

COVID-19

ANTIGEN TEST

Marketing Plan

Australia



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Executive Summary

Atomo Diagnostics Limited is a medical device company supplying unique, integrated rapid diagnostic test devices to the global diagnostic market. Headquartered in Australia with global operations, Atomo develops, manufactures and sells innovative patented devices that simplify rapid testing.¹

Atomo Diagnostics is transforming rapid diagnostic testing with innovative, user-centred devices that offer excellent performance and unmatched usability. As well as designing and developing unique solutions for healthcare and diagnostics partners worldwide, Atomo also commercialises best-in-class tests under its own brand.²

The COVID-19 pandemic has fundamentally changed how healthcare is being delivered and has materially changed the diagnostics landscape and increased the size of the diagnostics market.

Historically, rapid testing techniques were best suited to laboratory environments and fell short of what was required in the real world. The complex chemical analysis needed to collect and interpret results was poorly understood and prone to misdiagnosis. Atomo Diagnostics leaned into this challenge and developed a novel and easy to use device that has a multitude of potential applications. It's safer, more reliable and most importantly, allows people to quickly and easily test themselves.

Atomo's focus is to grow through innovation and creativity, bringing best-in-class rapid testing technology to those who need it most. By putting the user first, Atomo has reimagined blood-based diagnostics to deliver simple, effective and accurate diagnostic devices. Atomo is leveraging that same thinking beyond blood, by turning to innovate in the fields of saliva and swab sampling.³

Atomo's strategic partnership with US firm *Access Bio* to distribute in Australia **COVID-19 Rapid Antigen Diagnostic Test Kits** using nasopharyngeal swabs adds a new standalone product to the company's existing range of blood-based diagnostic devices and provides Atomo with an opportunity to generate brand awareness and capture new sales opportunities within an emerging Australian market.

¹ J Kelly, *FY20 Results Presentation*, Atomo Diagnostics, 2020, p. 3.

² J Kelly, *Simply Better Diagnostics* [corporate brochure], Atomo Diagnostics, 2016.

³ J Kelly, *Atomo Annual Report 2021*, Atomo Diagnostics, pp.5, 8.

Situation Analysis

Market Summary

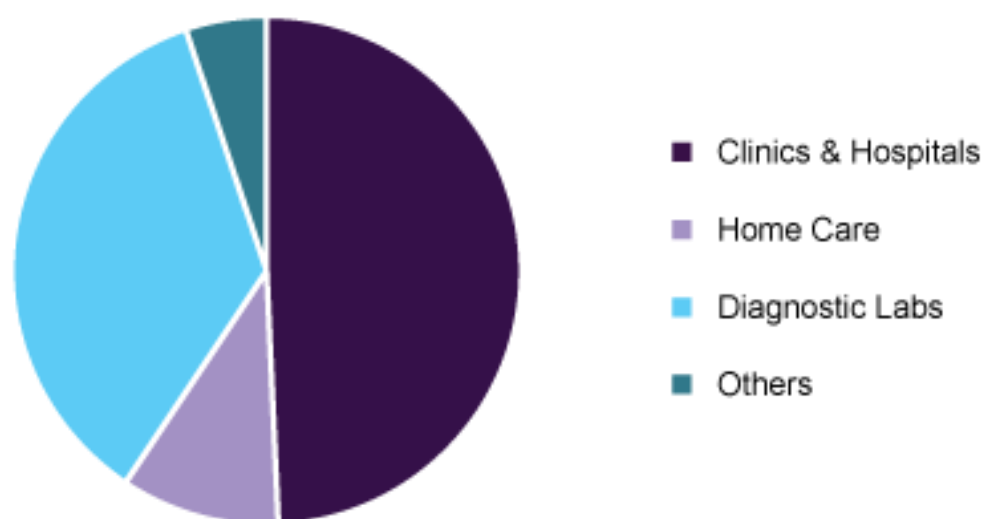
The global COVID-19 antigen test market size was valued at AUD 7 billion in 2020 and is expected to expand at a compound annual growth rate of 6.7% from 2021 to 2027.

The COVID-19 antigen tests are gaining traction in the current scenario, as it is easy to use, patient-friendly and has a shorter test-to result timeline. Timeline and scalability challenges pertaining to SARS-CoV-2 PCR testing are the primary factors that are increasing the uptake of antigen-based test approaches in turn driving the growth of the market.

The emergence of COVID-19 variants in the UK, South Africa and Brazil, which are found to be more transmissible than the original strain, intensified the need for rapid tests. Rising concern over the spread and frequency of these variants is expected to fuel the demand for widespread testing.

Owing to this, the market for COVID-19 antigen tests is expected to witness lucrative growth in the near future.⁴

Figure 1 *Global COVID-19 antigen tests market share by end use 2020 %*



Note: Clinics & Hospitals 49.3%, Diagnostic Labs 27.4%, Home Care 15.2%, Others 8.1%.

From *COVID-19 Antigen Test Market Size, Share & Trends Analysis Report By Product & Service (Reagents & Kits, Platforms), By End Use (Clinics & Hospitals, Home Care), By Region, And Segment Forecasts, 2021 – 2027* by Grand View Research. <https://www.grandviewresearch.com/industry-analysis/covid-19-antigen-tests-market>

⁴ *COVID-19 Antigen Test Market Size, Share & Trends Analysis Report By Product & Service (Reagents & Kits, Platforms), By End Use (Clinics & Hospitals, Home Care), By Region, And Segment Forecasts, 2021 – 2027*, Grand View Research, 2021, GVR-4-68039-389-7.

Market Needs

The rapid tests are regarded as particularly useful in identifying asymptomatic cases which are expected to grow as Australia's vaccination rate hits 80 per cent and symptoms are masked. Vaccinated Australians are far less likely to be infected with COVID but breakthrough cases can occur and the vaccinated can in some cases transmit the virus.

