Following receipt by an Eligible 2016 Option Plan Participant of an invitation as described above, the Eligible 2016 Option Plan Participant was to accept the invitation in accordance with the instructions noted on the invitation or in any other way decided by the Board.*
Amendments	*The Board may at any time amend the 2016 Option Plan or waive or amend the application of any of the rules under the 2016 Option Plan in relation to an 2016 Option Plan Participant at any time and a change may be given retrospective effect. No amendment of the 2016 Option Plan is to reduce the rights of any of the 2016 Option Plan Participants in respect of their Options granted under the 2016 Option Plan, unless the 2016 Option Plan Participant agrees to the amendment in writing, or the amendment is introduced primarily for the purpose of conforming with any applicable laws or for the purpose of correcting a manifest error.*

In addition to the above terms with respect to Options issued under the 2016 Option Plan, all of the Options currently on issue include the following terms:

Entitlement	*Each Option entitles the holder to subscribe for one Share upon exercise of the Option. The Options are not quoted.*
Exercise Period	*The Options are exercisable at any time during the exercise period set out in the offer in respect of the relevant Options.*
Notice of Exercise	*Some or all of the Options may be exercised during the Exercise Period by the Option holder giving to the Company:* *(a) a duly completed and executed notice of exercise in the form approved by the Board;* *(b) the Option Certificate(s) for the Options being exercised; and* *(c) a cheque payable to the Company (or another form of payment acceptable to the Board) for the amount determined by multiplying the number of Options being exercised by the exercise price of those Options.*
Shares issued on exercise	*Shares issued on exercise of the Options will be ranked equally with all existing issued Shares in respect of all rights, issues and distributions which have a record date for determining entitlements on or after the date of issue of those Shares and will otherwise rank equally with Shares that are on issue at the time of issue.*
Reorganisation event	*(a) Subject to paragraph (b) below, if the Company reorganises its share capital, the number of options or the exercise price, or both, must be reorganised in a way which neither disadvantages nor advantages the Option holders nor adversely affects the rights of the holders of Shares;* *(b) Notwithstanding any other term, in a reorganisation of share capital, the Company may by written notice to the Option holder vary the rights of an Option holder, the terms of the Options or both in order for them to comply with the ASX Listing Rules applying to a reorganisation of share capital at the time of the reorganisation.*
Participation in new issues	*Option holders are not entitled to participate in any new issue of securities to existing members of the Company unless they have first exercised their Options. The Company will make no adjustment for dividends, distributions or other rights for which the record date is before the date the Shares the subject of any Options are issued to an Option holder.*
Change in exercise price	*Other than as set out above on the occurrence of a reorganisation event, Option holders are not entitled to a change in the exercise price of an Option or a change to the number of underlying Shares over which Options can be exercised.*
Restrictions	*An Option holder must not dispose of, grant a security interest or otherwise deal with an Option or an interest in any Option.*
Notices	*Notices may be given by the Company to the Option holder in the manner prescribed by the constitution of the Company for the giving of notices to the Shareholders and the relevant provisions of the constitution of the Company will apply with all necessary modification to notices to be given to Option holders.*

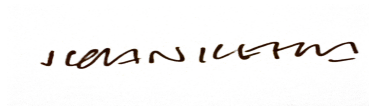
3. Directors' belief

The Directors believe that the information contained in this Second Supplementary Prospectus is not materially adverse from the point of view of an investor.

4. Directors' authorisation

This Second Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Second Supplementary Prospectus with ASIC.

Dated: 31 March 2020



Signed for and on behalf of
Atomo Diagnostics Limited
John Keith
Chairman

This is a Supplementary Prospectus dated 17 March 2020 and is intended to be read with the Prospectus dated 4 March 2020 relating to the Offer to apply for Shares in the Company.

Atomo Diagnostics Limited
ACN 142 925 684
Supplementary Prospectus

Important Information

This supplementary prospectus is dated 17 March 2020 (**Supplementary Prospectus**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on the same date. This Supplementary Prospectus supplements the prospectus dated 4 March 2020 (**Prospectus**) issued by Atomo Diagnostics Limited ACN 142 925 684 (**Company**) in relation to the Offer of Shares by the Company. Unless otherwise indicated, terms defined in the Prospectus have the same meaning in this Supplementary Prospectus.

Neither ASIC nor ASX takes any responsibility for the contents of this Supplementary Prospectus. This Supplementary Prospectus must be read together with the Prospectus. Other than the changes set out below, all other details in the Prospectus remain unchanged.

Pursuant to section 719(4) of the *Corporations Act 2001* (Cth) (**Corporations Act**), the Prospectus is taken to include the Supplementary Prospectus. If there is a conflict between the Prospectus and the Supplementary Prospectus, the Supplementary Prospectus will prevail.

This Supplementary Prospectus provides important information to assist investors in deciding whether to invest in the Company and should be read in its entirety. If, after reading this Supplementary Prospectus, you have any questions, you should consult your professional adviser.

This Supplementary Prospectus and the Prospectus can be accessed online at https://atomodiagnostics.com.

1. Reasons for the Supplementary Prospectus

This Supplementary Prospectus has been prepared to disclose that, as a result of recent urgent inbound enquiries from diagnostic companies located in China, Europe and the USA, the Company has entered into preliminary documentation with an existing OEM customer and a new potential OEM customer under which the Company has supplied its devices to be used by the relevant counterparty in clinical trials as a device for a blood-based lateral flow rapid test to detect Covid-19 virus. The Company is also in urgent discussions with two additional diagnostic companies for provision of its devices for Covid-19 rapid diagnostic test (RDT) applications.

Each of these four diagnostic companies have recently completed development of blood-based lateral flow rapid test strips which screen for the presence of antibodies generated by the human body in consequence to the SARS-CoV-2 virus and the disease referred to as Covid-19. The differences between the blood-based rapid test strips to detect Covid-19 and the existing laboratory tests primarily used for detection of Covid-19 are set out in Section 2.1 below. The Company considers the preliminary documentation entered into and the discussions with additional diagnostic companies to be material to the operation of its business given the strategic shift to the Company's focus over the short-term, and the scale and extent of the global need for Covid-19 test devices.

Atomo's RDT devices for self-test and professional test applications are ideally suited for blood-based testing for the presence of infectious disease. As set out in Sections 3.2, 3.3 and 3.4.1, Atomo RDT devices are used to deliver tests that screen for HIV infection and differentiate between viral and bacterial upper respiratory infections.

The Company intends to accelerate expansion of its manufacturing and distribution activities, should emergency regulatory approvals be obtained by counter-parties using Atomo's RDT products, as further detailed below, and will release updated disclosure as required.

2. Amendments to the Prospectus

2.1 Section 2.3.3 of the Prospectus (page 31) is amended by including a new Section 2.3.3.3 titled **Near Term OEM Opportunity** as follows:

2.3.3.3 **Near Term OEM Opportunity**

Entry into preliminary documentation

The Company has received urgent inbound enquiries from diagnostic companies based in Europe, USA and China that have developed blood-based rapid antibody tests for Covid-19. The Company has subsequently entered into preliminary documentation (being a memorandum of understanding and a letter of intent) with an existing OEM customer and a new potential OEM customer, under which the Company has supplied devices and other components to be used by the OEM counter-parties in clinical trials to support regulatory approval submissions for COVID-19 RDT products.

The preliminary documentation sets out the following matters as outlined below:

1. *the basis on which the Company has delivered approximately 2,000 Atomo RDT devices and supporting technical information to the new potential OEM customer for that customer to undertake, initial equivalency studies at their cost and liability which are expected to commence later this week;*

2. *the basis on which the existing Atomo OEM customer will conduct immediate evaluations using Atomo devices available from their existing inventory;*

3. *if successful, the approach for clinical trials and the seeking of emergency regulatory approvals related to the final products; and*

4. *subject to the success of the relevant clinical trial, obtaining the relevant emergency regulatory approval and satisfaction of other conditions precedent, the non-binding terms and conditions on which rapid test devices will be provided to the relevant counterparty by Atomo for on-going supply and use in a counterparty's finished Covid-19 RDT products.*

The Company expects to enter into preliminary documentation on similar terms with two additional listed diagnostic companies over the course of the next week and thereafter intends to undertake a process of selecting preferred partners for commercialisation of Covid-19 RDTs, including by geographical territories.

Business focus

The Company considers that, in aggregate, the preliminary documentation is material to the operation of its business given the strategic shift to the Company's focus over the short-term, the rapid progress being made and the potential acceleration to the Company's plans to scale up sales of its products through OEM customers for Covid-19 tests. However, the Company does not consider any one individual agreement to be material to the operation of its business at this stage because binding distribution agreements have not yet been signed and regulatory approvals, whilst expected to be available on an urgent basis, have not yet been obtained.

As set out in Section 9.3, the Company's intended use of funds raised under the Offer includes $11.7 million for expansion of manufacturing and distribution activities. While the Company does not currently expect to change its proposed use of funds, it may significantly accelerate its proposed expansion activities should one or more of its OEM customers obtain approval for a Covid-19 RDT product given the scale and urgency of the Corona virus pandemic. The Company has current inventory of 300,000 units available to support launch of a Covid-19 blood based RDT and has also

confirmed with its suppliers that its supply chain is operating normally with no material delays from corona virus disruption apparent. The Company considers distributing via OEM customers will provide the most rapid path to market.

While mindful that the potential market for blood based Covid-19 RDTs is very significant and encouraged by the recent urgent inbound engagement from a number of international diagnostic companies, the Company notes that the market for Covid-19 tests is uncertain and quickly evolving, particularly given the uncertainty around the timeline for regulatory approvals, the development of self-tests and, generally, how recently the outbreak of Corona virus occurred. The Company will release updated disclosure to its operations as required.

Blood-based antibody tests for Covid-19

*Existing laboratory tests currently used to detect Covid-19 typically use molecular assays (**MA**), often based on nasal swab samples. MA test for the presence of the virus at low concentrations enabling earlier detection. MA requires sample preparation prior to running the test, and extensive automated laboratory equipment. These tests are limited by the availability of centralised laboratory equipment and consumables and as a result do not lend themselves easily to point of care and community settings.*

As noted above, the counterparties to the preliminary documentation and additional diagnostic companies with whom Atomo is in discussions have each recently developed blood-based lateral flow rapid tests which screen for the presence of antibodies generated by the human body in consequence to the disease referred to as Covid-19.

While blood based antibody rapid tests have a disadvantage of requiring a longer period of exposure to the virus to accurately enable detection compared to MA, they have an advantage in that they can deliver rapid results, in as little as 15 minutes, and also can be widely deployed in the field without the need for expensive laboratory equipment or extensive clinical expertise. Existing clinical data available for these blood-based lateral flow rapid antibody tests suggested sensitivity greater than 85% and specificity greater than 95%.

These blood based antibody tests are currently comprised of multi-component tests, which require professional expertise and are intended for professional use, in circumstances where a person is suspected of having been infected for an extended period of time, such as someone who has had symptoms for more than a number of days or has been in self-isolation for up to 14 days. The blood based lateral flow rapid antibody test developed by each of the four diagnostic companies are intended for use in similar circumstances. Atomo expects it will be difficult to secure regulatory approvals for multi-component tests to be used as a self-test. Atomo's RDT platform devices simplify the test procedure, and have been proven to be successful in consumer self-test use for other indications.

The Company believes that self-tests for Covid-19 would facilitate community testing. A self-test could potentially reduce the number of people attending healthcare facilities and reduce the risk of healthcare professionals being exposed to the virus by allowing individuals to self-test at home rather than attending public healthcare facilities. The Company is not aware of any other integrated self-test device solution available to diagnostic companies seeking to bring to market a self-test for Covid-19.

Status of regulatory approvals

To improve timely access to diagnostics, emergency use approvals have been implemented by a number of national regulators to help fast-track test approvals and so significantly reduce time to market for Covid-19 tests.

In relation to the tests that are being considered for commercialisation on the Atomo rapid test device, one test has already secured Emergency Use Approval by the China NMPA - National Medical Products Administration (formerly the China FDA) as a professional use RDT and another has undergone clinical evaluation as a professional use RDT in China and its diagnostic efficacy has been established. Another such test is currently subject to independent clinical evaluation in France and Spain.

Whilst no Covid-19 test has been approved for use on the Company's RDT devices, the Company's RDT devices have been proven in the market through the development, regulatory approval and commercialisation of a range of blood based rapid test applications, including the Company's own HIV Self-Test product which has received prequalification from the World Health Organisation, as well as securing approval by the Australian TGA and CE Mark for Europe.

2.2 The Section of the Prospectus entitled "Key Offer Information" on page 8 is amended by updating the "Important dates" as follows:

Important dates

Prospectus Date	4 March 2020
Offer open (Opening Date)	12 March 2020
Offer close and Applications due (Closing Date)	5:00 pm (AEDT) 6 April 2020
Settlement date under the Offer	9 April 2020
Issue of Shares	14 April 2020
Expected dispatch of holding statements	15 April 2020
Expected date of quotation of Shares on ASX	23 April 2020

3. Directors' belief

The Directors believe that the information contained in this Supplementary Prospectus is not materially adverse from the point of view of an investor.

4. Directors' authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC.

Dated: 17 March 2020

Signed for and on behalf of
Atomo Diagnostics Limited
John Keith
Chairman

Prospectus

Atomo Diagnostics Limited ACN 142 925 684

For an offer of 150,000,000 Shares at an issue price of $0.20 per Share to raise $30,000,000.

Lead Manager, Canaccord Genuity (Australia) Limited

Important information

Offer

This Prospectus is issued by Atomo Diagnostics Limited ACN 142 925 684 (Atomo or Company).

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in Atomo (Shares).

Lodgement and listing

This Prospectus is dated 4 March 2020 (Prospectus Date) and was lodged with the Australian Securities and Investments Commission (ASIC) on that date.

Atomo will apply to ASX Limited ACN 008 624 691 (ASX) within seven days of the Prospectus Date for admission of the Company to the Official List and for quotation of its Shares on ASX. None of ASIC, ASX or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry date

No Shares will be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

Not investment advice

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation and particular needs (including financial and tax issues) of any prospective investor. You should seek professional investment advice before subscribing for Shares under this Prospectus.

Consider risks of investment

It is important that you read this Prospectus carefully and in full before deciding whether or not to invest in the Company. There are risks associated with an investment in the Company.

The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares. In particular, in considering the prospects of Atomo, you should consider the risk factors that could affect the Company's business, financial condition and results of operations. Some of the key risk factors that should be considered by prospective investors are set out in Sections 1.4 and 7 of this Prospectus.

You should consider these factors carefully in light of your investment objectives, financial situation and particular needs (including financial and taxation issues). There may be risk factors in addition to these that should be considered in light of your personal circumstances. If you have any queries in connection with this Prospectus or in relation to an investment in the Company, you should seek advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether or not to invest in the Shares.

Disclosing entity

If admitted to the Official List, Atomo will be a disclosing entity for the purposes of the Corporations Act and, as such, will be subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

Disclaimer

Except as required by law, and only to the extent so required, neither the Company, nor any other person warrants or guarantees the future performance of Atomo, the repayment of capital by Atomo, or the payment of a return on the Shares.

No person is authorised to give any information or to make any representation in connection with the Offer which is not included in this Prospectus. Any information or representation not included in this Prospectus may not be relied on as having been authorised by Atomo, the directors of Atomo (Directors), or any other person involved in the preparation of the Prospectus or the making of the Offer. In making any investment decision you should rely only on the information in this Prospectus.

Exposure Period

The Corporations Act prohibits Atomo from processing applications to acquire Shares under this Prospectus (Applications) in the seven-day period after lodgement of the Prospectus with ASIC (Exposure Period). The Exposure Period may be extended by ASIC by up to a further seven days. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

During the Exposure Period, this Prospectus will be made available to Australian residents, without the Application Form, at the Company's website, www.atomodiagnostics.com.

Obtaining a copy of this Prospectus

A hard copy of the Prospectus is available free of charge during the Offer Period to any person in Australia by calling the Atomo Offer Information Line on 1800 812 642 (within Australia) or +61 1800 812 642 (outside Australia) between 8.30am and 5.30pm (AEDT) Monday to Friday (business days only) during the Offer Period.

This Prospectus is also available to Australian and New Zealand resident investors in electronic form at the Offer website, www.atomodiagnostics.com. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia.

Financial amounts

All financial amounts contained in this Prospectus are expressed in Australian dollars (indicated by $ or AUD). If any amount has been converted from another currency to Australian dollars, the conversion rate used has been stated. All financial amounts are rounded to the nearest $'000 (thousand) unless otherwise stated. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Statements of past performance

This Prospectus includes information regarding the past performance of Atomo. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial information

Section 4 of this Prospectus sets out in detail the Financial Information of the Company. The basis of preparation of the Financial Information is set out in Section 4.

The Company's financial year end is 30 June. All references to FY17, FY18 and FY19 appearing in this Prospectus are to the financial years ended 30 June 2017, 30 June 2018, and 30 June 2019, respectively, unless otherwise indicated.

The Historical Financial Information is presented on both an actual and pro forma basis and has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (AAS) (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (AASB), which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board.

The Financial Information is presented in abbreviated form. It does not include all of the presentation and disclosures required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Sections 4 and 7.

Non-IFRS financial information

Atomo uses certain measures to manage and report on its business that are neither recognised under AAS, nor under IFRS. These measures are collectively referred to as "non-IFRS financial measures" under Regulatory Guide 230 Disclosing non-IFRS financial information, published by ASIC. These non-IFRS measures do not have standardised meanings prescribed by AAS or IFRS and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Atomo believes this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of the Company. Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements which may be identified by words such as "believes", "considers", "could", "estimates", "expects", "intends", "may", and other similar words that involve risks and uncertainties. Certain statements, beliefs and opinions contained in this Prospectus, particularly those regarding the possible or assumed future financial or other performance of Atomo, industry growth or other trend projections are or may be forward-looking statements.

Any forward looking statements are subject to various known and unknown risk factors that could cause Atomo's actual results and circumstances to differ materially from the results and circumstances expressed or anticipated in these statements. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Atomo or its Directors and management. Forward looking statements should be read in conjunction with, and are qualified by reference to, risk factors as set out in Sections 1.4 and 7 and other information in this Prospectus.

The Directors and the Lead Manager cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except to the extent required by law.

This Prospectus, including the market opportunity in Section 3, uses market data, industry forecasts and projections. The Company has obtained significant portions of this information from market research and commentary prepared by third parties. There is no assurance that any of the forecasts or forward looking information contained in the reports, surveys and research of such third parties that are referred to in this Prospectus will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the key risk factors in Sections 1.4 and 7.

Selling restrictions in foreign jurisdictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify this Prospectus, the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia or New Zealand.

The distribution of this Prospectus (including in electronic form) outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia or New Zealand should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

In particular, this Prospectus may not be released or distributed in the United States. The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (US Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares are registered under the US

Securities Act or are offered and sold in transactions exempt from, or not subject to the registration requirements of the US Securities Act and any other applicable securities laws in the United States.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the FMC Act). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

No cooling off rights

Cooling off rights do not apply to an investment in Shares offered under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets or products shown in them are, or on Completion will be, owned, sold or supplied by Atomo. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Documents available on website

Any references to documents included on Atomo's website at www.atomodiagnostics.com are provided for convenience only, and none of the documents or other information available on these websites or any other website referred to in the sources contained in this Prospectus, is incorporated in this Prospectus by reference.

Defined terms and time

Defined terms and abbreviations used in this Prospectus, unless specified otherwise, have the meanings given in the glossary of this Prospectus at Section 12. Unless otherwise stated or implied, references to times in this Prospectus are to the time in Sydney, Australia.

Unless otherwise stated or implied, references to dates or years are calendar year references.

Applications

Applications for Shares under this Prospectus may only be made during the Offer Period on the Application Form included in, or accompanying, this Prospectus in its hard copy form, or in its electronic form which must be downloaded in its entirety from www.atomodiagnostics.com, together with an electronic copy of this Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is included in, or accompanied by, this Prospectus in its hard copy form or the complete and unaltered electronic copy of this Prospectus. Refer to Sections 9 and 11 for further information.

Atomo reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

To the extent permitted by law, each of the Company, the Share Registry, and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Atomo Offer Information Line, by a broker or otherwise.

Privacy

By filling out the Application Form to apply for Shares, you are providing personal information to Atomo, and the Share Registry, which is contracted by the Company to manage Applications. Atomo and the Share Registry on its behalf, may collect, hold, use and disclose that personal information for the purpose of processing your Application, servicing your needs as a Shareholder, providing facilities and services that you need or request and carrying out appropriate administration. If you do not provide the information requested in the Application Form, Atomo and the Share Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in the Share register of the Company. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included in the Share register if you cease to be a Shareholder.

The Company and Share Registry may disclose your personal information from time to time to inform you about other products and services offered by Atomo which they consider may be of interest to you. Your personal information may also be provided to Atomo's agents and service providers on the basis that they deal with such information in accordance with Atomo's privacy policy. The agents and service providers of Atomo may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. Agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared include those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Share register;
- the Lead Manager in order to assess your Application;
- brokers for the purpose of providing their services;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

Information contained in Atomo's Share register is also used to facilitate corporate communications (including Atomo's financial results, annual reports and other information that Atomo may wish to communicate to its Shareholders) and for compliance with legal and regulatory requirements.

An Applicant has a right to access, correct and update his or her personal information that Atomo and the Share Registry hold about that person, subject to certain exemptions under law. A reasonable fee may be charged for access. Access requests must be made in writing or by telephone call to Atomo's registered office or the Share Registry's office, details of which are disclosed in the corporate directory on the final page of this Prospectus. The Company will aim to ensure that the personal information it retains about you is accurate, complete and up to date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

By submitting an Application, you agree that Atomo and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

Questions

If you have any questions about this Prospectus or how to apply for Shares, you should seek advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser. Instructions on how to apply for Shares are set out in Section 9.6 and on the Application Form. Alternatively, please contact the Atomo Offer Information Line on 1800 812 642 (within Australia) or +61 1800 812 642 (outside Australia) between 8:30am and 5:30pm (AEDT) Monday to Friday (business days only) during the Offer Period.

This document is important and should be read in its entirety before making any investment decision.

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Key Offer information

Important dates

Prospectus Date	4 March 2020
Offer open (Opening Date)	12 March 2020
Offer close and Applications due (Closing Date)	5:00 pm (AEDT) 30 March 2020
Settlement date under the Offer	2 April 2020
Issue of Shares	6 April 2020
Expected dispatch of holding statements	7 April 2020
Expected date of quotation of Shares on ASX	16 April 2020

Note: This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in AEDT. The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer Period, to accept late Applications (either generally or in particular cases), or to cancel or withdraw the Offer, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the issue of Shares, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

Key Offer statistics

Current Shares on issue[1]	310,598,986
Current Options on issue[2]	23,469,632
Current Converting Notes on issue	16,048,378
Offer Price per Share	$0.20
Gross proceeds of the Offer	$30,000,000
Shares to be issued under the Offer	150,000,000
Shares to be issued on conversion of Converting Notes	100,302,363
Shares to be issued under the Cleansing Offer	10
Total number of Shares on issue at Admission	560,901,359
Market capitalisation at the Offer Price (undiluted)	$112.18 million
Estimated net cash on Completion	$31.87 million
Enterprise value (undiluted)	$80.31 million

Note 1: Comprised of 262,760,218 Shares and 47,838,768 Class B Shares. All Class B Shares will convert to Shares automatically on receipt of conditional approval to be admitted to the Official List from ASX.

Note 2: Subject to Admission, the Company has agreed to issue an additional 8,400,000 Options to executive management and to ID&E Pty Ltd (IDE). Refer to Section 8.4.3 for further details.

Refer to Section 11.4 for further details regarding the capital structure of the Company.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus via a hard copy or online application.

Instructions on how to apply for Shares are set out in Sections 1.8 and 9.6 of this Prospectus and on the back of the Application Form.

Dear Investor,

On behalf of the Board, I am delighted to offer you this opportunity to invest in Atomo Diagnostics.

Atomo supplies devices used for the rapid testing of blood by both professional users and consumers, to detect and test for infectious diseases, chronic health conditions and consumer wellness.

Most current rapid test solutions were first designed for use in laboratories. Over time these solutions have been deployed in patient settings such as doctor's offices and clinics, and more recently made available for use in the home by consumers. Test kits of this type are typically complicated, requiring multiple components and numerous steps to complete each test, increasing the possibility of user errors. Errors can cause incorrect diagnostic results and reduced levels of user satisfaction.

Atomo's unique, integrated devices are intended to remove or reduce errors common to existing test kit formats by simplifying the testing process and reducing the number of user steps. The Company's proprietary technology supports a range of innovative rapid test devices that can replace a complicated test kit with a simpler device.

The majority of Atomo's revenue is generated from product sales through third-party distributors. These arrangements allow the Company to access large global markets without incurring extensive sales and marketing expenditures. This approach provides Atomo with an attractive platform from which to grow sales of existing products, while maintaining a focus on developing rapid test products for new clinical applications.

The first rapid test products commercialised by Atomo screen for HIV infection both for professional use and for self-testing. Atomo's HIV Self Test has regulatory approval in Australia (TGA) and Europe (CE Mark) and is prequalified by the World Health Organisation (WHO). The Company's HIV Professional Use Test has regulatory approval in Australia (TGA) and Europe (CE Mark).

To support the sale of HIV Professional Use Tests and HIV Self Tests, Atomo has agreements with distributors including New York listed Mylan N.V. and leading UK healthcare company Owen Mumford Ltd (Owen Mumford).

Atomo also sells its proprietary devices to other diagnostic companies that commercialise the devices with their own diagnostic tests. Atomo has secured a number of long-term device supply agreements with international diagnostic companies.

Atomo has sold over 550,000 HIV test devices and has supplied more than 430,000 test devices to other diagnostic companies since 2015.

Atomo has appointed an experienced management team and a capable Board of Directors with strong commercial and industry experience across global markets.

The Board has decided to fund the acceleration of the Company's product rollout and market development through an initial public offering on the ASX. Under this Prospectus, the Company is inviting investors to subscribe for 150,000,000 Shares at an Offer Price of $0.20 per Share to raise $30 million (before costs and expenses of the Offer). The proceeds from the Offer will be used to accelerate Atomo's expansion and development activities, to reduce debt, for administration costs and working capital and to pay for the costs of the Offer.

Before subscribing for Shares, you should consider in full the risks of investing in the Company. The Company is subject to a range of risks including: (i) obtaining and maintaining regulatory approvals; (ii) reliance on distributors and OEM customers; (iii) financial performance; (iv) protection of intellectual property; and (v) reliance on third party manufacturers. A summary of the main risk factors associated with an investment in the Company is found in Section 7 of this Prospectus.

On behalf of the Directors, I recommend the Offer to you and look forward to your support and welcoming you as a Shareholder.

Yours faithfully

John Keith

Chair of Atomo Diagnostics Limited

01. Investment Overview

1.1. INTRODUCTION

Topic	Summary	For more information
Who is the issuer of this Prospectus?	Atomo Diagnostics Limited ACN 142 925 684 (Atomo or Company).	
Who is Atomo?	Atomo is a medical device company headquartered in Sydney, Australia, and is establishing an in-house assembly and packing facility in South Africa, and has a commercial office in the UK. Established in 2010, the Company's primary focus is the expansion of global sales and continued development of its proprietary rapid test device technologies that simplify testing processes and reduce errors compared to more complex conventional blood-based rapid diagnostic testing (RDT) kits. Atomo is a public company incorporated in Australia and is the parent entity for the Australian and UK subsidiaries set out in the corporate structure table in Section 11.3 (Group). Since commencing commercialisation in 2015, Atomo has sold over 550,000 Atomo HIV rapid test devices through distributors in Africa and Europe as well as direct to market in Australia. Atomo has sold a further 430,000 of its RDT devices to other manufacturers of rapid diagnostic tests for use as a sub-assembly in other clinical rapid testing applications.	Section 2.1 Section 11.3 Section 2.1

1.2. KEY FEATURES OF ATOMO'S BUSINESS MODEL

Topic	Summary	For more information
What is Atomo's business model and how does it generate revenue?	Atomo's business model is to expand sales of existing rapid test products and further develop new products using the Company's proprietary integrated rapid test technology. The Company currently generates revenues by: 1. offering its HIV products for sale primarily through distribution agreements with international health companies Mylan Pharmaceuticals Private Limited (Mylan) and Owen Mumford, utilising their established international sales forces; and 2. offering its RDT devices as an original equipment manufacturer (OEM) product to diagnostic test manufacturers for incorporation as a component in their finished test products for various clinical RDT applications. The Company outsources the manufacture of sub-assemblies and test devices, as well as assembly and packaging, under agreements with ISO 13485 accredited third party manufacturers. The Company intends to commence assembly of its HIV products at its facility in Cape Town, South Africa during 2020.	Section 2.5
Who uses Atomo's products?	Atomo's rapid test devices are used both by healthcare professionals and by consumers to screen for a range of diseases and medical conditions, including HIV infection.	Section 2

Topic	Summary	For more information
How does Atomo sell its products?	Atomo sells its rapid HIV test devices through distribution agreements with international healthcare companies and also sells directly to consumers in the Australian market. In addition to these agreements, the Company has entered into OEM supply agreements, under which the Company sells its devices to diagnostic test manufacturers, who integrate their own diagnostic chemistry strip with Atomo's devices, for onsale to healthcare professionals and consumers as finished products. The Company has the necessary regulatory approvals for distribution and sale in a number of regions. These include Europe, Africa, South America, Southeast Asia and Australia. The Company has established distribution agreements with international healthcare companies as follows: (a) Mylan, for the sale of Atomo HIV Self Test devices (branded as the Mylan HIV Self Test) in more than one hundred countries, sales of which commenced in July 2019; (b) Owen Mumford for the sale of Atomo HIV Self Test devices (branded as the Simplitude ByMe HIV Self Test) and Atomo HIV Professional Use devices (branded as the Simplitude Pro HIV 1&2) in over 30 European countries. Sales of the Atomo HIV Professional Use devices commenced in February 2019. Sales of the Atomo HIV Self Test are anticipated to commence in Germany and the UK in the first half of 2020; and (c) Iyeza Health (Iyeza) for the sale of Atomo's HIV Self Test (branded as the Iyeza I Test HIV Self Test) in private sector markets in South Africa, Swaziland, Lesotho and Mozambique, sales of which commenced in September 2016. The Company has established OEM supply agreements with international diagnostic companies as follows: (a) Rapid Pathogen Screening, Inc., a wholly owned subsidiary of Lumos Diagnostics Holdings Pty Ltd (Lumos) for the sale of Atomo Pascal rapid test devices as the delivery device for Lumos' FebriDx Anitmicrobial Resistance (AMR) Screening test globally, sales of which commenced in January 2019; (b) Access Bio, Inc. (Access Bio) for the sale of Atomo Pascal rapid test devices as the delivery device for Access Bio's HIV professional use product in low and middle income countries (LMICs), sales of which are anticipated to commence in the second half of 2020; and (c) NG Biotech, Inc. (NG Biotech) for the sale of Atomo Pascal rapid test devices as the delivery device for NG Biotech's high sensitivity blood-based pregnancy test globally, sales of which commenced in December 2017. Atomo maintains a small internal commercial team to support distributors and OEM customers and to assist with market entry for new products and engagement of key opinion leaders.	Section 10.1
Why do distributors, OEM customers and healthcare professionals choose Atomo?	Atomo has developed patented and differentiated technology that has been demonstrated to simplify the test procedure and reduce user errors in the field. Atomo's devices have high levels of acceptance among healthcare professionals.	Section 2.2
What is Atomo's proprietary intellectual property?	The Company's technology is currently protected by 49 patents and 15 patent applications in Australia and internationally, as set out in the Patent Portfolio Report in Section 6.	Section 6

Topic	Summary	For more information
What are Atomo's business strategy and growth opportunities?	Atomo's business strategy can be summarised into three main areas of focus. The Company intends to scale up its activities by: (a) scaling up current sales of its HIV RDT finished products in existing markets and in new markets as existing distributors continue their rollout across territories (subject to obtaining the required regulatory approvals); (b) expanding sales of OEM products, including Pascal and other RDT devices to existing and new OEM customers; and (c) leveraging existing relationships with diagnostic companies to expand the supply of its Pascal RDT device and finished RDT products for incorporation in rapid test products targeting new therapeutic areas of the blood-based rapid test market.	Section 2.6
What are the significant dependencies to Atomo's business model and growth opportunities?	The significant dependencies which underpin the business model and growth plan include: (a) successful completion of the Offer; (b) obtaining regulatory clearances for the Atomo products currently in development and ensuring ongoing compliance with regulatory regimes for existing products; (c) continuing to protect the Company's intellectual property rights in its proprietary rapid test technology; (d) maintaining key supply contracts with manufacturers; (e) maintaining key distribution contracts with existing customers; and (f) satisfactory market adoption of Atomo's products.	Section 2.7
What stage of commercialisation is Atomo's technology at?	Atomo's HIV Professional Use Test received CE Mark approval in October 2017 and a distribution agreement was executed with Owen Mumford on 7 February 2018. Atomo's HIV Self Test received CE Mark approval in October 2017 and a separate distribution agreement was executed with Owen Mumford on 3 October 2018. Atomo's HIV Self Test received TGA approval in November 2018 and was launched in Australia by the Company in April 2019. Atomo's HIV Professional Use Test received TGA Conformity Assessment approval in April 2019 and is planned to be launched by the Company in Australia later in 2020. Atomo's HIV Self Test (branded as Mylan HIV Self Test) received prequalification from the World Health Organisation in July 2019, and also received CE Mark approval in June 2019. Atomo has a number of other product opportunities in development that are not yet commercialised.	Sections 2.3 and 2.9

1.3. KEY FEATURES OF ATOMO'S INDUSTRY

Topic	Summary	For more information
What market or industry does Atomo operate in?	Atomo operates in the healthcare sector targeting blood-based rapid testing.	Section 3
Who does Atomo compete with?	Atomo competes with a wide range of rapid test products marketed by other companies. Whilst Atomo is not aware of other products that have the ability to deliver a similar level of usability or integrated functionality to the test procedure, the Company operates in a highly competitive industry with well-resourced competitors.	Section 7.1.7

1.4. KEY ADVANTAGES AND KEY RISKS

Key advantages	For more information
Proven research and development and commercialisation capability: Atomo has developed the world's first fully integrated rapid blood-based immunoassay test device. Atomo has research and development capabilities combined with experienced healthcare executives driving business development and commercialisation of its rapid test technology.	Section 2.2
Products in distribution: Atomo has obtained regulatory clearance from a number of tier 1 regulators for its professional use and self test HIV rapid test products.	Section 2.3
Distribution agreements: Atomo has entered into a number of distribution agreements with international health companies for its rapid HIV test products allowing Atomo to access markets by leveraging established distribution channels without incurring extensive sales and marketing expenditures. The Company is also party to a number of distribution agreements with international health companies for supply of its rapid test devices to the wider diagnostic rapid test market.	Section 10.1
Multiple applications of its rapid test technology: Atomo believes that its rapid test technology has multiple applications in the healthcare sector. The Company has a number of additional medical device products in development, though not yet at a commercialisation stage.	Section 2.4
Intellectual property protection: The Company's technology is protected by 49 granted patents and 15 patent applications throughout the world.	Section 6
Key risks	**For more information**
Reliance on distributors and OEM customers: The key distribution channels for Atomo's products are through distributors and OEM customers. In particular, the Company currently derives a significant portion of its revenues from a small number of key distributors and customers. As such, the success of Atomo's business relies on its ability to attract and retain distributors and OEM customers, as well as the success of their sales and marketing teams to adequately promote Atomo's products. The loss of, or a significant decrease in, sales by key distributors and OEM customers could adversely impact the Company's revenues. If distributors and OEM customers do not continue to purchase Atomo's products, terminate the existing contracts or do not increase their usage over time, Atomo's operating and financial performance would be adversely affected.	Section 7.1.2
Reliance on regulatory approvals: Atomo's business is governed by various regulations in the jurisdictions in which it operates and proposes to operate. There is no assurance that delays will not occur in connection with obtaining the necessary approvals for products. Any delay in the receipt of regulatory clearance may result in a delay to the intended launch date of certain products, which will delay revenue and adversely affect Atomo's financial performance.	Section 7.1.1

Key risks	For more information
Reliance on third party suppliers: The Company sources the manufacture of sub-assemblies and test products under agreements with accredited third party manufacturers. Inability of these suppliers to be able to supply Atomo with products or services may adversely affect Atomo's operating and financial performance.	Section 7.1.5
Financial performance: The Group has operated with statutory net losses since its incorporation. In the financial year ended 30 June 2019, the Group had net losses of $5.08 million. The Company anticipates that its operating expenses will continue to rise as it expands its operations and continues to invest in developing its product pipeline. These expenses may prove more costly than the Company's budgets and the Company's revenue may not increase sufficiently to turn an operating profit and become cash flow positive. Should these extra expenses occur, the Company will continue to incur losses.	Section 7.1.3
Ability to attract and retain key personnel: The success of Atomo's business is dependent on retaining key members of senior management. There is a risk that the departure of such personnel, or any delay in their replacement, could have a significant negative impact on management's ability to operate the business and achieve financial performance targets, in addition to harming Atomo's research and development programs.	Section 7.1.10
Competitive industry: Atomo competes against a wide range of other diagnostic companies some of which are already well established and have significantly more resources than Atomo. The Company's failure to compete effectively against existing competitors and potential new entrants could have a material adverse effect on the business.	Section 7.1.7 Section 3.2 Section 3.3
Product acceptance: Atomo's success depends on continued market acceptance and adoption of Atomo's products. This will depend on many factors, including positive clinical evidence and Atomo's ability to develop and market products that are recognised and accepted as reliable, efficacious and cost effective.	Section 7.1.6
Intellectual property: The value of Atomo's products is dependent on Atomo's ability to protect its intellectual property, including by trademarks, copyright, patent and moral rights. Any failure to adequately protect its intellectual property rights could have an adverse impact on Atomo's operating and financial performance.	Section 7.1.4

The above risks are a summary of some of the key risks, but not an exhaustive list of all of the risks associated with the Company or an investment in Shares. Further details on the risks summarised in this Section and other key risks are included in Section 7, and investors are recommended to review all of those risks carefully before making an investment decision.

