

## Quarterly Activities Report - 30 September 2019

Genetic Signatures Limited (ASX: GSS, “**Genetic Signatures**” or the “**Company**”) is pleased to report on its activities for the quarter ended 30 September 2019 (“1Q FY20”) and provide a summary of unaudited revenue for the 3 months ended 30 September 2019 (“1Q FY20”).

### Highlights

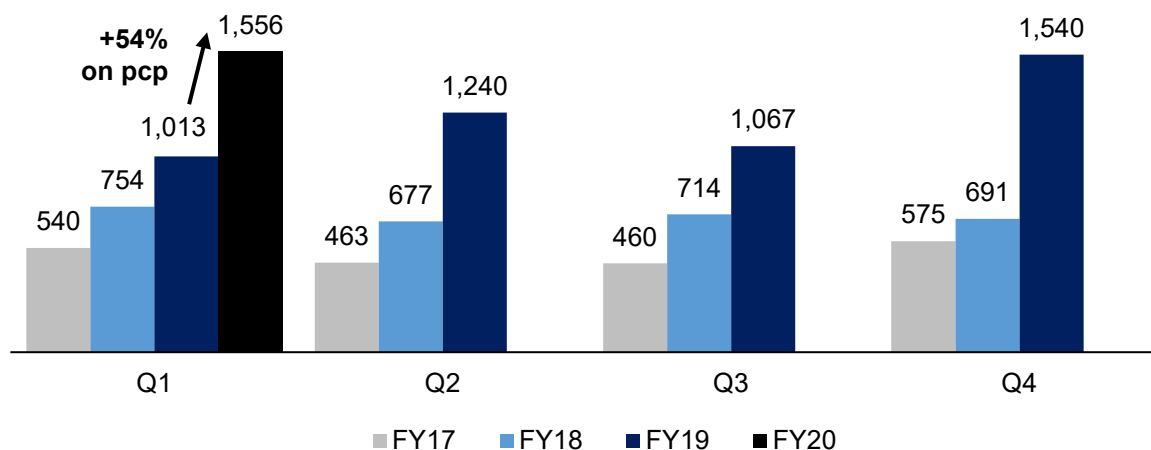
- Record quarterly revenue of A\$1.6m, up +54% on pcp
- Receipts from customers were A\$1.5m in the quarter
- Revenue growth underpinned by a relatively long flu season that continued into early 1Q FY20 and increasing demand from customers
- Progress towards FDA clearance of the *EasyScreen™* Enteric Protozoan Detection Kit expected in 2020
- Cash balance at the close of the quarter of A\$4.9m with no debt
- R&D tax refund of A\$2.1m has been received in October.
- Subsequent to 1Q FY20, Genetic Signatures announced a A\$37m Placement and SPP to fund global marketing and sales expansion

### Genetic Signatures CEO, Dr. John Melki commented:

*“We are pleased to record another consecutive quarter of revenue growth. The early start to the flu season in Australia continued into early 1Q FY20 resulting in heightened demand for the EasyScreen™ Respiratory Pathogen Detection Kits. FY20 is shaping up to be an exciting year with key FDA, TGA and CE-IVD regulatory submissions for our EasyScreen™ kits nearing completion, and new customer conversions.”*

### Genetic Signatures continues to deliver rapid revenue growth

Figure 1: Genetic Signature’s quarterly revenue (A\$’000)



In 1Q FY20, Genetic Signatures achieved another quarter of record revenue of A\$1.6m, albeit marginally higher than the previous record set in 4Q FY19. Revenue in 1Q FY20 represented an increase of +54% on the prior corresponding period (“pcp”). The growth in revenue was driven by a continuation of the relatively severe domestic flu season over the winter months.

### **Genetic Signatures is focused on executing its global commercialisation strategy**

Genetic Signatures continued to work towards accelerating international product sales, progressing local and international regulatory approvals and the development of additional *EasyScreen*<sup>TM</sup> Detection Kits to broaden the product portfolio.

CE-IVD and TGA regulatory applications for the *EasyScreen*<sup>TM</sup> STI / Genital Pathogen and Flavivirus / Alphavirus Detection Kits are expected to be submitted with product launch following in early 2020. Genetic Signatures is also working towards expanding its product range through the development of new *EasyScreen*<sup>TM</sup> Detection Kits.

The Company expects to lodge the FDA submission for the *EasyScreen*<sup>TM</sup> Enteric Protozoan Detection Kit in mid-2020, with registration anticipated approximately 90 days post submission.

The EMEA and North American sales teams have identified prospective customers and are working towards establishing meaningful contracts. During the quarter, the EMEA sales team introduced new laboratories to the benefits of the **3base**<sup>TM</sup> technology and multiple trials are now underway to assess the technology. Laboratories within North America conducted trials of the company’s ASR range.