As Australia moves to the next phase of managing COVID-19, these tests will become more commonplace as rapid antigen tests may be useful in diagnosing infections in people who have no symptoms.

Test to protect

testing of people in vulnerable settings such as aged care facilities

Test to release

frequent testing of those who have been exposed to COVID to allow them to be released from quarantine earlier

Test to enable

antigen testing to allow safer return to normal activities such as visiting aged care homes or attending large sporting events⁵

Market Growth

Drivers of growth in the COVID-19 business:

- A large and growing market forecast for COVID-19 antibody testing
- Essential services, corporates and institutions seeking to safely manage ongoing return to work programs
- Roll out of large-scale antibody testing in the vaccine deployment phase of the pandemic
- The need to deploy self-testing if high volume community-based testing is to be achieved
- Surge in demand in Australia for antigen tests since July sell substantially more tests in two months than all of the previous year
- More than 50 corporate clients in Australia now using Atomo rapid antigen tests across a broad range of private and public sectors⁶

⁵ S Maiden, Rapid antigen test kits available to Australians from November 1, *news.com.au*, 2021.

⁶ J Kelly, *FY21 Results Presentation*, Atomo Diagnostics, 2021, p. 6.

Atomo is progressing negotiations with potential applications in several areas:

- Public health authorities – increased testing (including self-testing) of populations to understand exposure and transmission and advise public health policy
- Military and institutional public health channels
- Essential services
- People coming out of quarantine to ensure that they are safe to re-enter the community
- Assessing fly-in, fly-out workers at mining sites and other institutional settings as well as remote healthcare deployment
- Corporate wellness and safe work programs
- Aged care and nursing facilities screening
- Future travel, tourism and vaccine delivery segments⁷

Market Trends

Singapore has recently distributed home testing kits to all households nationally, free of charge. It's hoped people will use these tests if they have been in contact with a known case, or if they have symptoms of COVID.



Rapid antigen tests have also been used in schoolchildren in the United Kingdom. Daily testing of children exposed to COVID in school was shown to be an acceptable alternative to self-isolation to prevent transmission, while allowing children to remain in class.⁸



Three million tests have been processed during this outbreak. That's an incredible number that shows Victorians are getting tested at the first sign of symptoms and protecting each other. As we move towards a different way of managing this virus as a vaccinated population – and with TGA approval – we can now broaden our range of innovative testing measures and implement rapid testing technology to support standard PCR testing.⁹



⁷ J Kelly, *FY20 Results Presentation*, Atomo Diagnostics, 2020, pp. 9-10.


















⁸ P Kinsella & D Williamson, Rapid antigen tests have long been used overseas to detect COVID. Here's what Australia can learn, *The Conversation*, 2021.

⁹ M Foley, *More Than Two Million Rapid Antigen Tests On The Way*, Premier of Victoria, 2021.

Competition

Rapid antigen test kits for COVID-19 could become as ubiquitous in Australians' lives as QR codes – an essential key to accessing workplaces and venues – and businesses are lining up to cash in.

Table 1 *COVID-19 point-of-care antigen test kits registered for legal supply in Australia*

Australian Sponsor	Name of Test	Made in
2San	LYHER Novel Coronavirus (Covid-19) Antigen Test Kit	
Abbott Rapid Diagnostics	Panbio COVID-19 Ag Rapid Test Device	
AM Diagnostics	All Test COVID-19 Antigen Rapid Test	
Australia Health Products Central	Cellife Covid-19 Antigen Test	
Becton Dickinson	BD Veritor System for Rapid Detection of SARS-CoV-2	
Bioelect	STANDARD Q COVID-19 Ag Test	
Cole Workwear	2019-nCoV Ag Saliva Rapid Test	
Compliance Management Solutions	COVID-19 Antigen Rapid Test	
	SARS-CoV-2 Antigen Rapid Test	
Emergence Technology	Ecotest COVID-19 Antigen Nasal & Saliva Test Kits	
	COVID-19 Antigen Rapid Test Device	
Emergo Australia	2019-nCoV Antigen Test	
Eurofins Technologies	GSD NovaGen SARS CoV-2 Rapid Test	
Haemokinesis	PCL COVID19 Rapid FIA	
	BIOCREDIT COVID-19 Ag	
Health Vision	ARISTA COVID-19 Antigen Rapid Test	
Hough Pharma	SARS-CoV-2 Antigen Rapid Test	
Innovation Scientific	InnoScreen COVID-19 Antigen Rapid Test Device	
Life Bioscience	NowCheck COVID-19 Antigen Test	
MD Solutions	Aria COVID-19 Ag Rapid Test	
Medi-Stats	CovClear COVID-19 Antigen Test	
Medsupply	COVID-19 Antigen Rapid Test	
MP Biomedicals	Rapid SARS-CoV-2 Antigen Test	
Pantonic Health	CareStart COVID-19 Antigen	
Pharma Soul	PixoTest COVID-19 AG Test Kit	
	Testsea SARS-CoV-2 Antigen Test Kit	
Point Of Care Diagnostics	Sofia SARS Antigen FIA	
Roche Diagnostics	SARS-CoV-2 Rapid Antigen Test	
Solasta Life	Novel Coronavirus (SARS-CoV-2) Antigen Rapid Test	
Suretest	Wantai SARS-CoV-2 Ag Rapid Test	

Note: Adapted from COVID-19 test kits included on the ARTG for legal supply in Australia. (2021, October 24). *Therapeutic Goods Administration*. <https://www.tga.gov.au/covid-19-test-kits-included-artg-legal-supply-australia>

With such an enormous market beckoning, the *Therapeutic Goods Administration* has received dozens of applications from companies looking to sponsor and sell a variety of international rapid antigen test kits within Australia.