1.5. KEY FINANCIALS AND DIVIDEND POLICY

Topic	Summary	For more information
How does Atomo expect to fund its operations?	Atomo intends to fund its operations predominately using existing cash and funds raised under the Offer. Funds from revenue as a result of the sale of products will also contribute to the funding of operations.	Section 9.3
What is Atomo's pro-forma historical financial performance?	See table below	Section 4.3

	Pro-forma		
AU ($'000)	**FY18**	**FY19**	**1H FY20**
Revenue	287	540	937
Cost of Sales	(228)	(443)	(544)
Gross Profit	**59**	**96**	**393**
Gross Profit Margin	*20.7%*	*17.8%*	*42.0%*
Other Income / (Expenses)	1,047	520	-
Employee Benefits Expenses	(1,982)	(1,770)	(1,096)
Research & Development Expense	(2,879)	(1,336)	(43)
Inventory Obsolescence Expense	(561)	(78)	(2)
Occupancy Expenses	(75)	(78)	(21)
Professional Fees Expense	-	-	(376)*
Other Expenses	(2,535)	(2,617)	(1,072)
Operating Expenses	**(8,031)**	**(5,879)**	**(2,611)**
EBITDA	**(6,924)**	**(5,262)**	**(2,217)**
Depreciation & Amortisation	(329)	(561)	(319)
EBIT	**(7,254)**	**(5,823)**	**(2,536)**
Net Finance Income / (Cost)	(27)	213	246
Net Profit Before Income Tax	**(7,281)**	**(5,610)**	**(2,290)**
Income Tax (Expense) / Benefit	2,300	806	248
Loss for the Year	**(4,981)**	**(4,804)**	**(2,041)**
Foreign Currency Translation Differences	(15)	(28)	(84)
Total Comprehensive Income	**(4,996)**	**(4,832)**	**(2,125)**

***Note:** FY18 and FY19 professional fees expense was included in the other expenses line.*

The information presented above contains non-IFRS financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion on the Financial Information disclosed in Section 4 and the risk factors set out in Section 7.

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What is Atomo's statutory historical financial performance?</td><td>
<table>
<tr><th rowspan="2">AU ($'000)</th><th colspan="3">Statutory</th></tr>
<tr><th>FY18</th><th>FY19</th><th>1H FY20</th></tr>
<tr><td>Revenue</td><td>287</td><td>540</td><td>937</td></tr>
<tr><td>Cost of Sales</td><td>(228)</td><td>(443)</td><td>(544)</td></tr>
<tr><td>Gross Profit</td><td>59</td><td>96</td><td>393</td></tr>
<tr><td>Gross Profit Margin</td><td>20.7%</td><td>17.8%</td><td>42.0%</td></tr>
<tr><td>Other Income / (Expenses)</td><td>1,047</td><td>520</td><td>-</td></tr>
<tr><td>Employee Benefits Expenses</td><td>(1,789)</td><td>(2,104)</td><td>(1,096)</td></tr>
<tr><td>Research & Development Expense</td><td>(2,879)</td><td>(1,336)</td><td>(43)</td></tr>
<tr><td>Inventory Obsolescence Expense</td><td>(561)</td><td>(78)</td><td>(2)</td></tr>
<tr><td>Occupancy Expenses</td><td>(75)</td><td>(78)</td><td>(21)</td></tr>
<tr><td>Professional Fees Expense</td><td>-</td><td>-</td><td>(376)*</td></tr>
<tr><td>Other Expenses</td><td>(1,582)</td><td>(1,589)</td><td>(559)</td></tr>
<tr><td>Operating Expenses</td><td>(6,885)</td><td>(5,186)</td><td>(2,097)</td></tr>
<tr><td>EBITDA</td><td>(5,779)</td><td>(4,569)</td><td>(1,703)</td></tr>
<tr><td>Depreciation & Amortisation</td><td>(329)</td><td>(561)</td><td>(319)</td></tr>
<tr><td>EBIT</td><td>(6,108)</td><td>(5,130)</td><td>(2,022)</td></tr>
<tr><td>Net Finance Income / (Cost)</td><td>(1,092)</td><td>(731)</td><td>(486)</td></tr>
<tr><td>Net Profit Before Income Tax</td><td>(7,200)</td><td>(5,861)</td><td>(2,508)</td></tr>
<tr><td>Income Tax (Expense) / Benefit</td><td>2,300</td><td>806</td><td>248</td></tr>
<tr><td>Loss for the Year</td><td>(4,900)</td><td>(5,055)</td><td>(2,260)</td></tr>
<tr><td>Foreign Currency Translation Differences</td><td>(15)</td><td>(28)</td><td>(84)</td></tr>
<tr><td>Total Comprehensive Income</td><td>(4,915)</td><td>(5,083)</td><td>(2,343)</td></tr>
</table>
*Note: FY18 and FY19 professional fees expense was included in the other expenses line.
The information presented above contains non-IFRS financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion on the Financial Information disclosed in Section 4 and the risk factors set out in Section 7.
</td><td>Section 4.3</td></tr>
<tr><td>What is Atomo's dividend policy?</td><td> Atomo does not expect to pay a dividend in FY2020. Further, no dividends are expected to be paid during the foreseeable future following the Company's listing on the ASX. The Directors cannot and do not give any assurances as to the extent, timing, level of franking or payment of any dividends in the future period as all of the foregoing are dependent upon a number of factors including the level of future earnings, the amount of tax paid, the financial position of the Company, future operating conditions and future cash requirements to fund growth. </td><td>Section 4.7</td></tr>
</table>

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What will Atomo's capital structure be on Completion?</td><td>The capital structure of the Company following Completion is summarised in the tables below:
Refer to Section 11.4 for further information.<table><tr><th>Shares</th><th>Options</th></tr><tr><td>560,901,359</td><td>23,469,632</td></tr></table></td><td>Section 11.4</td></tr>
</table>

1.6. DIRECTORS AND KEY MANAGEMENT

Topic	Summary	For more information
Who are the Directors of Atomo?	The Board consists of: (a) John Keith - Non-Executive Chairman; (b) John Kelly – Managing Director; (c) Connie Carnabuci - Non-Executive Director; (d) Curt LaBelle - Non-Executive Director; and (e) Paul Kasian - Non-Executive Director. Information about the experience, background, personal interests and independence of each Director is set out in Section 8.1.	Section 8.1
Who are the key management of Atomo?	(a) John Kelly – Managing Director; (b) William Souter - Chief Financial Officer; (c) Mark Smith - Chief Operating Officer; and (d) Fabio Baglioni – Chief Commercial Officer. Information about the experience and background of each member of key management is set out in Section 8.2.	Section 8.2

1.7. SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>Who will be the substantial shareholders of the Company upon Completion?</td><td>Upon Admission, the substantial shareholders will have the following shareholding interests:
<table><tr><th>Substantial shareholder</th><th>Shares</th><th>% (undiluted[1])</th></tr><tr><td>John Kelly</td><td>73,530,248</td><td>13.11</td></tr><tr><td>Global Health Investment Fund I, LLC</td><td>63,851,280[2]</td><td>11.38</td></tr><tr><td>Walker Group Holdings Pty Ltd</td><td>58,285,720</td><td>10.39</td></tr></table>Note 1: Undiluted for options on issue.
Note 2: Includes 18,316,425 Shares to be issued on conversion of Converting Notes.</td><td>Section 11.5</td></tr>
<tr><td>What significant benefits and interests are payable to Directors and what significant interest do they hold?</td><td>As at the Prospectus Date, Directors are entitled to receive annual remuneration as follows:
<table><tr><th>Director</th><th>Amount per annum[1]</th></tr><tr><td>John Keith</td><td>$130,000[2]</td></tr><tr><td>John Kelly</td><td>$420,000[3]</td></tr><tr><td>Connie Carnabuci</td><td>$70,000[2&4]</td></tr><tr><td>Curt LaBelle</td><td>$50,000[2]</td></tr><tr><td>Paul Kasian</td><td>$70,000[2&4]</td></tr></table>Note 1: The remuneration amounts set out above are inclusive of superannuation.
Note 2: Effective from the date of Admission.
Note 3: John Kelly is also entitled to incentives summarised in Section 8.4.3.1, including Options under the Company's Employee Incentive Plan as per Section 8.4.4.
Note 4: Subject to Admission, each Chair of a committee of the Company will receive an amount of $20,000 per annum. This amount is included in the annual remuneration table above.
On Admission, the Directors will have the following interests in securities:
<table><tr><th>Director</th><th>Shares</th><th>Options</th></tr><tr><td>John Keith</td><td>3,261,056</td><td>3,600,000</td></tr><tr><td>John Kelly</td><td>73,530,248</td><td>Nil</td></tr><tr><td>Curt LaBelle*</td><td>63,851,280</td><td>3,600,000</td></tr><tr><td>Connie Carnabuci</td><td>Nil</td><td>Nil</td></tr><tr><td>Paul Kasian</td><td>Nil</td><td>Nil</td></tr></table>*Note: Curt LaBelle is the President of GHIF, a substantial shareholder of the Company, and is considered to have a relevant interest in those securities held by GHIF.
Further details in relation to the remuneration and shareholding interests of the Directors are set out in Section 8.4.2.</td><td>Section 8.4.2</td></tr>
</table>

Topic	Summary	For more information
Will any Shares be subject to restrictions on disposal following Completion?	In accordance with Chapter 9 of the ASX Listing Rules, it is estimated that: (a) 155,150,046 Shares and 15,600,000 Options will be subject to escrow arrangements for 24 months from the date of quotation of the Shares; and (b) 3,469,654 Shares and no Options will be subject to escrow arrangements for 12 months from the date of issue of the Shares. Further, the Company intends to enter into voluntary escrow arrangements under which it is estimated that approximately 58 million Shares will be subject to voluntary escrow for 6 to 12 months from the date of quotation of the Shares. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a shareholder to dispose of his or her Shares in a timely manner. The Company will announce to ASX full details (quantity and duration) of the Shares and Options held in escrow prior to the Shares commencing trading on ASX.	Section 9.8

1.8. OVERVIEW OF THE OFFER

Topic	Summary	For more information
What is the Offer?	The Company is offering 150,000,000 new Shares at the Offer Price, being $0.20 to raise $30,000,000 (before associated costs).	Section 9.1
What is the structure of the Offer?	The Offer is comprised of: (a) the Institutional Offer, which consists of an offer to Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares; (b) the Broker Offer, which is open to Australian resident retail clients of Brokers who receive a firm allocation of Shares from the Lead Manager; (c) the Chairman's List Offer, which is open to investors who have received an invitation to participate in the Chairman's List Offer from the Company; and (d) the General Offer, which is open to members of the general public with registered addresses in Australia and New Zealand.	Section 9.4
Why is the Offer being conducted?	The Offer is being conducted to: (a) provide funding to implement the business model, objectives and growth strategy of the Company as stated in Section 1.2 above; and (b) satisfy Chapters 1 and 2 of the ASX Listing Rules to facilitate the Company's application for Admission. The Board believes that on Completion, the Company will have sufficient working capital to achieve its objectives.	Section 9.2
What is the proposed use of proceeds raised under the Offer?	The proceeds received by Atomo from the issue of new Shares under the Offer will be used as follows: (a) expansion of manufacturing and distribution; (b) research & development and product commercialisation; (c) repayment of debt and interest; (d) marketing and sales; and (e) working capital, operating costs and costs of the Offer. Further details are set out in the table in Section 9.3.	Section 9.3

Topic	Summary	For more information
Is the Offer underwritten?	The Offer is not underwritten.	Section 9.6
Who is the Lead Manager?	Canaccord Genuity (Australia) Limited has been appointed as the Lead Manager to the Offer.	Section 11.7
Will the Shares be quoted on ASX?	The Company will apply for Admission and quotation of the Shares on ASX under the code 'AT1' within seven days of the Prospectus Date. Completion is conditional on ASX approving the application for Admission and quotation. If approval is not given within three months after the Prospectus Date (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 9.10
What is the Offer price?	The price payable under the Offer is $0.20 per Share.	Section 9.1
What is the allocation policy?	The allocation of Shares within and between the Institutional Offer, the Broker Offer, the Chairman's List Offer and the General Offer will be determined by the Company in consultation with the Lead Manager. The Company, in consultation with the Lead Manager, has absolute discretion regarding the basis of allocation of Shares amongst Applicants. The Company has accepted commitments for a total of $20.5 million from institutional, sophisticated and professional investors prior to lodgement of the Prospectus. No assurance can be given that any Applicant under the Offer will be allocated all or any Shares applied for. The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.	Section 9.5
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Offer.	Section 9.6
What are the tax implications of investing in the Shares?	Refer to Section 11.9 and note that it is recommended that all Shareholders consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.	Section 11.9

Topic	Summary	For more information
How can I apply?	Applicants under the General Offer and the Chairman's List Offer may apply for Shares online or by completing a valid Application Form attached to or accompanying this Prospectus in accordance with the instructions set out in the Application Form. Applicants under the Broker Offer should follow the instructions of their Broker. Application procedures for institutional investors have been advised to the institutional investors by the Lead Manager. Completed Application Forms and accompanying payment must be lodged before 5pm AEDT on the Closing Date. Online at: www.atomodiagnostics.com By mail to: Atomo Diagnostics Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 By hand delivery to: Atomo Diagnostics Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 (do not use this address for mailing purposes)	Section 9.6
How to pay by cheque or bank draft	Applicants applying using the Application Form attached to this Prospectus may pay the Application amount by cheque(s) or bank draft(s). Cheque(s) or bank draft(s) must be: (a) in Australian currency; (b) drawn on an Australian branch of a financial institution; (c) crossed "Not Negotiable"; and (d) made payable to "Atomo Diagnostics Limited IPO".	Section 9.6
How to pay by online BPAY	Applicants making online applications at www.atomodiagnostics.com may pay their Application amount by BPAY.	Section 9.6
What is the minimum and maximum Application size?	The minimum Application size is $2,000 worth of Shares (10,000 Shares). Payment for the Shares must be made in full at the Offer Price, being $0.20 per Share. The Lead Manager and Atomo reserve the right to reject any Application or to allocate a lesser number of Shares than applied for. There is no maximum value of Shares that may be applied for under the Offer.	Section 9.6
When will I receive confirmation that my Application has been successful and when can I sell my Shares?	Confirmations of successful Applications in the form of holding statements are expected to be dispatched by standard post on or around 7 April 2020. The expected date of quotation of Shares is 16 April 2020.	Section 9.6

Topic	Summary	For more information
Can the Offer be withdrawn?	Yes. The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful applicants. If the Offer does not proceed, application monies will be refunded. No interest will be paid on any application monies refunded as a result of the withdrawal of the Offer.	Section 9.9
Where can I find out more information about this Prospectus or the Offer?	All enquiries in relation to this Prospectus should be directed to the Atomo Offer Information Line on 1800 812 642 (within Australia) and +61 1800 812 642 (outside Australia) from 8.30am to 5.30pm (AEDT) Monday to Friday during the Offer Period. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional advice from your stock broker, solicitor, accountant, financial advisor or other independent and qualified professional adviser before deciding whether to invest.	Section 13

02. Company Overview

2.1. OVERVIEW OF ATOMO

Atomo is a medical device company headquartered in Sydney, Australia, and is establishing an in-house assembly and packing facility in South Africa with a commercial office in the UK. Established in 2010, by Atomo's Managing Director, John Kelly and the Directors of ID&E Pty Ltd (IDE), the Company's primary focus is the expansion of global sales and continued development of its proprietary rapid test device technologies that simplify blood-based medical diagnostic testing processes and reduce errors compared to more complex conventional blood-based rapid diagnostic testing kits.

Atomo has patents, both granted and applied for, covering intellectual property relating to its unique RDT device technologies.

The first external clinical evaluation of the Company's technology was for rapid screening for HIV infection by professional users in April 2015. This was followed by commercialisation of a rapid HIV Self Test, sales of which commenced in September 2016.

To date, over 550,000 Atomo HIV rapid test devices (both professional use tests and self-use tests) have been sold to distributors in multiple international markets as well as direct to market in Australia.

Additionally, Atomo has sold a further 430,000 of its RDT devices to other manufacturers of rapid diagnostic tests for use as a sub-assembly in other clinical rapid testing applications.

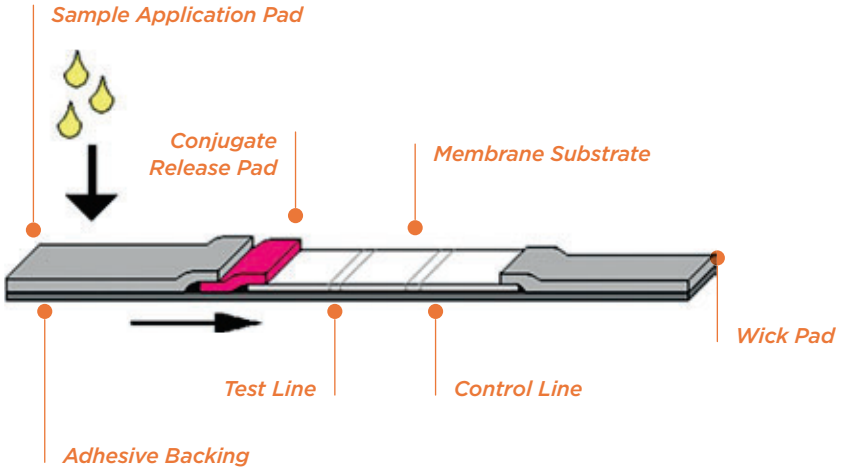

Figure 2: Lateral flow immunoassay

Atomo aims to expand sales of its existing HIV rapid test products through its international distributors, as well as continuing to grow the range of other clinical applications for new rapid test devices. Having secured commercial agreements for its HIV test products, Atomo intends to explore opportunities to commercialise additional RDT products.

2.2. RAPID DIAGNOSTIC TESTS (RDTS)

What are RDTs?

RDTs are tests that deliver a rapid result to the patient user or the clinician, without the need to collect and transport a specimen sample to a laboratory with the associated delay of hours or even days for a diagnostic result to be made available. RDTs utilising lateral flow test assays are common across many clinical test applications.

What is Lateral Flow Immunoassay and how does it work?

In a lateral flow assay, a liquid sample, such as blood, is applied to the sample pad and is wicked through the lateral flow device. The sample pad acts as a filter, to ensure the accurate and controlled flow of the sample.

The conjugate pad receives the sample. If the target substance is present, conjugated proteins and labels in the pad will bind to the target substance.

As the sample migrates along the strip, binding reagents situated on the membrane will bind to the target substance at the test line. This will cause a coloured line to form to indicate that the target substance is present, in the case of a positive test.

The sample will then pass through the nitrocellulose membrane into the absorbent wicking pad which will absorb the excess sample.

RDTs typically deliver a result in 30 minutes or less. As such, RDTs are typically used as screening tests or to monitor pre-existing conditions and are not commonly used to diagnose or confirm disease except in some developing markets that do not have extensive healthcare infrastructure.

Figure 1: The AtomoRapid HIV 1&2 Professional Use rapid test being used by a clinician

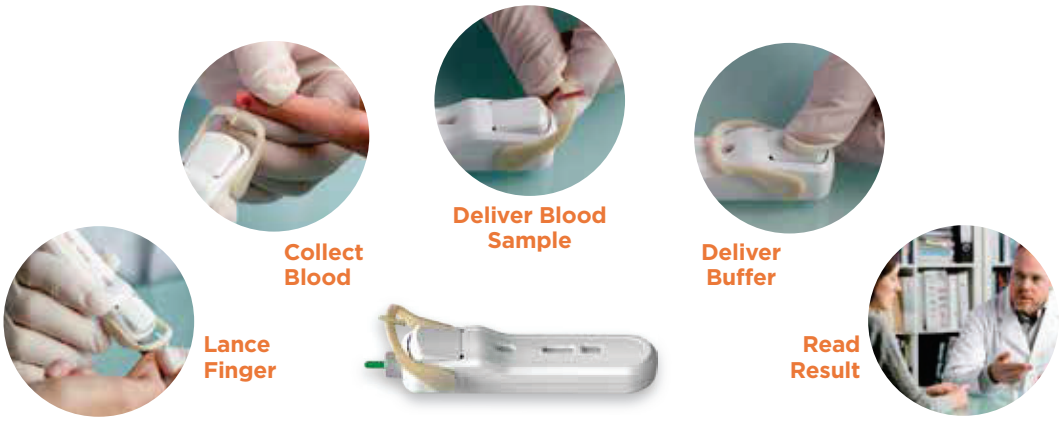

Figure 3: Atomo Pascal steps of use

RDTs are used across a number of diagnostic applications, including screening for infectious diseases, detection and monitoring of chronic health conditions and more recently to applications related to consumer wellness (for example, allergy, iron deficiency and vitamin deficiency), including for self-testing.

Where are Rapid Diagnostic Tests used?

RDTs are used in decentralised settings away from hospital or centralised laboratory facilities; including real-time testing on hospital wards, in clinics, doctors' offices, pharmacies, community screening programs and in the home.

Why are Rapid Diagnostic Tests used?

Rapid diagnostic tests used in point of care settings offer a number of significant advantages over traditional laboratory/ pathology testing services, including:

1. Rapid results often enable healthcare professionals to test and treat in a single clinical visit, as they remove the need to wait for a diagnostic result and have a patient come back for a follow-up appointment.
2. Delivery of accurate testing in point of care settings (outside of hospitals) without the need for expensive laboratory equipment makes testing more accessible, cost effective and easier to conduct in primary health and screening at the community level.
3. The ability to conduct a test without the need for a trained specialist clinician makes testing more cost effective and efficient.
4. The ability to test privately at home and without the need to wait for a professional healthcare appointment helps to increase testing rates.

These combined benefits serve to reduce barriers to increased levels of testing and earlier detection, as well as reducing high healthcare costs associated with centralised hospital and laboratory services.

Atomo's Technology

Atomo's technology integrates key functionality in the test cassette. This reduces the number of components and steps of use as well as helping automate collection and delivery of blood and buffer to make testing more accurate.

Atomo's RDT device technologies simplify the steps of use and complexity associated with using traditional test kits that can typically be problematic to perform accurately.

This simplification and automation of steps in the correct sequence improves usability and reduces user errors. This makes Atomo's solutions suited for use in decentralised clinical settings, as well as for use by untrained self-test users who typically struggle with multi-component test kit products. Multi-component test kits can have usability challenges associated with the multi-step procedure, resulting in the possibility of user errors.

Atomo's devices demonstrate ease of use and reduced error rates when compared to conventional multi-component test kits and their novelty and utility is increasingly recognised by the market.

2.3. ATOMO'S CURRENT PRODUCTS

Atomo's current RDT products are set out in the table below:

TABLE 1: ATOMO'S CURRENT PRODUCTS

Product	Sales and distribution
HIV Self Test Product	Sales commenced to Iyeza in September 2016 for distribution in South Africa, Swaziland, Lesotho and Mozambique.
	Sales commenced to Mylan in July 2019 for distribution in certain countries in Central and South America, Southeast Asia and Africa.
	Sales commenced directly via Atomo's sales team in April 2019 in Australia.
	Atomo received its first purchase order from Owen Mumford in December 2019. Sales are anticipated to commence in Germany and the UK in the first half of 2020.
HIV Professional Use Product	Sales commenced to Owen Mumford in February 2019 for distribution in the EU.
	Sales are anticipated to commence in Australia directly through Atomo's sales team later in 2020.
Pascal OEM Product	Sales commenced to NG Biotech in December 2017 for distribution in the EU, which uses the Pascal OEM Product as a sub-assembly of its *NG Blood Precision* hcG pregnancy test for professional use and *NG Blood Precision* hcG pregnancy test for self-testing use.
	Sales commenced to Lumos in January 2019 for distribution in Europe, which uses the Pascal OEM Product as a sub-assembly of its *FebriDx* professional use antimicrobial resistance (AMR) test.
	Commercial sales to Access Bio are anticipated to commence once Access Bio has secured required regulatory approvals for professional use HIV tests in LMICs.

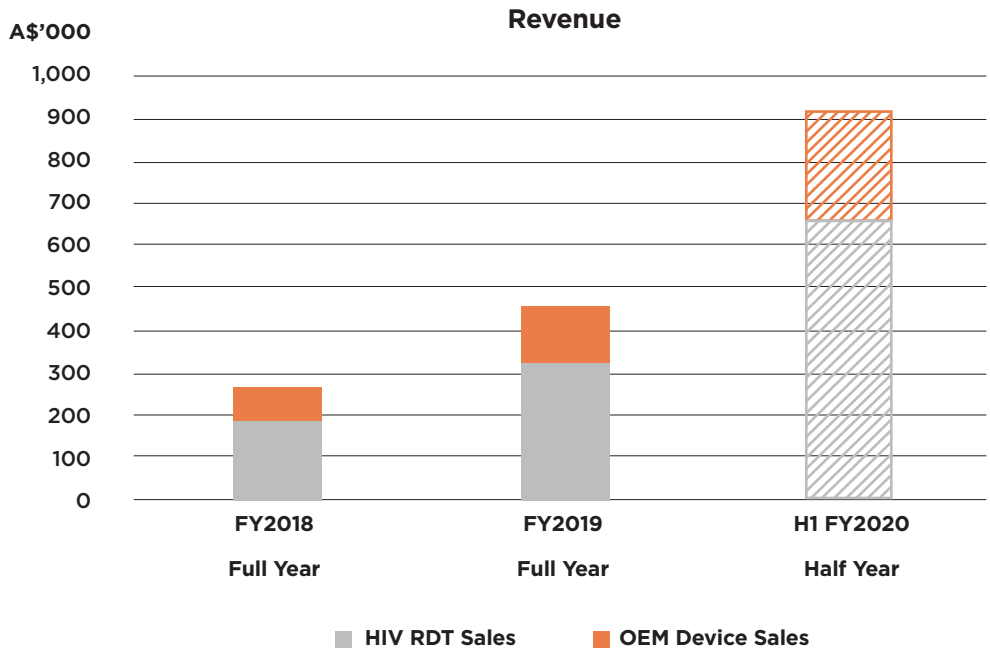

Figure 4: The table shows Atomo's historical product sales by its two main categories, HIV Products and OEM Devices. Numbers for 2020 are for the half year ended 31 December 2019 only. Product sales include a small amount of revenues associated with accessories and freight.

Each distribution and supply agreement includes a minimum annual volume which the distributor or OEM customer, as applicable, is required to order to maintain their respective rights to remain as exclusive distributor for their products in their respective territories. The cumulative minimum payments under contracts entered into with distributors and OEM customers exceed $105 million for the term of each contract, including existing sales to date, as set out in Table 1 above. The cumulative contract minimum revenue amount has been calculated:

1. on the assumption that the minimum spend required to maintain the distributor or OEM customer's right to remain as exclusive distributor for their respective products in their respective territories has been made;
2. on the assumption that each distribution or supply agreement will remain in place for its relevant full term. For those contracts which have no fixed term, but remain on-foot until terminated by either party, the Company has assumed a contract life of 11 years (which is shorter than the fixed term of 15 years specified in an equivalent OEM supply agreement); and
3. using the foreign exchange rate as at 27 February 2020,

however neither distributors nor OEM customers are legally obliged to purchase any volume of products beyond individual purchase orders. As such, there can be no guarantee that either distributors or OEM customers will meet their minimum annual volume amounts nor that agreements will not be terminated prior to their expiry, and therefore prior to the distributor or OEM customer purchasing their respective cumulative minimum annual volume under the relevant agreement. The applicable term of each contract is summarised in Section 10 (ranging from 3 years to contracts with no fixed end date). Each contract is also subject to foreign exchange risk, as further set out in Section 7.2.2.

The status of regulatory approval for Atomo's current products is set out below:

TABLE 2: STATUS OF REGULATORY APPROVAL FOR ATOMO'S PRODUCTS

Product	Status of Regulatory approval
HIV Self Test Product	TGA (Australia) approval (granted 28 November 2018) CE Mark (EU): • Atomo HIV Self Test (granted 4 October 2017) • Mylan HIV Self Test (granted 28 June 2019) • Simplitude ByMe (HIV Self Test) (granted 5 December 2019) • Iyeza I-Test (HIV Self Test) (pending) WHO prequalification as Mylan HIV Self Test (granted 3 July 2019)*
HIV Professional Use Product	TGA approval - Conformity Assessment (granted 5 April 2019) CE Mark (EU): • AtomoRapid (HIV 1&2) (granted 4 October 2017) • Simplitude Pro (HIV 1&2) (granted 28 June 2019)
Pascal OEM Product	CE Mark (granted 31 October 2018) for Lumos Diagnostic's *FebriDx* professional use antimicrobial resistance (AMR) test using Atomo's Pascal device CE Mark for NG Biotech's products using Atomo's Pascal device: • *NG Blood Precision* hcG pregnancy test for professional use (granted 20 October 2017) • *NG Blood Precision* hcG pregnancy test for self-testing use (granted 27 November 2019)

***Note:** Prequalification under WHO does not grant a product regulatory approval in jurisdictions, however, it is used by national regulatory authorities to validate the quality of products when reviewing applications for marketing authorisation. Additionally, WHO prequalification of a product allows it to become eligible for inclusion in UN procurement tenders.*

2.3.1. HIV SELF TEST PRODUCTS

2.3.1.1. INTRODUCTION

Atomo's integrated rapid HIV Self Test simplifies the testing process for untrained self-test users. HIV self testing is where an untrained lay user performs a screening test for HIV on themselves, typically in their own home or other private setting. Self testing is a relatively new segment of the HIV diagnostics market, with the first product pre-qualification granted by WHO in 2016. Atomo was awarded the "Best in Show" at Medical Design Excellence Awards (MDEA) in 2014, and the "Innovation in Export" award at Premier's NSW Export Awards in 2015 with respect to its HIV RDT.

2.3.1.2. PERFORMANCE

Atomo's HIV Self Test product is demonstrated to be highly accurate, having gone through a number of independent laboratory and in-field clinicial evaluations and has met the requirements of tier-one regulators internationally including the Australian Therapeutic Goods Administration (TGA), the British Standards Institute (BSI) for European CE Mark, and the World Health Organisation (WHO) for prequalification.

Atomo HIV Self Test Performance based on a published WHO Report[1]

- Sensitivity: 99.8% (sensitivity – the ability to correctly diagnose a positive sample)
- Specificity: 99.8% (specificity - the ability to correctly identify a negative sample)

The product was evaluated by WHO in the first half of 2018 at the National Health Laboratory Quality Assurance and Training Centre, Dar el Salaam, Tanzania. This evaluation was undertaken on a panel of 1013 capillary blood specimens collected from patients attending an HIV clinic and compared to the reference assays performed on plasma.

Based on published CE and TGA product approvals, the Atomo HIV Self Test has also been shown in laboratory testing to correctly identify 99.6% (904 of 908) of unique HIV-positive samples (known as the test's sensitivity). Of these samples, the test correctly detected 99.5% of samples with HIV-1 infection and 100% of samples with HIV-2 infection.

The Atomo HIV Self Test has been shown in laboratory testing to correctly identify 99.6% (1757 out of 1764) of unique HIV-negative samples (known as the test's specificity).

2.3.1.3. SALES DISTRIBUTION CHANNELS

Atomo has multiple distribution agreements with international healthcare companies for the sale of its HIV Self Test devices, namely:

A. Mylan: for Atomo's HIV Self Test product branded as *Mylan HIV Self Test*. The agreement grants Mylan exclusive rights to sell the HIV Self Test product in more than one hundred countries. Sales under this contract commenced in July 2019;

B. Owen Mumford: for Atomo's HIV Self Test product branded as *Simplitude ByMe HIV.* The agreement grants Owen Mumford exclusive rights to sell the HIV Self Test product in over 30 European countries. Atomo received its first purchase order from Owen Mumford in December 2019, with commercial launch in Germany and the UK scheduled for the first half of 2020; and

C. Iyeza: for Atomo's HIV Self Test product, branded as *I-test HIV Self Test*, in private sector markets, including to private pharmacies and clinics, private medical aid schemes and private health insurers, in South Africa, Swaziland, Lesotho and Mozambique. Sales under this contract commenced in September 2016.

In Australia, where the *Atomo HIV Self Test* is the only HIV Self Test to have received TGA approval, the Company does not have a distribution contract, but instead sells the product directly to end-users via its eCommerce website (www.atomohivtest.com) as well as through a range of specialist sexual health clinics nationally, which onsell the HIV Self Test to end-users. Sales in Australia commenced in April 2019.

Figure 5: The Atomo HIV Self Test sold direct to healthcare professionals

[1] *The WHO Report is based on the product sold as Mylan HIV Self-Test supplied by Atomo as the listed manufacturer.*

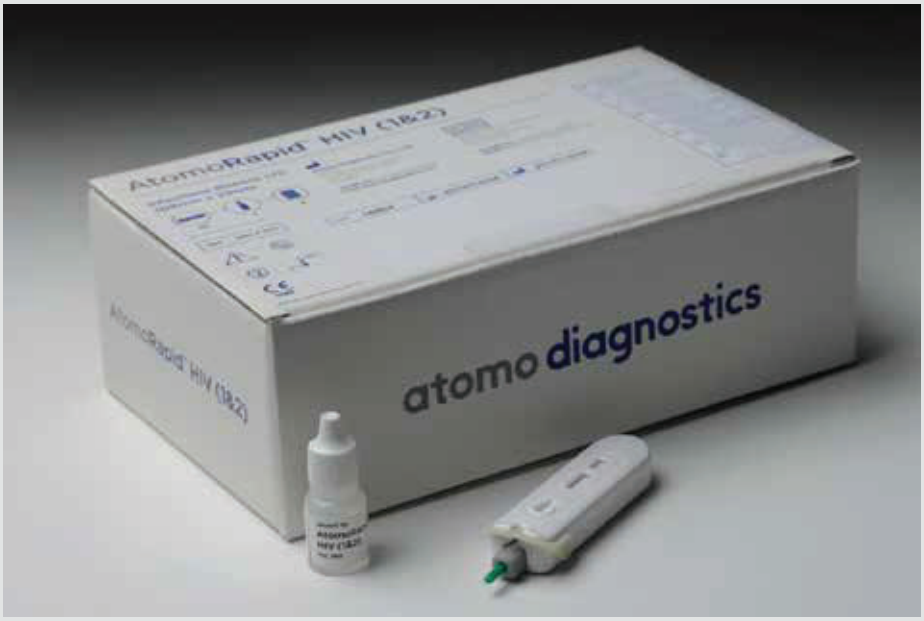

Figure 6: The Atomo HIV Professional Test sold direct to consumers

2.3.2. HIV PROFESSIONAL USE PRODUCT

2.3.2.1. INTRODUCTION

Atomo's rapid HIV screening test for use by healthcare professionals simplifies the testing process by reducing the reliance on complex accessory components to carry out a rapid test. These professional RDT devices are typically used in healthcare facilities, pharmacies and through community-based screening programs.

2.3.2.2. PERFORMANCE

Utilising the same base HIV test technology as the self-test product, the Atomo HIV Professional Use Test has undergone extensive independent laboratory and in-field clinical evaluations demonstrating the following results based on published CE and TGA approvals:

- Sensitivity: 99.6% (sensitivity – the ability to correctly diagnose a positive sample); and
- Specificity: 99.6% (specificity - the ability to correctly identify a negative sample).

Further details of the evaluations is set out in Section 2.3.1.2.

2.3.2.3. SALES DISTRIBUTION CHANNELS

Atomo has multiple distribution channels for its HIV Professional Use device:

A. Atomo has entered into a distribution agreement with Owen Mumford for the sale of Atomo's HIV Professional Use product, branded as *Simplitude Pro HIV* 1&2. The agreement grants Owen Mumford exclusive rights to sell the HIV Self Test product in over 30 European countries. Sales under this contract commenced in February 2019;

B. In Australia, the Atomo HIV Professional Use device received Conformity Assessment from the TGA in 2019. The Company intends to use this assessment to register the product for TGA approval. Subject to receiving TGA approval, the Company intends to launch the product in Australia during 2020 and sell directly to sexual health clinics and other professional healthcare facilities; and

C. In LMICs the Company does not market its HIV Professional Use rapid test directly, but instead has entered into an OEM agreement to supply its Pascal devices to US company Access Bio, which is currently commercialising an HIV Professional Use test for launch in LMIC markets utilising the Pascal device.

2.3.3. PASCAL ORIGINAL EQUIPMENT MANUFACTURER (OEM) PRODUCT

2.3.3.1. INTRODUCTION

The Pascal device is an OEM Product that is sold to diagnostic test manufacturers, who integrate their diagnostic chemistry strip with the Pacal device, for on-sale to healthcare professionals and end-users as a finished product.

