

ASX Market Announcement



Genetic Technologies reports FY24 unaudited financial results, and operational update.

Melbourne Australia, August 30, 2024: Genetic Technologies Limited (ASX: GTG; NASDAQ: GENE, “Company”, “GTG”), a global leader in genomics-based tests in health, wellness and serious disease and the parent company of geneType™ and EasyDNA™ today reported unaudited financial results for the period ended June 30, 2024, and provided an operational update.

FINANCIAL RESULTS FOR THE FULL-YEAR ENDED JUNE 30, 2024 (FY2024)

- The Company recorded revenues of \$7.665 million for the 12-month period to June 30, 2024, compared to \$8.686 million in the prior corresponding period (pcp) as a result of the temporary loss of pet DNA test product rights and regulatory changes in France banning paternity testing.
- GTG recorded a loss after tax for FY2024 of \$12.017 million, a \$0.266 million (2.3%) increase compared to \$11.751 million for FY2023.
- Gross profit in FY24 reduced by \$0.446 million (10.3%) on revenues that were \$1.021 million (11.8%) lower than pcp with gross margin improving by 0.8% pts.
- Research & Development expenses reduced by \$0.528 million (41.2%), down to \$0.753 million for FY2024 compared with \$1.281 million for the pcp. R&D expenses reduced as development of the geneType technology neared commercialisation.
- Other operating costs for FY24 were broadly inline with FY23 with lower impairment expenses (\$0.794 million) and general expenses (\$0.486 million) offset by higher employee benefits expenses (\$1.378 million).
- Cash balance at June 30, 2024 was \$1.021 million

ACTIVITIES SUBSEQUENT TO FINANCIAL YEAR END.

Subsequent to financial year end, the Company announced (refer ASX announcement dated 26 July 2024) an operations review and restructure together with an entitlement offer (Entitlement Offer) and that it had secured \$800,000 in short-term loan funding from lenders including directors. Funds from the loan (Loan) and Entitlement Offer are to support the Company's restructure to transition to a capital light operating model and provide working capital to drive revenue growth of its core business.

This transition to a capital light operation model is intended to focus on sales growth (particularly in the Company's largest market in the United States) and will see GTG outsource its lb testing operations currently performed in-house. This is anticipated to result in an immediate material reduction in operating costs, however is not expected to impact on the Company's core business of EasyDNA and geneType nor its existing partners, distribution channels and external manufacturing capabilities.

- **Transition to a capital light business operations; with lower cost operations**
- **Continued focus on the Company's core business of "EasyDNA" and "GeneType"**
- **Working capital funded by short term \$800,000 secured loan (from lenders including Directors)**

- **Current Entitlement Offer to augment working capital to raise between \$2m and \$3.85m**
- **Active Channel partners for Payers and Clinicians in the USA with geneType sales growth anticipated.**
- **EasyDNA sales of \$7.5m and growing, soon to include geneType risk tests to consumers and Doctors only portal including geneType and Precision oncology tests upon minimum orders being achieved.**
- **Outsourced high throughput laboratory in the USA to be fully operational in Q1-25 to achieve significant cost reduction and scaling opportunities.**

Operations review and cost containment update

The Company is pleased to provide the following update to the market on the operations review and restructure:

Cost containment targets achieved in Q1 FY25 and continuing in FY25

- Achievement of 70% reduction in net cash usage for operating activities in August 2024, due in large part to successful execution of our payroll reduction strategy and outsourced R&D and laboratory operations.
- Continued focus on cost containment of headcount and payroll to be maintained in FY25.
- On track to reduce monthly operating cash burn from \$0.8 million in FY2024 to \$0.2 million during Q2 FY25.
- Alignment of management salaries and incentives with shareholders, including directors as outlined below

Core business focus: In moving to a capital light operations model and the resulting costs reduction, the Company will continue to focus on its core businesses and revenue growth.

EasyDNA and AffinityDNA project growth: EasyDNA currently turning over more than \$7.5 million globally. There will be no disruption to current operations as GTG progresses growth strategies including the incorporation of geneType and a Doctors only portal for geneType oncology as previously announced.

The geneType serious disease risk test platform, backed by over \$50 million in R&D investment, is well positioned to grow sales across new and established U.S. sales channels. Our unique noninvasive patented risk assessment platform integrates genetics and clinical risk into comprehensive reports, addressing both genetic predispositions and environmental factors contributing to serious diseases. This represents the gold standard for comprehensive testing risk of the most common complex diseases globally

USA sales and distribution: The Company's growth strategy is based on its existing extensive channel partners in the U.S., including Stayhealthy and Wellworx - with the aim of driving both B2B and B2C sales via the "Gene by Gene" high throughput laboratory in the United States. Reporting of results will remain cloud based and controlled by GTG to enable scale up and potential licensing whilst maintaining protection of GTGs proprietary technology and knowhow as required.