Innovation Scientific

The *InnoScreen COVID-19 Rapid Test* is manufactured in Mulgrave NSW. *Innovation Scientific* has established distribution pathways, having collaborated with several medical wholesalers and allows for on-site screening due to its flexible design.

JPS Global Group

JPS Global Group provides a complete rapid antigen testing service to its customers, rather than just the equipment alone. The company utilises the *ALTA Rapid Test Reader* rapid antigen test and supports businesses to design and implement an effective and compliant approach to COVID testing.

However, it's not just well-known international therapeutic goods companies who are looking to sell rapid antigen test kits. A number of medical entrepreneurs and even some companies operating outside the medical field are hoping to get a piece of the market.

Pantonic Health

Pantonic is already supplying *CareStart* testing kits to various state and federal government departments, and numerous large corporations across Australia ... These include the Howard Springs facility, which was set up by the Commonwealth to house Australians returning from overseas on repatriation flights. The tests have also been used by large companies including *Fortescue Metals Group*, *QANTAS*, *LendLease* and the *Commonwealth Bank of Australia*. It is now gearing up for a boom in sales and has already received 3,000 inquiries from schools.

Suretest

The company founded by Dr Peter Lewis offers a range of services including platelet rich plasma therapies, which he uses to treat erectile dysfunction, hair loss and degenerative injuries. He is also the current chairman of the *Australian Ringside Medical Association* and the presiding doctor for most boxing and kickboxing fights in Victoria. *Suretest* has applied to import rapid antigen tests produced in China by the *Beijing Wantai Biological Pharmacy Enterprise Co.*

Allsafe Medical and Pharma Soul

Set up at the beginning of the pandemic to import protective equipment, *Allsafe Medical* and *Pharma Soul* have now pivoted to importing antigen tests. A number, mainly sourced from China, have already been withdrawn by their sponsoring Australian importers after poor reliability results.¹⁰

¹⁰ A Davies, Medical entrepreneurs poised to grab slice of Australia's Covid home-testing kit market, *The Guardian*, 2021.

SWOT Analysis

Strengths

Solutions of Integration and Elegance

Atomo's fully integrated user-friendly rapid diagnostic testing solutions can be completed in just three simple steps and provide a result in less than fifteen minutes.

Robust Globally Protected IP Position

The company has patents granted or pending in the diagnostic system, sampling assembly, fluid control in diagnostic test devices, integrated fluid module test device and integrated blood testing device product families, across global markets including Australia.¹¹

Figure 1 *International IP protection territories*



Note: Countries highlighted represent markets with patents granted or pending.

From FY21 Results Presentation by Atomo Diagnostics, p. 16.

Extensive Product and Manufacturing Know-How

Headquartered in Sydney but with expanding international manufacturing operations in Harrisburg, USA and Shenzhen, China as well as Atomo's wholly owned test assembly facility in Cape Town, South Africa.

Two Business Models¹²

Atomo's strategy of delivering both finished products to customers and providing an OEM platform to other manufacturers maximises commercial opportunities to achieve scale across applications.

¹¹ Patent Report, *IPO Prospectus*, Atomo Diagnostics, 2020, pp. 76-82.

¹² J Kelly, *FY20 Results Presentation*, Atomo Diagnostics, 2020, p. 7.

Weaknesses

Imported Not Manufactured

With a saliva test still under development, the COVID-19 rapid antigen nasopharyngeal test is imported under a supply agreement and is the first in a planned product expansion that is unlike the rapid antibody blood-based test devices manufactured by Atomo.

Pandemic Proven Unpredictable

Both the detection and treatment of COVID-19 has been constantly evolving since the pandemic began however Atomo's commitment to evolving rapid testing and the flexible nature of diagnostic platforms allows the company to respond promptly and cost effectively to identified opportunities and public health demands.

Regulation Takes Time

The outbreak of the COVID-19 Delta variant in Australia accelerated the public health acceptance of rapid testing, prompting the profound change in policy by government. However, the country was slow to respond missing the widespread market adoption witnessed in other countries.

Doing Something Different

Until now, Atomo developed, commercialised and supplied rapid testing devices exclusively for blood-based diseases and health conditions. Expanding the product range with other diagnostic devices will present new and unforeseen challenges to progress.

Opportunities

Rapid Testing Is Here To Stay

The decentralising of diagnostic testing without loss in the accuracy of results is the core of Atomo's longstanding belief in improving the speed and accuracy of point of care and consumer diagnosis across an ever-broadening range of tests for infectious diseases including COVID-19 and other chronic health conditions.

Global Health Underpins Growth In Testing

Increasing traction in American, European and other global health markets is underpinning growth in both of Atomo's business models. A 'test agnostic' approach to rapid testing allows flexibility in bringing new tests to market while adding markets to the existing breadth of finished products.

A New Test Landscape¹³

The popularity of telehealth has prompted the development and implementation of digital e-health solutions to support product expansion in consumer markets and provide added value to corporate clients both direct and as part of the service offering to manufacturers through the OEM platform.

¹³ J Kelly, *FY21 Results Presentation*, Atomo Diagnostics, 2021, pp. 6-7, 14, 16, 18-19.

Threats

Advances in Medicine and Technology

The increasing rate of vaccination and introduction of medicinal treatment options for the COVID-19 virus has led to a reduced need for diagnostic testing as the number of infected cases decreases. Atomo recently announced a restructuring of its commercial relationship with supplier Access Bio to reflect the decreasing demand, now holding the exclusive right but not the obligation to source up to 20 million rapid antigen test kits at a fixed price per unit until the end of calendar year 2022.

Play By The Rules

The marketing of rapid test devices is subject and must comply to the requirements of the Advertising Code for therapeutic goods, limiting how Atomo products can be advertised to consumers in Australia. Regulatory delays similar to the late approval of Atomo's rapid antibody test device for sale within the United States a year after product delivery can be difficult to anticipate.