Atomo's Pascal OEM Product is fully integrated, removing the requirement for any other components or reagents in order to perform a rapid test. In

Figure 7: Atomo's fully integrated Pascal RDT device

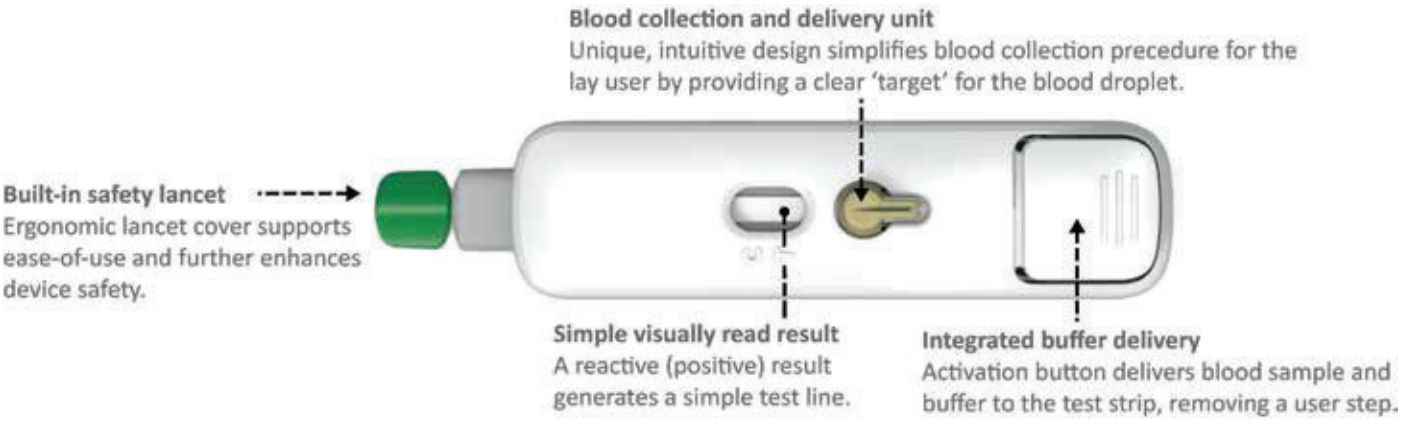

Figure 8: Atomo's fully integrated Elion RDT device

addition to simplicity and ease of use, Pascal offers improved usability and reduced in-field errors compared to multi-step test kits. This makes it an attractive proposition for diagnostic test manufacturers worldwide seeking to improve their product offerings and move away from a chemistry set kit format for their diagnostic tests.

Pascal devices, like other Atomo devices, are customisable to suit the requirements of OEM customers, who use the Atomo devices as critical component sub-assemblies to house and support their own rapid tests assays for a range of assorted clinical applications.

As an OEM product, the Pascal device increases the potential applications for Atomo's device technology, as it can be integrated with a variety of diagnostic chemistry strips for testing across fields such as infectious diseases, detection and monitoring of chronic health conditions and consumer wellness applications. Under its OEM supply arrangements, Atomo retains the rights to the intellectual property related to its proprietary device technology, but does not obtain any rights in the diagnostic test chemistry strips integrated into the product by diagnostic manufacturers.

2.3.3.2. SALES CHANNELS

The Company has a number of existing OEM supply agreements with reputable international diagnostic test manufacturers for the sale of the Atomo Pascal RDT device, including:

A. **Lumos:** for the delivery device for its *FebriDx* antimicrobial resistance (AMR) screening test. The agreement covers global markets. Sales to Lumos commenced in January 2019;

B. **Access Bio:** for the delivery device for its *CareStart HIV* professional use screening test. The agreement covers more than one hundred LMICs. Atomo made an initial sale to Access Bio in February 2019 to support the activities related to regulatory approvals. Commercial sales under this contract are anticipated to commence once Access Bio has secured required regulatory approvals for professional use HIV tests in LMIC markets; and

C. **NG Biotech:** for the delivery device for its highly sensitive NG Blood Precision hCG pregnancy test, with worldwide distribution rights for pregnancy RDTs. Sales under this contract commenced in December 2017.

2.4. PRODUCT DEVELOPMENT PIPELINE

Atomo also has a pipeline of potential future rapid test device platforms, each at varying stages of development, designed to address different user needs within the rapid blood test point of care market. These products are not yet available for sale, and their effectiveness, timing, and potential for commercialisation are uncertain.

Examples of the Company's products in development are the Elion and Fleming devices.

Elion platform

Developed in part with grant funding from the Bill and Melinda Gates Foundation, Elion is a solution that fully integrates the entire rapid test procedure into a single device similar to Pascal. The main difference is that the ergonomics in Elion have been optimised to support self-test use with blood delivery and buffer delivery to the test strip both activated with a single push button action.

Detailed design of the Elion device has been completed. The product has not been commercialised, and its potential for its future commercialisation is uncertain.

Fleming platform

Fleming is a proposed solution intended to enable two rapid tests to be performed in a single rapid test procedure in the one device.

The device allows for two different customisable blood volumes to be delivered to separate test strips via a single blood delivery tube and represents a convenient way to carry out two rapid tests in a point of care setting.

The product has not been commercialised, and its potential for its future commercialisation is uncertain.

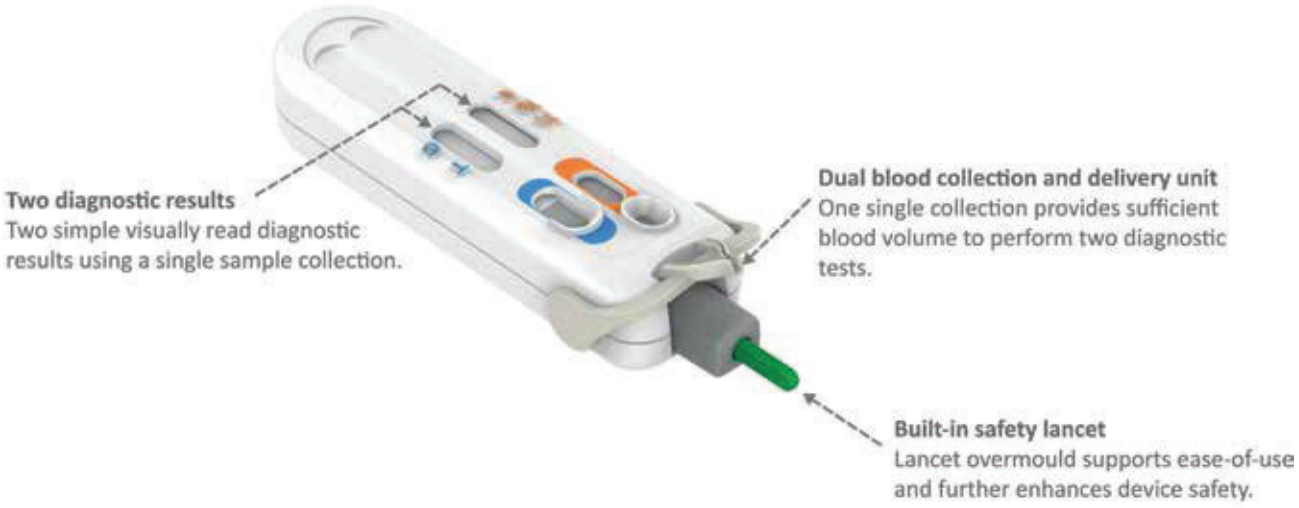

Figure 9: Atomo's integrated Fleming RDT device incorporating two tests in a single device

2.4.1. OTHER DEVELOPMENT UNDER ASSESSMENT

To date Atomo's development and commercialisation activities have primarily focused on blood-based rapid test devices that utilise lateral flow diagnostic technology.

Atomo intends to continue its development activities to enable it to adapt its core proprietary device technologies, intellectual property, design expertise and commercialisation capabilities to ensure that it can continue to be an innovator with respect to newer diagnostic technologies emerging in the RDT landscape (such as microfluidics, molecular and lab-on-chip).

2.5. BUSINESS MODEL

Atomo's business model is to commercialise and further develop its proprietary rapid test device technologies in a range of rapid blood test products, both as finished test products and as OEM devices to other diagnostic test manufacturers.

The Company currently generates revenues by:

A. offering its HIV products for sale primarily through distributors with international health companies Mylan and Owen Mumford, leveraging their established international sales forces; and

B. offering its RDT devices as an OEM product to diagnostic test manufacturers for incorporation as a critical component in their finished test products for various clinical RDT applications.

Atomo intends to continue its strategy of leveraging the sales forces and infrastructure of established distributors by selling its HIV finished products and any future finished products to its distributors, rather than selling its products directly to the market, except in its home market of Australia where the Company intends to continue to sell directly to the market.

The Company currently sources the manufacture of products under agreements with accredited ISO 13485 third party manufacturers. Refer to Sections 2.8 and 10.3 for additional information.

2.6. BUSINESS STRATEGY AND OPPORTUNITIES FOR GROWTH

Atomo's business strategy can be summarised into three main areas of focus, as follows:

A. scale up current sales of its HIV finished RDT products in existing markets and in new markets as existing distributors continue their rollout across key territories (subject to obtaining the required regulatory approvals);

B. expand sales of OEM products, including Pascal and other RDT devices to existing and new OEM customers; and

C. leverage existing relationships with diagnostic companies to expand the supply of its Pascal RDT device and finished RDT products for incorporation in rapid test products targeting new therapeutic areas of the blood-based rapid test market.

2.7. SIGNIFICANT DEPENDENCIES

The significant dependencies which underpin the business model and growth plan include:

A. successful completion of the Offer;

B. obtaining regulatory clearances for the Atomo products currently in development, and ensuring ongoing compliance with regulatory regimes for existing products;

C. continuing to protect the Company's intellectual property rights in its proprietary rapid test device technology;

D. maintaining key supply contracts with manufacturers;

E. maintaining key distribution contracts with existing customers; and

F. satisfactory market adoption of Atomo's products.

2.8. MANUFACTURING

Atomo's products are currently produced by accredited third party contract manufacturers that have been independently audited by, WHO and BSI (CE Mark).

Atomo's RDT devices are produced by IDE, Sydney, Australia. IDE uses manufacturing facilities in Shenzhen, China and Pennsylvania, USA at which Atomo's products are manufactured.

The HIV rapid test assay (test strips) used in Atomo's HIV test devices both for professional use and self-testing are produced by Lateral Flow Laboratories (LFL), Cape Town, South Africa. LFL is also certified to carry out final product assembly.

Key terms of manufacturing contracts are summarised in Section 10.3.

To support the scale-up of production capacity, the Company recently set up and is currently qualifying its own packing and assembly facility in Cape Town, South Africa, close to its HIV test strip partner LFL. This new Atomo facility is anticipated to have secured all of the necessary regulatory approvals to commence operation later in 2020. Once approved, the Company intends for the final product assembly of its HIV rapid test products to be carried out at this facility. LFL will continue to produce and assemble the HIV test strip.

2.9. REGULATORY APPROVALS

Atomo has a number of regulatory approvals for its HIV rapid test products for self-testing and professional use. In addition to this, a number of Atomo's OEM customers, have received regulatory clearances for finished products that include an Atomo RDT device as a key sub-assembly.

The status of regulatory approvals for Atomo's HIV Professional Use and HIV Self Test products is set out in the diagram below.

In addition to approval in European countries based on CE Mark and in Australia with the TGA, Atomo's HIV Self Test product is registered or approved for sale in Kenya, Zambia, Peru, Guatemala, Zimbabwe, Cambodia, Namibia, Trinidad, Nepal, Botswana, Senegal, Rwanda, Malawi, South Africa, Eswatini, Lesotho, Mozambique and the Seychelles.

In respect of its HIV products, Atomo now has agreements in place with leading healthcare companies for distribution covering more than 150 countries across the globe.

CE Mark

To obtain CE marking to permit sale in countries of the European Union, a company must prepare a technical file or design dossier containing detailed technical, safety, and performance information about a medical device. The relevant information is then audited by a special conformity assessment body,

Figure 10: Atomo HIV Self Test and Professional Use Test Approvals

a notified body, approved by the EU for CE Mark auditing purposes. To ensure ongoing CE Mark certification, companies must remain compliant with EU Directives and are subject to regular audits by the applicable notified body.

Atomo's HIV products which have been granted CE Mark approval are set out in Section 2.3.

Atomo's OEM customers who have obtained CE Mark approval for their rapid test products that utilise an Atomo device as a key component are set out in Section 2.3.

Therapeutic Goods Administration (TGA)

To obtain TGA approval and authorisation for sale in Australia, products must be entered on the Australian Register of Therapeutic Goods (ARTG). Products are entered on the ARTG when medicines, biological or medical device applications have been validated, or when higher risk products have been assessed as meeting prescribed quality and safety requirements.

Atomo's HIV products which have been approved by the TGA are set out in Section 2.3.

To facilitate the registration of its HIV products for self-testing and professional use in international markets, the TGA has also issued a number of export certificates to Atomo.

WHO Prequalification

Atomo's HIV Self Test, branded as *Mylan HIV Self Test*, was prequalified by WHO in 2019. It is only one of four products for HIV self-testing that has been prequalified by WHO.

The WHO Prequalification Programme is a comprehensive quality assessment to determine that a diagnostic test meets the requirements for safety, quality, and performance. The programme is supported by UNAIDS, UNICEF, UNFPA and the World Bank as a means of achieving the United Nations priority goal of addressing widespread diseases in countries with limited access to quality medicines.

To obtain WHO Prequalification, a company must prepare a technical file or design dossier containing detailed technical, safety, and performance information about a medical device. The relevant information is then audited by WHO to ensure conformity. While WHO Prequalification does not expire, companies must remain compliant with prequalification requirements and are subject to periodic audit.

Prequalification of a product allows it to become eligible for inclusion in UN procurement tenders.

2.10 INTELLECTUAL PROPERTY

Atomo has patents, granted and applied for, with respect to intellectual property relating to its device technology.

The Company has sought patent protection across a wide range of applications and in key geographic markets.

The Company has 49 granted patents and 15 pending applications. The key patent families are described below:

Family 1: Diagnostic System

Relates to an integrated test system incorporating lancet, test, and internal buffer reservoir. The system is such that buffer is brought into contact with the test component only after the sample has been delivered to the test.

Family 2: Sampling Assembly

Relates to the mechanism of the sample (blood) collector, so that a controlled volume is collected and retained by the device and then delivered to the test component. Further IP covers the feature of an interlock to prevent buffer release prior to the collector delivering the sample to the test.

Family 3: Fluid Control in Integrated Testing Devices

Relates to the functioning of the fluid delivery system and includes a control vessel (well) into which the buffer is first discharged before being released onto the test component, allowing for an efficient delivery and a controlled flow rate.

Family 4: Integrated Fluid Module and Test Device

Relates both to how to reliably manufacture the reservoir with its associated frangible seal, and to details of the structure, particularly of the module with the reservoir and delivery vessel (well) and its interaction with the test unit.

Family 5: Integrated Blood Testing Device

Relates to a test unit in which operating the actuator causes both the buffer to be released and the blood to be conveyed to the test component in the same action; also an interlock, so that the actuator is operative only after the lancet has been fired.

A detailed review of the patents is set out in the Patent Portfolio Report in Section 6.

03. Market Opportunity

3.1. INTRODUCTION

Atomo believes that its proprietary rapid test technologies have the ability to improve blood-based lateral flow rapid testing across a wide range of clinical applications. Clinical applications in blood-based lateral flow rapid testing include infectious disease, chronic conditions, and consumer wellness. The global lateral flow assay market recorded revenues of US$4.57 billion in 2019.[2] In 2018 it was estimated that 54% of the global lateral flow assay market related to medical testing with the rest being environment and food testing.[3]

Atomo's initial focus was commercialisation of solutions for HIV testing. Atomo believes that prioritising solutions for HIV testing has the greatest impact on society and has the potential to underpin the success of the Company. Atomo is also focused on the sale of rapid test devices to OEM customers.

Information on the Company's current products and development pipeline is set out in Section 2. These include:

(a) HIV rapid test products

  (i) HIV Professional Use tests for healthcare professionals;

  (ii) HIV Self Tests for consumers;

(b) OEM rapid test products utilising Atomo's Pascal rapid test devices

  (i) Blood-based pregnancy tests for professional use;

  (ii) Blood-based pregnancy self-tests for lay users;

  (iii) Antimicrobial resistance (AMR) screening tests for professional use; and

  (iv) HIV professional use tests for deployment in LMICs.

3.1.1. KEY BARRIERS TO ENTRY

Barriers to entry into these markets include:

(a) Atomo's ability to drive market adoption of its existing products and its ability to successfully secure market share in respect of the infectious disease and chronic health testing markets, each of which has well-entrenched competitors;

(b) obtaining and maintaining the requisite regulatory clearances for products, as described in Section 2.9;

(c) obtaining patent approvals in those jurisdictions where patent applications are currently pending, as outlined in Section 6;

(d) in-market adoption of Atomo's products for new clinical applications and in new territories; and

(e) access to sufficient capital to allow Atomo to successfully scale-up the business and enter new markets.

3.2. HIV PROFESSIONAL USE TESTING

According to UNAIDS, in 2018, there were an estimated 37.9 million people living with HIV globally. With around 1.7 million people newly infected with HIV in 2018 globally and nearly 800,000 deaths in 2017 globally, the HIV epidemic remains a significant global health challenge.[4]

Between 2010 and 2014 more than 600 million people received HIV testing services across 122 LMICs.[5] More than 122 million HIV tests were procured by major international global health donors in 2017 alone.[6] According to a report by WHO / UNITAID, over 183 million HIV RDTs were procured globally in 2017, not including an estimate of 150 million RDTs used in China.[7] The WHO indicates that demand for rapid diagnostic tests for HIV is likely to increase to over 500 million tests by 2021.[8]

Competitors in the HIV professional use market

There are a number of companies that have HIV rapid tests with regulatory approvals that are sold in global markets, including some backed by large multi-nationals. Atomo's HIV Professional Use test and any other future HIV rapid tests that utilise Atomo's devices will be entering a competitive market which already has a number of existing established companies. In 2016, Global Fund reported that four HIV RDTs represent 91% of the total spend for HIV rapid tests (Determine, Bioline, Uni-gold and First Response). The market-leading product (in terms of volumes sold) is the Determine HIV professional use test manufactured by Abbott (formerly Alere).

3.3. HIV SELF-TEST

While HIV testing globally has increased substantially in the last ten years, testing rates of key populations have remained lower than targeted. HIV self-testing has recently emerged as an acceptable, safe, and effective way to reach people who are at risk and, in particular, people who may not otherwise undertake tests. In 2016 WHO recommended HIV self-testing be offered as an additional approach to complement existing HIV testing services. Following these guidelines, 77 countries now have policies in place to support HIV self-testing, while many others have such policies in development.[9]

Between 2017 and 2018, there has been a significant increase in procurement of HIV self-tests from less than 1 million to 4.7 million in LMICs.[10] Taking into consideration the procurement plans of 99 LMICs, WHO have forecast that self-testing procurement volumes are expected to increase rapidly to 16.4 million annually by the end of 2020.[11]

Competitors in the HIV Self-Test Market

Atomo is one of the four manufacturers to have secured WHO Prequalification for HIV self-test. The HIV self-test market is newer than the more established and larger professional use market. There are however a number of companies that have (along with Atomo) secured prequalification from the WHO for their HIV self tests.

TABLE 3: LIST OF HIV SELF TEST PRODUCTS PREQUALIFIED BY THE WHO AS AT THE PROSPECTUS DATE

Company	Atomo	Chembio Diagnostics Inc.	bioLytical Laboratories Inc.	Orasure Technologies Inc.
Product Name	Mylan HIV Self Test	SureCheck HIV Self Test	Insti HIV Self Test	OraQuick HIV Self Test
Country of Origin	Australia	USA	Canda	USA
Regulatory Approval	PQ/CE/TGA	PQ/FDA	PQ/CE/FDA	PQ/FDA
Sample Type	Blood	Blood	Blood	Oral Fluid
Generation*	3rd	2nd	2nd	2nd
Shelf Life	18 Months (PQ) 24 Months (CE/TGA)	24 Months	15 Months	30 Months

***Note:** Product Generation Definition according to WHO Market and Technology Landscape Report, July 2018.*

3.4. OEM APPLICATIONS

As Atomo supplies its devices to OEM customers for a variety of applications, the market size of this segment of Atomo's business cannot be clearly ascertained. In these markets, Atomo participates indirectly through its supply of devices to OEM customers.

Atomo is not aware of any direct competitors that offer the diagnostic market with finished integrated rapid test devices that enable delivery of a finished rapid lateral flow blood test to the end user in a single integrated device format.

Atomo's OEM customers that utilise Atomo's devices for their own finished products have competitors selling rapid test products in their respective clinical applications. Additional details of certain of these clinical applications are set out below.

3.4.1. ACUTE RESPIRATORY INFECTIONS

Differentiating between viral and bacterial upper respiratory infections is considered to be a critical test in the battle to address the over prescription of antibiotics, and the resulting increase in antibiotic resistance in the general population. A 2019 report from the US CDC on "Antibiotic resistance threats in the United States" points out that "a test that can differentiate bacterial, viral, or fungal infection from other causes of symptoms, and which can be used across healthcare settings (inpatient and outpatient), can significantly improve appropriate antibiotic use and reduce unnecessary antibiotic use".[12]

Governments are also increasing awareness of AMR with changes in policy, R&D incentives and strategies to scale up uptake of diagnostic use. For example, the UK in 2019 published its 5-year national action plan on "Tackling antimicrobial resistance 2019–2024" in which the development of novel diagnostics and linking prescription of antibiotics to diagnosis are two of the key recommendations.[13]

Atomo's participation in the AMR rapid test market is by way of its supply of Pascal devices used by Lumos to commercialise its *FebriDx* AMR screening test. *FebriDX* screening test detects 2 biomarkers (MxA and CRP).

Neither CRP nor MxA alone is sensitive or specific enough to differentiate viral from bacterial infections. By combining a marker of bacterial infection, CRP, and a marker of viral infection, MxA, the dual biomarker technology of *FebriDx* improves the sensitivity and specificity of both markers.[14]

Competitors in the AMR Commercial Market

There are very few tests available commercially that detect CRP. One such test is the *SD Biosensor CRP*, a lateral flow POC test which has CE Mark approval. *FebriDX* is the first and only rapid, all-in-one POC test device that can identify a clinically significant acute respiratory infection (ARI) and differentiate viral from bacterial causes. *FebriDx* can be used to help triage patients at the point of care to reduce uncertainty with respect to diagnosis and avoid unnecessary antibiotics.

3.4.2. POINT OF CARE PREGNANCY TESTING

In 2016, it has been estimated that sales of rapid pregnancy test kits from multi-outlet retails stores in US were US$320 million, currently dominated by urine-based rapid tests.[15] The point of care market is made up of two main segments: Professional use POC testing in hospital and clinic settings and consumer self-testing.

[12] *Centers for Disease Control and Prevention 2019 "Antibiotic resistance threats in the United States" United States Department of Health and Human Services, Atlanta, p 47.*

[13] *HM Government 2019 "Tackling antimicrobial resistance 2019-2024 - The UK's five-year national action plan" , https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/784894/UK_AMR_5_year_national_action_plan.pdf (last accessed 21 February 2020).*

[14] *FebriDx "The science behind the accuracy", https://www.febridx.com/the-science#biomarkers (last accessed 21 February 2020).*

[15] *Drug Store News Daily 2019 "Top 10 pregnancy test kits", 25 August, p 42.*

Atomo's participation in the POC pregnancy rapid test market is by way of its supply of Pascal devices used by NG Biotech as a sub-assembly of its *NG Blood Precision* hcG pregnancy test for professional use and *NG Blood Precision* hcG pregnancy test for self-testing use.

Blood-Based Pregnancy - Professional Use Testing

The blood-based NG Biotech pregnancy test detects human chorionic gonadotropin (hCG) hormone levels in blood. It is easy to use during a medical consultation at any time and can be performed by a nurse.

Urine based pregnancy tests have shown a lower detection threshold than blood-based tests. Further, a urine sample is not always readily available as opposed to a fingerpick blood sample. Laboratory-based blood tests utilising blood drawn from a vein take an average of 90 minutes to deliver a result. Rapid blood tests utilising capillary blood obtained from a fingertip typically take less than 10 minutes to deliver a result.[16]

3.4.3. BLOOD-BASED PREGNANCY – CONSUMER SELF-TESTING

The majority of the current consumer pregnancy testing market consists of urine-based test products. Measuring human chorionic gonadotropin (hCG) hormone levels in blood does, however, offers advantages over urine-based rapid testing, including earlier detection of pregnancy and less variable results depending on the time of day of testing.

Competitors in the Pregnancy Self-Testing Market

The pregnancy point of care market is well established and has a number of well-resourced market participants with commercially available pregnancy rapid diagnostic products; Abbott Laboratories, Quidel Corporation, Swiss Precision Diagnostics (SPD) GmbH, Church & Dwight Co., Inc., BIOSYNEX SA, EKF Diagnostics, NOW Diagnostics, Procter and bioMérieux.

Additionally, a number of these products are well established in retail channels and have strong brand presence and awareness amongst consumers. The two global brand leaders are First Response (Church & Dwight Co., Inc) and Clearblue (Swiss Precision Diagnostics GmbH).[17]

[16] *Legoupil, C. et al. 2019 "Performance of a quick pregnancy test on whole blood in early pregnancy units: a prospective cohort study" European Journal of Emergency Medicine, 26(2).*

[17] *Drug Store News Daily 2019 "Top 10 pregnancy test kits", 25 August, p 42.*

04. Financial Information

4.1. INTRODUCTION

This section contains a summary of historical consolidated financial information (Financial Information) for Atomo. No forecast financial information has been provided for the Company.

The Financial Information for Atomo in this Section 4 includes:

Historical Income Statements	Section
Pro-forma historical consolidated income statements for FY18 and FY19 (Full Year Pro-Forma Historical Income Statements). Statutory historical consolidated income statements for FY18 and FY19 (Full Year Statutory Historical Income Statements).	4.3.1
A reconciliation of the Full Year Pro-Forma and Statutory Historical Income Statements.	4.3.2
Pro-forma historical consolidated income statements for 1H FY19 and 1H FY20 (Half Year Pro-Forma Historical Income Statements). Statutory historical consolidated income statements for 1H FY19 and 1H FY20 (Half Year Statutory Historical Income Statements).	4.3.3
A reconciliation of the Half Year Pro-Forma and Statutory Historical Income Statements.	4.3.4
Historical Cash Flow Statements	**Section**
Pro-forma historical consolidated cash flow statements for FY18 and FY19 (Full Year Pro-Forma Historical Cash Flow Statements). Statutory historical consolidated cash flow statements for FY18 and FY19 (Full Year Statutory Historical Cash Flow Statements).	4.4.1
A reconciliation of the Full Year Pro-Forma and Statutory Historical Cash Flow Statements.	4.4.2
Pro-forma historical consolidated cash flow statements for 1H FY19 and 1H FY20 (Half Year Pro-Forma Historical Cash Flow Statements). Statutory historical consolidated cash flow statements for 1H FY19 and 1H FY20 (Half Year Statutory Historical Cash Flow Statements).	4.4.3
A reconciliation of the Half Year Pro-Forma and Statutory Historical Cash Flow Statements.	4.4.4
Pro-Forma Balance Sheet	**Section**
Statutory consolidated balance sheet as at 31 December 2019 (Statutory Balance Sheet).	4.5
Pro-forma balance sheet as at 31 December 2019 (Pro-Forma Balance Sheet) including details of pro-forma adjustments to the Statutory Balance Sheet.	4.5

Collectively, the Statutory Historical Financial Information comprises:

- Full Year Statutory Historical Income Statements;
- Half Year Statutory Historical Income Statements;
- Full Year Statutory Historical Cash Flow Statements;
- Half Year Statutory Historical Cash Flow Statements; and
- Statutory Balance Sheet.

Collectively, the Pro-Forma Historical Financial Information comprises:

- Full Year Pro-Forma Historical Income Statements;
- Half Year Pro-Forma Historical Income Statements;
- Full Year Pro-Forma Historical Cash Flow Statements;
- Half Year Pro-Forma Historical Cash Flow Statements; and
- Pro-Forma Balance Sheet.

Also summarised in this Section 4 are:

- the basis of preparation of the Financial Information (see Section 4.2);
- details of Atomo's liquidity, capital resources and indebtedness (see Section 4.5.1);
- details of Atomo's contractual obligations and capital commitments (see Section 4.5.2);
- details of off-balance sheet items (see Section 4.5.3);
- Management's discussion and analysis of the Financial Information (see Section 4.6);
- the Company's proposed dividend policy (see Section 4.7); and
- a summary of the key accounting policies adopted in the preparation of the Financial Information (see Section 4.8).

The information in this Section 4 should also be read in conjunction with the risk factors set out in Section 7 and other information contained in this Prospectus.

Atomo has a 30 June financial year end. As such, any references in this Section to "FY" refer to a 30 June financial year end. Any references to "1H" refer to the six-month period ended 31 December.

All amounts disclosed in the tables in this Section 4 are prepared in Australian dollars and, unless otherwise noted, are rounded to the nearest $1,000. Any discrepancies between totals and sums of components in tables or figures contained in this Prospectus are due to rounding.

4.2. BASIS OF PREPARATION & PRESENTATION OF THE FINANCIAL INFORMATION

4.2.1. OVERVIEW

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards (AAS) issued by the Australia Accounting Standards Board (AASB), which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board. Atomo's significant accounting policies are set out in Section 4.8 and have been consistently applied throughout the financial periods presented, unless otherwise stated.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Directors are responsible for the preparation and presentation of the Financial Information.

In accordance with AASB 8: Operating Segments, the Company has one reportable segment, being medical device research and development.

4.2.2. FORTHCOMING CHANGES TO AUSTRALIAN ACCOUNTING STANDARDS

The AASB has recently issued revised accounting standards in relation to AASB 15 *Revenue from Contracts with Customers* (AASB 15), AASB 9 *Financial Instruments* (AASB 9) and AASB 16 *Leases* (AASB 16).

The revised AASB 15 and AASB 9 become effective for reporting periods commencing on or after 1 January 2018 and therefore are first applicable to the Company's financial reporting with respect to the year ended 30 June 2019. The adoption of these two revised standards did not have any material impact on the Financial Information.

The revised AASB 16 becomes effective for reporting periods commencing on or after 1 January 2019 and therefore is first applicable to the Company's financial report with respect to the year ending 30 June 2020. The adoption of this revised standard is not expected to have a material impact on the Company's reported net assets or profit. The Half Year Statutory and Pro-Forma Historical Income Statements for 1H FY20 include a "right of use" expense in the amount of $0.03 million relating to leased real property. This expense is included in depreciation for 1H FY20. The Company has selected to not to restate prior period income statements.

4.2.3. PREPARATION OF AUDITED FINANCIAL STATEMENTS AND THE FINANCIAL INFORMATION

The Financial Information has been reviewed and reported on by BDO Corporate Finance (East Coast) Pty Ltd (BDO) whose Independent Limited Assurance Report (ILAR) is set out in Section 5. Investors should note the scope and limitations of the ILAR.

The Pro-Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus. The Pro-Forma Historical Information has been derived from the Statutory Historical Financial Information with pro-forma adjustments being made to reflect the impact of certain non-recurring items, and adjustments to reflect Atomo's operating and capital structure following Completion, including incremental publicly listed company expenses.

The Pro-Forma Historical Financial Information has been derived from the following:

- the audited statutory consolidated income statements and cash flow statements of Atomo for FY18 and FY19; and
- the reviewed statutory consolidated income statements and cash flow statements of Atomo for 1H FY19 and 1H FY20.

The audited financial statements of Atomo for FY18 and FY19 were audited by KPMG who, without qualifying their opinion, included in their auditor's report an Emphasis of Matter in relation to the re-issuance of the financial statements.

The Pro-Forma Balance Sheet has been derived from the following:

- the reviewed statutory consolidated balance sheet of Atomo as at 31 December 2019; with
- pro-forma adjustments to reflect the impact of the Offer and other material transactions subsequent to 31 December 2019.

The reviewed financial statements of Atomo for 1H FY20 (including comparatives for 1H FY19) were reviewed by KPMG who, without qualifying their opinion, included in their auditor's review report an Emphasis of Matter in relation to the restatement of comparative balances.

The Pro-Forma Historical Financial Information has been prepared solely for the purposes of inclusion in this Prospectus.

Investors should note that past results are not a guarantee of future performance.

4.2.4. EXPLANATION OF CERTAIN NON-IFRS MEASURES

Atomo uses certain measures to manage and report on the business that are not recognised under AAS or IFRS. Under regulatory guide 230 *Disclosing non-IFRS financial information* published by ASIC, these measures are collectively referred to as non-IFRS measures (non-IFRS financial measures). The principle non-IFRS financial measures that are referred to in this Prospectus include the following:

- Gross profit margin is equal to gross profit divided by revenue (excluding other revenue) where gross profit is equal to revenue (excluding other revenue) less cost of sales.
- EBITDA is earnings before interest, taxation, depreciation and amortisation.

  Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and tax charges, which are affected by the capital structure and historical tax position of Atomo.

  Atomo calculated EBITDA margin as EBITDA divided by revenue, expressed as a percentage. EBITDA margin is a measure that management uses to evaluate the profitability of the overall business.

  Because EBITDA does not include the non-cash charges for depreciation and amortisation, EBITDA can be useful to help understand the cash generation potential of the business. However, management believe that is should not be considered as an alternative to net free cash flow from operations and investors should not consider EBITDA is isolation from, or a substitute for, an analysis of the results of Atomo's operations.
- EBIT is earnings before interest and taxation.

Although the Directors believe that these measures provide useful information about the financial performance of Atomo, they should be considered as supplements to the income statement and cash flow measures that have been presented in accordance with the AAS or IFRS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way the Company has calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS measures.

4.3. PRO-FORMA & STATUTORY HISTORICAL INCOME STATEMENTS

4.3.1. FULL YEAR PRO-FORMA & STATUTORY HISTORICAL INCOME STATEMENTS

The table below sets out the Full Year Pro-Forma & Statutory Historical Income Statements for FY18 and FY19.

TABLE 4: FULL YEAR STATUTORY & PRO-FORMA HISTORICAL INCOME STATEMENTS

AU ($'000)	Note	Pro-Forma		Statutory	
		FY18	FY19	FY18	FY19
Revenue	Note 1	287	540	287	540
Cost of Sales		(228)	(443)	(228)	(443)
Gross Profit		**59**	**96**	**59**	**96**
Gross Profit Margin		*20.7%*	*17.8%*	*20.7%*	*17.8%*
Other Income / (Expenses)		1,047	520	1,047	520
Employee Benefits Expenses		(1,982)	(1,770)	(1,789)	(2,104)
Research & Development Expense	Note 2	(2,879)	(1,336)	(2,879)	(1,336)
Inventory Obsolescence Expense		(561)	(78)	(561)	(78)
Occupancy Expenses		(75)	(78)	(75)	(78)
Other Expenses	Note 3	(2,535)	(2,617)	(1,582)	(1,589)
Operating Expenses		**(8,031)**	**(5,879)**	**(6,885)**	**(5,186)**
EBITDA		**(6,924)**	**(5,262)**	**(5,779)**	**(4,569)**
Depreciation & Amortisation	Note 4	(329)	(561)	(329)	(561)
EBIT		**(7,254)**	**(5,823)**	**(6,108)**	**(5,130)**
Net Finance Income / (Cost)		(27)	213	(1,092)	(731)
Net Profit Before Income Tax		**(7,281)**	**(5,610)**	**(7,200)**	**(5,861)**
Income Tax (Expense) / Benefit		2,300	806	2,300	806
Loss for the Year		**(4,981)**	**(4,804)**	**(4,900)**	**(5,055)**
Foreign Currency Translation Differences		(15)	(28)	(15)	(28)
Total Comprehensive Income		**(4,996)**	**(4,832)**	**(4,915)**	**(5,083)**

Notes:

1. Revenue relates to the sale of the Company's HIV and OEM products.
2. Research and development expenses relate to the continued development of the Company's HIV and OEM products. These costs consist of contractors for continued design and build of product, production samples, product testing and investigative prototype tools, fixtures and jigs.
3. Other expenses predominately relate to the general management of the Company and include accounting, audit and tax advisory expenses, consultant expenses, information technology related expenses, communications, travel and accommodation, and general office consumables.
4. The Half Year Statutory and Pro-Forma Historical Income Statements for 1H FY20 include a "right of use" expense in the amount of $0.03 million relating to leased real property. This expense is included in depreciation for 1H FY20. The Company has selected to not restate prior period income statements (including the FY18 and FY19 income statements presented above) due to the immaterial impact.

4.3.2. RECONCILIATION OF FULL YEAR PRO-FORMA & STATUTORY HISTORICAL INCOME STATEMENTS

The table below provides a reconciliation between the Full Year Pro-Forma and Statutory Historical Income Statements for FY18 and FY19:

TABLE 5: RECONCILIATION OF THE FULL YEAR PRO-FORMA AND STATUTORY HISTORICAL INCOME STATEMENTS

AU ($'000)	Note	FY18	FY19
Statutory Comprehensive Income		(4,915)	(5,083)
Impact of Incremental Public Company Costs	Note 1	(1,028)	(1,028)
Impact of Finance Costs Savings	Note 2	1,065	944
Impact of Timing Adjustments	Note 3	(118)	335
Pro-Forma Comprehensive Income		**(4,996)**	**(4,832)**

Note 1: Impact of Incremental Public Company Costs

Incremental public company costs represent Atomo's estimate of the incremental costs of operating as a publicly listed company and includes annual ASX listing fees (circa $0.05 million), additional board members and CFO costs (circa $0.68 million) and additional company secretarial, legal, advisor and administrative costs ($0.30 million).

Note 2: Impact of Finance Costs Savings

As set out in Section 9.3 and Notes 2 to 5 under Section 4.5, upon Completion the Company intends to repay or convert all borrowings outstanding. Accordingly, pro-forma adjustments have been made to reverse the impact of historical borrowings to reflect the operating performance of the Company under the capital structure of the listed entity as if it were in place as at 1 July 2017.

Note 3: Impact of Timing Adjustments

Pro-forma adjustments have been made to correctly reflect the timing of certain expenses (withholding tax and share based payments expenses) incurred in FY18 and FY19.

4.3.3. HALF YEAR PRO-FORMA & STATUTORY HISTORICAL INCOME STATEMENTS

The table below sets out the Half Year Pro-Forma & Statutory Historical Income Statements for 1H FY19 and 1H FY20.

