

Quarterly Activities Report and Appendix 4C

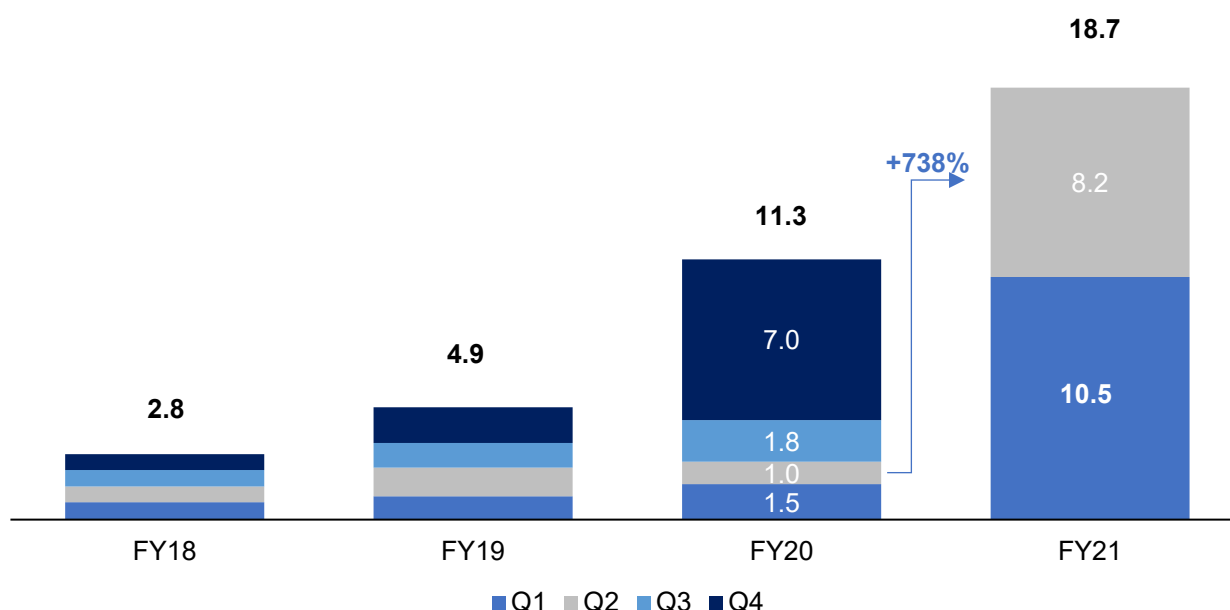
Highlights

- Record unaudited half year revenue of A\$18.7m (increasing 638% on 1H FY20) and quarterly revenue of \$8.2m (increasing 738% on 2Q FY20)
- Second consecutive cashflow positive quarter, adding \$4.1m in net cash from operating activities (including the R&D tax refund)
- Receipts from customers were \$8.9m during the quarter
- Secured new, two-year supply agreement with North American customer Boston Medical Center for *EasyScreen™* SARS-CoV-2 Detection Kit
- Secured another supply agreement with California-based customer following increased investment in sales and support
- Continued growth in international sales representing 24% of total quarterly revenue, increasing from 16% in 1Q FY21
- Cash balance at 31 December 2020 of \$36.3m and no debt

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 December 2020 (“2Q FY21”).

Record half year sales revenue (unaudited) of \$18.7m for the 6 months ended 31 December (“1H FY21”) represents a 638% increase on 1H FY20. Sales for the 2Q FY21 was \$8.2m, an increase of 738% on pcp (2Q FY20). Instrument sales contributed \$0.7m to 2Q FY21 revenue. Genetic Signatures was cashflow positive for the second consecutive quarter, adding \$3.1m in net cash (including the R&D tax refund).

Figure 1: GSS Quarterly revenue from FY18 to FY21 (A\$m)



Genetic Signatures CEO, Dr John Melki commented:

"We pleased to report record half year revenue and a second quarter of positive cash flow. The recent supply agreement with Boston Medical Center has already seen two orders fulfilled, while a second US-based customer has been acquired. The investments made in personnel and warehousing facilities provides a strong foundation for Genetic Signatures as our team continues to pursue active leads in the North American market."

Recent developments in the United Kingdom, as well as localised outbreaks in Australia, have shown broad testing remains a pivotal tool in responding to COVID-19. We see strong demand continuing in the future as governments pursue various testing strategies. Genetic Signatures remains focused on both ensuring the consistent and reliable supply of test kits to support these ongoing measures and introducing these customers and others to the benefits of the broader EasyScreen™ suite of diagnostic tests."

Commercialisation update

In the USA, Genetic Signatures acquired a new North American customer, Boston Medical Center (BMC), to supply EasyScreen™ SARS-CoV-2 Detection Kit. The supply agreement provides BMC with an expanded testing capability with target volumes of 1,000 patient samples per day over the next 2 years. Since signing the agreement, Genetic Signatures' US subsidiary has fulfilled two orders to BMC in December. These initial orders represent Genetic Signatures' first entry into the North American market, a major milestone in the Company's international expansion strategy.