Supply Chain Reliant

The pandemic is expected to see further volatility in international transport and logistics for the immediate future. As the Rapid Antigen Test is imported from the United States, Atomo may not hold sufficient inventory to meet demand should an outbreak of a new COVID-19 variant emerge.

Beware Cheap Knockoffs

The increasing number of Australian sponsors registered to distribute rapid antigen test kits within Australia will see profitability fall if forced to compete with cheaper imitation products that may be allowed for sale.



Company Strategy

Vision

Empowering people to enjoy healthier, more informed lives through fast, accurate point of care testing.

Mission Statement

Re-imagining diagnostics by putting the user point of care experience at the centre of everything we do. Atomo's mission is to ensure equitable and affordable access to accurate diagnoses and a seamless pathway to treatment.

Values

IMPACT

Commercialising products that matter to our users.

INNOVATION

Fostering creative thinking and solutions.

INTEGRITY

Ensuring honesty and fairness in all that we do.

COLLABORATION

Working as one global team.

EXCELLENCE

Being recognised as experts in the field.¹⁴

¹⁴ Mission, Vision & Values, Atomo Diagnostics.

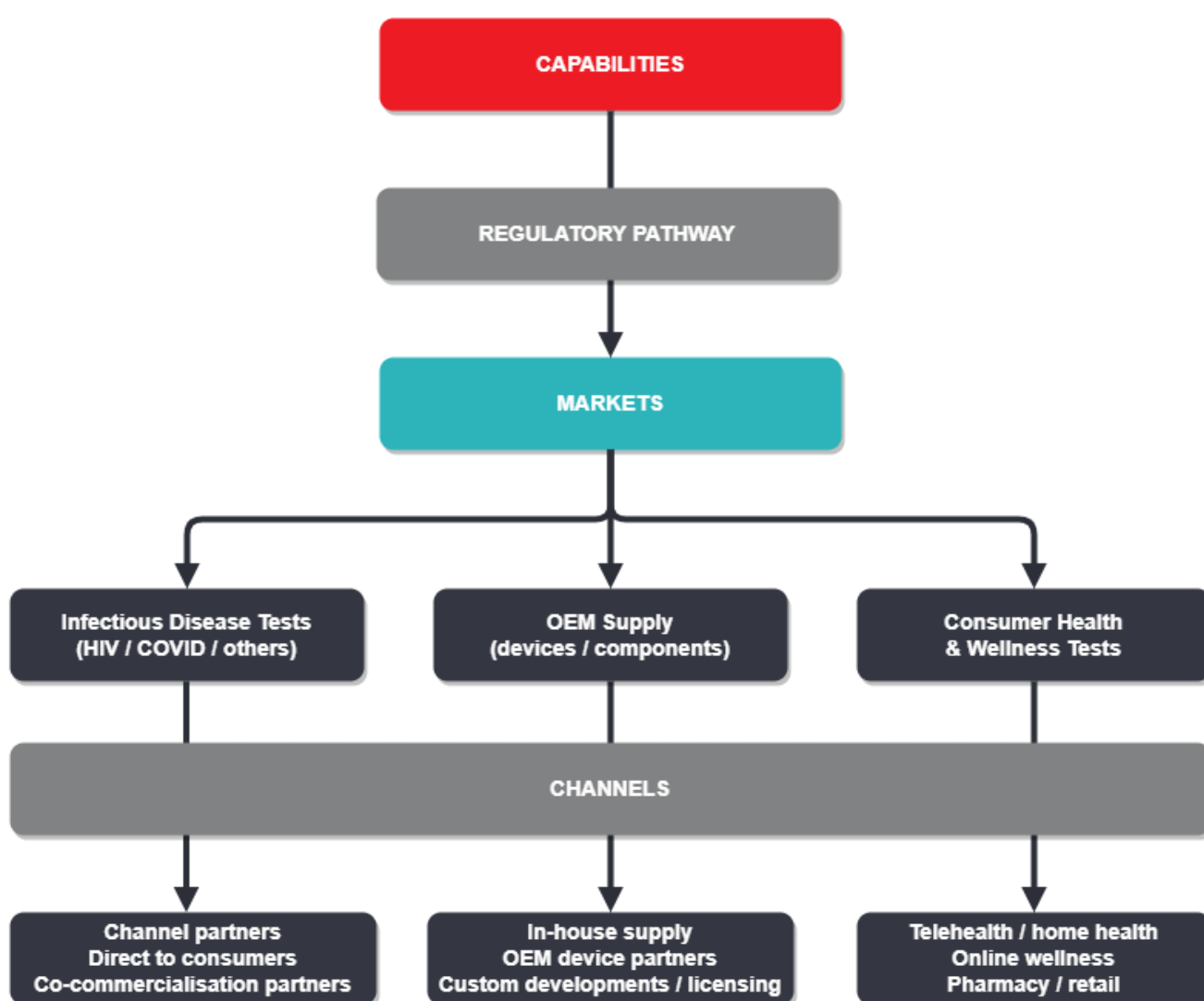
Business Units

Developing a concept into a product and launching it globally from Australia as a private company is no easy task and it's taken time to develop the world's best technology and to get it proven.¹⁵

The company's strategy is to bring its technology to market by focusing on three core areas:

- infectious disease testing, initially HIV and COVID-19;
- supplying devices and componentry to key OEM partners; and
- entering new growth markets where usability is critical, including consumer health and wellness testing.¹⁶

Figure 2 Core markets and channels for commercialising diagnostic capabilities



Note: Adapted from *Atomo Annual Report 2021* by Atomo Diagnostics.

¹⁵ J Kelly, Is Atomo Diagnostics finally ready to take off? *Eureka Report*, 2021.