TABLE 6: HALF YEAR STATUTORY & PRO-FORMA HISTORICAL INCOME STATEMENTS

AU ($'000)	Note	Pro-Forma		Statutory	
		1H FY19	1H FY20	1H FY19	1H FY20
Revenue	Note 1	65	937	65	937
Cost of Sales		(46)	(544)	(46)	(544)
Gross Profit		**19**	**393**	**19**	**393**
Gross Profit Margin		*29.2%*	*42.0%*	*29.2%*	*42.0%*
Other Income / (Expenses)		391	-	391	-
Employee Benefits Expenses		(899)	(1,096)	(1,234)	(1,096)
Research & Development Expense	Note 2	(805)	(43)	(805)	(43)
Inventory Obsolescence Expense		(3)	(2)	(3)	(2)
Occupancy Expenses		(34)	(21)	(34)	(21)
Professional Fees Expense		(286)	(376)	(286)	(376)
Other Expenses	Note 3	(858)	(1,072)	(344)	(559)
Operating Expenses		**(2,884)**	**(2,611)**	**(2,705)**	**(2,097)**
EBITDA		**(2,474)**	**(2,217)**	**(2,295)**	**(1,703)**
Depreciation & Amortisation	Note 4	(265)	(319)	(265)	(319)
EBIT		**(2,740)**	**(2,536)**	**(2,561)**	**(2,022)**
Net Finance Income / (Cost)		180	246	32	(486)
Net Profit Before Income Tax		**(2,560)**	**(2,290)**	**(2,529)**	**(2,508)**
Income Tax (Expense) / Benefit		397	248	397	248
Loss for the Year		**(2,164)**	**(2,041)**	**(2,132)**	**(2,260)**
Foreign Currency Translation Differences		(57)	(84)	(57)	(84)
Total Comprehensive Income		**(2,220)**	**(2,125)**	**(2,189)**	**(2,343)**

Notes:

1. Revenue relates to the sale of the Company's HIV and OEM products.
2. Research and development expenses relate to the continued development of the Company's HIV and OEM products. These costs consist of contractors for continued design and build of product, production samples, product testing and investigative prototype tools, fixtures and jigs.
3. Other expenses and professional fee exenses predominately relate to the general management of the Company and include accounting, audit and tax advisory expenses, consultant expenses, information technology related expenses, communications, travel and accommodation, and general office consumables.
4. The Half Year Statutory and Pro-Forma Historical Income Statements for 1H FY20 include a "right of use" expense in the amount of $0.03 million relating to leased real property. This expense is included in depreciation for 1H FY20. The Company has selected to not restate prior period income statements due to the immaterial impact.

4.3.4. RECONCILIATION OF HALF YEAR PRO-FORMA & STATUTORY HISTORICAL INCOME STATEMENTS

The table below provides a reconciliation between the Half Year Pro-Forma and Statutory Historical Income Statements for 1H FY19 and 1H FY20:

TABLE 7: RECONCILIATION OF THE HALF YEAR PRO-FORMA AND STATUTORY HISTORICAL INCOME STATEMENTS

AU ($'000)	Note	1H FY19	1H FY20
Statutory Comprehensive Income		(2,189)	(2,343)
Impact of Incremental Public Company Costs	Note 1	(514)	(514)
Impact of Finance Costs Savings	Note 2	148	732
Impact of Timing Adjustments	Note 3	335	-
Pro-Forma Comprehensive Income		**(2,220)**	**(2,125)**

Note 1: Impact of Incremental Public Company Costs

Incremental public company costs represent Atomo's estimate of the incremental costs of operating as a publicly listed company and includes annual ASX listing fees (circa $0.02 million), additional board members and CFO costs (circa $0.34 million) and additional company secretarial, legal, advisor and administrative costs (circa $0.15 million).

Note 2: Impact of Finance Costs Savings

As set out in Section 9.3 and Notes 2 to 5 under Section 4.5, upon Completion the Company intends to repay or convert all borrowings outstanding. Accordingly, pro-forma adjustments have been made to reverse the impact of historical borrowings to reflect the operating performance of the Company under the capital structure of the listed entity as if it were in place as at 1 July 2017.

Note 3: Impact of Timing Adjustments

A pro-forma adjustment has been made to correctly reflect the timing of certain expenses (share based payments expenses) incurred in 1H FY19.

4.4. PRO-FORMA & STATUTORY HISTORICAL CASH FLOW STATEMENTS

4.4.1. FULL YEAR PRO-FORMA & STATUTORY HISTORICAL CASH FLOW STATEMENTS

The table below sets out the Full Year Pro-Forma & Statutory Historical Cash Flow Statements for FY18 and FY19.

TABLE 8: FULL YEAR STATUTORY & PRO-FORMA HISTORICAL CASH FLOW STATEMENTS

	Pro-Forma		Statutory	
AU ($'000)	FY18	FY19	FY18	FY19
Cash Flows from Operating Activities				
Receipts from Customers	426	477	426	477
Receipts from Grant Donors	826	391	826	391
Payments to Suppliers & Employees	(7,284)	(6,307)	(6,181)	(5,429)
Cash Used in Operations	*(6,032)*	*(5,439)*	*(4,930)*	*(4,562)*
Net Interest Received / (Paid)	8	79	(631)	(611)
Income Tax (R&D Rebate Received)	-	3,334	-	3,334
Net Cash Used in Operating Activities	**(6,024)**	**(2,026)**	**(5,560)**	**(1,838)**
Cash Flows from Investing Activities				
Payments for Property, Plant & Equipment	(553)	(740)	(553)	(740)
Payments for Intangible Assets	(90)	(73)	(90)	(73)
Net Cash Used in Investing Activities	**(643)**	**(813)**	**(643)**	**(813)**
Cash Flows from Financing Activities				
Proceeds from Issue of Share Capital	-	-	-	2,442
Payments for Transaction Costs	-	-	-	(8)
Net Cash from Financing Activities	**-**	**-**	**-**	**2,434**
Net Increase / (Decrease) in Cash & Cash Equivalents	**(6,667)**	**(2,839)**	**(6,203)**	**(218)**

4.4.2. RECONCILIATION OF FULL YEAR PRO-FORMA & STATUTORY HISTORICAL CASH FLOW STATEMENTS

The table below provides a reconciliation between the Full Year Pro-Forma and Statutory Historical Cash Flow Statements for FY18 and FY19:

TABLE 9: RECONCILIATION OF THE FULL YEAR PRO-FORMA AND STATUTORY HISTORICAL CASH FLOW STATEMENTS

AU ($'000)	Note	FY18	FY19
Statutory Net Cash Flows		(6,203)	(218)
Impact of Incremental Public Company Costs	Note 1	(1,028)	(1,028)
Impact of Finance Cost Savings	Note 2	639	690
Impact of Timing Adjustments	Note 3	(75)	150
Impact of Capital Raising	Note 4	-	(2,434)
Pro-Forma Net Cash Flows		**(6,667)**	**(2,839)**

Note 1: Impact of Incremental Public Company Costs

Incremental public company costs represent Atomo's estimate of the incremental costs of operating as a publicly listed company and includes annual ASX listing fees (circa $0.05 million), additional board members and CFO costs (circa $0.68 million) and additional company secretarial, legal, advisor and administrative costs ($0.30 million).

Note 2: Impact of Finance Costs Savings

As set out in Section 9.3 and Notes 2 to 5 under Section 4.5, upon Completion the Company intends to repay or convert all borrowings outstanding. Accordingly, pro-forma adjustments have been made to reverse the impact of historical borrowings to reflect the operating performance of the Company under the capital structure of the listed entity as if it were in place as at 1 July 2017.

Note 3: Impact of Timing Adjustments

Pro-forma adjustments have been made to correctly reflect the timing of cash flows related to certain expenses (withholding tax expenses) incurred in FY18 and FY19.

Note 4: Impact of Capital Raising

During FY19, the Company issued 1.95 million Ord+ shares to raise a total of $2.44 million before costs. Pro-forma adjustments have been taken up to reverse the impact of these transactions as they are considered non-recurring.

4.4.3. HALF YEAR PRO-FORMA & STATUTORY HISTORICAL CASH FLOW STATEMENTS

The table below sets out the Half Year Pro-Forma & Statutory Historical Cash Flow Statements for 1H FY19 and 1H FY20.

TABLE 10: HALF YEAR STATUTORY & PRO-FORMA HISTORICAL CASH FLOW STATEMENTS

	Pro-Forma		Statutory	
AU ($'000)	1H FY19	1H FY20	1H FY19	1H FY20
Cash Flows from Operating Activities				
Receipts from Customers	24	568	24	568
Receipts from Grant Donors	391	-	391	-
Payments to Suppliers & Employees	(3,195)	(3,449)	(2,832)	(2,935)
Cash Used in Operations	*(2,781)*	*(2,881)*	*(2,417)*	*(2,367)*
Net Interest Received / (Paid)	19	2	(671)	(578)
Income Tax (R&D Rebate Received)	1,800	771	1,800	771
Net Cash Used in Operating Activities	**(961)**	**(2,107)**	**(1,288)**	**(2,173)**
Cash Flows from Investing Activities				
Payments for Property, Plant & Equipment	(296)	(124)	(296)	(124)
Payments for Intangible Assets	(45)	(552)	(45)	(552)
Net Cash Used in Investing Activities	**(340)**	**(676)**	**(340)**	**(676)**
Cash Flows from Financing Activities				
Proceeds from Issue of Share Capital	-	-	2,447	-
Proceeds from Issue of Convertible Note	-	-	-	14,344
Payments for Transaction Costs	-	-	(3)	(912)
Net Cash from Financing Activities	**-**	**-**	**2,445**	**13,432**
Net Increase / (Decrease) in Cash & Cash Equivalents	**(1,302)**	**(2,784)**	**817**	**10,583**

4.4.4. RECONCILIATION OF HALF YEAR PRO-FORMA & STATUTORY HISTORICAL CASH FLOW STATEMENTS

The table below provides a reconciliation between the Half Year Pro-Forma and Statutory Historical Cash Flow Statements for 1H FY19 and 1H FY20:

TABLE 11: RECONCILIATION OF THE HALF YEAR PRO-FORMA AND STATUTORY HISTORICAL CASH FLOW STATEMENTS

AU ($'000)	Note	1H FY19	1H FY20
Statutory Net Cash Flows		817	10,583
Impact of Incremental Public Company Costs	Note 1	(514)	(514)
Impact of Finance Cost Savings	Note 2	690	580
Impact of Timing Adjustments	Note 3	150	-
Impact of Capital Raising	Note 4	(2,445)	(13,432)
Pro-Forma Net Cash Flows		**(1,302)**	**(2,784)**

Note 1: Impact of Incremental Public Company Costs

Incremental public company costs represent Atomo's estimate of the incremental costs of operating as a publicly listed company and includes annual ASX listing fees (circa $0.02 million), additional board members and CFO costs (circa $0.34 million) and additional company secretarial, legal, advisor and administrative costs (circa $0.15 million).

Note 2: Impact of Finance Costs Savings

As set out in Section 9.2 and Note 2 to 5 under Section 4.5, upon Completion the Company intends to repay or convert all borrowings outstanding. Accordingly, pro-forma adjustments have been made to reverse the impact of historical borrowings to reflect the operating performance of the Company under the capital structure of the listed entity as if it were in place as at 1 July 2017.

Note 3: Impact of Timing Adjustments

A pro-forma adjustment has been made to correctly reflect the timing of cash flows related to certain expenses (withholding tax expenses) incurred in 1H FY19.

Note 4: Impact of Capital Raising

During 1H FY19, the Company issued 1.95 million Ord+ shares to raise a total of $2.44 million. Pro-forma adjustments have been made to reverse the impact of this transaction as it is considered non-recurring.

During the months of September to November 2019, Atomo issued Converting Notes with a total face value of $16.05 million of which $1.76 million was settled by the conversion of existing debt with GHIF. Costs associated with the issue of the Converting Notes amounted to $0.83 million. Pro-forma adjustments have been made to reverse the impact of these transactions as they are considered non-recurring.

During 1H FY20, Atomo had paid certain costs associated with the Offer. These costs were recognised as prepayments (current asset) as at 31 December 2019. A pro-forma adjustment has been made to reverse the impact of these costs which were recognised in the Half Year Statutory Historical Cash Flow Statement for 1H FY20 as they are considered non-recurring.

4.5. PRO-FORMA BALANCE SHEET

Table 11 below sets out the reviewed statutory balance sheet of Atomo as at 31 December 2019, adjusted for certain material transactions since that date (including the impact of the Offer), as if they had taken place as at 31 December 2019. The Pro-Forma Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's financial position upon completion of the Offer.

TABLE 12: PRO-FORMA BALANCE SHEET

AU ($'000)	Note	Actual (Reviewed)	Impact of the Offer		Impact of Other Material Transactions					Pro-Forma
			Proceeds of the Offer & Cleansing Offer	Costs of the Offer	Conversion of Converting Note	Payment of Accrued Interest	Repayment of GHIF Loan	Exercise of GHIF Warrants	Exercise of Options	
			(Note 1)	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	
Current Assets										
Cash & Cash Equivalents		12,440	30,000	(2,704)	-	(900)	(7,010)	-	46	31,872
Trade & Other Receivables		1,084	-	(261)	-	-	-	-	-	822
Inventories		1,200	-	-	-	-	-	-	-	1,200
Current Tax Assets		248	-	-	-	-	-	-	-	248
Total Current Assets		**14,972**	**30,000**	**(2,966)**	**-**	**(900)**	**(7,010)**	**-**	**46**	**34,143**
Non-Current Assets										
Property, Plant & Equipment		1,034	-	-	-	-	-	-	-	1,034
Intangible Assets		1,409	-	-	-	-	-	-	-	1,409
Right of Use Asset		113	-	-	-	-	-	-	-	113
Total Non-Current Assets		**2,556**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,556**
TOTAL ASSETS		**17,528**	**30,000**	**(2,966)**	**-**	**(900)**	**(7,010)**	**-**	**46**	**36,699**

TABLE 12: PRO-FORMA BALANCE SHEET (CONTINUED)

AU ($'000)	Note	Actual (Reviewed)	Impact of the Offer		Impact of Other Material Transactions					Pro-Forma
			Proceeds of the Offer & Cleansing Offer	Costs of the Offer	Conversion of Converting Note	Payment of Accrued Interest	Repayment of GHIF Loan	Exercise of GHIF Warrants	Exercise of Options	
			(Note 1)	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	
Current Liabilities										
Trade & Other Payables		964	-	(195)	-	(368)	-	-	-	401
Borrowings		20,273	-	-	(15,911)	-	(2,997)	(1,365)	-	-
Lease Liability		94	-	-	-	-	-	-	-	94
Employee Benefits		82	-	-	-	-	-	-	-	82
Total Current Liabilities		**21,413**	**-**	**(195)**	**(15,911)**	**(368)**	**(2,997)**	**(1,365)**	**-**	**578**
Non-Current Liabilities										
Borrowings		3,601	-	-	-	-	(3,601)	-	-	-
Lease Liability		19	-	-	-	-	-	-	-	19
Employee Benefits		67	-	-	-	-	-	-	-	67
Total Non-Current Liabilities		**3,686**	**-**	**-**	**-**	**-**	**(3,601)**	**-**	**-**	**85**
TOTAL LIABILITIES		**25,099**	**-**	**(195)**	**(15,911)**	**(368)**	**(6,598)**	**(1,365)**	**-**	**663**
NET ASSETS / (LIABILITIES)		**(7,571)**	**30,000**	**(2,771)**	**15,911**	**(532)**	**(412)**	**1,365**	**46**	**36,036**
Equity										
Issued Capital	Note 7	17,110	30,000	(2,149)	20,060	-	-	1,268	1,201	67,491
Reserves		690	-	-	-	-	-	-	(830)	(140)
Accumulated Losses		(25,371)	-	(622)	(4,150)	(532)	(412)	97	(325)	(31,315)
TOTAL EQUITY		**(7,571)**	**30,000**	**(2,771)**	**15,911**	**(532)**	**(412)**	**1,365**	**46**	**36,036**

Note 1: Impact of the Offer & Cleansing Offer

The following pro-forma adjustments have been taken up to reflect the impact of the Offer and Cleansing Offer:

- the issue of 150,000,010 Shares at an issue price of $0.20 per share to raise a total of $30,000,002;
- costs of the Offer estimated to amount to approximately $2.91 million inclusive of GST ($2.77 million after the recoupment eligible GST expenses) which have been taken up against equity and retained earnings as required by IAS 32;
- the allocation of costs includes $0.26 million of expenses incurred prior to the IPO and recorded in prepayments as at 31 December 2019;
- the allocation of costs includes $0.05 million of expenses incurred prior to IPO and recorded in trade and other payables as at 31 December 2019; and
- GST on costs of the Offer which can be recouped by the Company amount to approximately $0.14 million, resulting in the total adjustment to trade and other payables being $0.20 million.

Note 2: Conversion of Converting Notes

As set out in Section 10.5, upon Completion, the Converting Notes will convert into Shares of the Company at an issue price of $0.16 (i.e. 80% of the Offer Price). The pro-forma adjustment reflects the conversion of the Converting Notes into Shares at this price.

Note 3: Payment of Accrued Interest

In accordance with the use of funds information set out in Section 9.2, upon conversion of the Converting Notes at or around the time of Completion, Atomo will be required to pay, in cash, interest accrued on the Converting Notes. For the purpose of the Pro-Forma Balance Sheet, Completion has been assumed to occur on 30 April 2019 resulting in interest payable of $0.90 million.

Note 4: Repayment of GHIF Loan

In accordance with the use of funds information set out in Section 9.2, upon Completion, it is Atomo's intention to repay the loan payable to the GHIF. The pro-forma adjustment reflects the balance payable as at 31 December 2019 ($6.60 million), estimated interest which will accrue between the period 1 January 2020 and Completion ($0.16 million), and estimated movements in fair value of the loan between 1 January 2020 and Completion ($0.25 million) where Completion is assumed to be 30 April 2019.

Note 5: Exercise of GHIF Warrants

On or around 21 December 2015, Atomo issued warrants to GHIF as part of the borrowing arrangement detailed in Note 4 above. These warrants entitled GHIF to purchase 2,727,273 Shares in Atomo at a price of US$0.55 per Share or, in lieu of exercising the warrants for cash, a lesser amount of Shares based on a pre-determined formula.

GHIF exercised these warrants on a cashless basis in February 2020. The pro-forma adjustment is made to reflect the revaluation of the warrant liability and simultaneous conversion of the warrants to Shares.

Note 6: Exercise of Options

As at 31 December 2019, Atomo had a total of 5,167,828 Options (41,342,624 post-share split) outstanding. These Options had exercise prices ranging between $0.25 and $1.25 ($0.03 to $0.16 post-share split) and various expiry periods ranging from 24 November 2020 to 11 April 2023.

On 21 February 2020, holders of 17,872,992 Options (post-share split basis) had accepted an early exercise offer (including in some cases, a cashless exercise offer) presented by the Company and accordingly, a pro-forma adjustment has been taken up to reflect the acceptance of this early cashless exercise offer.

Note 7: Movements in Issued Capital

The following table provides a reconciliation between actual and pro-forma issued capital as at 31 December 2019:

TABLE 13: RECONCILIATION OF ISSUED CAPITAL

	Note	Ordinary Shares		Class B Shares		Ord+ Shares	
		# '000	$ '000	# '000	$ '000	# '000	$ '000
As at 31 December 2019		28,458,647	8,631	5,979,846	6,037	1,953,852	2,442
Impact of 1:8 Share Split	4(a)	227,669,176	8,631	47,838,768	6,037	15,630,816	2,442
Conversion of ORD+ Shares	4(b)	15,630,816	2,442	-	-	(15,630,816)	(2,442)
Conversion of B Class Shares	4(c)	47,838,768	6,037	(47,838,768)	(6,037)	-	-
Conversion of Convertible Note	4(d)	100,302,363	20,060	-	-	-	-
Impact of the Offer & Cleansing Offer	4(e)	150,000,010	30,000	-	-	-	-
Costs of the Offer Attributable to Equity	4(e)	-	(2,149)	-	-	-	-
Exercise of Warrants	4(f)	10,868,183	1,268	-	-	-	-
Exercise of Options	4(g)	8,592,043	1,201	-	-	-	-
Pro-Forma		**560,901,359**	**67,491**	**-**	**-**	**-**	**-**

Note 4(a): On 19 December 2019, the Shareholders of Atomo approved a split of the Company's share capital. The share split was conditional upon the Company being converted from a proprietary company into a public company which was effected by ASIC on 21 February 2020. Subsequently, the share split was effected on 21 February 2020.

Note 4(b): On 19 December 2019, the Shareholders of Atomo approved a variation to the rights attaching to the Ord+ shares whereby the Ord+ shares were to be converted into Shares. The conversion of the Ord+ shares into Shares was conditional upon the Company being converted from a proprietary company into a public company which was effected by ASIC on 21 February 2020. Subsequently, the conversion was effected on 21 February 2020 on a one for one basis.

Note 4(c): As at 31 December 2019, Atomo had 47,838,768 (post share split) Class B shares on issue. In accordance with the terms of the Class B shares, upon listing of the Company at an initial price implying a total market capitalisation of more than US$20 million, the Class B shares shall convert into ordinary Shares on a one for one basis.

Note 4(d): Between September and November 2019, Atomo issued Converting Notes with a total face value of $16.05 million. A summary of the terms attaching to the Converting Notes is set out in Section 10.5. On listing of the Company, the Converting Notes will automatically convert into Shares at a price equal to 80% of the Offer Price.

Note 4(e): Reflects the impact of the Offer and Cleansing Offer being the issue of 150,000,010 new Shares at an issue price of $0.20 per Share to raise $30 million (before costs). Of the total $2.77 million in Offer costs (after the recoupment of eligible GST expenses), $2.15 million have been offset against equity to the extent that they relate to the issue of new Shares under the Offer.

Note 4(f): Reflects the cashless exercise of GHIF's warrants into ordinary Shares per Note 5 of the Pro-Forma Balance Sheet.

Note 4(g): Reflects the conversion of the Options into ordinary Shares per Note 6 of the Pro-Forma Balance Sheet.

4.5.1. LIQUIDITY, CAPITAL RESOURCES & INDEBTEDNESS

Following Completion of the Offer, the Company's principal source of funds will be cash on its balance sheet.

Atomo expects that its operating cash flows, together with cash on its balance sheet will be sufficient to meet its operational requirements and business needs, and position the Company to grow its business in accordance with the Company's stated objectives. Further details regarding the anticipated use of funds and the Company's stated objectives can be found in Sections 9.2 and 2.6 respectively.

Atomo had pro forma cash and cash equivalents of $31.87 million as at 31 December 2019, reflecting the expected cash and cash equivalents balance had the Offer occurred as at 31 December 2019. The following table sets out the indebtedness of Atomo as at 31 December 2019 on a statutory and pro-forma basis (i.e. following completion of the Offer and other material transactions described in Note 2 to 6 of Section 4.5):

TABLE 14: NET CASH/(DEBT) AS AT 31 DECEMBER 2019

	Statutory	Pro-Forma
Cash & Cash Equivalents	12,440	31,872
Convertible Note	(15,911)	-
Other Borrowings	(7,963)	-
Net Cash / (Debt)	**(11,434)**	**31,872**

4.5.2. CONTRACTUAL OBLIGATIONS & CAPITAL COMMITMENTS

As at 31 December 2019, Atomo had lease obligations in relation to premises in Sydney and South Africa, and some minor office equipment. Apart from these property and equipment leases, the Company has no other contractual obligations or capital commitments.

Atomo's contractual obligations and capital commitments (inclusive of GST / VAT) are presented in the table below:

TABLE 15: CONTRACTUAL OBLIGATIONS & CAPITAL COMMITMENTS AS AT 31 DECEMBER 2019

	Lease Commitments	Other Commitments	Total
Six Months Ending 30 June 2020	54	-	54
Year Ending 30 June 2021	56	-	56
Year Ending 30 June 2022	4	-	4
Year Ending 30 June 2023	4	-	4
Total	**117**	**-**	**117**

4.5.3. OFF BALANCE SHEET ITEMS

Atomo has no material contingent liabilities or off-balance sheet arrangements.

4.6. MANAGEMENT DISCUSSION & ANALYSIS OF HISTORICAL FINANCIAL INFORMATION

4.6.1. OVERVIEW

This Section 4.6 sets out a discussion of the main factors affecting the Company's operating and financial performance in FY18, FY19 and H1 FY20 as well as factors the Company expects may continue to affect it in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all the factors that affected historical operating performance, nor everything which may affect the Company's operating and financial performance in the future.

The information in this Section 4.6 should also be read in conjunction with the risk factors set out in Section 7 and the other information contained in this Prospectus.

4.6.2. GENERAL FACTORS AFFECTING THE OPERATING RESULTS OF THE COMPANY

Atomo's historical revenues have been generated primarily from the sale of HIV finished products in the South African private sector and through grants received in relation to development of rapid test products, including a HIV Self Test for use in global health markets.

Regulatory approvals for its HIV products (including European CE Mark, Australian TGA approval and prequalification by the World Health Organisation) has enabled the Company to secure supply agreements with a number of international distribution partners covering large parts of the global market, with sales under these long term agreements commencing in January 2019.

Additional revenues have to date been generated for the Company through the sale of Atomo devices to a number of international OEM customers. These sales volumes have to date been modest and product provided to customers has been used primarily to support clinical trials, product validations required for regulatory approvals. These OEM products are now starting to secure regulatory approvals in Europe, with approvals in the US still in process.

As awareness of Atomo's innovative solutions becoming increasingly recognised in the market place, the Company continues to have discussions related to the supply of Atomo devices for other clinical applications and with new potential OEM customers.

4.6.3. FY19 COMPARED TO FY18

The table below sets out the Full Year Pro-Forma Historical Income Statements of Atomo for FY18 and FY19:

TABLE 16: FULL YEAR PRO-FORMA HISTORICAL INCOME STATEMENTS: FY18 COMPARED TO FY19

	Pro-Forma		Change	
AU ($'000)	FY18	FY19	$ '000	%
Revenue	287	540	252	87.9%
Cost of Sales	(228)	(443)	(216)	(94.6%)
Gross Profit	**59**	**96**	**37**	**62.3%**
Gross Profit Margin	*20.7%*	*17.8%*	*(2.8%)*	*(13.6%)*
Other Income / (Expenses)	1,047	520	(527)	(50.3%)
Employee Benefits Expenses	(1,982)	(1,770)	213	10.7%
Research & Development Expense	(2,879)	(1,336)	1,543	53.6%
Inventory Obsolescence Expense	(561)	(78)	483	86.1%
Occupancy Expenses	(75)	(78)	(4)	(5.0%)
Other Expenses	(2,535)	(2,617)	(82)	(3.2%)
Operating Expenses	**(8,031)**	**(5,879)**	**2,152**	**26.8%**
EBITDA	**(6,924)**	**(5,262)**	**1,662**	**24.0%**
Depreciation & Amortisation	(329)	(561)	(231)	(70.3%)
EBIT	**(7,254)**	**(5,823)**	**1,431**	**19.7%**
Net Finance Income / (Cost)	(27)	213	241	880.3%
Net Profit Before Income Tax	**(7,281)**	**(5,610)**	**1,672**	**23.0%**
Income Tax (Expense) / Benefit	2,300	806	(1,494)	(65.0%)
Loss for the Year	**(4,981)**	**(4,804)**	**177**	**3.6%**
Foreign Currency Translation Differences	(15)	(28)	(13)	(87.8%)
Total Comprehensive Income	**(4,996)**	**(4,832)**	**164**	**3.3%**

Revenues & Gross Profit FY18 vs FY19:

During FY18, Atomo's revenues were generated primarily from sale of the Company's HIV products in the South African private sector which was the first market that the Company entered to help establish the performance and market acceptability of its HIV products. There were also modest sales to initial OEM customers that commenced purchasing the Company's Pascal rapid test device for use in support of their efforts to requalify and relaunch their own RDT products on the Pascal platform.

Using market entry in South Africa to help establish the utility of the Company's products, Atomo was able to secure a number of agreements with global distribution partners to support the expansion of Atomo's HIV products outside of Southern Africa. During FY19, HIV self-test product sales increased by approximately 92% compared to FY18 revenues, as these global distribution partners started to purchase initial quantities of HIV product to support their in-country registration and market seeding activities and the Company started to see HIV product revenues being generated outside of Southern Africa.

Revenues from the sale of Pascal devices to third party OEM supply contracts also increased significantly in FY19 relative to FY18, as initial customers ordered further product and a third OEM customer commenced purchasing of Pascal product in support of product approval activities.

This acceleration of product sales continues, with the Company having sold more products by both volume and revenue in the first five months of FY20 than it did during FY19.

Gross profit margins decreased slightly in FY19 (from 20.7% to 17.8%) and were impacted by early product rollouts and market launch costs (e.g. air freighting initial orders, rework costs to support airwork changes, small product run volume premiums etc) and can be easily distorted by small individual events and activities.

Other Income FY18 vs FY19:

Other income predominately comprised of grants received with respect to the HIV Self Test program funded by the Bill and Melinda Gates Foundation and the Australian Tropical Medicine Commercisation program funded by the Australian Federal Government. In FY18, grant income amounted to $0.83 million, reducing to $0.43 million in FY19 as these programs started to wind down or reach their conclusion.

During FY18, the Company also received development income amounting to $0.22 million associated with the development of customised product solutions for customers.

Operating Expenses FY18 vs FY19:

Total pro-forma operating expenses decreased from $8.03 million in FY18 to $5.88 million in FY19 (a reduction of $2.15 million) driven primarily by the following:

- a decrease in employee benefit expenses by $0.21 million predominately due to a reduction in employee headcount driven by a review of roles and functions within the business ($0.28 million) offset by an increase in share-based payments ($0.06 million);
- a reduction in research and development expenses by $1.54 million due to reduced activity in the HIV Self Test program funded by a grant from the Bill and Melinda Gates Foundation; (a project that commenced in October 2016), as well as expenditure related to a Australian Tropical Medicine Commercisation program grant winding up in mid 2018. and;
- a reduction in inventory obsolescence expense by $0.48 million due to a significant inventory write-off in FY18 due to insufficient shelf life remaining to support the commercial use or sale of the HIV products associated with this inventory. Atomo's products and sub assemblies have a shelf life that range from 3-5 years for devices and from 18 to 24 months for finished HIV products.

The table below sets out the Full Year Pro-Forma Historical Cash Flow Statements of Atomo for FY18 and FY19:

TABLE 17: FULL YEAR PRO-FORMA HISTORICAL CASH FLOW STATEMENTS: FY18 COMPARED TO FY19

	Pro-Forma		Change	
AU ($'000)	FY18	FY19	$ '000	%
Cash Flows from Operating Activities				
Receipts from Customers	426	477	51	12.1%
Receipts from Grant Donors	826	391	(436)	(52.7%)
Payments to Suppliers & Employees	(7,284)	(6,307)	977	13.4%
Cash Used in Operations	*(6,032)*	*(5,439)*	*593*	*9.8%*
Net Interest Received / (Paid)	8	79	71	865.4%
Income Tax (R&D Rebate Received)	-	3,334	3,334	n/a
Net Cash Used in Operating Activities	**(6,024)**	**(2,026)**	**3,998**	**66.4%**
Cash Flows from Investing Activities				
Payments for Property, Plant & Equipment	(553)	(740)	(187)	(33.9%)
Payments for Intangible Assets	(90)	(73)	17	18.4%
Net Cash Used in Investing Activities	**(643)**	**(813)**	**(171)**	**(26.6%)**
Cash Flows from Financing Activities				
Proceeds from Issue of Share Capital	-	-	-	n/a
Payments for Transaction Costs	-	-	-	n/a
Net Cash from Financing Activities	**-**	**-**	**-**	**n/a**
Net Increase / (Decrease) in Cash & Cash Equivalents	**(6,667)**	**(2,839)**	**3,827**	**57.4%**

Operating Cash Flows FY18 vs FY19:

Negative operating cash flows in FY18 and FY19 were primarily driven by outgoings associated with operating expenses which were partially offset by cash inflows relating to the sale of product and grant income.

The significant improvement in FY19 operating cash flows was driven by the receipt of R&D Income Tax Rebates relating to the FY17 ($1.80 million) and FY18 ($1.54 million) income tax years.

Investing Cash Flow FY18 vs FY19:

Negative investing cash flows in FY18 and FY19 were primarily driven by expenditure on property, plant and equipment related to the Company's continued investment in operational scale up of production capacity for both HIV finished products and cassette devices and intangible assets associated with activities related to ongoing intellectual property, patents and proprietary knowhow.

4.6.4 1H FY20 COMPARED TO 1H FY19

The table below sets out the Half Year Pro-Forma Historical Income Statements of Atomo for 1H FY19 and 1H FY20:

TABLE 18: HALF YEAR PRO-FORMA HISTORICAL INCOME STATEMENTS: 1H FY19 COMPARED TO 1H FY20

	Pro-Forma		Change	
AU ($'000)	1H FY19	1H FY20	$ '000	%
Revenue	65	937	873	1346.3%
Cost of Sales	(46)	(544)	(498)	(1086.4%)
Gross Profit	**19**	**393**	**374**	**1975.2%**
Gross Profit Margin	*29.2%*	*42.0%*	*12.7%*	*43.5%*
Other Income / (Expenses)	391	-	(391)	(100.0%)
Employee Benefits Expenses	(899)	(1,096)	(197)	(21.9%)
Research & Development Expense	(805)	(43)	762	94.7%
Inventory Obsolescence Expense	(3)	(2)	1	35.9%
Occupancy Expenses	(34)	(21)	12	36.2%
Professional Fees Expense	(286)	(376)	(90)	(31.4%)
Other Expenses	(858)	(1,072)	(215)	(25.0%)
Operating Expenses	**(2,884)**	**(2,611)**	**273**	**9.5%**
EBITDA	**(2,474)**	**(2,217)**	**257**	**10.4%**
Depreciation & Amortisation	(265)	(319)	(53)	(20.1%)
EBIT	**(2,740)**	**(2,536)**	**204**	**7.4%**
Net Finance Income / (Cost)	180	246	67	37.2%
Net Profit Before Income Tax	**(2,560)**	**(2,290)**	**271**	**10.6%**
Income Tax (Expense) / Benefit	397	248	(148)	(37.4%)
Loss for the Year	**(2,164)**	**(2,041)**	**122**	**5.7%**
Foreign Currency Translation Differences	(57)	(84)	(27)	(47.5%)
Total Comprehensive Income	**(2,220)**	**(2,125)**	**95**	**4.3%**

Revenues & Gross Profit 1H FY19 vs 1H FY20:

Compared to 1H FY19, revenues in increased significantly to $0.94 million during 1H FY20. This increase was driven by two main factors:

- the acceleration of registrations and in-country rollout of HIV Products by Atomo's HIV products distribution partners; and
- the launch in Europe of customer RDT products that utilise the Pascal device.

In 1H FY19, Atomo's revenues were generated from the sale of HIV Products in the South African private sector. During 1H FY20, HIV Product revenues were generated from sales to all three of Atomo's HIV products distribution partners, with products being sold by those distributors into countries in Europe, Africa, Central & South America and Southeast Asia. The securing of prequalification from the World Health Organisation for the HIV self test in November 2018 has supported the registration of HIV self-test product in multiple international markets.

Revenues in 1H FY20 also included sales of Pascal devices to third party OEM supply contracts. There were no OEM sales to customers in 1H FY19. This commencement of OEM Pascal sales reflects the start of commercial launch of customer RDT products that utilise the Pascal device following several of Atomo's customers securing European CE Mark approval for their RDT products.

With Atomo having outsourced sales and marketing of its products to third parties, the Company has been able to deliver a significant increase in sales revenues and gross profit margins without seeing a proportional increase in the operating expenses of the business.

Gross profit margins increased materially in 1H FY20 when compared to 1H FY19 (from 29.2% to 42.0%) driven by improved economies of scale and cost efficiencies from more regular production scheduling and reduced levels of air freight costs. The Company anticipates further improvement in gross margins as production volumes and minimum order quantities in the supply chain continue to increase in line with customer demand.

Other Income 1H FY19 vs 1H FY20:

Other income comprised of grants received with respect to a Australian Tropical Medicine Commercialisation program funded by the Australian Federal Government. In 1H FY19, grant income amounted to $0.39 million, reducing to nil in 1H FY20 as these programs had completed prior to 31 December 2018.

Operating Expenses 1H FY19 vs 1H FY20:

Total pro-forma operating expenses reduced from $2.88 million in 1H FY19 to $2.61 million in 1H FY20 (a decrease of $0.27 million) driven primarily by the following:

- an increase in employee benefits expenses by $0.20 million due to the employment of additional staff and general salary increases;
- an increase in professional fees expense by $0.09 million due to an increase in use of external consultants as a result of increased sales activity;
- an increase in other expense by $0.22 million due to the following:
  - o the rollout of a new e-commerce platform in April 2019 resulting in additional IT costs;
  - o increased licensing and permit costs associated with TGA assessments and medical device audits; and
  - o additional development and indirect production costs associated with increased sales activity and expanded production facilities;

  offset by,
- a reduction in research and development expenses by $0.76 million due to the following:
  - o reduced activity in the HIV Self Test program funded by a grant from the Bill and Melinda Gates Foundation; a project that commenced in October 2016, as well as expenditure related to a Australian Tropical Medicine Commercialisation program grant winding up in mid 2018; and
  - o certain development expenditure now meeting the recognition criteria for capitalisation to intangible assets.