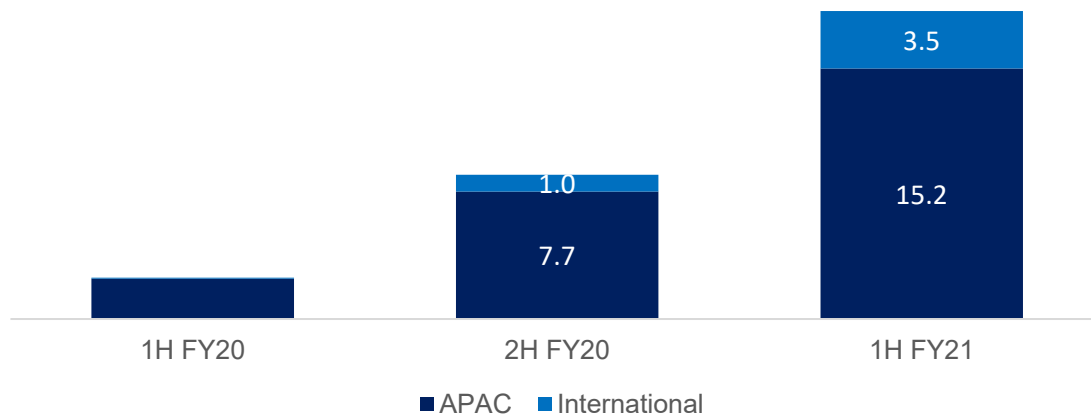
The expanded sales and field teams have now secured another 2-year supply agreement with a California-based customer. The increased investment in North American personnel, along with new warehouse facilities in Los Angeles, California, places Genetic Signatures in a strong position as the Company pursues further active sales leads in the region.

Kit sales to customers in EMEA continued to represent a growing share of quarterly revenue. New customers have signed supply agreements and equipment is in the process of being installed in these sites. Genetic Signatures continues to see strong demand for its EasyScreen™ SARS-CoV-2 Detection Kit as the pandemic remains a major challenge in the region, particularly for the United Kingdom.

Overall, international sales continue to represent a growing share of Genetic Signatures' revenue with sales in EMEA and North America contributing 19% of 1H FY21 revenue and 24% for 2Q FY21. This is reflective of investments made in sales and field teams, inventory, and warehouse facilities throughout 1H FY21 in line with the Company's international expansion strategy.

In Australia, demand from Genetic Signatures domestic customers remained strong. SARS-CoV-2 testing volumes were lower in the early part of the quarter but increased rapidly in response to the new outbreaks in NSW and Victoria, as governments and health authorities promoted significant community testing campaigns. Demand for EasyScreen™ Enteric Protozoan Detection Kit continues to improve in line with easing restrictions and greater community mobility.

Figure 2: GSS Half yearly revenue from operations by region (A\$m)



Clinical trial work is progressing for Genetic Signatures' application for FDA clearance of the *EasyScreen™* Enteric Protozoan Detection Kit although the chosen US clinical sites' ability to complete trials during the pandemic is challenging the process in the short term.

CE-IVD and TGA registration for the *EasyScreen™* STI / Genital Pathogen Detection Kit are expected soon following submission of applications in 2020. Achieving this goal will give Genetic Signatures access to a global market estimated at A\$1.9bn per annum. Research and development work continues on a number of other projects which are at different stages of the development cycle.

Corporate update

Genetic Signatures had net operating cash inflows for 2Q FY21 of \$4.1m, including receipts from customers of \$8.9m. Additionally, the FY20 R&D tax refund of \$2.6m was received. The Company is not expecting to qualify for a cash refund for FY21 as sales will exceed the \$20m threshold for the tax rebate. Gross payments from operating activities were comparable to 1Q FY21. Payments include fees/salary to Directors and related parties of \$191,000 for the quarter and are part of 1.2(e) – *staff costs* in the Appendix 4C. As at 31 December 2020, Genetic Signatures held \$36.3m in cash, with no debt, and remains well capitalised.

– END –

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

Dr John Melki

Chief Executive Officer

john.melki@geneticsignatures.com

T: +61 (0)2 9870 7580

Peter Manley

Chief Financial Officer

peter.manley@geneticsignatures.com

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

30 095 913 205

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,923	20,317
1.2 Payments for		
(a) research and development	(645)	(1,232)
(b) product manufacturing and operating costs	(4,648)	(9,411)
(c) advertising and marketing	(21)	(23)
(d) leased assets	(40)	(74)
(e) staff costs	(1,990)	(4,003)
(f) administration and corporate costs	(288)	(615)
1.3 Dividends received (see note 3)		
1.4 Interest received	279	304
1.5 Interest and other costs of finance paid	(12)	(20)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	2,554	2,554
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	4,112	7,797

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(997)	(2,559)
(d) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	(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	(997)	(2,559)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	105	134
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(4)	(6)
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	(85)	(169)
3.10	Net cash from / (used in) financing activities	16	(41)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	33,235	31,176
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,112	7,797
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(997)	(2,559)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	16	(41)
4.5	Effect of movement in exchange rates on cash held	(93)	(100)
4.6	Cash and cash equivalents at end of period	36,273	36,273

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	11,273	18,235
5.2	Call deposits	25,000	15,000
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)	36,273	33,235

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

191

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

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000

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)	4,112
8.2 Cash and cash equivalents at quarter end (Item 4.6)	36,273
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	36,273
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/a

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

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:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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: 21 January 2021

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.