¹⁶ *Atomo Annual Report 2021*, p. 8.

We're not unique in that we don't have competitors, but we're unique in that we're the only company that's managed to commercialise a fully integrated all-in-one device that's consumer-friendly. All of our competitors have some level of chemistry set kit format. So, we're not unique in each of the markets we're in, but we are highly differentiated in that we're the only company that provides this consumer-friendly all-in-one solution.

We essentially consumerised a rapid test kit into a single three-step process that the user can't really do incorrectly and in doing that we transformed the ability for self-test users to start to do blood tests at home and also made it much easier for doctor offices to run rapid testing with immediate results rather than 6 hours, 12 hours, 24 hours for a lab based result.

We're the only company in the world that's developed a fully integrated all-in-one rapid test device that can be deployed in pharmacies, in clinics and in the home, and we have a broad range of tests that support that platform. We're launching our own products and also selling our devices to other diagnostic companies in parallel.¹⁷

Commercial Partnerships

The COVID-19 pandemic has fundamentally changed how healthcare is being delivered and has materially changed the diagnostics landscape and increased the size of the diagnostics market.

Atomo's core capabilities are in developing and commercialising rapid diagnostics tests, the design of which prioritise ease of use and speed to deliver highly accurate results. Atomo's approach to the development of devices and end delivery to users often sees us in partnership. The changing demands of the last year saw us working ever more closely with our partners.

In response to the COVID-19 pandemic, Atomo signed agreements with *Access Bio* and *NG Biotech* to commercialise their COVID-19 rapid antibody test under agreements covering the North American, European and Australian markets amongst others. Atomo also launched Access Bio's COVID-19 rapid antigen tests in Australia, New Zealand and India.

The appeal of Atomo's integrated user-friendly platforms and their proven utility in HIV testing is also underpinning growth of the OEM platform. Supply contracts have been extended to manufacture devices for other rapid test products including for Australian rapid testing company Lumos Diagnostics to house its FebriDx rapid test, allowing point-of-care testing to distinguish bacterial from viral infections.

The continued development of the platform includes the deployment of digital e-health solutions, extending the use of Atomo devices beyond their established lateral flow blood test capability. Looking ahead, Atomo continues to draw from what the company has learned during the pandemic about how to help lead the response to the growing need for point of care and user diagnostic testing.¹⁸

¹⁷ J Kelly, Is Atomo Diagnostics finally ready to take off? *Eureka Report*, 2021.

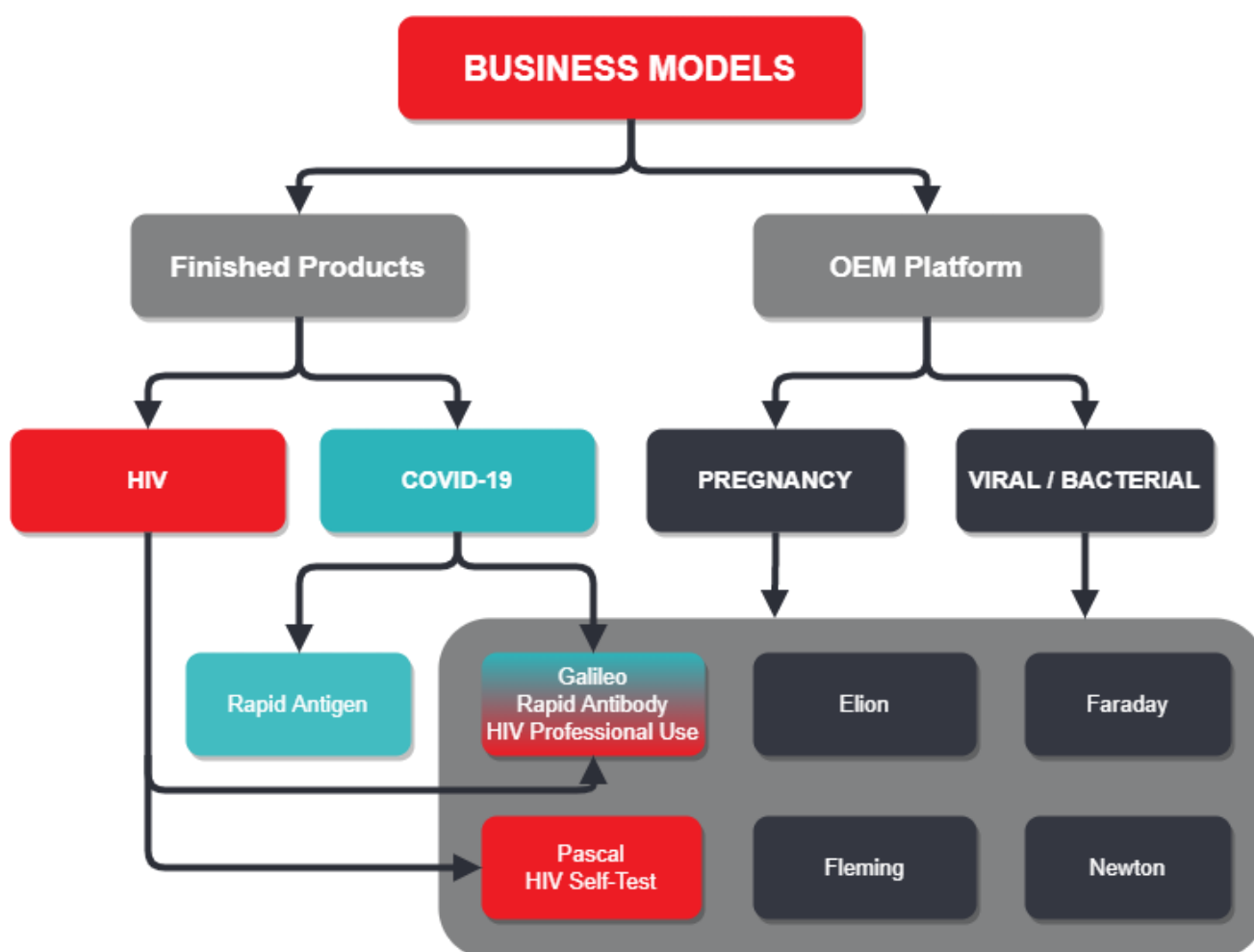
¹⁸ J Kelly, *Atomo Annual Report*, 2021, pp. 3-5.