The table below sets out the Half Year Pro-Forma Historical Cash Flow Statements of Atomo for 1H FY19 and 1H FY20:

TABLE 19: HALF YEAR PRO-FORMA HISTORICAL CASH FLOW STATEMENTS: 1H FY19 COMPARED TO 1H FY20

AU ($'000)	Pro-Forma		Change	
	1H FY19	1H FY20	$ '000	%
Cash Flows from Operating Activities				
Receipts from Customers	24	568	544	2273.1%
Receipts from Grant Donors	391	-	(391)	(100.0%)
Payments to Suppliers & Employees	(3,195)	(3,449)	(253)	(7.9%)
Cash Used in Operations	*(2,781)*	*(2,881)*	*(100)*	*(3.6%)*
Net Interest Received / (Paid)	19	2	(17)	(89.6%)
Income Tax (R&D Rebate Received)	1,800	771	(1,029)	(57.1%)
Net Cash Used in Operating Activities	**(961)**	**(2,107)**	**(1,146)**	**(119.2%)**
Cash Flows from Investing Activities				
Payments for Property, Plant & Equipment	(296)	(124)	171	58.0%
Payments for Intangible Assets	(45)	(552)	(507)	(1132.0%)
Net Cash Used in Investing Activities	**(340)**	**(676)**	**(336)**	**(98.6%)**
Cash Flows from Financing Activities				
Proceeds from Issue of Share Capital	-	-	-	n/a
Proceeds from Issue of Convertible Note	-	-	-	n/a
Payments for Transaction Costs	-	-	-	n/a
Net Cash from Financing Activities	**-**	**-**	**-**	**n/a**
Net Increase / (Decrease) in Cash & Cash Equivalents	**(1,302)**	**(2,784)**	**(1,482)**	**(113.8%)**

Operating Cash Flows 1H FY19 vs 1H FY20:

Operating cash outflows in 1H FY19 and 1H FY20 were driven by higher operating expenses which fully offset increased inflows from the sale of products.

Investing Cash Flow 1H FY19 vs 1H FY20:

Negative investing cash flows in 1H FY19 and 1H FY20 were primarily driven by expenditure on property, plant and equipment related to the Company's continued investment in production capacity for both HIV finished products and cassette devices and intangible assets.

4.7. DIVIDEND POLICY

Atomo has not forecast a dividend payment in FY20. Further, no dividends are expected to be paid during the foreseeable future following the Company's listing on the ASX.

The Directors cannot and do not give any assurances as to the extent, timing, level of franking or payment of any dividends in the future period as all of the foregoing are dependent upon a number of factors including the level of future earnings, the amount of tax paid, the financial position of the Company, future operating conditions and future cash requirements to fund growth.

4.8. SUMMARY OF KEY ACCOUNTING POLICIES

4.8.1. BASIS OF PREPARATION

The Financial Information has been prepared in accordance with the recognition and measurement principles of the AAS issued by the AASB, which are consistent with IFRS as issued by the International Accounting Standards Board. The Financial Information, except for the cash flow information, has been prepared on an accruals basis and are based on historical costs unless otherwise stated.

The Financial Information has been prepared on a going concern basis.

The accounting policies set out below have been consistently applied by Atomo throughout the financial periods presented, unless otherwise stated.

4.8.2. PRINCIPLES OF CONSOLIDATION

(i) Business Combinations

Atomo accounts for business combinations using the acquisition method when control is transferred to the Company, unless it is a combination involving entities or businesses under common control. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of Control

When the Company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4.8.3. FOREIGN CURRENCY

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(ii) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest.

4.8.4. REVENUE

(i) Sale of Goods

The Company has applied AASB 15 from 1 July 2018. Prior to 1 July 2018, the Company adopted AASB 118 in recognising revenue. Information presented for FY18 has not been restated (i.e. it is presented as previously reported under AASB 118). The adoption of AASB 15 has not had a material impact on the Company's financial statements.

The table below provides information about the measurement and timing of revenue under the revenue recognition policies adopted by the Company:

TABLE 20

	Prior to 1 July 2018 (AASB 118)	After 1 July 2018 (AASB 15)
Measurement	Revenue is measured at the fair value of the consideration received or receivable.	Revenue is measured based on the consideration specified in a contract with a customer.
Recognition	Revenue is recognised when it can be reliably measured, it is probable that future economic benefits will flow to the Company, and when the risks and rewards of ownership have transferred to the customer which is taken to be the point at which the customer accepts the goods and the related risks and rewards of ownership transferred.	Revenue is recognised when the Company transfers control over a good to a customer. This occurs when goods are delivered and have been accepted by customers at their premises.

(ii) Grant Income

Grant income is recognised at fair value in the statement of profit or loss when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

4.8.5. EMPLOYEE BENEFITS

(i) Short-Term Employee Benefits

Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled within 12 months of the end of the financial year in which employees render the related service. Short-term employee benefits include salaries and wages plus related on-costs such as payroll tax, superannuation and workers compensation insurance and are measured at the undiscounted amounts expected to be paid when the obligation is settled.

(ii) Other Long-Term Employee Benefits

Other long-term employee benefits includes employees' long service leave and annual leave entitlements not expected to be settled within 12 months of the end of the financial year in which employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, duration of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to employees' defined contribution plans are recognised as an expense as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Share-based payment arrangements

The grant date fair value of options granted to employees (equity-settled) is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become entitled to the options. The amount recognised as an expense is adjusted to reflect the number of options for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of options that meet the related service and non-market performance conditions at the vesting date.

4.8.6. FINANCE INCOME & FINANCE COSTS

Finance income comprises interest income, dividend income and foreign currency gains. Interest income is recognised in profit or loss as it accrues using the effective interest method.

Finance costs comprise interest expense on borrowings, foreign currency losses and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

4.8.7. 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.

(i) 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.

(ii) 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 Company 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.

4.8.8. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first in, first out principle. 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.

4.8.9. PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and if it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

4.8.10. GOODS & SERVICES TAX (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

4.8.11. PROPERTY, PLANT & EQUIPMENT

(i) Recognition & 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.

(ii) Subsequent Expenditure

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

(iii) 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

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

Plant & Equipment	2 - 5 Years
Computer Software	4 Years

4.8.12. LEASES

Prior to 1 July 2019:

(i) Determining Whether an Arrangement Contains a Lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(ii) Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance lease

is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

From 1 July 2019:

The Company 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.

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 Company'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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company 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 Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.8.13. INTANGIBLE ASSETS

(i) Recognition & 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 & Licences

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

Research & Development

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

Development expenditure is 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 Company 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.

(ii) 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.

(iii) 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 & Trademarks	10 - 20 Years
Capitalised Development Costs	10 Years
Other Intangibles	10 Years

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

4.8.14. NATURE & PURPOSE OF RESERVES

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

4.8.15. FINANCIAL INSTRUMENTS

Prior to 1 July 2018:

Prior to 1 July 2018, Atomo had adopted AASB 139 *Financial Instruments: Recognition & Measurement* which was replaced by AASB 9 *Financial Instruments*.

The application of AASB 9 had no material impact on the classification and measurement of the Company's financial assets and liabilities.

From 1 July 2018:

(i) Classification & Measurement – Non-Derivative Financial Asset & Liabilities

On 1 July 2018 (the date of initial application of AASB 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has 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 continue 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 Company 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 Company has one type of financial asset (trade and other receivables) that are subject to AASB 9's new 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.

Apart from the above, the application of AASB 9 has had no impact on the classification and measurement of the Company's financial assets and liabilities.

(ii) Converting Notes

Converting notes issued by the Company will be converted to Shares in accordance with the terms of the Converting Notes as set out in Section 10.5.

The liability component of the converting notes is initially recognised at fair value. Any directly attributable transaction costs are allocated against the liability.

Subsequent to initial recognition, the liability component of a converting note is measured at amortised cost using the effective interest method.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

(iii) Warrants & Embedded Derivatives in Converting Notes at Fair Value Through Profit & Loss

The warrants and derivatives embedded in the converting notes are initially measured at fair value through profit and loss and any net gains and losses are recognised in profit and loss.

These liabilities will be derecognised when the warrants are exercised and the converting notes have been converted into ordinary shares, respectively. The difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assume) is recognised in profit and loss.

4.8.16. IMPAIRMENT

(i) Non-Derivative Financial Assets

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-Financial Assets

At each reporting date, the Company 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 estimated. Goodwill is tested annually for impairment.

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**). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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.

4.8.17. SHARE CAPITAL

(i) Ordinary Shares, Class B Shares & Ord+ Shares

Incremental costs directly attributable to the issue of Shares, Class B shares and Ord+ shares], net of any tax effects, are recognised as a deduction from equity.

(ii) Converting Notes

Converting Notes issued by the Company will be converted to Shares in accordance with the terms of the Converting Notes as set out in Section 10.5.

The liability component of the Converting Notes is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the Converting Notes as a whole and the fair value of the liability component. Any directly attributable transactions costs are allocated to the liability and equity components in proportion to their initial carrying amounts. In the present case, the equity component of the Converting Note has been assessed as nil.

Subsequent to initial recognition, the liability component of the Converting Notes is measured at amortised cost using the effective interest rate method. The equity component of a Converting Notes is not remeasured.

Interest related to the Converting Notes is recognised in profit or loss. On conversion, the Converting Notes are reclassified to equity and no gain or loss is recognised.

05. Independent Limited Assurance Report

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Level 11, 1 Margaret St
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The Directors
Atomo Diagnostics Limited
Level 2, 701-703 Parramatta Road
LEICHHARDT NSW 2040

4 March 2020

Dear Directors

Independent Limited Assurance Report

INTRODUCTION

BDO Corporate Finance (East Coast) Pty Ltd (**BDO**) has been engaged by Atomo Diagnostics Pty Ltd to prepare this Independent Limited Assurance Report (**Report**) for inclusion in a prospectus proposed to be issued, in relation to the initial public offering of shares in Atomo Diagnostics Limited (**Atomo** or the **Company**), on or about 4 March 2020 (**Prospectus**) and listing on the Australian Securities Exchange (**ASX**) (the **Offer**).

Unless stated otherwise in this Report, expressions defined in the Prospectus have the same meaning in this Report.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

SCOPE

You have requested BDO to perform a limited assurance engagement in relation to the financial information described below and disclosed in the Prospectus.

The financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Auditing Standards (**AAS**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

SCOPE OF REVIEW OF THE STATUTORY HISTORICAL FINANCIAL INFORMATION

You have requested BDO to review the following statutory historical financial information included in the Prospectus:

- The audited historical consolidated statement of profit or loss for the years ended 30 June 2018 (**FY18)** and 30 June 2019 (**FY19**), and the reviewed half years ended 31 December 2018 (**H1 FY19**) and 31 December 2019 (**H1 FY20**);
- The audited historical consolidated statement of cash flows for FY18 and FY19, and reviewed half years for H1 FY19 and 1H FY20; and
- The reviewed historical consolidated statement of financial position as at 31 December 2019,

together the **Statutory Historical Financial Information**.

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS and the company's adopted accounting policies. The Statutory Historical Financial Information has been extracted from the financial statements of Atomo for the financial periods ended 30 June 2018 and 30 June 2019 (audited by KPMG) and the half years ended 31 December 2018 and 31 December 2019 (reviewed by KPMG).The audit and review were performed in accordance with AAS.

KPMG issued an unqualified opinion on the financial reports for the financial years ended 30 June 2018 and 30 June 2019 and half years ended 31 December 2018 and 31 December 2019.

SCOPE OF REVIEW OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

You have requested BDO review the following pro forma historical financial information included in the Prospectus:

- The pro forma historical consolidated statements of profit and loss for FY18 and FY19, and half years H1 FY19 and H1 FY20;
- The pro forma historical consolidated statements of cash flow for FY18 and FY19, and half years H1 FY19 and H1 FY20;
- The pro forma historical consolidated statement of financial position as at 31 December 2019; and
- Associated details of the pro forma adjustments,

together the **Pro Forma Historical Financial Information**.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of Atomo, after adjusting for the effects of pro forma adjustments described in Section 4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in AAS applied to the Statutory Historical Financial Information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position.

Directors' Responsibility

The directors of Atomo are responsible for the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with AAS and consequently does not enable us to obtain reasonable assurance that we would become

aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Review statement on the Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information, as described in Section 4 of the Prospectus, and comprising:

- 12 months ended 30 June 2018;
- 12 months ended 30 June 2019;
- 6 months ended 31 December 2018; and
- 6 months ended 31 December 2019

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus.

Review statement on the Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 4 of the Prospectus, and comprising:

- 12 months ended 30 June 2018;
- 12 months ended 30 June 2019;
- 6 months ended 31 December 2018; and
- 6 months ended 31 December 2019

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 4 of the Prospectus.

SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction(s) or event(s) outside of the ordinary business of Atomo not described in the Prospectus, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

INDEPENDENCE

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Prospectus other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

GENERAL ADVICE WARNING

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

FINANCIAL SERVICES GUIDE

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

BDO CORPORATE FINANCE (EAST COAST) PTY LTD

DANIEL COOTE
Director

Tel: +61 2 9251 4100
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Level 11, 1 Margaret St
Sydney NSW 2000
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FINANCIAL SERVICES GUIDE

Dated: 4 March 2020

This Financial Services Guide (**FSG**) helps you decide whether to use any of the financial services offered by BDO Corporate Finance (East Coast) Pty Ltd (**BDO Corporate Finance, we, us, our**).

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us $120,000 before disbursements for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

All our employees receive a salary. Our employees are eligible for bonuses based on overall company performance but not directly in connection with any engagement for the provision of a report.

REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

ASSOCIATIONS AND RELATIONSHIPS

BDO Corporate Finance is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The general financial product advice in our report is provided by BDO Corporate Finance and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

COMPLAINTS RESOLUTION

Internal Complaints Resolution Process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints can be in writing, addressed to the Complaints Officer, BDO Corporate Finance, Level 11, 1 Margaret St, Sydney NSW 2001 or by telephone or email, using the contact details at the top of this FSG.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint relating to general advice to a retail client is not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority (**AFCA**). AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Corporate Finance is a member of AFCA (Member Number 11843).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

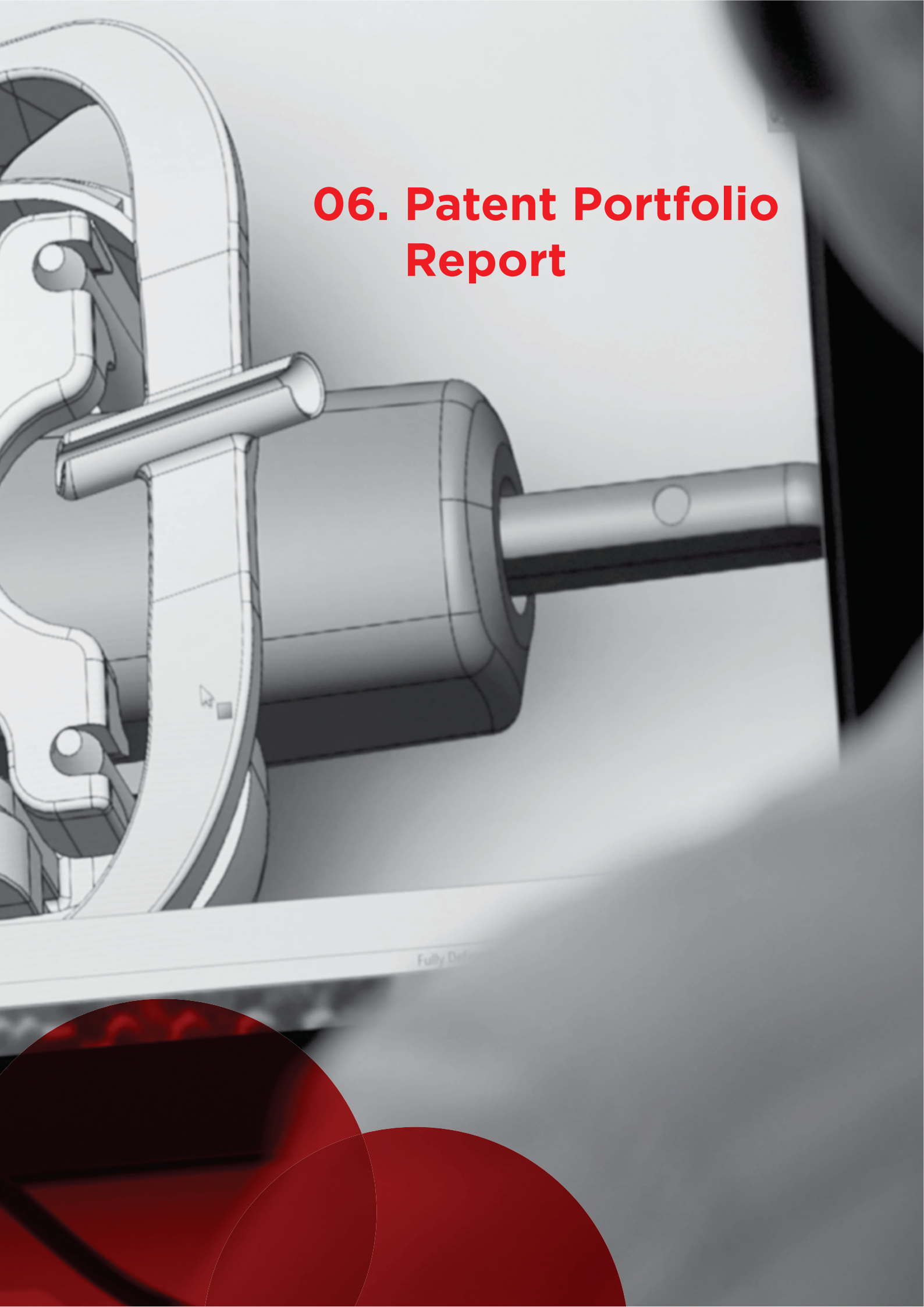
Australian Financial Complaints Authority
GPO Box 3
MELBOURNE VIC 3001
Toll free: 1800 931 678
Email: info@afca.org.au

COMPENSATION ARRANGEMENTS

BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of section 912B of the Corporations Act 2001.

CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - cf.ecp@bdo.com.au



06. Patent Portfolio Report

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www.frankehyland.com.au
ABN 61 633 390 011

The Directors
Atomo Diagnostics Limited
Level 2, 701-703 Parramatta Road
LEICHHARDT NSW 2040

4 March 2020

INTELLECTUAL PROPERTY REPORT: ATOMO DIAGNOSTICS LIMITED

This report has been prepared at the request of the Directors of Atomo Diagnostics Limited (Atomo). It has been prepared for inclusion in a prospectus for lodgement at the Australian Securities and Investment Commission for the purpose of raising funds through the issue of securities and to seek listing on the Australian Stock Exchange Limited.

1. TECHNOLOGY FIELD

Atomo has developed products a series of products and technology to address issues of reliability, usability and correct operation of rapid diagnostic tests. The correct order of operations and accurate delivery of samples and buffers to a lateral flow or other test component is critical to an accurate test result. Atomo's technology allows for application to wide variety of test types, and is not limited to particular biochemistry or biology or diagnostics technology. As tests components continue to be developed, the Atomo technology will continue to be applicable to optimising the reliability and usability of those tests. The technology protected extends to systems with electronic tests and electronic test readers.

2. PATENT PROTECTION

Patents are granted by national and regional intellectual property offices in accordance with the corresponding national laws. Granted patents provide a right to prevent use, sale, importation or other unauthorised exploitation of the invention. The protection is generally limited to actions in or relating to the countries in which protection is obtained, and enforcement is generally by litigation.

The scope of protection is defined by the terms of the claims. Patents are (in broad terms) infringed when another party takes all of the elements of one or more of the claims in the patent. Patents generally have a maximum term of 20 years, subject to the payment of renewal fees in all the relevant countries.

It is usual to draft patent applications with a broad initial scope of the claims, as different claim scopes are allowed in different countries. This approach also provides the best opportunity to maximise the scope of protection. Nearly all patent applications will encounter objections from the examiner in each country. The applicant will then respond, discussing the issues with the examiner and amending the scope of the claims, until the application is allowed and proceeds to grant. Many of the Atomo patent applications have now been granted, or allowed, but the more recent patent families are still in the course of this process of examination and response. This is in my experience normal for a company at this stage of development in the medical devices space.

However, for applications that are still pending it is not possible to be certain as to the eventual scope of the patents that may be granted.

3. PATENTABILITY AND PROCEDURES FOR OBTAINING PATENT PROTECTION

The requirements for patentability differ in detail from country to country. However, in general terms the main requirements are that the invention relate to patentable subject matter; that the invention is novel and has an inventive step (not be obvious); and that the patent contain an adequate disclosure to provide support for the scope of protection claimed.

The inventions claimed by Atomo, in our opinion, meet the tests for patentable subject matter in each country in which protection has been sought. We have not identified any issues in relation to the extent of disclosure in the patent specifications.

In order to be new, the invention must not have been disclosed in writing or otherwise in public, or offered for sale, before the priority date. To fulfil the requirement of inventive step, in general terms, the invention must go beyond what the skilled worker in the field would arrive at as a matter of course from the publically available information at the priority date when attempting to address the same problem as is addressed by the invention.

Patents are granted on a national basis. International patent protection is based upon a system of well-established and widely adopted international conventions. The first application for a patent for an invention is called the basic application, and its filing date is known as the priority date. If patent applications in other countries are filed within a year from the priority date, then (in accordance with the Paris Convention, WTO Treaty and various bilateral agreements) they retain the effective filing date of the priority date for the purpose of assessing novelty and inventive step.

There are four different types of patent application of relevance here. A provisional application acts as a filing to obtain a priority date. It does not proceed to grant; rather, a later application must be filed within a year of the priority date to claim the benefit of that filing. Provisional applications are not examined by the patent authorities. This type of filing has been the basic application for most Atomo patent families.

A national filing is a regular patent application in a particular country or region. It will be examined in most cases by the local or regional patent authorities. Applications can be filed directly in the country or region, or using another convention called the Patent Patents Cooperation Treaty (PCT).

In some cases, specific countries have entered into a treaty which allows for common examination and grant of patents. One such example is the European Patent Convention, where 39 countries (including the EU members and UK) are members, and where cases are centrally examined by the European Patent Office. After grant of a European patent, formal procedures are required to validate the European patent in each country required. It is usual to only obtain grant in selected countries.

The PCT allows for a single application to be filed in a single patent office, designating all the member states, obtain a preliminary search and opinion, and delay filing into the national and regional intellectual property offices for a period of 30 months from the priority date. The PCT currently has 153 members, including all OECD member countries (and the European Patent Office). At the end of this period, national filings must be made in the countries of interest.

Each patent is required to relate to a single invention. Where more than one invention is disclosed, a divisional application may be filed in a country, retaining the original filing date, in order to protect the additional inventions.

The patent application is examined in each country (or in some cases regional offices), according to its national laws and procedures. These vary in process, timing and rigour.

Atomo has used all the different application types mentioned above in the course of developing its patent portfolio.

4. POTENTIAL LIMITATIONS OF PATENT PROTECTION

Certain limitations are inherent in the patent system. It is possible to challenge the validity of a patent even after it has been granted by the intellectual property office of a country or region. This may be possible by administrative processes at the relevant patent office, court procedures, or both. A successful challenge to validity may result in the patent being narrowed in scope, or completely revoked.

Patent offices do not guarantee the validity of patents granted. Because of the limited scope of material searchable by the patent office, compared to the potential to use any document or public act or commercial sale before the priority date to attack validity, there is always a risk that presently unknown material relevant to patentability could be discovered at a later time, with consequent risks to validity.

The scope of a granted patent may be significantly different to a pending application, and so it is not possible to advise with certainty in relation to the scope of a pending application.

Pending patent applications may never proceed to be granted patents. It is not generally possible to commence litigation based on a pending application before a patent is granted. However, damages in some instances and in some jurisdictions may be backdated for part of the period of that the application is pending.

It is a requirement for validity of patents in Australia and other countries that there be a clear chain of title from each of the inventors to the applicant or owner. Challenges to proprietorship can be a basis for revocation of patents. Although we have not undertaken a specific investigation of the chain of title, we are not aware of any issues in relation to the proprietorship of Atomo of the patents and patent applications listed below.

The grant of a patent in a jurisdiction does not carry with it any government right or permission to operate or commercialise the respective invention. A patentee practising an invention for which they have been granted a patent may still be infringing the patent or other rights of other parties. Thus, the grant of a patent should not be viewed as an indication that the patentee is free to operate the invention in that territory.

5. THE PATENT PORTFOLIO

Atomo is the owner of a portfolio of patents and patent applications. The rights are currently in the name of Atomo Diagnostics Pty Limited, the former name of Atomo Diagnostics Limited. The following summaries are provided to facilitate an understanding of the scope of the various Atomo patent families.

The summaries are intended to facilitate an understanding in general terms of the patent coverage. It is not a detailed infringement analysis, nor is it intended to provide an explicit statement of the precise boundaries of protection. It will be understood that in any case these will vary according to the laws of the different countries concerned. The summaries of scope provided are intended to provide a general understanding of the inventions covered in each patent family, and the precise details of coverage will inevitably vary from country to country. In the case of pending cases, it will be understood that the scope may well change before grant.

5.1. FAMILY 1: DIAGNOSTIC SYSTEM PCT/AU2011/000315

This family relates to an integrated test system with a lancet, test component and an internal solution (e.g. buffer) reservoir, and a fluid collection point comprising a capillary tube positioned to conduct the sample to the test component. The system is such that the solution is brought into contact with the test component only after the sample has been delivered to the test component.

Country	Status	Application No.	Registration No.	Registration Date
Australia	Granted	2011229159	2011229159	25/03/2013
Brazil	Pending	BR112012023562-1		
Canada	Granted	2,793,554	2,793,554	03/04/2018
China	Granted	201180024714.0	ZL 201180024714.0	27/05/2015
European Patent Application	Granted	11755574.8	2547259	19/08/2015
France	Granted	11755574.8	2547259	19/08/2015
Germany	Granted	11755574.8	2547259	19/08/2015
India	Pending (under examination)	2359/MUMNP/2012		
Indonesia	Granted	W-00201204182	IDP000038052	12/03/2015
Italy	Granted	11755574.8 / 832018000020982	2547259	
Japan	Granted	2013-500285	6104792	27/03/2017
Malaysia	Pending (under examination)	PI2012004126		
Russia	Granted	2012142139	2606110	10/01/2017
South Africa	Granted	2013/04196	2013/04196	28/10/2015
South Korea	Granted	10-2012-7027179	10-1821557	18/01/2018
Spain	Granted	11755574.8	2547259	19/08/2015
Sweden	Granted	11755574.8	2547259	19/08/2015
Switzerland	Granted	11755574.8	2547259	19/08/2015
Thailand	Pending (under examination)	1201004081		
Turkey	Granted	11755574.8	2547259	19/08/2015
United Kingdom	Granted	11755574.8	2547259	19/08/2015
United States	Granted	15/083,839	10,525,463	07/01/2020
United States	Granted	13/838,145	9,295,987	29/03/2016

5.2. FAMILY 2: SAMPLING ASSEMBLY PCT/AU2011/001321

This family is directed at the mechanism for the sample (blood) collector, so that the sample is collected in one position, and the collector is then retained by the device and moved to another position to deliver the sample to the test component. The language covers current and planned implementations of the device. An advantage of this invention is that the location of delivery and volume of sample delivered can be well controlled. A further US patent covers an additional feature, of an interlock to prevent fluid release until the collector has moved to the delivery position.

Country	Status	Application No.	Registration No.	Registration Date
Australia	Granted	2011316495	2011316495	25/09/2014
Belgium	Granted	11831862.5	EP 2 627 255	06/04/2016
Brazil	Pending (under examination)	112013008903-2		
Canada	Granted	2814423	2,814,423	15/01/2019
China	Granted	201180049529.7	ZL 2011 8 0049529.7	03/05/2017
Eurasian Patent	Granted	201391370	024511	30/09/2016
European Patent Application	Granted	11831862.5	EP 2 627 255	06/04/2016
France	Granted	11831862.5	EP 2 627 255	06/04/2016
Germany	Granted	11831862.5	EP 2 627 255	06/04/2016
India	Pending (under examination)	731/MUMNP/2013		
Indonesia	Granted	W-00201301509	IDP000046878	17/07/2017
Italy	Granted	11831862.5	EP 2 627 255	06/04/2016
Malaysia	Granted	PI 2013700572	MY-166817-A	23/07/2018
Netherlands	Granted	11831862.5	EP 2 627 255	06/04/2016
Poland	Granted	11831862.5	EP 2 627 255	06/04/2016
Singapore	Granted	201302806-3	189404	17/11/2015
South Africa	Granted	2013/03044	2013/03044	25/03/2015
South Korea	Granted	10-2013-7009385	10-1914025	26/10/2018
Spain	Granted	11831862.5	EP 2 627 255	06/04/2016
Sweden	Granted	11831862.5	EP 2 627 255	06/04/2016
Thailand	Pending	1301001954		
Turkey	Granted	11831862.5	TR 2016 08663 T4	06/04/2016
United Kingdom	Granted	11831862.5	EP 2 627 255	06/04/2016
United States	Pending (under examination)	14/180,751		

5.3. FAMILY 3: FLUID CONTROL IN INTEGRATED TESTING DEVICES PCT/IB2014/066219

This patent family addresses the problem that by simply rupturing a sachet of fluid within a device, it is not possible to ensure that a specific volume of fluid is delivered to the test component. Fluid behaviour at such low volumes is difficult to control. This family includes a control vessel into which the fluid is first discharged, and then the fluid is released from the control vessel onto the test component. This allows for a controlled volume and controlled flow over time, rather than simply an uncontrolled flow onto the test component.

Country	Status	Application No.	Registration No.	Registration Date
Australia	Granted	2014351425	2014351425	28/02/2019
China	Pending (under examination)	201480070335.9		
European Patent Application	Granted	EP14864578.1	3071967	08/05/2019
France	Granted	EP14864578.1	3071967	08/05/2019
Germany	Granted	EP14864578.1 / 60 2014 046 598.6	3071967	08/05/2019
India	Pending (examination requested)	201617016935		
Indonesia	Granted	P-00201603284	IDP000065722	19/12/2019
Italy	Granted	EP14864578.1	3071967	08/05/2019
Netherlands	Granted	EP14864578.1	3071967	08/05/2019
Russia	Granted	2016118641	2674654	12/12/2018
Sweden	Granted	EP14864578.1	3071967	08/05/2019
United Kingdom	Granted	EP14864578.1 / EP3071967	3071967	08/05/2019
United States	Pending (Allowed)	15/038,365		

5.4. FAMILY 4: INTEGRATED FLUID MODULE AND TEST DEVICE PCT/AU2016/051134

This patent family relates to two different aspects. One aspect is how to reliably manufacture a fluid reservoir with an associated frangible seal for use in the device (or otherwise), particularly given the very small fluid volumes and hence dimensions relative to conventional packaging requirements. This involves heat sealing in a new sequence, applicable beyond this specific application. Process and package claims are pending.

The second aspect relate to details of the structure, particularly of the module with the reservoir and delivery vessel and its interaction with the test unit. A controlled flow of fluid is provided by the actuator forcing fluid into the delivery vessel, which then discharges through its outlet into the test component, with the back pressure controlling the rate of discharge. Other features include the actuator locking so as to maintain pressure, and the vessel volume being smaller than the reservoir (so that the flow is spread over a longer controlled period, and pressure is maintained). It is anticipated one or more divisional applications will be required to protect both aspects.

Country	Status	Application No.
China	Pending	201680092001.0
European Patent Application	Pending	16921281.8
United States	Pending	16/348,979

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5.5. FAMILY 5: INTEGRATED BLOOD TESTING DEVICE PCT/AU2018/051114

This family relates to several inventions, and it is likely that in due course divisional applications will be filed, noting that this is still at the PCT stage. One aspect is a test unit in which operating the actuator causes both the test fluid (i.e. buffer) to be released, and the blood to be conveyed to the test component in the same action. Another aspect is directed to a test unit in which the lancet and actuator are located at different ends of the device, so that operation is convenient for a self-test user. Other fall back positions relate to the action of the collection device and the interlock between the lancet and the actuator (so that the actuator is only operative after the lancet is fired).

Country	Status	Application No.	Registration No.	Registration Date
PCT Application	Pending	PCT/AU2018/051114		

6. REGISTERED DESIGNS

Registered designs (called design patents in some countries) provide a form of protection for the shape and appearance of industrially produced products. They provide the owner with the right to prevent the sale of any article in respect of which the design is registered, being an article to which the registered design or a design not substantially different from the registered design has been applied.

Registered designs are granted on a national or regional basis. International filings are governed by international treaties, in a similar manner to patents, but with a six month priority period. Registered designs are a very effective form of protection against direct or close copying, and are generally easier, faster and less expensive to enforce than patents, particularly in less developed countries.

Atomo has registered designs protecting the shape of their Elion product. Registered designs have been granted in selected countries, as set out in this table:

Country	Status	Registration No.
Australia	Granted	345335
Brazil	Granted	BR302013001466-5’
China	Granted	ZL 201330098196.9
European Community **Designated countries:** AT BG BX CY CZ DE DK EE ES FI FR GB GR HR HU IE IT LT LV MT PL PT RO SE SI SK	Granted	001366488
India	Granted	252848
Indonesia	Granted	IDD0000038681
Malaysia	Granted	MY 13-00433-0101
Russia	Granted	89761
South Africa	Granted	A2013/00595
Thailand	Granted	48430
United States	Granted	D726329

7. COMPETITOR PATENT LANDSCAPE

Limited freedom to operate searches have been conducted at earlier stages in the development of the Atomo products to help guide development. No prior patent rights of significant concern have been located. To the author’s knowledge no claims or demands in relation to patent infringement have been made.

The Atomo products have been exposed to the market for five years, by direct approaches to potential customers, discussions with test component suppliers, and display at prominent international trade fairs for medical devices. There is always a risk that a party will determine to assert rights of which we are presently unaware, and this may occur years after they first become aware of possible infringement.

FRANKEHYLAND

8. AUTHOR'S CURRICULUM VITAE

Peter Franke has been a registered Patent and Trade Mark Attorney in Australia since 1990. He holds the degrees of Bachelor of Science (Physics) and Bachelor of Laws from the University of Melbourne. He is a founder and principal of Franke Hyland, which was established to provide sophisticated IP services and strategic advice for Australian technology developers, with a focus on international protection. Peter's work is focussed in specific technology areas, particularly medical devices, mechanical systems and software. He has acted for a variety of international and Australian medical device clients in developing international patent portfolios. He was a partner in a national firm from 1991 until 2009. He has extensive experience in a variety of facets of Intellectual Property work, including drafting patents, prosecution in major international jurisdictions, freedom to operate and validity opinions, re-examinations and oppositions, litigation support, and due diligence examinations.

9. SCOPE OF OPINION

The author has not made any independent investigation of the operation of the Atomo products, and has relied on information about the products provided by the company. While the current proprietors of record have been verified, no other reviews of proprietorship of the IP have been conducted. No additional prior art searching has been conducted. Applications that have expired or are no longer in force have been excluded. The tables are correct as at 28 February 2020.

10. SCOPE OF REPORT

The author and Franke Hyland Pty Ltd has represented, and continues to represent, Atomo and was involved with the drafting of some of the patent applications, managing the prosecution of the patent applications in all jurisdictions, maintaining and managing the IP portfolio, and providing other intellectual property advice to Atomo. This report is based upon information from our records and verified against available on-line official records of IP registration bodies in Australia, the US, WIPO and other countries. There is no obligation on Franke Hyland Pty Ltd to provide any updates to this report.

The author, Franke Hyland Pty Ltd, and the principals and staff of Franke Hyland do not have any financial or material interest in Atomo Diagnostics Limited. The payment of fees for the preparation of this independent report is not contingent upon the outcome of this prospectus.

Yours sincerely

Peter Franke BSc LLB FIPTA
Principal

07. Risks

This Section describes some of the potential risks associated with Atomo's business and the industries in which Atomo operates, and the risks associated with an investment in Shares. Atomo is subject to a number of risks which may, either individually or in combination, adversely impact Atomo's future operating and financial performance, investment returns and the value of the Shares. The occurrence or consequences of some of the risks described below are partially or completely outside of the control of Atomo or its Directors and management. Atomo does not purport to list every risk that may be associated with the business or the industries in which Atomo operates, or associated with an investment in Shares, now or in the future. The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the Prospectus Date.

There is no guarantee or assurance that the risks will not change or that other risks or matters that may adversely affect Atomo's business, the industry in which it operates or an investment in the Shares, will not emerge.

There can be no guarantee that Atomo will achieve its stated objectives, deliver on its business strategy, or that any forward looking statement contained in this Prospectus will be achieved or realised. You should note that past performance may not be a reliable indicator of future performance.

Before applying for Shares you should be satisfied that you have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment for you, having regard to your investment objectives, financial circumstances and taxation position. You should seek advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before investing in Atomo.

7.1. COMPANY SPECIFIC RISKS

7.1.1. REGULATORY APPROVALS

Atomo's distributors and end users rely on having regulatory approved products. Atomo's business is governed by various regulations in the jurisdictions in which it operates and proposes to operate.

The distribution of Atomo's products is subject to obtaining or maintaining regulatory approvals and other clearances issued by appropriate governmental authorities and regulatory bodies. For finished products where Atomo is the listed manufacturer, Atomo is normally responsible for obtaining and maintaining regulatory approvals, such as TGA and CE Mark. For OEM products where Atomo sells its devices to other diagnostic companies, those diagnostic companies are responsible for securing and maintaining regulatory approvals for the finished diagnostic products, and therefore Atomo is dependent on these parties to do so.

The regulatory approvals that have been obtained for Atomo's current products, are set out in Section 2.9, Atomo and its OEM customers need to maintain such approvals to ensure continuing compliance with regulatory requirements to allow continued sale of products in various jurisdictions. There is a risk that if Atomo or its third party distributors or customers fail to do so, Atomo's ability to sell its products would be adversely impacted and consequently its financial results could be materially impaired. New laws or changes to existing laws, regulations, government policy and rules may impose additional requirements on the Company's business, which may also materially adversely affect Atomo and the value of an investment in the Company. In the event that any relevant licences or approvals were not granted, not renewed, withdrawn, or made subject to conditions that were onerous or unacceptable to Atomo, Atomo and its business could be materially adversely affected.

A number of Atomo's existing OEM diagnostic customers have regulatory applications for finished RDT products that are still in process, including FDA approvals in the United States. For these products and for future OEM and finished product opportunities, there is no assurance that delays will not occur in connection with obtaining all necessary approvals for products. Any delay in the receipt of regulatory clearance may result in a delay to the intended launch date of certain products. If any of these additional approvals were not obtained, or were materially delayed, the Company's ability to achieve its growth objectives by expansion of additional applications on its platforms or geographic expansion of sales into new markets may be materially impaired.

