Genetic Signatures

ASX Announcement 30 April 2020

Quarterly Activities Report – 31 March 2020

Genetic Signatures Limited (ASX: GSS, "**Genetic Signatures**" or the "**Company**") is pleased to report on its activities for the quarter and provide a summary of unaudited revenue for the period ending 31 March 2020 ("3Q FY20").

Highlights

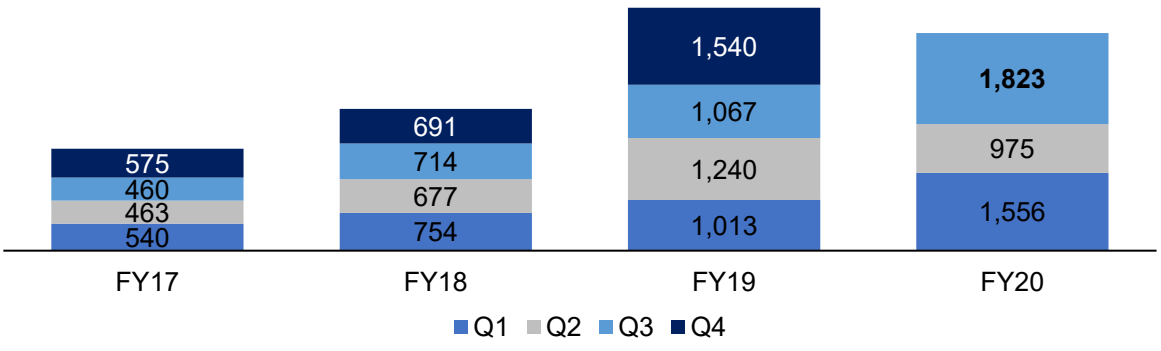
- **Record quarterly revenue of $1.8m, a ~71% increase on pcp**
- ***EasyScreen™* SARS-CoV-2 Detection Kit launched and regulatory approvals received to allow marketing of the kit in Europe and Australia**
- **Three new contracts with customers across the UK and Germany pending site initiation**
- **Cash balance as at 31 March 2020 $39.2m and no debt**
- **Indicative revenue for April 2020 of ~$1.7m**

Genetic Signatures CEO, Dr. John Melki commented:

"This year has been unique in our lifetimes with a pandemic that has proven devastating to the health of many around the world and caused significant disruption to the global economy and the lives of millions. Genetic Signatures finds itself in a position where its technology can offer a solution to governments looking for a way to identify large numbers of people with COVID-19 reliably and quickly. At the same time this is transformative for the Company as it has already provided access to new markets and will give Genetic Signatures increased income and a greatly expanded international profile."

Strong revenue growth underpinned by customer demand for the *EasyScreen™* SARS-CoV-2 Detection Kit

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



Genetic Signatures achieved record revenue of A$1.8m for 3Q FY20, a ~71% increase on the prior corresponding period ("pcp") of A$1.1m (3Q FY19). Revenue for the 9 months ended 31 March 2020 was A$4.4m, which represents an increase of 31% on pcp. The quarterly growth can be largely attributed to the rapid development and validation of its new *EasyScreen*^{TM} SARS-CoV-2 Detection Kit and subsequent sales in Australia under regulatory exemptions.

The Company does not provide revenue forecasts to investors but advises that sales in April for reagents and equipment are approximately $1.7m.

Update on commercialisation of *EasyScreen*^{TM} SARS-CoV-2 Detection Kit

In January 2020, Genetic Signatures announced that its *EasyScreen*^{TM} Respiratory Pathogen targets included an assay for pan-coronaviruses (all known coronaviruses), including the new strain that originated from China (now known as SARS-Cov-2). Following this, Genetic Signatures commenced the development of its new *EasyScreen*^{TM} SARS-CoV-2 Detection Kit, that specifically identifies SARS-Cov-2.