Product Range

Finished rapid test products are commercialised under Atomo's own brand or private label via strategic partners, with the product dossier and regulatory approvals held by Atomo as the listed manufacturer.

The OEM platform supplies rapid test devices to diagnostic manufacturers, to incorporate their own diagnostic assays (test strips) within the assembled products. OEM customers are responsible for the commercial launch and associated marketing, as well as the sales and distribution costs.¹⁹

Figure 3 Business models for commercialising diagnostic devices



Note: Adapted from *Investor Update* (2021, April 16) and *FY21 Results Presentation* (2021, August 27) by Atomo Diagnostics.

¹⁹ J Kelly, *FY20 Results Presentation*, Atomo Diagnostics, 2020, p. 7.

Atomo has two distinct but complementary business models, designed to maximise commercial opportunities and achieve scale by establishing its technologies as an innovative user-friendly solution for a broad range of applications.²⁰ Apple has made products consumer-friendly and Atomo too is trying to apply that level of usability, aesthetics, ease of use and intuitiveness for medical devices that were traditionally very complex for untrained users to use properly.

COVID-19

The corresponding marketing strategies allow Atomo to maximise commercial opportunities to seek scale across a breadth of rapid test applications and geographies.²¹ However, the COVID-19 pandemic has fundamentally changed the diagnostics landscape, as well as reinforcing the critical need for accurate and easy to use point of care and home-based diagnostics as part of a broader healthcare offering.

With a range of new over-the-counter and home tests approved and on sale locally for COVID-19 testing, along with expanded government reimbursement for home telehealth consultations driving market growth, there is a notable increase in consumer acceptance and demand for home testing. This opens a significant new market and vertical uses for simple, accurate and reliable rapid tests and Atomo's versatile test solutions can capitalise on this sizeable market opportunity and disrupted landscape.²²

Rapid Antigen + Rapid Antibody

Atomo now has two point of care rapid tests on the market which target different stages of the virus. The new antigen test is designed to detect people currently infected with the virus — typically within 15 days of contracting the infection. The other can detect antibodies created by the immune system which indicate a past infection and is most accurate around 15 days from exposure.



Simply put, if a patient believes they are or have been, infected with the virus, they can be administered both tests and know their status within 15 minutes. Perhaps most importantly, the new antigen rapid test is processed at the point of care and results are available after 10 minutes, rather than needing to be sent off to a lab for processing. In the case of an outbreak, this instant turnaround is important as it largely removes the need for self-isolation while people wait for results and allows for a patient to receive immediate treatment.²³

²⁰ J Kelly, *Investor Presentation*, Atomo Diagnostics, 2020, p. 8.

²¹ J Lowe & J Kelly, *Chairman's AGM Address* [ASX Announcement], Atomo Diagnostics, 2020.

²² J Kelly, *FY21 Results Presentation*, Atomo Diagnostics, 2021, p. 19.

²³ J Douglas, Atomo Diagnostics (ASX:AT1) gets TGA approval for 15-minute COVID-19 test, *The Market Herald*, 2020.

Antigen tests have been proven to provide good detection of COVID-19 infection in the early stage onset of symptoms. Combined with Atomo's rapid antibody test for COVID-19 that reliably detects exposure to the virus over a longer period, we believe that a combo rapid screen will offer excellent performance outside of laboratory settings where reliable testing is most needed.

Product Pricing

B2C Retail

In theory, if you looked at normal price elasticity that would suggest that we could very substantially increase the price, but I don't think we want to be seen to be price gouging on something of this level of severity. I think we will be able to generate a good margin, we're certainly not looking to take advantage of that. We're an impact focused business and we want to make sure that our business dealings are sustainable and ethical and I think that's the right thing to do.²⁴

Currently, the HIV self-test kits which the COVID-19 tests would be based off, are sold directly to the Australian public for \$20 a kit and the plan is to replicate this model. Outside of Australia however, Atomo sells to other diagnostic companies or directly to distributors who then sell the finished product to consumers.²⁵

B2C Wholesale

Sales to wholesalers for subsequent retail distribution through chain stores and pharmacies would be priced at \$13.96 per unit. This supports a wholesaler margin of 10% and a retailer margin of 20%.

Atomo's net profit margin on Covid-19 rapid diagnostic tests to this market segment is \$7.22 per unit or 51.72% with a profit percentage of 107.12%.

Based on the reduced selling effort per unit, wholesaler deals would be negotiated for significantly larger quantities on a standard sliding scale (i.e. 5% to 10%) which at most (10%) reduces the net profit margin to \$6.51 or 46.34% with a profit percentage of 86.35%.

B2B Corporate

Sales to corporates for direct distribution to employees and customers would be priced at \$14.95 per unit generating a net profit margin of \$8.21 per unit or 54.92% and a profit percentage of 121.81%.

As with wholesale pricing, deals would be negotiated for larger quantities on a sliding scale which at most (10%) reduces the net profit margin to \$6.72 or 49.91% with a profit percentage of 99.63%.

²⁴ J Kelly, COVID-19 self-testing on the horizon. *Eureka Report*, 2020.

²⁵ A Gluyas, How ASX biotechs are faring with COVID-19, *Eureka Report*, 2020.