The success of earlier approvals may not necessarily be predictive of the success of subsequent product applications, with the approvals process being time consuming with uncertain outcomes.

7.1.2. RELIANCE ON DISTRIBUTORS AND OEM CUSTOMERS

The success of Atomo's business relies on its ability to attract, retain and support distributors. The Company currently derives a significant portion of its revenues from its key distributors selling its finished HIV products, including Mylan and Owen Mumford. The Company also derives a significant portion of its revenues from the sale of its devices to other OEM diagnostic companies, including NG Biotech and Lumos. The loss of, or a significant decrease in, the business from any of these distributors or OEM customers could adversely impact the Company's revenues. The ability to retain Atomo's existing distributors and OEM customers, and the capacity to attract new distributors and customers, will be dependent on many factors including the capability, cost-effectiveness, pricing, customer support and value of Atomo's products compared to competing products. If distributors or OEM customers do not continue to purchase Atomo's products, terminate the existing contracts or do not increase their usage over time, the growth in Atomo's revenue may slow or decline, which will have an adverse impact on Atomo's operating and financial performance.

In the case of its OEM customers, their inability to obtain and retain regulatory approval, or significant delays in obtaining such approvals, and their inability to launch a finished diagnostic product into the market, may impact the OEM customer's purchase volumes and consequently negatively impact Atomo's financial performance.

Atomo is also reliant on the success of its distributors' sales and marketing teams to adequately promote Atomo's products. Additionally, OEM customers are typically reliant on securing appropriate distributors for their products. If distributors or the OEM manufacturer's distributors do not expend sufficient resources to promote the marketing and sales of Atomo's products, Atomo's operating and financial performance may be adversely affected.

7.1.3. FINANCIAL PERFORMANCE

The Group has operated at a loss since its incorporation. In the financial year ended 30 June 2019, the Group had net losses of $5.08 million.

The Company anticipates that its operating expenses will continue to rise as it expands its operations and continues to invest in developing its product pipeline. These expenses may prove more costly than the Company's budgets and the Company's revenue may not increase sufficiently to turn an operating profit and become cash flow positive. Should these extra expenses occur, the Company will continue to incur losses.

7.1.4. PROTECTION OF INTELLECTUAL PROPERTY

The value of Atomo's devices is dependent on Atomo's ability to protect its intellectual property, including trademarks, copyright, patent and moral rights. The Company currently has 49 granted patents and 15 patent applications. There is a risk that each pending patent application will not be granted. Additionally, there is a risk that Atomo may be unable to detect the unauthorised use of intellectual property rights in all instances, including in relation to its granted patents. The Company's intellectual property rights are dependent on legal protections; however, these protections do not guarantee that the Company will have commercially significant protection of its intellectual property or that its competitive position will be maintained. Further, actions that Atomo takes to protect its intellectual property may not be adequate or enforceable and thus may not prevent the misappropriation of, or copying or circumvention of, Atomo's intellectual property and proprietary information. Please refer to the Patent Portfolio Report in Section 6 for additional information.

Failure by Atomo to protect its intellectual property rights, or to secure additional intellectual property rights in the future, could have an adverse impact on Atomo's operating and financial performance.

Further, other parties may allege that Atomo's devices incorporate intellectual property rights derived from third parties without their permission. Allegations of this kind may materially affect the operation of Atomo and its ability to earn revenue, and cause disruption to Atomo's business. The defence and prosecution of intellectual property rights claims, proceedings, and related legal and administrative proceedings may be costly and time-consuming, and their outcome is uncertain.

7.1.5. RELIANCE ON THIRD PARTY MANUFACTURERS

Atomo engages accredited third party manufacturers for the production of a substantive portion of its products. These suppliers form part of the regulatory approvals attached to the products. There is a risk the disruption to any key accredited third party manufacturers or suppliers could have an adverse impact on the availability of Atomo's products to distributors and end users. Failure to manage these risks could result in an inability to meet distributors' orders, dissatisfaction of Atomo's impacted distributors and/ or customers resulting in difficulty in attracting new distributors or customers as well as having an adverse impact on Atomo's operations and financial performance.

7.1.6. PRODUCT ACCEPTANCE

Atomo's success depends on the ability to develop and market products in a mature, established market where such products are generally accepted as reliable. Market acceptance of Atomo products will depend on many factors, including demonstrating improved usability relative to competitors, and evidence demonstrating associated reduction of errors. Clinical evidence may be based on trials conducted by third parties, and as such, the Company will be partially reliant on the accuracy and efficacy of the trials and reports produced by those third parties.

There is no guarantee that adoption of the Company's existing products and future products will be substantial or sufficient to meet the Company's sales objectives. If sufficient market acceptance is not achieved, the growth in Atomo's revenue may slow or decline which will have an adverse impact on Atomo's operating and financial performance.

7.1.7. ATOMO OPERATES IN A COMPETITIVE INDUSTRY

Atomo competes against a wide range of other diagnostic technology companies that offer similar or related goods. Some of Atomo's existing and potential competitors have significantly more resources than Atomo. Atomo faces the risk that:

(a) competitors are well-entrenched in the diagnostic market, as such Atomo needs to secure market penetration against established market participants;

(b) existing competitors in diagnostic market could increase their market share through aggressive marketing campaigns, strategic alliances with industry bodies, price discounting or acquisitions;

(c) its products may fail to meet the expectations of distributors and OEM customers and it may be unable to implement necessary changes to these products to satisfy those expectations;

(d) it may fail to increase adoption and usage of its products;

(e) it may fail to meet distributors' and OEM customers' demands for new products in a timely manner;

(f) new market entrants into the market could develop products which compete with Atomo's product offering; or

(g) it may fail to anticipate and respond to changing opportunities, technology, standards or end user requirements as quickly as Atomo's competitors.

If any of these risks arise, Atomo may compete less effectively against competitors, which could reduce the Company's ability to penetrate the market and develop or secure new business, which would have an adverse impact on Atomo's operating and financial performance.

7.1.8. STAGE OF DEVELOPMENT OF PRODUCT PIPELINE

The Company's products outlined in Section 2.4 are currently in varying stages of development. The success of these products will depend on, among

other things, the Company's ability to develop and commercialise these products and obtain the necessary regulatory clearances. Some of these products may be delayed as a result of regulatory approvals or further research may show that some of these products are not commercially viable, some of which Atomo is dependent on third party OEM customers for. The Company cannot guarantee that any products under development will result in the launch of a commercially viable product. If any of these events were to occur, the Company's ability to achieve its growth objectives by expanding its product offering may be materially impaired.

7.1.9. DEVELOPMENT OF NEW PRODUCTS

Atomo's business is dependent on the continued improvement of existing products and development of new products utilising current or other potential future technology outside of lateral flow based rapid testing. The market for diagnostic products is subject to evolving industry standards, frequent new product introductions and changing regulations, as well as changing market dynamics. Atomo's success will depend on its ability to adapt and respond effectively to these changes in a timely manner. If Atomo does not develop new products and product enhancements on a timely basis, the products may become obsolete over time and revenues, cash flow, profitability and competitive position will suffer. Atomo's success will depend on several factors, including its ability to:

(a) correctly identify customer needs and preferences and predict future needs and preferences;

(b) anticipate and respond to competitors' development of new products and innovations;

(c) innovate and develop new technologies and applications, and acquire or obtain rights to third-party technologies that may have valuable applications in the sectors Atomo serves;

(d) successfully commercialise new technologies in a timely manner, price them competitively and manufacture and deliver sufficient volumes of new products of appropriate quality on time; and

(e) convince distributors and OEM customers to adopt new technologies.

Atomo's ability to develop new products based on innovation could affect the Company's competitive position and may require the investment of significant resources. Difficulties or delays in research, development or production of new products and services or failure to gain market acceptance of new products and technologies may reduce future revenues and adversely affect Atomo's competitive position.

7.1.10. ABILITY TO ATTRACT AND RETAIN KEY PERSONNEL

A critical component of the success of the Company is the ongoing retention of key personnel and members of the senior management, including Managing Director, John Kelly, CFO, William Souter, COO, Mark Smith and CCO, Fabio Baglioni.

There is a risk that Atomo may not be able to attract and retain key personnel or find effective replacements for those key personnel in a timely manner. The loss of such personnel or any delay in their replacement could have a significant negative impact on management's ability to operate the business and achieve financial performance targets and strategic growth objectives, in addition to harming Atomo's research and development programmes. Further, any key personnel of Atomo who leave to work for a competitor may adversely impact Atomo's operating and financial performance.

7.1.11. PRODUCT DEFECTS AND RECALLS

Atomo's products may contain undetected defects when first introduced or new products are released. Disruptions affecting the introduction, release or performance of Atomo's products may damage customers' businesses and could harm their and Atomo's reputation as well as the health of patients.

If that occurs, Atomo may incur significant costs, the attention of key personnel could be diverted, or other significant customer relations problems may arise. Atomo may also be subject to warranty and liability claims for damages related to defects in the products. In addition, for HIV finished products, if Atomo does not meet industry or quality standards, if applicable, the products may be subject to recall. For OEM finished products, the OEM customer, being the listed manufacturer, will be responsible for any product recalls. A material liability claim recall or other occurrence that harms Atomo's reputation or decreases market acceptance of the products could adversely impact the Company's operating results.

7.1.12. FUTURE CAPITAL MARKET ACCESS AND REFINANCING

The Company may require further financing in addition to amounts raised under the Offer. In the future, Atomo may require debt and/or equity funding to finance its ongoing scale-up, including increased working capital requirements. Atomo may require such fundraising to finance growth in the business. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

7.2. GENERAL RISKS

7.2.1. COUNTRY/REGION SPECIFIC RISKS IN NEW MARKETS

Atomo has international operations and is exposed to a range of different legal and regulatory regimes. As Atomo expands its presence into new international jurisdictions, Atomo is subject to the risks associated with conducting its business in the relevant regions, which may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks, including:

(a) unexpected changes in, or inconsistent application of, applicable foreign laws and regulatory requirements;

(b) less sophisticated technology standards;

(c) difficulties engaging local resources; and

(d) potential for political upheaval or civil unrest.

A problem in any of these areas could result in fines or penalties, the payment of compensation or the cancellation or suspension of Atomo's ability to carry on certain activities or product offerings. It could also interrupt or adversely affect parts of Atomo's business and may have an adverse effect on Atomo's operating and financial performance.

7.2.2. FOREIGN EXCHANGE RISK

The Company's sales revenue is primarily in US dollars, GBP and South African rand, the majority of which is US dollars. As such, unhedged, unfavourable movements in foreign currency markets could have an adverse affect on the Company's profitability. The majority of the Company's production costs are also in US dollars. As the Company expands its operations overseas, the Company anticipates that it may generate revenue and incur costs in other foreign currencies. As such, movements in other foreign currency markets could affect the Company's profitability in the future. Currency prices fluctuate and are affected by many factors beyond the control of the Company. The Company's share price is in Australian Dollars. Accordingly, if the Australian Dollar increases against the US Dollar, the Company will have lower revenue in Australian Dollars (after converting US Dollars to Australian Dollars).

7.2.3. PRICE OF SHARES

Once Atomo becomes a publicly listed company on ASX, Atomo will become subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in Atomo's share price that are not explained by Atomo's fundamental operations and activities. The price at which Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following quotation on ASX, even if Atomo's earnings increase.

Some of the factors which may adversely impact the price of the Shares include, but are not limited to, the number of potential buyers or sellers of Shares on ASX at any given time, fluctuations in the domestic and international markets for listed securities, general economic conditions including interest rates, inflation rates, exchange rates, commodity prices, changes to government fiscal, monetary or regulatory policies and settings, changes in legislation or regulation, inclusion in or removal from market indices, recommendations by brokers or analysts, global hostilities, tensions and acts of terrorism, the nature of the markets in which Atomo operates and general operational and business risks.

Deterioration of general economic conditions may also affect Atomo's business operations, and the consequent returns from an investment in Shares.

7.2.4. LIQUIDITY OF SHARES

There has been no public market in the Shares prior to the Offer. Once the Shares are quoted on ASX, there can be no guarantee that an active trading market for the Shares will arise or that the price of the Shares will increase. There may be relatively few prospective buyers or sellers of the Shares on ASX at any given time.

Upon Completion, the existing Shareholders of the Company will hold approximately 55.37% of the total issued share capital of the Company. Of these Shares approximately 70% will be the subject of ASX imposed or voluntary escrow arrangements for between one and two years from the date of issue or the date of quotation for ASX imposed escrow and between 6 months and one year from the date of quotation for voluntary escrow. Further details are set out in Section 9.8.

Following the end of the relevant escrow period, a significant sale of Shares by the escrowed Shareholders, or the perception that such sales might occur, could adversely affect the market price of the Shares.

7.2.5. INABILITY TO PAY DIVIDENDS OR MAKE OTHER DISTRIBUTIONS

The ability for future dividends or other distributions to be paid by Atomo will be contingent on its ability to generate profits. Furthermore, to the extent that Atomo pays any dividends, the ability to offer fully franked dividends is contingent on making taxable profits in excess of accumulated losses. Taxable profits may be volatile, making the payment of dividends unpredictable.

The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

7.2.6. TAXATION CHANGES

An investment in Shares involves tax considerations which differ for each Shareholder depending on their individual financial affairs. Each prospective investor is encouraged to seek independent financial advice about the consequences of acquiring shares, pursuant to the offer, from a taxation viewpoint and generally.

Changes in tax law (including goods and services taxes and stamp duties), or changes in the way taxation laws are interpreted, may impact Atomo's tax liabilities or the tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change.

To the maximum degree permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

7.2.7. LITIGATION RISK

In the ordinary course of business, Atomo may be involved in litigation disputes from time to time. Litigation disputes brought by third parties, including but not limited to distributors, customers, suppliers, business partners and employees may adversely impact the financial performance and industry standing of the business, in the case where the impact of legal proceedings is greater than or outside the scope of the Company's insurance. The Company is not currently involved in any litigation.

7.3. SPECULATIVE NATURE OF INVESTMENT

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

08. Key People, Interests and Benefits

8.1. BOARD OF DIRECTORS

The Board members have been selected for their extensive experience and expertise. They bring a variety of skills and experience, including industry and business knowledge, corporate governance, financial management and operational experience.

TABLE 21: BOARD OF DIRECTORS

Director	Experience
John Keith Independent Non-Executive Chairman	John Keith has served as the Non-Executive Director of Atomo since November 2011 and became Chairman in 2014. Mr Keith is a Managing Director of 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 suparnational, sovereign and institutional clients across all areas of investment and institutional banking, He has also served on the boards of ASIA Limited, Calliva Limited, Room to Read Australia Foundation and Ascham Foundation. 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.
John Kelly Founder and Managing Director	John Kelly is a founder and Managing Director of Atomo. For more than 20 years Mr Kelly has championed the cause of reimagining medical devices to enhance their usability and performance, having started with CR Bard in Europe developing Class III cardiology products. Prior to founding Atomo in 2010, Mr Kelly acted as the Chief Operating Officer of Unilife Corporation, which was previously an ASX-listed company (ASX:UNS). At Unilife Corporation, he led the operations team to develop 'Unifill', the world's first glass prefilled drug delivery device with integrated auto retract safety feature, and this technology was successfully licensed to Sanofi Aventis. Prior to joining Unilife in 2005, Mr Kelly spent five years at ResMed where led the New Product Implementation Group and managed the design and commercialisation of the ground-breaking Mirage Swift mask. 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.
Curt LaBelle Non-Executive Director	Curt LaBelle has served as a Non-Executive Director of Atomo since October 2016. Dr LaBelle has been actively involved in the healthcare industry for 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 Alydia Health, Atticus Medical and Eyenovia. As Dr LaBelle is President at GHIF, a substantial holder of the Company, Dr LaBelle is not considered to be an independent Director. Prior to joining GHIF, Dr LaBelle was Managing Director at Tullis Health Investors and Vice President at Investor Growth Capital. He also served as chairman on the boards of Exagen Inc. (NASDAQ:XGN) and Impulse Monitoring (acquired by Nuvasive), and as a director on the boards of Sirion Therapeutics, SafeOp Surgical (acquired by AlphaTec) and KAI Pharmaceuticals (acquired by Amgen). Dr LaBelle holds a Bachelor of Economics from Brigham Young University, and both MD and MBA degrees from Columbia University.

Director	Experience
Paul Kasian Independent Non-Executive Director	Dr Kasian is an experienced executive director with demonstrated success in both domestic and international financial services companies encompassing senior leadership, investment and risk roles. Dr Kasian is curently non-executive director (appointed 31 August 2016) and Chairman (appointed 15 September 2018) of IODM Limited (ASX: IOD). He is also non-executive director (appointed 16 October 2019) of Eco Systems Ltd (ASX:ESL). Previously he served as a Non-Executive director, then Chairman and CEO of Genetic Technologies Limited (appointed 12 December 2013 and resigned 23 September 2019). 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. 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 has not held any other listed directorships over the last 3 years.
Connie Carnabuci Independent Non-Executive Director	Connie Carnabuci has over 30 years' experience advising intellectual property and technology intensive businesses in Australia and across Asia. She has been internationally recognised as a leading lawyer in her field by a number of independent commentators, including Euromoney (Leading Woman in Business Law, Patents & Technology). Ms Carnabuci holds an executive role as the General Counsel of the Australian Broadcasting Corporation. She is a professional non-executive director and currently serves on the board and the Remuneration Committee of OFX. Ms Carnabuci is a former partner of Mallesons Stephen Jacques and Freshfields Bruckhaus Deringer. She is a member of the Business Advisory Council of the UNSW Business School. She serves as the Vice President of the Cranbrook School Parents Association. She was the Chair of the NFP, Kids Giving Back, from 2015 to 2018. Ms Carnabuci is a graduate of UNSW (B.Commerce (Marketing), with merit/LLB, 1986) and the Australian Institute of Company Directors.

8.2. KEY MANAGEMENT TEAM

TABLE 22: KEY MANAGEMENT TEAM

Executive	Experience
John Kelly Founder and Managing Director	Refer to Section 8.1.
William Souter Chief Financial Officer	William Souter is an experienced senior finance executive, a lawyer and an investment banker, with extensive global transaction and fundraising experience across a variety of industries. Mr Souter has held a number of executive and non-executive director positions, including most recently as the Chief Financial Officer for property and construction technology company, Verton Technologies. Mr Souter was previously Executive Director at RFC Ambrian where for 11 years he worked closely with companies on fundraising, public markets listings (both ASX and LSE AIM) and private and public markets M&A. Prior to RFC Ambrian, Mr Souter was a Director at PriceWaterhouseCoopers over a 10 year period in London and Sydney, and worked at Minter Ellison Lawyers. Mr Souter is a graduate of the Australian Institute of Company Directors, and admitted to the Supreme Court of NSW. He holds a Bachelor of Laws, and a Bachelor of Commerce from the University of Adelaide.

Executive	Experience
Mark Smith Chief Operating Officer	Mark Smith joined Atomo in 2019 as COO, having previously assisted the company in supply chain development. Mr Smith was co-founder and CEO of a global manufacturing and engineering business, with operations in the UK, China and North America. Highly experienced in managing international supply chains, operations and logistics, he established a Wholly Owned Foreign Entity in Shenzhen in 2003. He oversaw the sale of the business to a listed US corporation in 2013 and continued as CEO until 2016. Prior to joining Atomo, Mark has provided consultancy services to a variety of businesses, helping them to realise their growth potential. Mr Smith has a BA Honours degree in Business Studies from the University of Portsmouth.
Fabio Baglioni Chief Commercial Officer	Fabio Baglioni is the Chief Commercial Officer of Atomo. He is based in Sweden. Mr Baglioni has been actively involved in the diagnostics industry for more than ten years, his most recent role being as Vice President Global Sales & Marketing at *Cavidi AB since 2012*. Cavidi is a Swedish biotech company that develops and market diagnostics products for HIV viral load testing and patient monitoring. Prior to moving into the healthcare industry, Mr Baglioni worked for a number of years for Business Sweden (formerly the Swedish Trade Council) helping Swedish companies succeed abroad. Mr Baglioni holds a Diploma in Marketing & Management, IHM Business School, Stockholm.

8.3. ADVISORY CONSULTANTS

On and from Admission, the Company intends to engage external consultants to provide advice in relation to the Company's products and distribution strategies in an advisory capacity to the Board as required.

8.4. INTERESTS AND BENEFITS

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

(a) Director or proposed Director;

(b) person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(c) promoter of the Company; or

(d) underwriter to the Offer or financial services licensee named in the Prospectus as a financial services licensee involved in the Offer,

holds as at the Prospectus Date, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer.

Other than as set out below or elsewhere in this Prospectus, no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of the Company or the Offer to induce them to become, or qualify as a Director, or for services provided in connection with the formation or promotion of the Company or the Offer.

8.4.1. DIRECTORS' INTERESTS IN SHARES AND OTHER SECURITIES

As at the Prospectus Date, the Directors hold the securities set out in the table below either personally, or through entities associated with the Director (excluding any Shares applied for under the Offer). Some of these securities will be subject to escrow arrangements. Refer to Section 9.8 for further details of escrow arrangements.

TABLE 23: DIRECTORS' INTERESTS IN SECURITIES IN ATOMO[1]

Director	Shareholding immediately prior to the Offer	Options held immediately prior to the Offer	Shares to be issued upon conversion of Converting Notes	Percentage interest in Shares immediately prior to the Offer (undiluted)	Proposed Percentage interest1 in Shares at Admission (undiluted)
John Keith	3,261,056	3,600,000	Nil	1.05%	0.58%
John Kelly	73,530,248	Nil	Nil	23.67%	13.11%
Curt LaBelle[2]	45,534,855	3,600,000	18,316,425	14.66%	11.38%
Paul Kasian	Nil	Nil	Nil	Nil	Nil
Connie Carnabuci	Nil	Nil	Nil	Nil	Nil

Note 1: The Directors are entitled to apply for Shares under the Offer. The above table does not take into account any Shares the Directors may acquire under the Offer. As at the Prospectus Date, none of the Directors intend to participate in the Offer. The Directors' final shareholdings will be released to ASX at the time of Admission.

Note 2: Curt LaBelle is the President of GHIF, a substantial shareholder of the Company, and is considered to have a relevant interest in those securities held by GHIF.

8.4.2. NON-EXECUTIVE DIRECTOR 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. A Non-Executive Director may terminate their directorship at any time by advising the Board in writing. The appointment letters are otherwise on standard commercial terms.

The Chair, John Keith, receives $130,000 and each Non-Executive Director receives $50,000 as at the Prospectus Date.

Each Chair of a Board Committee will receive an additional amount of $20,000 per annum. The Chairs of the Board Committees are Paul Kasian (Audit and Risk Committee) and Connie Carnabuci (Nomination and Remuneration Committee), as detailed in Sections 8.5.4 to 8.5.5 below.

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

Under the Constitution, the Board decides the total 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 Directors for their services (excluding, for these purposes, the salary of any Executive Director) 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 general meeting.

8.4.3. EXECUTIVE REMUNERATION

8.4.3.1. MANAGING DIRECTOR

TABLE 24: DETAILS REGARDING THE TERMS OF EMPLOYMENT OF THE MANAGING DIRECTOR, JOHN KELLY

Term	Description
Base salary	$420,000 per annum on and from 1 April 2020 (current salary is $240,000 per annum).
Incentives	Subject to the Company's Admission, the Company has agreed to grant to John Kelly 2,000,000 Options, exercisable at $0.25 per Option within 36 months from the date of vesting of the Options. The Options will be issued in three equal tranches. Each tranche of Options will vest in 12 months, 24 months and 36 months respectively, and will otherwise include additional vesting conditions relating to satisfaction of appropriate KPIs. The Options will be issued under the Company's Option Plan, as summarised in Section 8.4.4.1. In addition, the Board has resolved to make a cash payment of $180,000 to John Kelly as a short term incentive, subject to the Company's successful Admission.
Termination	Either party may terminate the agreement by providing ten weeks' prior written notice, 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.

8.4.3.2. CHIEF FINANCIAL OFFICER

TABLE 25: DETAILS REGARDING THE TERMS OF EMPLOYMENT OF THE CFO, WILLIAM SOUTER

Term	Description
Base salary	$300,000 per annum on and from 1 April 2020.
Incentives	Subject to the Company's Admission, the Company has agreed to grant to William Souter 1,600,000 Options, exercisable at $0.25 per Option within 36 months from the date of vesting of the Options. The Options will be issued in three equal tranches. Each tranche of Options will vest in 12 months, 24 months and 36 months respectively, and will otherwise include additional vesting conditions relating to satisfaction of appropriate KPIs. The Options will be issued under the Company's Option Plan, as summarised in Section 8.4.4.1.
Termination	Either party may terminate the agreement by providing ten weeks' prior written notice, 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.

8.4.3.3. CHIEF OPERATING OFFICER

TABLE 26: DETAILS REGARDING THE TERMS OF EMPLOYMENT OF THE COO, MARK SMITH

Term	Description
Base salary	£150,000 per annum (A$292,962 based on an exchange rate on 2 March 2020) on and from 1 April 2020 (current salary is £120,000 per annum).
Incentives	Subject to the Company's Admission, the Company has agreed to grant to Mark Smith 1,600,000 Options, exercisable at $0.25 per Option within 36 months from the date of vesting of the Options. The Options will be issued in three equal tranches. Each tranche of Options will vest in 12 months, 24 months and 36 months respectively, and will otherwise include additional vesting conditions relating to satisfaction of appropriate KPIs. The Options will be issued under the Company's Option Plan, as summarised in Section 8.4.4.1.
Termination	The agreement will terminate automatically without any further action if the parties mutually agree to terminate the agreement. Additionally, either party may terminate the agreement: (a) by providing eight weeks' notice; or (b) by providing written notice, if the other party has breached the agreement and either the breach is not capable of rectification or the other party has not complied with a notice to perform or rectify the breach.

8.4.3.4. CHIEF COMMERCIAL OFFICER

TABLE 27: DETAILS REGARDING THE TERMS OF EMPLOYMENT OF THE CCO, FABIO BAGLIONI

Term	Description
Base salary	kr1,320,000 per annum (A$211,568 based on an exchange rate on 2 March 2020). The Company will also pay the CCO's occupational pension to Collectum under the terms of benefit of ITP1.
Incentives	Subject to the Company's Admission, the Company has agreed to grant to Fabio Baglioni 1,600,000 Options, exercisable at $0.25 per Option within 36 months from the date of vesting of the Options. The Options will be issued in three equal tranches. Each tranche of Options will vest in 12 months, 24 months and 36 months respectively, and will otherwise include additional vesting conditions relating to satisfaction of appropriate KPIs. The Options will be issued under the Company's Option Plan, as summarised in Section 8.4.4.1.
Termination	Either party may terminate the agreement by providing eight weeks' prior written notice, however this notice period does not apply if the employment is terminate for serious and wilful misconduct or any conduct by Fabio Baglioni that amounts to fraud, theft, violence, harassment, gross negligence or any other action that may otherwise bring the Company into disrepute.

8.4.3.5. RELATED PARTY INCENTIVES

IDE is a related party of the Company by virtue of being controlled by a former director of Atomo, George Sidis.

Subject to the Company's Admission, the Company has agreed to grant to IDE 1,600,000 Options, exercisable at $0.25 per Option within 36 months from the date of vesting of the Options. The Options will be issued in three equal tranches. Each tranche of Options will vest in 12 months, 24 months and 36 months respectively, and will otherwise include additional vesting conditions relating to satisfaction of appropriate KPIs, to be determined by the Managing Director.

8.4.4. EMPLOYEE INCENTIVE ARRANGEMENTS

8.4.4.1. OPTION PLAN

Prior to the Prospectus Date, Atomo established an exempt 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 (Option Plan).

No grants of Options have been made under the Option Plan as at the Prospectus Date, however subject to Admission, Options will be issued to senior management under the Option Plan as summarised in Section 8.4.3.

TABLE 28: KEY TERMS OF THE OPTION PLAN

Term	Description
Eligible participants	Eligible participants include natural persons who are a: (a) permanent full time or permament part-time employee; or (b) Director, of the Company or an Associated Company who the Board determines to be eligible to participate in the Option Plan (Eligible Option Participant).
Plan interests	Eligible Option Participants will be provided with an opportunity to acquire a financial interest in the Company, which will align their interests more closely with shareholders and provide greater incentive for them to focus on the Company's longer-term goals.
Quantum	The number of Options offered to an Eligible Option Participant will be specified in the invitation made to that Eligible Option Participant.
Terms and conditions	The Board may from time to time invite an Eligible Option Participant to participate in the Option Plan. Invitations will be subject to such terms as the Board determines and will specify, amongst other things, the following: (a) any option fee that may be applicable; (b) the exercise price of the Options; (c) the duration of the Options, including the first and last exercise date of the Options; and (d) the time period for making an application to participate in the Option Plan; Following receipt by an Eligible Option Participant of an invitation as described above, the Eligible Option Participant may make an application by delivering to the Company a duly completed and executed application form within the closing time specified in the invitation or in accordance with any other procedure set out in the invitation. The Board may then decide to accept or reject the offer made by the Eligible Option Participant.
Restrictions	An Option Participant must not assign, transfer, sell or grant a security interest or otherwise deal with an Option. An Option Participant may only exercise an Option in accordance with the terms of the Option Plan. If the Company offers shareholders other securities, the Board will determine whether the other securities are to be offered to Option Participants on the exercise of Options or whether any other equivalent securities, interest or rights will be offered to them if the other securities are not available, and the basis thereof, to the intent that on the exercise of Options the Option Participants will be treated whenever possible as if they were shareholders at the date that the Options are granted to the Option Participant.
Amendments	The Board may at any time amend the Option Plan or waive or amend the application of any of the rules under the Option Plan in relation to an Eligible Option Particiapnt at any time and a change may be given retrospective effect. However, where any amendments will reduce any of the Option Participants' rights in respect of their Plan Shares, the Board must obtain the prior written consent of at least 75% of the Option Participants affected by the change unless the amendment is to correct a manifest error or for the purpose of complying with applicable laws or to take into consideration possible adverse tax implications to the Option Plan arising from changes to relevant tax guidance.

8.4.4.2. SHARE PLAN

Prior to the Prospectus Date, Atomo established an exempt employee share plan to align the interests of eligible employees, Non-Executive Directors and contractors 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 (Share Plan).

No grants of Shares have been made under the Share Plan as at the Prospectus Date.

TABLE 29: KEY TERMS OF THE SHARE PLAN

Term	Description
Eligible participants	Eligible participants include persons residing in Australia who are a: (a) full time, part-time or casual employee; (b) Non-Executive Director; or (c) contractor, of the Company or an Associated Company (Eligible Share Participant).
Plan interests	Eligible Share Participants will be provided with an opportunity to acquire Plan Shares.
Quantum	The number of Plan Shares offered to an Eligible Share Participant will be specified in the invitation made to that Eligible Share Participant.
Terms and conditions	The Board may from time to time invite an Eligible Share Participant to participate in the Share Plan. Invitations will be subject to such terms as the Board determines and will specify, amongst other things, the following: (a) the maximum number of Plan Shares that can be acquired by an Eligible Share Participant under the Share Plan or, if applicable, the maximum amount of potential salary or wages that an Eligible Share Participant can nominate to sacrifice towards the acquisition of Plan Shares and any contribution the Company will make towards the acquisition of Shares; (b) the time period in which an Eligible Share Participant may make an offer to the Company following receipt of their invitation; and (c) the proposed acquisition date of the Plan Shares by the Eligible Share Participant. Following receipt by an Eligible Share Participant of an invitation as described above, the Eligible Share Participant may make an offer by delivering to the Company a duly completed and executed application form within the closing time specified in the invitation or in accordance with any other procedure set out in the invitation. The Board may then decide to accept or reject the offer made by the Eligible Share Participant.
Restrictions	A Share Participant must not assign, transfer, sell or grant a security interest or otherwise deal with a Plan Share from the date that the Share Participant acquires their Plan Shares until the earlier of: (a) three years after the date of acquisition of the Plan Shares; and (b) the date that the Participant ceases to be an Eligible Share Participant, (Restrictive Period). During the Restrictive Period, the Company is entitled to retain possession of the documents of title of a Share Participant's Plan Shares. The Company may adopt procedures and enter into such arrangements as it consideres necessary to enforce the restrictions described above, including: (a) placing a holding lock on the Plan Shares; or (b) having the Plan Shares held on behalf of the Share Participants by the trustee of a trust established by the Company to assist with the operation of the Share Plan.

Term	Description
Amendments	The Board may at any time amend the Share Plan or waive or amend the application of any of the rules under the Share Plan in relation to an Eligible Share Participant from time to time and a change may be given retrospective effect. However, where any amendments will reduce any of the Share Participants' rights in respect of their Plan Shares, the Board must obtain the prior written consent of at least 75% of the Share Participants affected by the change unless the amendment is to correct a manifest error or for the purpose of complying with applicable laws or to take into consideration possible adverse tax implications to the Share Plan arising from changes to relevant tax guidance.

8.5. CORPORATE GOVERNANCE

This Section 8.5 explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board is responsible for, and has the authority to determine, all matters relating to strategic direction, policies, practices, management goals and the operations of Atomo.

In conducting business, the Board's objective is to set the strategic direction of the Group and to oversee the Group's management and business activities.

Atomo has in place corporate governance practices which are formally embodied in corporate governance policies and codes adopted by the Board (Policies). The aim of the Policies is to ensure that Atomo is effectively directed and managed, risks identified, monitored and assessed, and appropriate disclosures made to shareholders, after Admission, to the market.

Atomo's corporate governance principles and policies are structured to comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) (ASX Recommendations).

The ASX Recommendations set out recommended corporate governance practices for entities listed on the ASX that, in the ASX Corporate Governance Council's view, are likely to achieve good governance outcomes and meet the reasonable expectations of most investors in most situations. They are guidelines, not prescriptions. In recognition of its increased responsibilities as a publicly listed company, in February 2020, Atomo refreshed its Board, expanded its executive team and significantly enhanced its governance framework. Atomo's Board is committed to continuing this work and bringing Atomo's governance practices into alignment with each of the ASX Recommendations.

The Company will release a copy of its full Corporate Governance Statement, and departures from the ASX Recommendations, to the ASX market announcements platform upon Admission.

The following is a summary of the Polices. A copy of each of the Policies is available on the Company's website.

8.5.1. BOARD OF DIRECTORS

John Keith, Curt LaBelle, Connie Carnabuci and Paul Kasian are Non-Executive Directors who are not a part of the Company's management.

The Board Charter sets out guidelines for the purpose of determining independence of Directors in accordance with the ASX Recommendations and includes a definition of independence that is largely based on that set out in the ASX Recommendations.

The Board considers qualitative principles of materiality for the purpose of determining "independence" on a case-by-case basis. In its consideration of the independence of Directors, the Board has referred to those factors set out in the ASX Recommendations. As such, Curt LaBelle, as the president of a substantial shareholder of the Company, GHIF, is not considered to be an independent Director.

The Board considers that each of John Keith, Connie Carnabuci and Paul Kasian are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of her or his judgement. Accordingly, as at Admission, the Board will consist of five directors, three of whom are independent Non-Executive Directors.

8.5.2. BOARD CHARTER

The Board has adopted a Board Charter which sets out the responsibilities of the Board in greater detail, including, but not limited to, the following responsibilities:

(a) delegating appropriate powers to Executive Directors and senior management to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;

(b) appointing, monitoring, replacing and where appropriate removing, senior executives and the company secretary;

(c) establishing and monitoring executive succession planning;

(d) demonstrating leadership, defining the Company's purpose and setting the Company's strategic direction, objectives and goals;

(e) exercising the prudential control of the Company's finances and operations, including monitoring its financial performance and approving its operating budgets and major capital expenditure;

(f) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;

(g) ensuring timely, accurate and effective communication with, and reporting to, shareholders, the market and relevant regulatory bodies;

(h) ensuring timely and balanced disclosure of all material information relating to the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;

(i) approving the Company's statement of values and code of conduct to underpin the desired culture within the Company;

(j) satisfying itself that the Company has in place an appropriate risk management framework for both financial and non-financial risks;

(k) approving the Company's remuneration policies and satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite;

(l) evaluating and adopting, with or where appropriate without modification, the ASX Corporate Governance Principles; and

(m) supervising compliance with the Company's corporate governance policies.

8.5.3. BOARD COMMITTEES

In order to better manage its responsibilities, the Board has established the Audit and Risk Committee and the Nomination and Remuneration Committee. Each Committee has adopted a charter approved by the Board which sets out its responsibilities. Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, ASX requirements and other regulatory requirements and the skills and experience of individual Directors.

Each Chair of a committee receives an amount of $20,000 per annum.

8.5.4. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is currently comprised of:

(a) Paul Kasian (Chair);

(b) John Keith; and

(c) Curt LaBelle.

The role and responsibilities, composition and membership requirements of the Audit and Risk Committee are documented in the Audit and Risk Committee Charter.

The purpose of the Audit and Risk Committee is to assist the Board with tasks such as:

(a) oversight of the Company's discharge of its responsibilities with respect to the adequacy of the Company's corporate reporting processes and internal control framework;

(b) oversight of the Company's relationship with the external audit firm, including their appointment or removal, review of their performance and review of their work plan scope;

(c) determining the independence of the external audit firm, and determining the policy for partner rotation for the external audit firm; and

(d) review of the Company's risk management program, including:

(i) ensuring legal and regulatory compliance;

(ii) ensuring protection of capital;

(iii) implementing and reviewing appropriate risk management systems, the risk appetite statement and the risk management framework to manage both financial and non-financial risks;

(iv) monitoring the performance of management against the risk management framework, including whether it is operating within the risk management appetite set by the Board; and

(v) receiving reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks.

The Company does not currently have an internal audit function in place. The Audit and Risk Committee Charter puts in place processes to monitor the Company's financial and risk management procedures. The Board currently considers these processes appropriate for the size and level of operations of the Company.