The Company fast-tracked validation programs and the *EasyScreen*^{TM} SARS-CoV-2 Detection Kit was initially supplied to customers in Europe and Australia under regulatory exemptions. Applications were then lodged for European CE-IVD registration and inclusion on the ARTG (Australian Register of Therapeutic Goods) and both CE-IVD and TGA approvals were received in April 2020.

The new kit has been supplied to several private and public testing laboratories that already use Genetic Signatures' *EasyScreen*^{TM} Detection Kits. This new kit may be used alone or in conjunction with the current *EasyScreen*^{TM} Respiratory Pathogen Detection Kit.

Genetic Signatures has now signed contracts with 3 new customers in Europe to supply *EasyScreen*^{TM} SARS-CoV-2 Detection Kits, conditional upon successful initiation of the testing sites. Should all be successful the minimum contracted uptake is greater than A$3.7m over six months. Evaluations are underway with other potential European customers and contracts are expected to be signed in the coming weeks.

Other *EasyScreen*^{TM} regulatory submission progress with delays expected

During the quarter, clinical trials for the *EasyScreen*^{TM} STI / Genital Pathogen Detection Kit were completed. Results will feed into the CE-IVD and TGA regulatory applications for this product which will be submitted this quarter. As previously announced, the *EasyScreen*^{TM} Flavivirus / Alphavirus Detection Kit submission have been delayed as resources are redirected to work on the coronavirus outbreak.

The FDA submission for the *EasyScreen*^{TM} Enteric Protozoan Detection Kit has been delayed due to the inability of some of the clinical trial sites to conduct non-COVID-19 related studies during the pandemic.

Corporate update

Genetic Signatures had net operating cash outflows for 3Q FY20 of $2.0m, including receipts from customers of $1.2m. The difference between receipts and sales reflects timing of invoicing. The cash burn in 3Q FY20 is higher than previous quarters primarily due to increased inventory purchases in anticipation of future customer demand, where the Company has also taken proactive measures to diversify its sources of raw materials to ensure it can maintain a robust supply chain. At 31 March 2020, the Company held $39.2m in cash and cash equivalents, marginally down from A$40.4m at 31 December 2019, with no debt. The cash balance was bolstered by repayment of loans by Directors and staff ($1.2m) against shares issued pre-IPO, due five years post listing and as previously disclosed in annual reports.

– END –

For further information, see our website (www.geneticsignatures.com) or contact us:

Dr John Melki
Chief Executive Officer
john.melki@geneticsignatures.com

Peter Manley
Chief Financial Officer
peter.manley@geneticsignatures.com

T: +61 (0)2 9870 7580

Announcement authorised by Genetic Signatures' Board of Directors

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 cash flow report for entities subject to Listing Rule 4.7B

Name of entity

GENETIC SIGNATURES LIMITED

ABN	**Quarter ended ("current quarter")**
30 095 913 205	31 March 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,195	4,066
1.2	Payments for		
	(a) research and development	(429)	(1,137)
	(b) product manufacturing and operating costs	(1,304)	(2,166)
	(c) advertising and marketing	(89)	(186)
	(d) leased assets	(9)	(24)
	(e) staff costs	(1,360)	(4,249)
	(f) other costs	(84)	(1,489)
1.3	Dividends received (see note 3)		
1.4	Interest received	44	97
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives	-	2,147
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(2,036)**	**(2,941)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(411)	(923)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(411)**	**(923)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,218	38,718
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	97	110
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(31)	(1,888)
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	Principal element of lease payments	(86)	(191)
3.10	**Net cash from / (used in) financing activities**	**1,198**	**36,749**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	40,441	6,312
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,036)	(2,941)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(411)	(923)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,198	36,749
4.5	Effect of movement in exchange rates on cash held	(29)	(34)
4.6	**Cash and cash equivalents at end of period**	**39,163**	**39,163**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	20,163	21,624
5.2	Term deposits	19,000	18,817
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**39,163**	**40,441**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	156
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Directors fees & CEO salary

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		

7.5	**Unused financing facilities available at quarter end**	

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,036)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	39,163
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	39,163
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	19.2

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

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.

Date: 30 April 2020

Authorised by: Board of Directors

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.