Marketing Plan

B2C Objective

Launch Rapid Antigen Test home testing kit for sale to consumers in Australia

Strategy

Sell kits direct online via Atomo website and from Australian pharmacies and grocery stores

Tactics

- Build brand recognition in Australia with transformational advertising campaign (see appendix) promoting the Atomo brand only as a diagnostics company, due to restrictions enforced by the Advertising Code.
- Negotiate stock arrangements with the four main pharmacy wholesalers *API, Sigma, Symbion* and *Ebos* and negotiate commercial supply discussions with the major grocery retailers *Coles, Woolworths, ALDI* and *IGA*.
- Engage a pharmacy merchandising and promotions company such as *Farmaforce* or *Menarini* to drive pull-through from wholesalers.
- Establish e-commerce facility on Atomo website to facilitate direct sales to home consumers. Include additional clinical information and instructional videos. A telephone support line to be established to assist consumers to perform self-diagnosis and provide any additional information.

B2B Objective

Launch Rapid Antigen Test premium service to Australian corporations and State governments with industries or divisions requiring ongoing testing regimes.

Strategy

Offer a premium value-added support service with testing regime administered by a trained health professional provided in partnership with *Health Solutions* tailored to individual businesses.

Service can provide ongoing medical supervision across multiple sites via online video and offer online accredited training for staff to administer tests internally without supervision.

A companion online service to be facilitated to send test results to the relevant state health department.

Tactics

- Expanding business relationship management team for direct sales by contract to further reach across the Australian corporate and business markets, including local and state governments, hotels, airlines, aged care facilities, education providers, telcos, banks, food services and any organisation that has a fundamental dependence on staff working on-site.

- The use of a proactive and highly customised personal selling framework is fundamental to establishing mutually beneficial business relationships that are ongoing.

Financial Projections

Table 2 *B2B government and corporate sales projections*

Business Division	Sector Size	20% Projected Volume	10% Market Share
Government	1,613,000	7,742,400	774,240
Health care	506,000	2,428,800	242,880
Aged care	366,000	1,759,680	175,968
Defence	88,600	425,280	42,528
Education	1,050,000	5,040,000	504,000
Corrections	24,700	118,560	11,856
Companies / corporations	2,600,000	12,480,000	1,248,000
Small & medium businesses	3,400,000	16,320,000	1,632,000
Total Projected Unit Sales			4,631,472

Note: 1 in 5 people in the total potential market segment for 2 tests per month ongoing for mandated industries is estimated to hold 10% market share and this variable has been used to establish the projected unit volume.

Table 3 *B2C pharmacy and grocery supply sell-in projections*

Consumer Channel		Market Share	Planned Percentage Sell-In	Planned Unit Sell-In
Pharmacy	Symbion	33.5%	12.4%	480,478
	API	29.4%	10.9%	421,674
	Sigma	27.1%	10.0%	388,685
	Others	10.0%	3.7%	143,427
Grocery	Coles	28.4%	17.9%	691,331
	Woolworths	37.4%	23.5%	910,415
	ALDI	10.5%	6.6%	255,598
	IGA	23.7%	14.9%	576,920
Total Projected Units			100%	3,868,528

Profit Projection

The projected domestic sales volume for the year ending 2022 will generate **\$63 MILLION** total net revenue from all sales and distribution channels combined.

B2B	Government and corporate	4.6 million units	\$38 MILLION
B2C	Wholesale and retail	3.8 million units	\$25 MILLION

Break-even Analysis

Atomo must sell a minimum of 1,048,590 rapid antigen test kits within Australia to meet the baseline marketing investment and operating costs:

- Advertising and external paid media = \$982,500
- Recruitment and internal human resources = \$1,085,000
- B2B direct sales force (30 mobile sales agents) = \$3,500,000
- Telehealth operations and digital development of technology (15 developers) = \$1,500,000

Implementation Controls

Atomo's commitment to evolving rapid testing and the flexible nature of our diagnostic platforms allows us to respond promptly and cost effectively to identified opportunities. This focus and commitment enables us to help address public health demands, including those arising from the ongoing COVID-19 pandemic.

The public health response to COVID 19 is accelerating profound changes already directing the future state of rapid diagnostics. These changes are led by decentralising of diagnostics without loss of accuracy in results. So faster to test, to diagnose and so faster to act and respond. These changes are core to Atomo's longstanding beliefs in improving the speed and accuracy of Point of Care and Consumer diagnosis across an ever-broadening range of tests. Atomo remains very well positioned amongst these accelerating changes.

Atomo is well positioned to sustain meaningful growth rates across Finished Products and OEM contracts. Combining the growth of recurring revenues with established partners and proven responsiveness to emerging opportunities, we are well capitalised to deliver on our advised global strategy.²⁶

Implementation

Stringent control measures will be in place to monitor quality and efficacy of the rapid antigen tests. Customer loyalty and satisfaction will also be monitored to identify and correct any unforeseen problems swiftly to mitigate the risks of any adverse outcomes or publicity.

Marketing Organisation

Atomo Diagnostics has an internal marketing team and also partners with global companies, including Access Bio, who assist with marketing of their blood-based testing devices. Atomo will utilise their partnerships and will collaborate with other marketing firms to create and manage national sales campaigns, public relations, digital, trade and consumer sales promotions.

²⁶ J Lowe & J Kelly, *Chairman's AGM Address* [ASX announcement], 2020.

Contingency Planning

Difficulties and risks

Difficulties generating visibility due to large number of competitors currently in the market.

Entry into the market by an already-established competitor or an alternative corporation.

Lack of penetration into the consumer market due to government regulations and restrictions on home rapid antigen testing.

Worst-case risks

Determining the that the device is not financially viable and discontinue production.