### **Genetic Signatures is actively promoting its 3base<sup>TM</sup> technology and the EasyScreen<sup>TM</sup> brand at key industry events**

Genetic Signatures continued to focus on driving awareness of the benefits of its **3base**<sup>TM</sup> technology with an active presence at global industry conferences. The Company attended the following key industry conferences since the last quarterly update:

- Dr Doug Millar, Genetic Signatures Chief Scientific Officer presented at the 36th NRL Symposium on Infectious Diseases Testing on “The Prevalence of Diarrhoeagenic *E. coli* and Detection of a Novel *E. coli* Strain from Enteric Samples” in Sydney, Australia.
- Exhibited at the Institute of Biomedical Science (IBMS) conference on 22-25 September, in Birmingham. The biennial conference is the UK’s largest laboratory testing meeting and provided an opportunity to showcase the *EasyScreen*<sup>TM</sup> Detection Kits to prospective customers.

- Exhibited at the European Society for Clinical Virology meeting on 11-14 September, in Copenhagen, Denmark. Dr. Ron Opstelten from Genetic Signatures presented a Poster on Dengue detection in Vanuatu highlighting the use of Genetic Signatures Pan-Flavivirus, Pan-Dengue, and Pan-Alphavirus screening panel in a recent Dengue outbreak.

### Corporate update

At 30 September 2019, the Company held A\$4.9m in cash and cash equivalents, down from A\$6.3m at 30 June 2019. Net operating cash outflows in 1Q FY20 were A\$1.3m and included receipts from customers of A\$1.5m, as disclosed in the attached Appendix 4C report. Genetic Signatures has also received its research and development (“R&D”) tax incentive from the Australian Taxation Office of approximately A\$2.1m.

Subsequent to 1Q FY20, Genetic Signatures received commitments to raise A\$35m through a placement (“Placement”) to institutional and sophisticated investors across Australia and Asia. The Company also announced a share purchase plan (“SPP”) to raise up to A\$2.0m that will allow eligible shareholders to purchase shares on the same terms as the Placement. The funds from Placement and SPP will enable Genetic Signatures to fund global marketing and sales expansion and should fund the Company through to profitability and breakeven.

### Upcoming activities

- TGA registration of *EasyScreen*<sup>TM</sup> STI / Genital Pathogen and Flavivirus / Alphavirus Detection Kits in Australia – targeting early 2020
- CE-IVD registration of *EasyScreen*<sup>TM</sup> STI / Genital Pathogen and Flavivirus / Alphavirus Detection Kits in Europe – targeting early 2020
- FDA submission for *EasyScreen*<sup>TM</sup> Enteric Protozoan Detection Kit expected in mid-2020 with clearance anticipated approximately 90 days post submission
- Develop new Kits to expand product portfolio
- Genetic Signatures has set itself a milestone to sign a material contract in each significant overseas market (EMEA and North America) to underpin FY20 revenue growth

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For further information, see our website ([www.geneticsignatures.com](http://www.geneticsignatures.com)) or contact us as below:

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**About Genetic Signatures Limited:** Genetic Signatures is a specialist molecular diagnostics (MDx) company focused on the development and commercialisation of its proprietary platform technology, **3base™**. Genetic Signatures designs and manufactures a suite of real-time Polymerase Chain Reaction (PCR) based products for the routine detection of infectious diseases under the *EasyScreen™* brand. Genetic Signatures' proprietary MDx **3base™** platform technology provides high-volume hospital and pathology laboratories the ability to screen for a wide array of infectious pathogens, with a high degree of specificity, in a rapid throughput (time-to-result) environment. Genetic Signatures' current target markets are major hospital and pathology laboratories undertaking infectious disease screening.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

GENETIC SIGNATURES LIMITED

**ABN**

30 095 913 205

**Quarter ended ("current quarter")**

30 September 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	1,534	1,534
1.2	Payments for		
	(a) research and development	(294)	(294)
	(b) product manufacturing and operating costs	(461)	(461)
	(c) advertising and marketing	(119)	(119)
	(d) leased assets	(79)	(79)
	(e) staff costs	(1,304)	(1,304)
	(f) administration and corporate costs	(583)	(583)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	30	30
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,276)</b>	<b>(1,276)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(119)	(119)
	(b) businesses (see item 10)		
	(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	(d) intellectual property		
	(e) other non-current assets		
	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
	2.3 Cash flows from loans to other entities		
	2.4 Dividends received (see note 3)		
2.5	Other (Security Deposit)		
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(119)</b>	<b>(543)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	13	13
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(2)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	<b>Net cash from / (used in) financing activities</b>	<b>11</b>	<b>11</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	6,312	6,312
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,276)	(1,276)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(119)	(119)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11	11

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	2	2
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>4,930</b>	<b>4,930</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,130	1,180
5.2 Term deposits	3,800	5,131
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,930</b>	<b>6,311</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

153

-

Directors' fees and CEO salary

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	(907)
9.2 Product manufacturing and operating costs	(574)
9.3 Advertising and marketing	(214)
9.4 Leased assets	(125)
9.5 Staff costs	(1,419)
9.6 Administration and corporate costs	(265)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(3,498)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	Not applicable	Not applicable
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		



### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 28 October 2019

Company Secretary

Print name: Peter Manley

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.