The Audit and Risk Committee Charter provides that the committee should comprise of at least three members, all of whom are Non-Executive Directors and are able to read and understand financial statements and a majority of whom are independent Directors. The chair of the Audit and Risk Committee should have leadership experience and a strong finance, accounting or business background, and should be an independent Director who is not Chairman of the Board.

All of the current members of the Audit and Risk Committee are Non-Executive Directors who have extensive executive leadership experience and are familiar with and able to read and understand financial statements. Refer to Section 8.1 for details in relation to Dr Kasian's qualifications and skills in respect of financial accounting.

8.5.5. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is currently comprised of:

(a) Connie Carnabuci (Chair);

(b) Paul Kasian; and

(c) John Keith.

The role and responsibilities, composition, structure and membership requirements of the Nomination and Remuneration Committee are documented in the Nomination and Remuneration Committee Charter.

The objectives of the Nomination and Remuneration Committee are:

(a) to review and assess the necessary and desirable competencies of the Directors;

(b) to monitor and evaluate the performance of each Director individually, of the Board collectively and of each Board subcommittee collectively;

(c) to develop succession plans for the Board and to oversee development by management of succession planning for senior executives; and

(d) to develop, evaluate and review remuneration practices and policies.

The Nomination and Remuneration Committee Charter provides that the committee should comprise of at least three members, a majority of whom are independent Directors.

The chair of the committee should be an independent Director.

All of the current members of the Nomination and Remuneration Committee are independent Non-Executive Directors and the chair of the Committee, being Connie Carnabuci, is not Chair of the Board.

8.5.6. CODE OF CONDUCT

The Company's Code of Conduct sets out the legal and ethical obligations and the standard of behaviour expected of individuals working for the Group.

The Code of Conduct deals with the following principal areas:

(a) honesty and integrity;

(b) conflicts of interest;

(c) confidential information;

(d) fair dealing;

(e) responsibilities to stakeholders;

(f) work health and safety;

(g) compliance with laws, regulations, policies and procedures; and

(h) reporting unlawful and unethical behaviour.

8.5.7. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATIONS POLICY

The Board is committed to ensuring that the Company maintains direct, open, timely and effective communications with all Shareholders. Information will be communicated to Shareholders through announcements to ASX, Atomo's annual report, annual general meetings and any other general meetings, half yearly financial reports, and Atomo's website, www.atomodiagnostics.com.

8.5.8. DIVERSITY POLICY

Atomo has adopted a Diversity Policy which sets out Atomo's commitment to diversity and inclusion in the workplace. Under the Diversity Policy, Atomo states its commitment to encouraging inclusive workplace practices and behaviours and fostering a work environment that values the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity.

8.5.9. SHARE TRADING POLICY

Atomo has a Share Trading Policy which applies to all Directors and employees of Atomo. The purpose of the policy is to set restrictions on dealing in securities to minimise the risk of insider trading, ensure the Company is able to meet its reporting obligations under the ASX Listing Rules and increase transparency to assist in maintaining market confidence in the integrity of dealings in Atomo's securities.

The Share Trading Policy imposes a general prohibition on short term dealing. It also imposes additional prohibitions on Directors and senior management in respect of dealings during black-out periods and hedging unvested entitlements and establishes an approval procedure for any dealing. It also outlines the restrictions on dealing by employees.

8.5.10. ANTI-BRIBERY AND CORRUPTION POLICY

Atomo has an Anti-Bribery and Corruption Policy for Directors, employees, contractors, volunteers, agents and directors of Atomo. It provides a summary of the law on bribery and corruption, outlines the circumstances in which it is unacceptable to receive gifts, entertainment and hospitality and provides a reporting mechanism for allegations of bribery and corruption.

The Policy prohibits facilitation payments, kickbacks and donations to political parties or which are intended to obtain an improper advantage for Atomo.

8.5.11. WHISTLEBLOWER POLICY

Atomo has a Whistleblower Policy which encourages employees to report suspected or known instances of illegal or unethical conduct. The Whistleblower Policy establishes the mechanisms and procedures for employees to report illegal or unethical conduct in a manner which protects the whistleblower and identifies the necessary information for the Atomo to investigate such reports and act appropriately.

8.5.12 DEPARTURES FROM CORPORATE GOVERNANCE RECOMMENDATIONS

TABLE 30: THE COMPANY'S DEPARTURES FROM THE ASX RECOMMENDATIONS

ASX Recommendation	Explanation for departure
1.5 Atomo has not set measurable diversity objectives	Atomo has only become a public company recently and has a relatively small workforce employed across a number of jurisdictions. Accordingly, its Board intends to set measurable diversity objectives over its next upcoming Board meetings and in any event prior to the issue of its annual report later this year. The size of the Company and the scale of its operations will be taken into account when setting measurable diversity objectives.
1.6 Atomo does not yet have a process for board performance evaluation	Atomo has only become a public company and finalised the composition of its Board in the last two months. Accordingly, its Board intends to establish a process for board performance evaluation over its next upcoming Board meetings and in any event prior to the issue of its annual report later this year.

ASX Recommendation	Explanation for departure
1.7 Atomo does not yet have a process for senior executive performance evaluation	Atomo has only become a public company, and finalised the composition of its senior executive team, in the last two months. Accordingly, its Board intends to establish a process for senior executive performance evaluation over its next upcoming Board meetings and in any event prior to the issue of its annual report later this year.
2.2 Atomo does not have a Board skills matrix	Atomo has only become a public company, and finalised the composition of its Board, in the last two months. Accordingly, its Board intends to adopt a Board skills matrix at one of its next upcoming Board meetings and in any event prior to the issue of its annual report later this year.
3.1 Atomo has not articulated and disclosed its values	Atomo has only recently become a public company. Accordingly, its Board intends to finalise the articulation and disclosure of the Company's values at one of its next upcoming Board meetings and in any event prior to the issue of its annual report later this year.
4.3 Atomo has not disclosed its process for verifying the integrity of periodic corporate reports that are not audited or reviewed by an external auditor	To date, Atomo has not had to issue periodic reports under the ASX Listing Rules and has had its FY18 and FY19 accounts audited by KPMG. Accordingly, its Board intends to finalise and the process for verifying the integrity of periodic corporate reports that are not audited or reviewed by an external auditor at one of its next upcoming Board meetings and in any event prior to the issue of its first quarterly report required to be issued under the ASX Listing Rules.

09. Details of the Offer

9.1. THE OFFER

This Prospectus relates to an initial public offering of new Shares issued by Atomo at the Offer Price of $0.20 per Share. A total of 150 million Shares will be available under the Offer to raise $30 million.

The total number of Shares on issue at completion of the Offers will be 560,901,359 and all Shares will, once issued, rank equally with each other. The Shares offered under this Prospectus will represent approximately 26.74% of the Shares on issue at Completion.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

The Prospectus also contains an offer for 10 Shares at the Offer Price, which shall remain open until Admission (unless closed earlier by the Directors, in their sole discretion) (Cleansing Offer). The purpose of the Cleansing Offer is to remove any secondary sale restrictions and facilitate future secondary trading of Shares to be issued by the Company after the close of the Offer but prior to the Company's Admission, in accordance with section 708A(11)(b) of the Corporations Act. This includes the Shares to be issued on conversion of the Converting Notes, which will be issued to sophisticated and professional investors upon receipt of conditional approval to be admitted to the Official List.

9.2. PURPOSE OF THE OFFER

The purpose of the Offer to:

(a) facilitate the Company's application for Admission; and

(b) provide funding to enable the Company to:

  (i) expansion of manufacturing and distribution;

  (ii) research & development and product commercialisation;

  (iii) repayment of debt and interest;

  (iv) marketing and sales; and

  (v) working capital, operating costs and costs of the Offer.

9.3. USES OF FUNDS

TABLE 31: USE OF PROCEEDS RAISED FROM THE OFFER

Sources of funds	$	%
Existing cash reserves	12,440,000	29.3
Funds raised under the Offer	30,000,000	70.7
Total Sources of Funds	**$42,440,000**	**100.0%**

Use of funds	$	%
Expansion of Manufacturing and Distribution	11,700,000	27.6
Research & Development and Product Commercialisation	11,025,000	26.0
GHIF Loan repayment (including outstanding interest)[1]	7,010,000	16.5
Administrative Costs[2]	2,446,000	5.8
Market Expansion	1,600,000	3.8
Interest on Convertible Notes	900,000	2.1
Working Capital & Operating Costs[3]	5,055,000	11.9
Costs of the Offer[4]	2,704,000	6.3
Total	**$42,440,000**	**100.0%**

Note 1: The Company is required to make this loan repayment pursuant to its loan agreement with GHIF dated 21 December 2015. Refer to Section 10.4 for the material terms of this agreement.

Note 2: Administrative costs include Director's fees, ongoing ASX listing fees, ongoing audit fees and other costs associated with the Company being a public company and listed on the ASX over a 30 month period.

Note 3: Expected over a 30 month period. Does not include any cash derived from sales.

Note 4: Excludes costs of the Offer which were already paid by the Company as at 31 December 2019 and which amount to approximately $208,000.

The Board believes that on Completion, the Company will have sufficient working capital to achieve its objectives.

9.4. STRUCTURE OF THE OFFER

The Offer is structured as follows:

(a) the Institutional Offer, which consists of an invitation to apply for Shares made to institutional investors in Australia (see Section 9.4.1);

(b) the Broker Offer, which is only open to investors who have a registered address in Australia or New Zealand and who have received an allocation from their broker (see Section 9.4.2);

(c) the Chairman's List Offer, which is only open to investors who receive a personal invitation to participate in the Chairman's List Offer (see Section 9.4.3); and

(d) the General Offer, which is made to members of the general public who have a registered address in Australia or New Zealand (see Section 9.4.4).

9.4.1. INSTITUTIONAL OFFER

The Institutional Offer consists of an invitation prior to or after the Prospectus Date to certain institutional investors in Australia and New Zealand to apply for Shares under this Prospectus. Application procedures for institutional investors have been, or will be, advised to the institutional investors by the Lead Manager.

9.4.2. BROKER OFFER

The Broker Offer is open to investors with a registered address in Australia or New Zealand who have received an allocation from their broker. Applications may only be made on an Application Form attached to or accompanying this Prospectus. If you are an investor applying under the Broker Offer, you should follow the terms and conditions of the Offer set out in Section 9.4.2 and complete the application procedure advised to you by your broker. Please contact your broker for further instructions.

Subject to the allocation policy in Section 9.5 below, an Application may be accepted by the Company in respect of the full amount, or any lower amount than that specified in the Application Form, without further notice to the Applicant.

Acceptance of an Application will give rise to a binding contract.

9.4.3. CHAIRMAN'S LIST OFFER

The Chairman's List Offer is open to investors who have received an invitation to participate in the Chairman's List Offer from the Company. If you have been invited by the Company to participate in the Chairman's List Offer, you will be treated as an applicant under the Chairman's List Offer in respect of those Shares allocated to you.

If you have received an invitation to participate in the Chairman's List Offer from the Company, you will be separately advised of the application procedures under the Chairman's List Offer.

Subject to the allocation policy in Section 9.5 below, an Application may be accepted by the Company in respect of the full amount, or any lower amount than that specified in the Application Form, without further notice to the Applicant.

9.4.4. GENERAL OFFER

The General Offer is open to members of the general public with registered addresses in Australia and New Zealand.

Applications may only be made on an Application Form attached to or accompanying this Prospectus or by submitting an online application as set out in Section 9.6.

If you are an investor applying under the General Offer, you should follow the terms and conditions of the Offer set out in Section 9.6 and complete and lodge your application form in accordance with the instructions set out on the reverse of the Application Form.

Subject to the allocation policy in Section 9.5 below, an Application may be accepted by the Company in respect of the full amount, or any lower amount than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

9.5. ALLOCATION POLICY

The allocation of Shares within and between the Institutional Offer, the Broker Offer, the Chairman's List Offer and the General Offer will be determined by the Company in consultation with the Lead Manager, having regard to the following factors:

(a) number of Shares applied for;

(b) desire for an informed and active trading market following listing on ASX;

(c) desire to establish a wide spread and mix of institutional and retail shareholders;

(d) overall level of demand under the Offer;

(e) for the Institutional Offer, the size and type of funds under management of particular institutions;

(f) the likelihood that particular applicants will be long-term shareholders;

(g) investors who have provided early support for the Company; and

(h) any other factors that the Company and the Lead Manager consider appropriate.

The Company, in consultation with the Lead Manager, will have absolute discretion regarding the basis of allocation of Shares among applicants and there is no assurance that an applicant will be allocated any Shares, or the number of Shares for which it has applied for. The Company has accepted commitments for a total of $20.5 million from Institutional and Sophisticated and Professional investors prior to lodgement of the Prospectus.

No assurance can be given that any other Applicant under the Offer will be allocated all or any Shares applied for. The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

9.6. TERMS AND CONDITIONS OF THE OFFER

TABLE 32: TERMS AND CONDITIONS OF THE OFFER

Topic	Summary
What is the type of security being offered?	Fully paid ordinary shares in the capital of Atomo.
What are the rights and liabilities attached to the security being offered?	A description of the rights and liabilities attaching to the Shares is set out in Section 11.6.
What is the consideration payable for each security being offered?	Successful Applicants under the Offer will pay the Offer Price, being $0.20 per Share.
What is the Offer Period?	The Offer will open on 12 March 2020 and close on 5:00 pm (AEDT) 30 March 2020. The key dates, including details of the Offer Period, are set out on page 7 of this Prospectus. The timetable is indicative only and may change. Unless otherwise indicated, all times are stated in AEDT, Australia time. The Company, in consultation with the Lead Manager, reserves the right to vary both of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Completion, in each case without prior notice). If the Offer is cancelled or withdrawn before the allocation of Shares, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. No Shares will be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.
What are the cash proceeds to be raised under the Offer?	$30 million (before costs of the Offer) will be raised if the Offer proceeds. No oversubscriptions will be accepted by the Company.
Is the Offer underwritten?	No.
Who can apply for Shares under the Offer?	The Offer is open to all investors who are resident in Australia and New Zealand.
How can I apply under the Offer?	Applicants under the Chairman's List Offer and General Offer may apply for Shares online or by completing a valid Application Form attached to or accompanying this Prospectus in accordance with the instructions set out in the Application Form. Applicants under the Broker Offer should follow the instructions of their Broker. Application procedures for institutional investors have been advised to the institutional investors by the Lead Manager. Completed Application Forms and accompanying payment must be lodged before 5pm AEDT on the Closing Date. Online at: www.atomodiagnostics.com By mail to: Atomo Diagnostics Limited C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 By hand delivery to: Atomo Diagnostics Limited C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 (do not use this address for mailing purposes)

Topic	Summary
How to pay your Application amount by cheque or bank draft	If you have applied using an Application Form, please send your completed Application Form and cheque or bank draft for the application monies to the Share Registry at the address set out above. If paying the application monies by cheque(s) or bank draft(s), such cheque(s) or bank draft(s) must be: (a) in Australian currency; (b) drawn at an Australian branch of a financial institution; (c) crossed "Not Negotiable"; and (d) made payable: to "Atomo Diagnostics Limited IPO". If paying by cheque(s), Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) for the application monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared application monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.
How to pay your Application amount by BPAY	If you have made an online application, please make your Application payment by BPAY before 5:00pm on the Closing Date. Applicants making an online payment must use the specific biller code and the unique customer reference number (CRN) generated by the online Application. Online Application Forms not accompanied by a BPAY payment will be rejected.
Issue of Shares	Subject to the Minimum Subscription being raised and Admission occurring, issue of the Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. The Directors, in consultation with the Lead Manager, reserve the right to issue the Shares in full for any Application or to issue any lesser number or no Shares, or to decline any Application if they believe the Application does not comply with applicable laws or regulations. If an Application Form is not completed correctly, or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid Application. The Directors' decision whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of application monies paid by the Applicant. If you are not issued all of the Shares you apply for, you will receive a refund, as set out in Section 9.9.
Irrevocable offer to subscribe	A completed Application Form or online application constitutes an irrevocable offer to subscribe for Shares on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus), and as set out in the Application Form. The Company, in consultation with the Lead Manager, reserves the right to: (a) reject any Application, including Applications that have not been correctly completed or are accompanied by payments that are dishonoured; (b) accept late Applications received after the close of the Offer; (c) allocate to any Applicant a lesser number of Shares than that for which that Applicant applied; and (d) waive or correct any errors made by an Applicant in the Application of that Applicant.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 7 April 2020.

Topic	Summary
When are the Shares expected to commence trading?	Shares are expected to commence trading on ASX on or around 16 April 2020. It is the responsibility of each Applicant to confirm their holding before trading Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the Atomo Offer Information Line or confirmed your firm allocation through a broker.
Are there any escrow arrangements?	Yes. Details are provided in Section 9.8.
Has any ASIC relief or ASX in principle advice been obtained or been relied on?	Yes. Details are provided in Section 11.11.
Are there any taxation considerations?	The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. Refer to Section 11.9 for general tax considerations.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Atomo Offer Information Line on 1800 812 642 (within Australia) or +61 1800 812 642 (outside Australia) from 8.30am to 5.30pm (AEDT), Monday to Friday (business days only) during the Offer Period. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

9.7. MINIMUM SUBSCRIPTION

If the Minimum Subscription has not been raised within four months after the Prospectus Date, the Shares under the Offer will not be issued and the Company will repay all application monies for the Shares, without interest, within the time prescribed under the Corporations Act.

9.8. ESCROW ARRANGEMENTS

Existing Shares held at the date of the Company's Admission will be subject to ASX imposed and voluntary escrow arrangements. In accordance with Chapter 9 of the ASX Listing Rules, it is estimated that:

(a) 155,150,046 Shares and 15,600,000 Options will be subject to ASX imposed escrow arrangements for 24 months from the date of quotation of the Shares; and

(b) 3,469,654 Shares and no Options will be subject to ASX imposed escrow arrangements for 12 months from the date of issue of the Shares.

Further, the Company intends to enter into voluntary escrow arrangements under which it is estimated that approximately 58 million Shares will be subject to voluntary escrow for 6 to 12 months from the date of quotation of the Shares. The estimated escrow that will be imposed upon Directors is set out in the tables below.

TABLE 33: ESCROW ARRANGEMENTS FOR DIRECTORS

Director	Total Shares and Options held as at Admission	ASX Escrow 24 months from quotation	Voluntary escrow 12 months from quotation
John Keith	3,261,056 Shares 3,600,000 Options	2,556,141 Shares 3,600,000 Options	704,915 Shares
John Kelly	73,530,248 Shares	72,282,748 Shares	1,247,500 Shares
Curt LaBelle[1]	63,851,280 Shares 3,600,000 Options	25,448,136 Shares[2] 3,600,000 Options	23,750,004 Shares
Paul Kasian	Nil	Nil	Nil
Connie Carnabuci	Nil	Nil	Nil

Note 1: Curt LaBelle is the President of GHIF, a substantial shareholder of the Company, and is considered to have a relevant interest in those securities held by GHIF.

Note 2: Includes Shares to be issued on conversion of Converting Notes.

During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to its ASX platform full details (quantity and duration) of the Shares and Options held in escrow prior to the Shares commencing trading on ASX.

It is intended that a holding lock be applied to the existing Shares that are subject to escrow restrictions. The holding lock will prevent the escrowed Shareholders from disposing of their escrowed Shares for the applicable escrow period.

9.9. REFUNDS

Application monies will be refunded (in full or in part, as applicable) in Australian dollars where an Application is rejected, an Application is subject to a scale-back or if the Offer is withdrawn or cancelled.

No interest will be paid on any refunded amounts. The Company, irrespective of whether the issue of the Shares takes place, will retain any interest earned on the application monies.

Refund cheques will be sent as soon as practicable following the close or termination of the Offer.

9.10. APPLICATION TO ASX FOR LISTING AND QUOTATION OF SHARES

Atomo will apply to ASX within seven days of the Prospectus Date for Admission and quotation of the Shares on ASX. Atomo's ASX code is expected to be 'AT1'.

The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of Atomo or the Shares offered for subscription under the Offer.

If permission is not granted for the quotation of the Shares on ASX within three months after the Prospectus Date (or any later date permitted by law), all application monies received by Atomo will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

On Admission, Atomo will be required to comply with the ASX Listing Rules, subject to any waivers obtained from time to time.

9.11. CHESS AND ISSUER SPONSORED HOLDINGS

Atomo will apply to participate in ASX's Clearing House Electronic Subregister System (CHESS) and will comply with the ASX Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, an electronic CHESS subregister or an issuer sponsored subregister.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number for CHESS holders or, where applicable, the Securityholder Reference Number of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding. Certificates will not be issued.

CHESS holders will receive subsequent statements at the end of each month in which there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

9.12. OFFER EXPENSES

The Company will pay all of the costs associated with the Offer. If the Offer proceeds, the total estimated expenses in connection with the Offer (including advisory, legal, accounting, tax, listing and administrative fees as well as printing, advertising and other expenses) are estimated to be approximately $2.91 million including GST.

TABLE 34: COSTS OF THE OFFER

Cost (inclusive of GST)	$
Capital raising costs	$2,068,000
Legal fees	$324,842
ASX fees	$194,026
Accounting and tax	$243,100
ASIC Fees	$3,206
Prospectus design and printing and other costs	$78,727
Total	**$2,911,901**

10. Material Agreements

10.1. HIV DISTRIBUTION AGREEMENTS

The Company has agreements in place with Mylan Pharmaceuticals Private Limited (Mylan), Owen Mumford Ltd (OM) and Iyeza Health (Iyeza) (Mylan, OM and Iyeza together, the HIV Product Distributors), under which the Company supplies its HIV products for distribution by the HIV Product Distributors (HIV Distribution Agreements).

Each HIV Distribution Agreement grants the relevant counterparty exclusivity over a field and territory, as summarised below. For the term of each HIV Distribution Agreement, the Company agrees to supply the product to the HIV Product Distributor at an agreed price and in the quantities requested by the HIV Product Distributor. Each year of each of the HIV Distribution Agreements has minimum purchase amounts that must be made by the HIV Product Distributor.

Under the HIV Distribution Agreements with OM and Iyeza, the relevant HIV Product Distributor agrees that it shall not promote, distribute or sell, directly or indirectly any HIV RDT product, other than the product provided by the Company, within its assigned field and territory.

Under each of the HIV Distribution Agreements, in addition to the termination rights specified for each HIV Product Distributor below, either party has the ability to terminate its agreement if the other party commits a material breach or fails to pay an undisputed amount and does not remedy such breach or default within either 30 days (under the agreements with OM and Iyeza) or 45 days (under the agreement with Mylan), or if the other party is subject to an insolvency event. The HIV Distribution Agreements with OM and Iyeza further provide that either party may terminate its agreement by giving 6 months' written notice after the expiry of the initial term of the agreement, by giving 28 days' written notice if a force majeure event continues for more than six months or if the other party repeatedly breaches any of the terms of the agreement.

Set out below are additional terms that are specific to each HIV Distribution Agreement.

Mylan

The Company's HIV Distribution Agreement with Mylan is dated 14 September 2018 (as amended). The additional terms specific to this agreement are as follows:

Term	1 September 2019 to 31 December 2029.
Product	the Company supplies HIV Self Test products on Atomo RDT platforms (Mylan Products).
Exclusivity	Mylan has been granted an exclusive, non-transferable right to sell, market, distribute, commercialise, export or import the worldwide in more than 100 countries in Africa, Asia, the Middle East, the Commonwealth of Independent States (CIS) and Latin America for use solely in the HIV self-testing field (Mylan Field).

OM (Professional use)

The Company *entered* into a HIV Distribution Agreement with OM on 7 February 2018 (as amended), pursuant to which the Company supplies the product specified below to OM for professional use only. The additional terms specific to this agreement are as follows:

Term	7 February 2018 to 6 February 2023, and thereafter this initial term is automatically renewed until the agreement is terminated by either party
Product	The Company supplies HIV Professional Use products on the Atomo RDT platform (OM Professional Use Products).
Exclusivity	OM has an exclusive right to promote and resell the OM Professional Use Products in the EU, the member countries of European Free Trade Association (EFTA), the UK and Canada (OM Professional Use Territory) for professional use only. These exclusivity rights are subject to the distributor meeting its minimum purchase requirements in each year of its agreement/s with the Company.
Additional termination rights	This agreement with OM may also be terminated by the Company if OM fails to achieve its minimum purchase requirements and, after a period of two months from the end of the relevant year, has failed to rectify the shortfall.

OM (Self-test use)

On 3 October 2018, the Company entered into a second HIV Distribution Agreement with OM, under which the Company supplies the product specified below to OM for self-test use only. The additional terms specific to this agreement are as follows:

Term	3 October 2018 to 2 October 2023, and thereafter this initial term is automatically renewed until the agreement is terminated by either party.
Product	The Company supplies HIV Self Test products on Atomo RDT platforms (OM Self-Test Use Products).
Exclusivity	OM has an exclusive right to promote and resell the OM Self-Test Use Products in the EU, the member countries of EFTA and the UK (OM Self-Test Use Territory) for self-test use only. These exclusivity rights are subject to the distributor meeting its minimum purchase requirements in each year of its agreement/s with the Company.
Additional termination rights	This agreement with may also be terminated by the Company if OM fails to achieve its minimum purchase requirements and, after a period of two months from the end of the relevant year, has failed to rectify the shortfall.

Iyeza

The Company entered into its HIV Distribution Agreement with Iyeza on 15 October 2019. The additional terms specific to this agreement are as follows:

Term	1 September 2019 to 31 August 2024, and thereafter this initial term is automatically renewed until the agreement is terminated by either party.
Product	The Company supplies HIV Self Test products on Atomo RDT platforms (Iyeza Products).
Exclusivity	Iyeza has an exclusive right to promote and sell the Iyeza Products in the private sector of the Republic of South Africa, Kingdom of Eswatini (Swaziland), Kingdom of Lesotho and the Republic of Mozambique (Iyeza Territory). These exclusivity rights are subject to the distributor meeting its minimum purchase requirements in each year of its agreement/s with the Company.
Additional termination rights	This agreement may also be terminated by the Company giving written notice if Iyeza fails to achieve its minimum purchase requirements

Further to these additional terms, all HIV Distribution Agreements otherwise contains terms and conditions (including representations, warranties and indemnifications in relation to the relevant product, quality assurance provisions, compliance with regulatory approvals and standard confidentiality provisions) considered standard for agreements of this nature.

10.2. OEM DISTRIBUTION AGREEMENTS

The Company has distribution agreements in place with Rapid Pathogen Screening Inc. (Lumos), Access Bio Inc. (Access Bio) and NG Biotech SAS (*NG Biotech*) (Lumos, Access Bio and NG Biotech together, the OEM Distributors), under which the Company supplies certain sub-assemblies or other components for use by the OEM Distributor in the manufacture of that OEM Distributor's own products (OEM Distribution Agreements).

Each OEM Distribution Agreement grants the relevant counterparty exclusivity over a field and territory, as summarised below. In addition to these rights, the Company agrees that it will not supply the product it supplies to the OEM Distributor to any third party for use in the OEM Distributor's assigned field if the Company knows or believes the product is sold or otherwise distributed within the OEM Distributor's assigned territory.

For the term of each OEM Distribution Agreement, the Company agrees to supply the relevant product to the OEM Distributor at an agreed price and in the quantities requested by the OEM Distributor. Each year of each of the OEM Distribution Agreements has minimum purchase amounts that must be made by the OEM Distributor.

Under each of the OEM Distribution Agreements, in addition to the additional termination rights specified for each OEM Distributor below, either party has the ability to terminate its agreement by giving 28 days' prior written notice if a force majeure event continues for more than six months, if the other party commits a material breach or fails to pay an undisputed amount and does not remedy such breach or default within 60 days, if the other party repeatedly breaches any of the terms of the agreement or if the other party is subject to an insolvency event.

Set out below are additional terms that are specific to each OEM Distribution Agreement.

Lumos

The Company's OEM Distribution Agreement with Lumos is dated 30 January 2018 (as amended). The additional terms specific to this agreement are as follows:

Term	30 January 2018 to 29 January 2033.
Product	The Company manufactures and supplies Lumos with sub-assemblies (Lumos Sub-Assemblies) which form part of Lumos' FebriDx whole blood RDT product (Lumos Product).
Exclusivity	The Company grants Lumos an exclusive right to use the relevant Lumos Sub-Assemblies for use in the manufacture of the Lumos Product and for the promotion, distribution and sale of the Lumos Products under Lumos' trade marks in all countries worldwide (Lumos Territory) in the field of products that contain: (a) any combined point of care diagnostic device that detects markers for viral infection and markers for bacterial infection to effectively assist in the rapid differentiation between viral and bacterial infections; or (b) any combined point of care diagnostic service that detects prescribed biomarkers, Myxovirus resistance protein A (MxA), c-reactive protein (CRP), procalcitonin, and TNF-related apoptosis-inducing ligand (TRAIL), (Lumos Exclusive Field). The Company also agrees that it will not itself sell, supply distribute or promote in the Lumos Territory any RDT product for use in the Lumos Exclusive Field.
Additional termination rights	This agreement can also be terminated by either party giving 6 months' prior written notice or automatically, if Lumos fails to achieve its minimum purchase requirements and the shortfall is not rectified by Lumos after 30 days' written notice.

Access Bio

The Company entered into its OEM Distribution Agreement with Access Bio on 22 December 2017. The additional terms specific to this agreement are as follows:

Term	22 December 2017 until terminated by either party.
Product	The Company supplies to Access Bio, or provides Access Bio with a licence to manufacture, the AtomoRapid OEM 'Pascal' RDT platform (Access Bio Sub-Assembly) for assembly in Access Bio's RDT products. Access Bio's RDT products are manufactured and sold in two phases. During phase 1, the Access Bio Sub-Assembly is manufactured by the Company and supplied to Access Bio for assembly in the Access Bio RDT products. During phase 2, the Access Bio Sub-Assembly is manufactured by Access Bio under licence from the Company and in accordance with the Company's specifications, for assembly in Access Bio's RDT products.

Exclusivity	The Company grants Access Bio the exclusive right to: (a) use the Access Bio Sub-Assembly for incorporation in its RDT products during phase 1 of the Access Bio Supply Agreement; and (b) manufacture the Access Bio Sub-Assemblies and incorporate the Access Bio Sub-Assemblies and integrated buffer blister produced by the Company into its RDT product during phase 2 of the Access Bio Supply Agreement. Additionally, during each phase of the Access Bio Supply Agreement, the Company grants Access Bio with the exclusive right to promote, distribute, sell and use the relevant RDT products of Access Bio for professional use only, under Access Bio's trade marks or under white label, in all countries worldwide, except for Australia, New Zealand, Mexico, USA, Canada, countries of the EU and the United Kingdom (Access Bio Territory). The Company also agrees that it will not itself sell, supply distribute or promote in the Access Bio Territory any professional use rapid diagnostic HIV test product or components relating to such rapid diagnostic HIV test product.
Additional termination rights	This agreement can also be terminated by: (a) either party, by giving 12 months' notice at any time prior to the commencement of phase 2 of the agreement or by giving 6 months' written notice at any time during phase 2 of the agreement; or (b) the Company, if Access Bio challenges the validity of any of the Company's patents or trade marks, or by giving written notice if Access Bio fails to achieve its minimum purchase requirements and the shortfall is not rectified by Access Bio after a maximum of 42 days' written notice.

10.2.2. NG BIOTECH

The Company's OEM Distribution Agreement with NG Biotech is dated 14 October 2016 and was amended on 3 July 2019. The additional terms specific to this agreement are as follows:

Term	14 October 2016 until terminated by either party.
Product	The Company manufactures and supplies to NG Biotech the AtomoRapid 'Pascal' platform (or other AtomoRapid platform) (NG Biotech Sub-Assembly) for use by NG Biotech in the production of its hCGwhole blood RDT product (NG Biotech Product).
Exclusivity	Subject to NG Biotech meeting the minimum purchase requirements in each year of the agreement, the Company grants NG Biotech the exclusive right to use the NG Biotech Sub-Assemblies in the manufacture of the NG Biotech Product and for the promotion, distribution, sale and use of the NG Biotech Products, under NG Biotech's trademarks or under white label, in all countries worldwide (NG Biotech Territory). The Company agrees that it will not itself sell, supply, distribute or promote in the NG Biotech Territory any hCG rapid diagnostic pregnancy test product or parts, components or sub-assemblies relating to such hCG rapid diagnostic pregnancy test product. The exclusivity rights will expire if NG Biotech fails to meet its minimum purchase requirements.
Additional termination rights	This agreement can also be terminated by either party giving 5 years' prior written notice or by the Company if there is a change of control in NG Biotech.

Further to these additional terms, all OEM Distribution Agreements otherwise contains terms and conditions (including representations, warranties and indemnifications in relation to the OEM Distributor's product, quality assurance provisions, compliance with regulatory approvals and standard confidentiality provisions) considered standard for agreements of this nature.

10.3. SUPPLY AGREEMENTS

The Company has entered into agreements with Lateral Flow Laboratories Pty Ltd (LFL) and IDE (LFL and IDE together, the Suppliers), whereby the Suppliers provide the Company with goods for use by the Company, or manufacturing or product development services, at prices agreed between the relevant parties (Supply Agreements).

Set out below are the material terms that are specific to each Supply Agreement.

10.3.1. LFL

The Company entered into its Supply Agreement with LFL on 22 July 2016, pursuant to which LFL sells HIV and malaria test strips (LFL Products) to the Company for sale to the Company's customers under its own brand and trade marks. The material terms specific to this agreement are as follows:

(a) ***Term:*** 22 July 2016 to 21 July 2021.

(b) ***Minimum purchase commitments:*** each year of the term of this agreement has minimum purchase amounts that must be made by the Company.

(c) ***Termination:*** this agreement may be terminated by either party, by giving 12 months' written notice, if the other party commits a material breach and does not remedy such breach or default within 30 days, or if the other party ceases, or threatens to cease, to carry on business.

10.3.2. IDE (MANUFACTURING)

IDE is considered to be a related party of the Company, as it is controlled by a former director of the Company.

The Company entered into a manufacturing agreement on 26 February 2020, under which IDE provides the Company with manufacturing services as agreed between the parties from time to time.

The term of the agreement commences 1 January 2020 until 31 December 2021. Either party may immediately terminate the agreement by giving written notice if the other party is subject to an insolvency event. Atomo may terminate the agreement by giving 28 days' notice in writing to IDE in the event of a change of control in IDE.

Under the agreement, Atomo and its licensors retain ownership of all intellectual property rights in all materials which are provided by Atomo to IDE in connection with the products, their manufacture and supply. Atomo authorises IDE to use these materials solely for the purpose of providing the products to Atomo.

10.3.3. IDE - QUALITY ASSURANCE AGREEMENT

On 26 February 2020, the Company entered into a quality assurance agreement with IDE whereby the Company pays IDE a quality assurance fee as consideration for a warranty that IDE will comply within and maintain the required standards as set out in the agreement.

The agreement commences on execution and continues until terminated. The agreement may be terminated by notice in writing to either party in the event that the manufacturing agreement set out in Section 10.3.2 is terminated.

10.3.4. IDE (PRODUCT DEVELOPMENT)

On 28 June 2018, the Company entered into a second Supply Agreement with IDE, whereby IDE provides the Company with product development services as agreed between the parties from time to time in accordance with a project development plan.

The agreement commences on execution and continues until terminated. The agreement may be terminated by either party, by giving two months' written notice, if the other party subject to an insolvency event or if the other party indicates that it is unable or unwilling to comply with the agreement.

The intellectual property rights underlying the services provided under this agreement vest in IDE and are progressively transferred to the Company on receipt of payment for each part of the services delivered by IDE.

10.3.5. IDE - LEASE AGREEMENT

The Company is party to a sub-lease agreement with IDE, pursuant to which IDE leases to the Company the premises at Level 2, 701-703 Paramatta Road, Leichhardt NSW 2040. The lease commenced on 1 November 2019 and expires on 31 October 2020, with an option to renew the lease for a further term of one year.

Under the lease, the Company pays a total of $4,882.55 (plus GST) of rent per month. This rental amount is subject to a review in line with any relevant increase to the Consumer Price Index All Groups number on each anniversary of the commencement date of the lease.

IDE may terminate this lease by re-entry into the premises or by notice of termination if rent is unpaid for 14 days after becoming due for payment, the Company does not meet its other obligations under the lease, the Company suffers a material adverse change in financial position or a change in control occurs in the Company without IDE written consent. The Company obtained IDE consent to the change in control to occur under the lease on 3 February 2020.

10.4. GLOBAL HEALTH INVESTMENT FUND SECURED LOAN AGREEMENT

On 21 December 2015, the Company entered into an agreement with Global Health Investment Fund I, LLC (GHIF) pursuant to which GHIF granted a loan to the Company of US$6,000,000 for the Company to use for the development and commercialisation of the AtomoRapid RDT platform (GHIF Loan Agreement). As at 31 December 2019, an amount of $6,851,260 is outstanding under the GHIF Loan Agreement. The outstanding amount will accrue interest of $158,987 for the period of 1 January 2020 to 30 April 2020.

The material terms of the GHIF Loan Agreement are:

(a) **Term:** the total amount outstanding under the GHIF Loan Agreement (Loan Amount) is to be repaid by 31 December 2021.

(b) **Interest:** interest is calculated and accrued daily at a rate of 7% per annum and is payable annually in arrears on 31 December of each year of the term of the loan.

(c) **Repayment:** the Company must repay the Loan Amount as follows:

  (i) 20% of the principal drawn by 31 December 2019;

(ii) a further 35% of the principal drawn by 31 December 2020; and

(iii) the remainder of the Loan Amount by 31 December 2021.

The Company is currently entitled to make an early repayment of any part or all of the outstanding Loan Amount

(d) **Global Access Commitments (GAC):** the Company must use its reasonable diligent endeavours to make its products and services relating to infectious diseases in low, lower-middle and upper-middle income countries.