Appendix

Channel	Rationale & genre	Vehicle	Type & time	Messaging
TV (free to air and streaming services) National reach	<p>Television advertising is a powerful exposure mechanism that creates attention, comprehension, interest and desire.</p> <p>Suits low involvement products.</p> <p>News and current affairs programming on free to air including regional affiliates (e.g. WIN and Prime) and Sky News</p> <p>Television advertising supports B2C promotion by targeting those consumers with an interest in current affairs and in particular Covid-19 progression within Australia.</p> <p>Such consumers are drawn to this type of programming for the latest updates and are more likely to be receptive to advertising that relates to what they are watching.</p>	<p>Nine</p> <ul style="list-style-type: none"> • Nine Early News • Nine Early Morning News • Nine Morning News • Nine News Now • Nine Afternoon News • Nine News: First at Five • Today • Weekend Today • A Current Affair • 60 Minutes <p>Ten</p> <ul style="list-style-type: none"> • The Project • The Sunday Project <p>Seven</p> <ul style="list-style-type: none"> • Seven Early News • Sunrise • Seven Morning News • Seven Afternoon News • Seven News at 5 • Seven News - Late Night Updates <p>SBS</p> <ul style="list-style-type: none"> • World News Australia • World News Australia Late • Dateline • Insight <p>Sky News</p>	<p>15 second cut through video (yet to be storyboarded but likely to present an office-based scenario where someone coughs) at the end of which key messaging is reinforced.</p> <p>Played periodically during news and current affairs programming.</p> <p>Typically, at the start and end of week days (i.e. outside of the typical 9–5 work day).</p>	<p>Consistent and easy to understand messaging applied across all mediums and channels:</p> <ul style="list-style-type: none"> • Simple – easy to use and impossible to get wrong • Fast – results in just 10 minutes • Accurate – >90% accuracy, regardless of symptoms • Australian – owned and operated company
Channel	Rationale & genre	Vehicle	Type & time	Messaging
Radio (AM wide-cast and DAB services) National reach	<p>Inexpensive, flexible and quick to create content.</p> <p>Talkback, news and current affairs programming on AM and DAB stations</p>	<ul style="list-style-type: none"> • 2UE • 2GB • 3AW • 4BC • 5AA • 6PR 	<p>15 second cut through sound 'byte' (yet to be storyboarded but likely to depict an office-based scenario where someone</p>	<p>Consistent and easy to understand messaging applied across all mediums and channels:</p>

	<p>including regional affiliates</p> <p>Targets those consumers with an interest in current affairs and in particular Covid-19 progression within Australia who are more likely to be drawn to these types of stations and receptive to what they are hearing.</p>		<p>coughs) at the end of which key messaging is reinforced.</p> <p>Played periodically during radio news and current affairs programming and typically at the start to mid-morning of week days.</p>	<ul style="list-style-type: none"> • Simple – easy to use and impossible to get wrong • Fast – results in just 10 minutes • Accurate – >90% accuracy, regardless of symptoms • Australian – owned and operated company
Channel	Rationale & genre	Vehicle	Type & time	Messaging
<p>Online and social media</p> <p>National reach</p>	<p>Online news sources provide rich and interactive content that is comparative low cost to produce and publish.</p> <p>The Atomo Diagnostics website can be augmented as required to support up-to-date business and consumer knowledge.</p> <p>The online channel can convey a lot of technical information in an effective way.</p>	<ul style="list-style-type: none"> • Atomo Diagnostics website <p>Online news services</p> <ul style="list-style-type: none"> • News.com.au • SMH • The Australian • Financial Review • Herald Sun • Daily Telegraph • Network affiliated online news services (e.g. 7news, 9now, etc.) <p>Search engine optimisation</p>	<p>Available at all times.</p>	<p>Consistent and easy to understand messaging applied across all mediums and channels:</p> <ul style="list-style-type: none"> • Simple – easy to use and impossible to get wrong • Fast – results in just 10 minutes • Accurate – >90% accuracy, regardless of symptoms • Australian – owned and operated company
Channel	Rationale & genre	Vehicle	Type & time	Messaging
<p>Direct selling</p>	<p>Supports pull-through demand from (community) pharmacy</p>	<p>Facilitated on behalf of Atomo Diagnostics by the contract pharmacy sales force</p>	<p>This is a (likely) temporary sales support activity to accelerate</p>	<p>Consistent and easy to understand messaging</p>

	<p>wholesalers and provides front shop pharmacy staff with product familiarity and knowledge to support consumer purchasing.</p> <p>Educated pharmacy staff cascade key messaging directly to consumers.</p>	(Farmaforce or Menarini).	<p>the initial pull through of stock from pharmacy wholesalers.</p> <p>Depending upon individual location sales, display windows using mock-ups could be negotiated.</p>	<p>applied across all mediums and channels:</p> <ul style="list-style-type: none"> • Simple – easy to use and impossible to get wrong • Fast – results in just 10 minutes • Accurate – >90% accuracy, regardless of symptoms • Australian – owned and operated company
Channel	Rationale & genre	Vehicle	Type & time	Messaging
In-store merchandising	<p>Promotional activity that follows on from advertising and crystallises consumer buying behaviour.</p> <p>Takes the form of temporary pricing reductions and standard merchandising activity.</p>	Periodic 'Ends' (i.e. dedicated displays at the end of supermarket aisles) and catalogue specials supported by standard in-store promotional merchandising (e.g. shelf wobblers, leaflets and discount ticketing).	n/a	No in-store messaging.
Channel	Rationale & genre	Vehicle	Type & time	Messaging
Public relations	Specific training delivered to the Atomo Diagnostics Executive Team to ensure is equipped to deliver communication and handle media enquiries while maintaining key messaging that is applicable to the situation and audience.	<ul style="list-style-type: none"> • Press releases • Financial updates • Media interviews 	As applicable	Standard key messaging plus whatever additional messaging is relevant to the situation and the audience.

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