Implementation of restructure: In implementing the restructure, the board has assumed executive roles, bringing extensive commercialization expertise to drive the U.S. market expansion. As a result of this change, our CEO, Simon Morriss will transition out of the organisation in September. The Company will also close the Melbourne laboratory and transition to outsourced testing services, and will utilize collaborations on future R&D activities. The redundancy costs associated with the restructure are to be paid from the loan facility outlined in more detail below.

The board members have agreed to defer their director fees until calendar year end (at the earliest) and, subject to shareholder approval, to take their director fees in equity.

The reduction in operating costs are anticipated to lead to reduction in monthly cash burn from approximately \$800,000 down to below \$200,000 - with our annual burn anticipated to come under \$2.5 million. The Company is targeting to be cash flow positive by the end CY25 or shortly thereafter.

Loan facility: The Company has received a short-term loan of \$800,000, secured partly on anticipated balance of R&D refund due late September 2024.

The loan has customary terms (including events of default) with a repayment date being the earlier of (i) receipt by the Company of the balance of its FY24 R&D refund; and (ii) 31 December 2024. The loan is secured (ranking behind any existing secured creditors) and there is an effective annual interest rate of 20%. The lenders including board members have committed to apply part or all of their loan entitlements to the first \$500,000 under the Entitlement Offer based on a minimum of \$2 million being raised.

Funding under the loan is being used for working capital and for the initial costs (including redundancies) of the transition to a capital light operations model.

Entitlement Offer: The Company has launched a 2 for 3 rights issue at 4 cents with an attaching 1:1 Option (with an exercise price of 4 cents) - to raise a minimum of \$2.00 million and up to a maximum of \$3.88 million (upon placement of entitlements and any shortfall) as per the prospectus released to the ASX. On 28 August, 2024 the Company announced it was extending the closing date of the Entitlement Offer by one week to 9 September, 2024.

The revised condensed indicative time table for the Entitlement Offer is set out below:

Event	Date
Entitlement Offer closes	9 September 2024
Allotment and issue of New Shares under Entitlement Offer	16 September 2024
Expected normal trading of New Shares under Entitlement Offer	17 September 2024

The above dates / times are indicative and subject to change. All times / dates are in reference to Melbourne Time

The Company will have 3 months post-closing to place the shortfall. The board and others have made commitments effectively to underwrite the first \$500,000 of the Entitlement Offer (based on a minimum of \$2 million being raised) and would apply part of their loans (referred to above) to this underwriting.

Shareholders have the right to apply for Top-Up shares as part of the Shortfall via Computershare which will then be open to external investors after the close of the retail entitlement offer on 9 September, with current investor interest approaching \$1m inclusive.

– END –

Authorised for release by the board of directors.

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About Genetic Technologies Limited

Genetic Technologies Limited (ASX: GTG; Nasdaq: GENE) is a diversified molecular diagnostics company. A global leader in genomics-based tests in health, wellness and serious disease through its geneType and EasyDNA brands. GTG offers cancer predictive testing and assessment tools to help physicians to improve health outcomes for people around the world. The company has a proprietary risk stratification platform that has been developed over the past decade and integrates clinical and genetic risk to deliver actionable outcomes to physicians and individuals. Leading the world in risk prediction in oncology, cardiovascular and metabolic diseases, Genetic Technologies continues to develop risk assessment products. For more information, please visit www.genetype.com

About EasyDNA

EasyDNA is an online marketplace established in 2007 in Malta and 2008 in Australia developing an online network of over 70 websites in over 40 countries. EasyDNA's network of online retail sales platforms offers fast and affordable home DNA testing that is reliable and confidential. They also offer a number of lifestyle and health and wellbeing tests, and animal testing relating to allergies and tolerances. EasyDNA is a pioneering provider of genetic testing services, dedicated to delivering accurate and confidential results to individuals and organizations worldwide.

Forward Looking Statements

This announcement may contain forward-looking statements about the Company's expectations, beliefs or intentions regarding, among other things, statements regarding the expected use of proceeds. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements, orally or in writing. Forward-looking statements can be identified by the use of forward-looking words such as "believe," "expect," "intend," "plan," "may," "should" or "anticipate" or their negatives or other variations of these words or other comparable words or by the fact that these statements do not relate strictly to historical or current matters. These forward-looking statements may be included in, but are not limited to, various filings made by the Company with the U.S. Securities and Exchange Commission, press releases or oral statements made by or with the approval of one of the Company's authorized executive officers. Forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made. As forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause the Company's actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause the Company's actual activities or results to differ materially from the activities and results anticipated in such forward-looking statements as detailed in the Company's filings with the Securities and Exchange Commission and in its periodic filings with the ASX in Australia and the risks and risk factors included therein. In addition, the Company operates in an industry sector where securities values are highly volatile and may be influenced by economic and other factors beyond its control. The Company does not undertake any obligation to publicly update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.