(e) **GAC Breach:** If the Company breaches its GACs, the parties must negotiate in good faith to resolve the breach, otherwise GHIF may by notice require the Company to supply to GHIF such quantities of the relevant product as GHIF reasonably requires to achieve the GACs and, if such quantities are not supplied by the Company, GHIF will be granted a perpetual, worldwide, non-revocable, non-exclusive, sub-licensable and royalty-free licence to use or exploit any or all of the Company's intellectual property and products for the sole purpose of making the relevant product available or accessible in the relevant country.

The outstanding amount owing to GHIF by the Company under the GHIF Loan Agreement is secured by a general security over all of the Company's present and after acquired property. The general security charge becomes exerciseable by GHIF upon an event of default under the GHIF Loan Agreement.

The GHIF Loan Agreement otherwise contains terms and conditions (including representations, warranties and indemnifications and standard confidentiality provisions) considered standard for agreements of this nature. As set out in Section 9.3, the Company intends to use part of the proceeds of the Offer to repay the Loan Amount, on which the Loan Agreement and general security will be terminated.

10.5. CONVERTING NOTE SUBSCRIPTION AGREEMENTS

In October and November 2019, the Company entered into subscription agreements for the issue of 16,048,378 converting notes (Converting Notes) to professional, sophisticated or other investors who are exempt from the disclosure requirements set out in the Corporations Act, at a face value of $1.00 each to raise a total of $16,048,378 (Converting Note Subscription Agreements).

The material terms of the Converting Notes are:

(a) **Interest:** Interest is payable on the Converting Notes at a rate of 10% per annum. Upon the occurrence of either Admission or redemption of the Converting Notes, the interest will be paid in cash by the Company. Upon the occurrence of any of the events set out in (c)(ii), (c)(iii) or (e) below, the accrued interest will be capitalised and converted to Shares.

(b) **Unsecured:** The Company's obligations under the Converting Notes are unsecured.

(c) **Conversion on a Conversion Event:** The Converting Notes will automatically convert into Shares upon the occurrence of the following events, at the following conversion prices:

(i) upon the Company receiving ASX conditional approval to be admitted to the Official List of the ASX, the Converting Notes will convert at the lesser of the price per Share equal to 80% of the Offer Price and the Maximum Conversion Price;

(ii) upon the Company issuing shares under a capital raising to raise a minimum of $15 million (excluding any capital raising under this Prospectus), the Converting Notes will convert at the lesser of the price per Share equal to 80% of the issue price of Shares under the capital raising and the Maximum Conversion Price; or

(iii) upon a change of control event occurring in the Company, the Converting Notes will convert at the lesser of the price per Share equal to 80% of the last price per Share at which the control event occurred and the Maximum Conversion Price.

(d) **Redemption:** The Company will immediately repay the face value of the Converting Notes, together with all accrued interest, to the investor upon either a prescribed insolvency event occurring in the Company or the Company being in material breach of the Converting Note Subscription Agreement and such breach is not rectified within 20 business days of written notice of breach being received by the Company.

(e) **Maturity Date:** The maturity date is the date which is 12 months after the date the Converting Note is issued. The Company must convert the Converting Notes to Shares on the maturity date at the lesser of the price per Share equal to 70% of the fair market value of Shares, valued by an independent expert, and the Maximum Conversion Price.

The Converting Note Subscription Agreements are governed by the laws of NSW and otherwise contains terms and conditions (including representations and warranties) considered standard for an agreement of this nature.

10.6. LEAD MANAGER MANDATE

On 23 September 2019, the Company and Canaccord Genuity (Australia) Ltd (Lead Manager) entered into a lead manager mandate (Lead Manager Mandate) pursuant to which the Lead Manager agreed to be appointed as the Company's Lead Manager to the Offer.

Under the Lead Manager Mandate, the Lead Manager will be paid the following fees, exclusive of GST:

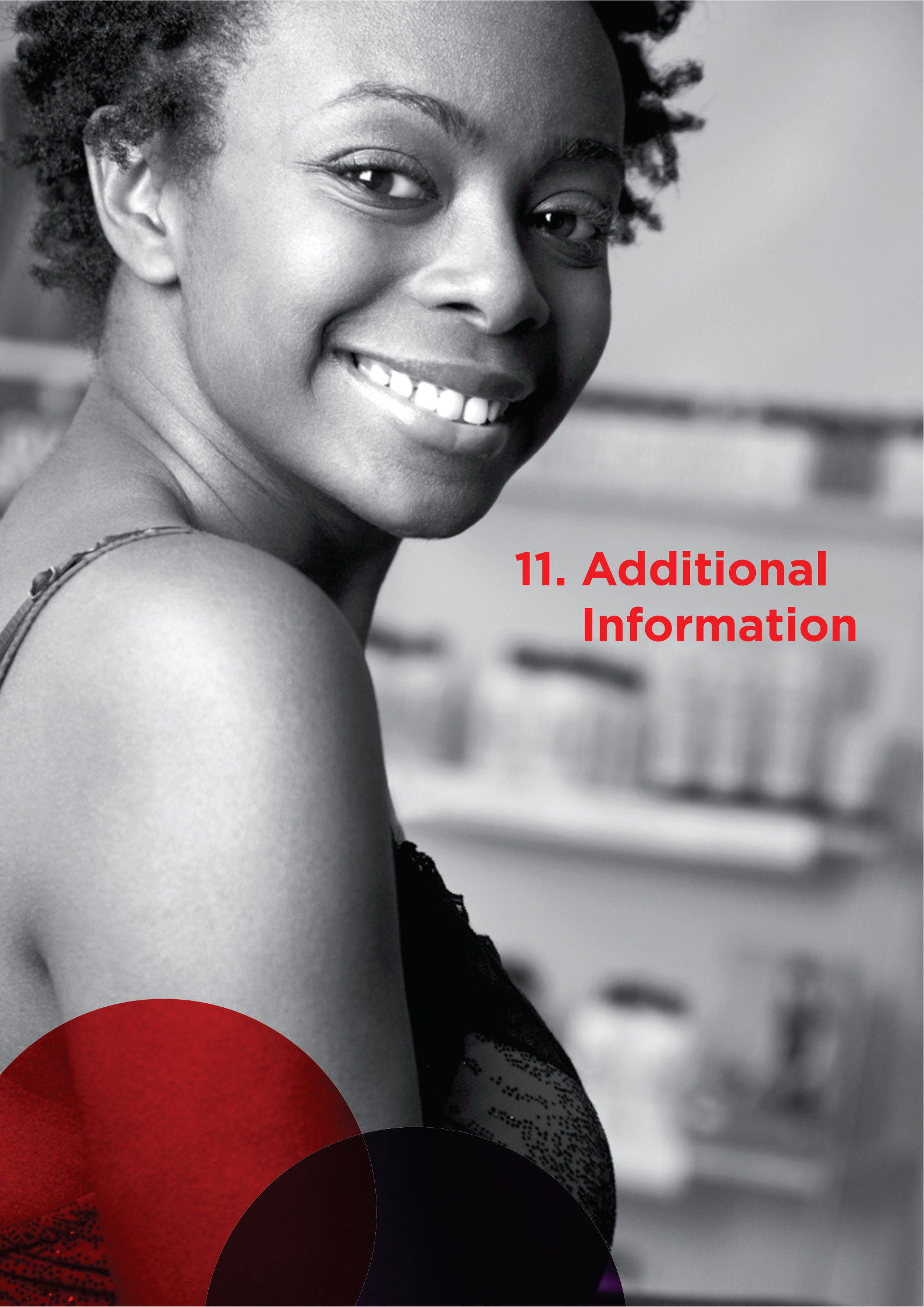
(a) a lead manager fee of $80,000 payable on Completion;

(b) a management fee of 2.0% of the total gross amount raised under the Offer from all sources payable on Completion; and

(c) a capital raising fee of 4.0% of the total gross amount raised under the Offer, payable on Completion.

The capital raising fee does not apply to commitments from existing shareholders or to investors who received an invitation from the Company to participate in the Chairman's List Offer. All other selling fees to third parties will be paid by the Lead Manager from the capital raising fee in relation to the Offer.

The Lead Manager Mandate otherwise contains terms and conditions which are considered standard for an agreement of this nature, including those relating to confidentiality, representations and warranties.



11. Additional Information

11.1. REGISTRATION

Atomo was incorporated in New South Wales on 1 April 2010. Atomo was incorporated as a proprietary company limited by shares and was converted to a public company on 21 February 2020.

11.2. COMPANY TAX STATUS AND FINANCIAL YEAR

Atomo will be taxed as an Australian tax resident public company for the purposes of Australian income tax law.

Atomo's financial year ends on 30 June annually.

11.3. CORPORATE STRUCTURE

The corporate structure of Atomo and its subsidiaries is:

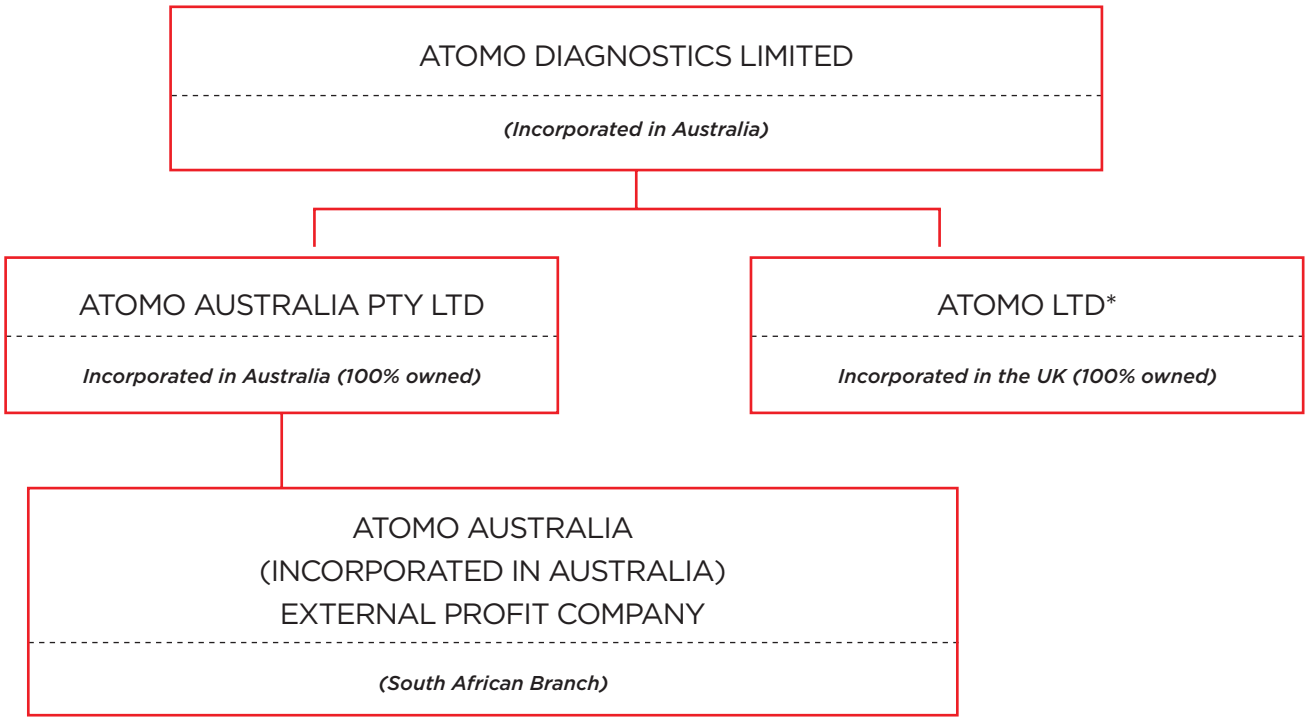


Figure 11: Atomo Corporate Structure

Note: The Company intends to wind up or deregister Atomo Ltd (an entity incorporated in the UK) within 6 months from the date of lodgement of this Prospectus.

11.4. CAPITAL STRUCTURE

The capital structure of the Company following Completion is summarised in the tables below:

TABLE 35: SHARES

Shares	Number
Shares on issue as at the Prospectus Date*	310,598,986
Shares to be issued under the Offer	150,000,000
Shares to be issued on conversion of Converting Notes	100,302,363

Shares	Number
Shares to be issued under the Cleansing Offer	10
Total Shares on issue at Admission	**560,901,359**

Note: Comprised of 262,760,218 Shares and 47,838,768 Class B shares. The Class B shares on issue will convert to fully paid ordinary shares automatically on receipt of conditional approval to list on the ASX. Terms of the Class B shares are summarised in Section 11.6.17.

TABLE 36: OPTIONS

Options[1,2&3]	Number
Options exercisable at $0.03, expiring on the date which is two years from vesting[4]	2,469,632
Options exercisable at $0.16 on or prior to 24 November 2020	5,000,000
Options exercisable at $0.16 on or prior to 6 April 2021	3,600,000
Options exercisable at $0.16 on or prior to 6 April 2022	6,800,000
Options exercisable at $0.16 on or prior to 15 September 2022	800,000
Options exercisable at $0.16 on or prior to 11 April 2023	4,800,000
Options to be issued under the Offer	Nil
Total Options on issue at Admission	**23,469,632**

Note 1: The full terms and conditions of each class of Options on issue will be released to the Company's ASX platform on Admission.

Note 2: Subject to Admission, the Company has agreed to issue 8,400,000 Options to executive management and to IDE. Refer to Section 8.4.3 for further details.

Note 3: Note 3: The Company has received in-principle advice confirming that ASX is likely to grant a waiver of ASX Listing Rule 1.1 condition 12 to allow Options on issue with an exercise price of less than $0.20.

Note 4: The Options vest on the earlier to occur of: i) the Company's admission to the Official List; ii) sale of 100% of the issued capital of Atomo; or iii) the Company accumulating cash receipts from revenue of $6 million (exclusive of GST).

TABLE 37: CONVERTING NOTES

Converting Notes	Number
Converting Notes on issue as at the Prospectus Date	16,048,378
Converting Notes to be issued under the Offer	Nil
Total Converting Notes on issue at Admission	**Nil**

Note: The terms and conditions of the Converting Notes are set out in Section 10.5. All Converting Notes will be converted into Shares upon the Company receiving ASX conditional approval to be admitted to the Official List.

11.5. SUBSTANTIAL SHAREHOLDERS

Those shareholders which have a relevant interest in 5% or more of the shares on issue as at the Prospectus Date are set out in the table below.

TABLE 38: SUBSTANTIAL SHAREHOLDERS AS AT THE PROSPECTUS DATE

Shareholder	Shares	% (undiluted[1])
John Kelly	73,530,248	23.67
Walker Group Holdings Pty Ltd	58,285,720	18.77
Global Health Investment Fund I, LLC	45,534,855	14.66
George Sidis[2]	19,171,901	6.17
Blueflag Holdings Pty Ltd	17,200,000	5.54

Note 1: Undiluted for options on issue

Note 2: George Sidis is a related party of the Company by virtue of being a director within the last 6 months. This number iIncludes Shares held by IDE, a related party of the Company by virtue of being an entity controlled by George Sidis.

Those shareholders which will have a relevant interest in 5% or more of the Shares on issue as at Completion and conversion of the Converting Notes are set out in the table below.

TABLE 39: UBSTANTIAL SHAREHOLDERS AS AT ADMISSION

Shareholder	Shares	% (undiluted[1])
John Kelly	73,530,248	13.11
Global Health Investment Fund I, LLC[2]	63,851,280[2]	11.38
Walker Group Holdings Pty Ltd	58,285,720	10.39

Note 1: Undiluted for options on issue

Note 2: Includes the issue of 18,316,425 Shares on conversion of Converting Notes

11.6. SUMMARY OF RIGHTS AND LIABILITIES ATTACHING TO SHARES AND OTHER MATERIAL PROVISIONS OF THE CONSTITUTION

11.6.1. INTRODUCTION

The rights and liabilities attaching to Shares are set out in the Constitution and are, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and general law.

A summary of the significant rights and liabilities attaching to the Shares and of the other material provisions of the Constitution are set out below. This summary is non-exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice. The summary assumes that Atomo is admitted to the Official List.

11.6.2. VOTING

Subject to any rights or restrictions for the time being attached to any class or classes of shares in the Company (at present, there is only one class of shares), at a general meeting of the Company:

(a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every Shareholder present in person or by proxy, attorney or representative has one vote (unless a Shareholder has appointed more than one proxy); and

(c) on a poll, every Shareholder present in person or by proxy, attorney or representative has one vote for each fully paid Share held (with adjusted voting rights for partly paid shares).

If the votes are equal on a proposed resolution, the chairman of the meeting does not have a second or casting vote and the matter is decided in the negative.

11.6.3. DIVIDENDS

Subject to the Corporations Act, the Board may pay any interim and final dividends that, in its judgement, the financial position of Atomo justifies. The Board may also pay any dividend required to be paid under the terms of issue of a

Share, and fix a record date for a dividend and the timing and method of payment. As per Section 4.7, the Directors do not expect the Company to pay a dividend in the short to medium term.

11.6.4. ISSUE OF FURTHER SHARES

Subject to the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Board may issue or grant options for, or otherwise dispose of, Shares on the terms, with the rights, and at the times that the Board decides.

11.6.5. VARIATION OF CLASS RIGHTS

In addition to the requirements under the Corporations Act and ASX Listing Rules, the procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. The rights attached to a class of Shares may be varied or cancelled by:

(a) the holders of at least 75% of the issued Shares in the class consenting in writing; or

(b) a special resolution passed at a separate meeting of the holders of Shares in that class.

11.6.6. TRANSFER OF SHARES

Subject to the Constitution and to any restrictions attached to a Share, Shares may be transferred by any means permitted by the Corporations Act or by law. The Company must comply with the obligations imposed on it by the ASX Listing Rules or the ASX Operating Rules.

The Board may or must refuse to register a transfer of Shares:

(a) only if that refusal would not contravene the ASX Listing Rules or the ASX Operating Rules;

(b) if the registration of the transfer would create a new holding of an unmarketable parcel;

(c) to a subsidiary of the Company; and

(d) if the Corporations Act, the ASX Listing Rules or the ASX Operating Rules forbids registration.

If the Board refuses to register a transfer, the Company must give the lodging party notice of the refusal and the reasons for it within five business days after the date on which the transfer was delivered to it.

11.6.7. GENERAL MEETINGS

Each Shareholder is entitled to receive notice of, attend and vote, at general meetings of Atomo. Atomo must give at least 28 days' written notice of a general meeting.

The Board may postpone, cancel or change the place of a meeting of shareholders in accordance with section 249D and 250N of the Corporations Act and the Constitution.

11.6.8. WINDING UP

Subject to the Constitution, the Corporations Act and any preferential rights attaching to any class or classes of Shares, on the Company being wound up, Shareholders will be entitled to any surplus assets of Atomo in proportion to the Shares held by them.

If Atomo is wound up, the liquidator may, with the sanction of a special resolution:

(a) divide the whole or part of Atomo's property among Shareholders;

(b) decide how the division is to be carried out as between Shareholders or different classes of Shareholders; and

(c) vest assets of the Company in trustees on any trust for the benefit of the shareholders as the liquidator thinks fit.

11.6.9. UNMARKETABLE PARCELS

In accordance with the ASX Listing Rules, the Board may sell Shares which constitute less than a marketable parcel by following the procedures set out in the Constitution.

11.6.10. PROPORTIONAL TAKEOVER PROVISIONS

The Constitution requires Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless they are renewed by Shareholders passing a special resolution by the third anniversary of either the date that those rules were adopted or the date those rules were last renewed.

11.6.11. DIRECTORS – APPOINTMENT AND REMOVAL

Under the Constitution, the Board is comprised of a minimum of three Directors. Directors can be elected or re-elected at general meetings of Atomo.

No Director (excluding any managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected or three years, whichever is longer. The Board may also appoint a Director in addition to the existing Directors or to fill a casual vacancy on the Board, and that Director (apart from the managing director) must not hold office past the next annual general meeting of Atomo

11.6.12. DIRECTORS – VOTING

Items to be considered at a meeting of the Board must be decided by a majority of votes cast by the Directors entitled to vote on the resolution. If the votes are equal on a proposed resolution, the chairman of the meeting does not have a second or casting vote and the matter is decided in the negative.

11.6.13. DIRECTORS' – REMUNERATION

Details of material provisions of the Constitution relating to the remuneration of the Directors are set out in Section 8.3.

11.6.14. POWERS AND DUTIES OF DIRECTORS

The business and affairs of Atomo are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within Atomo's power and the powers that are not required by law or by the Constitution to be exercised by Atomo in general meetings.

11.6.15. PREFERENCE SHARES

Atomo may issue preference shares, including preference shares that are liable to be redeemed with the sanction of a resolution, in accordance with the Corporations Act. There are no preference shares on issue as at the Prospectus Date.

11.6.16. AMENDMENT

The Constitution may be modified, repealed or replaced only by a special resolution passed by Shareholders.

11.6.17. RIGHTS ATTACHING TO CLASS B SHARES

The Class B Shares have the same rights which attach to Shares, with the additional conversion terms set out below.

The Class B Shares convert into Shares on a ratio of one Share for every one Class B Share if the Company undertakes an IPO that implies a total market capitalisation of more than US$20,000,000 or if the Company is sold for a total consideration of more than US$20,000,000.

The Class B Shares will convert into Shares on a ratio of 1.2 Shares for every one Class B Share issued if the Company undertakes an IPO that implies a total market capitalisation of US$20,000,000 or less, if the Company is sold for a total consideration of US$20,000,000 or less or if the Company is wound up.

11.7. INTERESTS OF ADVISORS

The Company has engaged the following professional advisors in relation to the Offer. The amounts that the Company has paid, or agreed to pay, to these advisors is set out below.

Canaccord Genuity (Australia) Limited has acted as Lead Manager to the Offer. The Company has paid, or agreed to pay, fees in accordance with the Lead Manager Mandate, as summarised in Section 10.6, for these services as at the Prospectus Date.

HWL Ebsworth Lawyers has acted as Australian legal advisor to the Company in relation to the Offer (excluding in relation to taxation and stamp duty matters). The Company has paid, or agreed to pay, approximately $287,000 (excluding disbursements and GST) for these services as at the Prospectus Date. Further amounts may be paid to HWL Ebsworth Lawyers in accordance with their normal time-based charge-out rates.

BDO has acted as the Investigating Accountant and has prepared the Investigating Accountant's Report for inclusion in the Prospectus. The Company has paid, or agreed to pay, approximately $120,000 (excluding disbursements and GST) for these services as at the Prospectus Date. Further amounts may be paid to BDO for other work in accordance with their normal time-based charge-out rates.

Franke Hyland has acted as patent legal adviser to the Company. The Company has paid, or agreed to pay, approximately $12,000 (excluding GST) for IPO-related services as at the Prospectus Date. Further amounts may be paid to Franke Hyland in accordance with their normal time-based charge-out rates.

The Company has paid, or agree to pay, approximately $55,000 to Invicta Corporate Finance Pty Ltd for consultancy services as at the Prospectus Date. Further amounts may be paid to Invicta Corporate Finance Pty Ltd for other work in accordance with their normal time-based charge-out rates.

11.8. LITIGATION AND CLAIMS

So far as the directors are aware, as at the Prospectus Date, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

11.9. SUMMARY OF TAX ISSUES

11.9.1. SUMMARY OF TAX ISSUES FOR INVESTORS

The comments in this Section 11.9 provide a general outline of Australian tax issues for Australian and foreign tax resident Shareholders who acquire Shares under this Prospectus and that hold Shares in Atomo on capital account for Australian income tax purposes. The categories of Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their shares on capital account.

This summary does not consider the consequences for insurance companies, banks, Shareholders that hold their shares on revenue account or carry on a business of trading in shares, Shareholders who are exempt from Australian tax, or Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the *Income Tax Assessment Act 1997*.

The summary in this Section is general in nature and is non exhaustive of all Australian tax consequences that could apply in all circumstances of any given Shareholder. The individual circumstances of each Shareholder may affect the taxation implications of the investment of the Shareholder.

It is recommended that all Shareholders consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

The summary in this Section is based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the relevant tax authority at the time of issue of this Prospectus. The summary does not take into account the tax law of countries other than Australia.

Tax laws are complex and subject to ongoing change. The tax consequences discussed in these summaries do not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in the administrative practice or interpretation by the relevant authorities. If there is a change, including a change having retrospective effect, the income tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The precise implications of ownership or disposal of the Shares will depend upon each Shareholder's specific circumstances.

This summary does not constitute financial product advice as defined in the Corporations Act.

11.9.2. DIVIDENDS PAID ON SHARES

Dividends may be paid to Shareholders by Atomo. Atomo may attach 'franking credits' to such dividends. Franking credits broadly represent the extent to which a dividend is paid by Atomo out of profits that have been subject to Australian tax. It is possible for a dividend to be fully franked, partly franked or unfranked. The dividend should be included in each Shareholder's assessable income for the relevant year of income.

It should be noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such things as off-market share buy-backs.

To the extent that franking credits are attached to a dividend, Australian tax resident Shareholders should include in their assessable income an amount equal to the franking credits (in addition to the dividend paid) in the income year in which the dividend is paid or credited.

Australian tax resident Shareholders should be entitled to a tax offset equal to the franking credits attached to the dividend so long as they are a "qualified person". A "qualified person" is a Shareholder who, in broad terms, hold Shares in Atomo "at risk" for a period of more than 45 days within a period beginning on the day after the date on which the Shareholder acquired the Shares and ending on the 45th day after the date on which the Shares became "ex dividend". An individual may also be a "qualified person" where their total franking credit entitlement in the relevant income year is below $5,000 for the relevant year.

In some cases, an amount of a tax offset not applied against an Australian tax resident Shareholder's tax liability can be refunded to that Shareholder. Whether this is available depends on the particular circumstances of the Shareholder, including their entity type.

Foreign tax resident Shareholders may be subject to withholding tax on the dividend payments they receive. While withholding tax is not imposed on fully franked dividends, it is necessary that Atomo withhold tax on unfranked and some partially-franked dividends paid to foreign tax resident Shareholders.

Where Australia does not have a double tax agreement with the foreign tax resident Shareholder's country of residence, the withholding rate is 30%. However, where there is such an agreement, the rate will generally be reduced to between 0 to 15%.

11.9.3. AUSTRALIAN CAPITAL GAINS TAX (CGT) IMPLICATIONS FOR AUSTRALIAN TAX RESIDENT SHAREHOLDERS ON A DISPOSAL OF SHARES

Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the Australian CGT provisions in respect of the disposal of their shares. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the share (broadly, the cost base is the amount paid to acquire the share plus any (non-tax deductible) transaction costs incurred in relation to the acquisition or disposal of the shares). In the case of an arm's length on-market sale, the capital proceeds should be the total amount of the money and property received from the sale of the shares. A CGT discount may be applied against the capital gain (after first deducting any available capital losses, see below) where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares have been held for more than 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as Trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

Where the Shareholder is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the share (the reduced cost base is determined by a similar (although not identical) calculation to the cost base) exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other forms of assessable income.

11.9.4. AUSTRALIAN CGT IMPLICATIONS FOR FOREIGN TAX RESIDENT SHAREHOLDERS ON A DISPOSAL OF SHARES

Foreign tax resident Shareholders may make a capital gain on the disposal of taxable Australian property (including shares). For tax purposes, the Shares will only be considered taxable Australian property where broadly:

- the foreign tax resident Shareholder owns an interest of 10% or more in Atomo; and
- more than 50% of the value of Atomo relates to taxable Australian real property (i.e. Australian land or buildings).

On the basis that the value of Atomo is unlikely to be generated mostly from Australian real property interests, it is unlikely that the Shares would be considered taxable Australian property. As such, foreign tax resident Shareholders who acquire and subsequently dispose of their Shares are unlikely to be subject to Australian tax on any gains from the disposal of the Shares. At the same time, any capital loss cannot be utilised by the foreign tax resident Shareholder to reduce their Australian tax liability (if any).

11.9.5. WITHHOLDING TAX

Resident Shareholders may, if they choose, notify Atomo of their tax file number (TFN), ABN, or a relevant exemption from withholding tax with respect to dividends.

In the event that Atomo is not so notified, Australian tax may be required to be deducted at the maximum marginal tax rate plus the Medicare levy from the cash amount of the unfranked portion (if any) of the dividends. No amount is required to be deducted by Atomo in respect of fully franked dividends. The rate of withholding is currently 47%.

Atomo is required to withhold and remit to the ATO such tax until such time as the relevant TFN, ABN or exemption notification is given to Atomo. Resident

Shareholders will be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on the dividends in their individual income tax returns.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN. Foreign tax resident Shareholders are not required to comply with the above requirement.

11.9.6. STAMP DUTY

Shareholders should not be liable for stamp duty in respect of their initial subscription of Shares on the basis that Atomo does not hold any relevant interests in real property. Under current stamp duty legislation, no stamp duty should ordinarily be payable by Shareholders on any subsequent transfer of Shares whilst the Company remains listed.

Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

11.9.7. AUSTRALIAN GOODS AND SERVICES TAX (GST)

Under current Australian law, no GST should be payable by Shareholders in respect of the issue, acquisition, disposal or transfer of their Shares in Atomo regardless of whether or not the Shareholder is registered for GST. Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by Shareholders in this respect relevant to their particular circumstances.

No GST should be payable by Shareholders on receiving dividends distributed by Atomo

11.10. CONSENTS TO BE NAMED

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as offeror of the Shares), the Directors, persons named in the Prospectus with their consent as having made a statement in the Prospectus and the persons involved in a contravention in relation to the Prospectus, with regard to misleading or deceptive statements made in the Prospectus. Although the Company bears the primary responsibility for the Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements in it.

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

(b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Each of the parties referred to in this Section has consented, and as at the Prospectus Date has not withdrawn, its consent, to:

(a) be named in this Prospectus in the form and context in which it is named; and

(b) the inclusion of the following statements in this Prospectus, in the form and context in which they are included (and all other references to those statements).

BDO has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant Report in this Prospectus. BDO has not withdrawn their consents prior to the lodgement of this Prospectus with ASIC.

KPMG has given its written consent to being named as Auditor for FY17, FY18 and FY19 in this Prospectus and to the inclusion of the Financial Information included in Section 4. KPMG has not withdrawn their consents prior to the lodgement of this Prospectus with ASIC.

HWL Ebsworth Lawyers has given its written consent to being named as the Australian legal advisor to the Company in this Prospectus in the form and context in which it is named. HWL Ebsworth has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Canaccord Genuity (Australia) Limited has given its written consent to being named as Lead Manager to the Company in this Prospectus in the form and context in which it is named. Canaccord Genuity (Australia) Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC. Canaccord Genuity (Australia) Limited was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Canaccord Genuity (Australia) Limited makes no express or implied representation or warranty in relation to Canaccord Genuity (Australia) Limited, this Prospectus or the offer.

Franke Hyland has given its written consent to being named as patent legal adviser to the Company in this Prospectus in the form and context in which it is named. Franke Hyland has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Invicta Corporate Finance has given its written consent to being named as a consultant to the Company in this Prospectus in the form and context in which it is named. Invicta Corporate Finance has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

11.11. ASIC RELIEF AND MODIFICATIONS AND ASX WAIVERS

The Company has not applied for any ASIC relief or modifications.

The Company has received in-principle advice confirming that ASX is likely to grant a waiver of ASX Listing Rule 1.1 condition 12 to allow Options on issue with an exercise price of less than $0.20, as detailed in Section 11.4.

11.12. GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the law applicable in New South Wales and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales and of the Commonwealth of Australia.

11.13. AUTHORISATION OF THIS PROSPECTUS

Each Director has authorised the issue of this Prospectus and has consented to its lodgement with ASIC and has not withdrawn that consent as at the Prospectus Date.

12. Glossary


atomo diagnostics
The unique all-in-one design of AtomoRapid™ makes rapid testing simpler, safer and more convenient.

12. Glossary

Term	Meaning
$ or AUD	Australian dollars.
Access Bio	Access Bio, Inc.
Admission	The Company's admission to the Official List, following Completion.
Application	An application to acquire Shares under this Prospectus.
ASIC	Australian Securities and Investments Commission.
Associated Company	A body that: (a) is a related body corporate of the Company pursuant to section 50 of the Corporations Act; (b) the Board determines will participate in the Share Plan; and (c) agrees to be bound by the rules under the Share Plan.
ASX	ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
ASX Listing Rules	The official listing rules of ASX.
ASX Recommendations	ASX Corporate Governance Council's Principles and Recommendations (4th Edition).
ASX Settlement Operating Rules	The official operating rules of ASX Settlement Pty Ltd ACN 008 504 532.
Atomo or Company	Atomo Diagnostics Limited ACN 142 925 684, or a subsidiary of Atomo Diagnostics Limited, as the context requires.
Board	The board of Directors.
CE Mark	The certification mark indicating compliance with European Union health, safety and environmental protection standards.
CHESS	Clearing House Electronic Subregister System, operated by ASX Settlement Pty Ltd ACN 008 504 532.
Cleansing Offer	Has the meaning given to that term in Section 9.1.
Closing Date	The date on which the Offer closes, being 30 March 2020, subject to variation by the Company and the Lead Manager without prior notice.
Completion	Settlement and issue of Shares under the Offers.
Constitution	The constitution of the Company from the date of Admission as amended from time to time.
Converting Note	A converting note issued under a Converting Note Subscription Agreement.
Converting Note Subscription Agreement	A subscription agreement entered into by the Company and an investor as described in Section 10.5.
Corporations Act	*Corporations Act 2001* (Cth).
Director	A director of the Company from time to time.

Term	Meaning
Eligible Option Participant	Has the meaning given to that term in Section 8.4.4.1.
Eligible Share Participant	Has the meaning given to that term in Section 8.4.4.2.
Exposure Period	The seven day period after lodgement of this Prospectus with ASIC, unless modified by ASIC, beginning on 4 March 2020.
Financial Information	The Statutory Historical Financial Information and Pro Forma Historical Financial Information.
Group	Atomo and each of its subsidiaries.
HIV-1 and HIV-2	The two main sub-types of HIV, of which HIV-1 is the primary sub-type.
Investigating Accountant or BDO	BDO Corporate Finance (East Coast) Pty Ltd ACN 050 038 170.
Investigating Accountant's Report	The report prepared by the Investigating Accountant in Section 5.
Iyeza	Iyeza Health.
KPMG	KPMG ABN 51 194 660 183.
Lead Manager or Canaccord Genuity (Australia) Limited	Canaccord Genuity (Australia) Limited.
LMIC	Low and middle-income countries.
Lumos	Rapid Pathogen Screening, Inc., or a 100% wholly owned subsidiary of Lumos Diagnostics Holdings Pty Ltd, as the context requires.
Maximum Conversion Price	Means: (a) if the Notes convert on the occurrence of an IPO, a capital raising event or a change of control, the price per Share equal to 80% of $65 million divided by the number of Shares on issue immediately prior to the occurrence of the conversion event; or (b) if the Notes convert on the maturity date, the price per Share equal to 70% of $65 million divided by the number of Shares on issue immediately prior to the occurrence of the conversion event.
Minimum Subscription	The minimum subscription of $30 million by the issue of 150 million Shares at the Offer Price.
Mylan	Mylan Pharmaceuticals Private Limited.
NG Biotech	NG Biotech, Inc.
Offer	The offer of 150,000,000 Shares for the Offer Price under this Prospectus.
Offers	The Offer and the Cleansing Offer.
Offer Period	The period of time in which Applications for the new Shares under this Offer may be made, beginning on the Opening Date and ending on the Closing Date.
Offer Price	$0.20 per Share.

Term	Meaning
Official List	The official list of securities permitted quotation and so, trading on ASX.
Opening Date	The date on which the Offer opens, being 12 March 2020.
Option	An option to acquire a Share.
Option Participant	An Eligible Option Participant who: (a) has received an invitation under the Option Plan; and (b) makes an offer under the Option Plan which is accepted by the Board.
Option Plan	The Company's employee option plan as described in Section 8.4.4.1.
Owen Mumford	Owen Mumford Ltd.
Patent Portfolio Report	The report in Section 6 detailing the patents currently held and applied for by the Company.
PCT	Patents Cooperation Treaty.
Plan Share	Shares held by Participants under the Share Plan.
Prospectus	This document (including the electronic form of this prospectus) and any supplementary or replacement prospectus in relation to this document.
Prospectus Date	The date that this Prospectus was lodged with ASIC, being 4 March 2020.
Share	A fully paid ordinary share in Atomo.
Share Participant	An Eligible Share Participant who: (a) has received an invitation under the Share Plan; (b) makes an offer under the Share Plan which is accepted by the Board; and (c) is, or will be, the owner of Plan Shares.
Share Plan	The Company's exempt employee share plan as described in Section 8.4.4.2.
Share Registry	Link Market Services.
Shareholder	Holder of Shares in the Company.
TGA	Australian Therapeutic Goods Administration.

13. Corporate Directory

13. Corporate Directory

DIRECTORS

Chairman and Independent Non-Executive Director

John Keith

Managing Director

John Kelly

Non-Executive Directors

Curt LaBelle
Paul Kasian
Connie Carnabuci

COMPANY SECRETARY

Gillian Nairn

PROPOSED ASX CODE

AT1

REGISTERED OFFICE

Level 2, 701-703 Parramatta Road
Leichhardt NSW 2040

LEAD MANAGER

Canaccord Genuity (Australia) Limited
Level 4, 60 Collins Street
Melbourne VIC 3000

AUSTRALIAN LEGAL ADVISER

HWL Ebsworth Lawyers
Level 14, Australia Square
264-278 George Street
Sydney NSW 2000

INVESTIGATING ACCOUNTANT

BDO Corporate Finance
(East Coast) Pty Ltd
11/1 Margaret Street
Sydney NSW 2000

AUDITOR

KPMG Australia
Level 38, Tower Three,
International Towers
300 Barangaroo Avenue
Barangaroo NSW 2000

SHARE REGISTRY

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

ATOMO OFFER INFORMATION LINE

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ATOMO WEBSITE

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atomo

Atomo Diagnostics Limited
ACN 142 925 684