

**Genetic Signatures Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	Genetic Signatures Limited
ABN:	30 095 913 205
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

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**2. Results for announcement to the market**

				<b>\$'000s</b>
Revenues from ordinary activities - total	up	411%	to	\$18,928
- Sale of goods	up	638%	to	\$18,693
Profit from ordinary activities after tax attributable to the owners of Genetic Signatures Limited	up	NC	to	\$4,497
Profit for the half-year attributable to the owners of Genetic Signatures Limited	up	NC	to	\$4,497

NC – Not a comparable number

*Dividends*

No dividend has been declared for the half-year ended 31 December 2020.

*Comments*

Genetic Signatures has had an exceptional half year with record sales, its first formally reported profit, and first supply agreements signed with US customers.

The Group recorded total sales revenue for the half-year ended 31 December 2020 ("1H FY21") of A\$18,693,000, up 638% on the previous corresponding period ("pcp"). Of this, 19% of revenue was generated from European and US customers versus 4% in the previous corresponding period, building on the commercialisation strategy of expanding the Group's international presence. This proportional contribution from international customers is expected to increase further in future.

Genetic Signatures reported its first significant profit of \$4,497,000 (1H FY20: loss \$2,346,000). This was driven by the increased sales and improved gross margin which increased to 67% due to higher average sell prices, and despite large transport costs being incurred. Employee benefits expense was up 66% vs pcp as a result of increased headcount, but also includes \$747,000 share-based payment expense that is a non-cash item. Additional sales and support personnel will be recruited in USA and Europe over the next 18 months to continue to pursue opportunities and support current customers. Depreciation and amortisation expense was up 65% vs pcp from investments in expanding manufacturing capacity and instruments for customer sites.

Cash balance at 31 December 2020 was \$36,273,000, and the Group has no debt. The Group was cash flow positive for both quarters in the financial half year, generating \$5.2m overall and \$7.8m positive operating cashflow, which included the FY2020 refund from the Australian Tax Office under its Research and Development ("R&D") tax incentive program of A\$2.6m, received in November 2020. Genetic Signatures is not expecting to qualify for a cash refund for FY21 as sales will exceed the \$20m threshold for the tax rebate but will benefit from the tax provisions under this program.

Good progress was made against milestones laid out at the beginning of the year.

The most significant of these was securing first sales in the USA, the largest diagnostics market in the world. Genetic Signatures' US team signed 2 supply agreements in December, including Boston Medical Center (BMC) who are the largest safety-net hospital in the New England region. Two orders were received from BMC in December. The second agreement is with a commercial laboratory based in California. Orders have been fulfilled in January and February for both customers. Discussions are underway with other potential customers.

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The clinical trials required to accompany an FDA submission for the *EasyScreen*<sup>TM</sup> Enteric Protozoan Detection Kit are progressing although the chosen US clinical sites' ability to complete the trials during the pandemic has challenged the process in the short term. This is still seen as a key opportunity due to lack of testing options for these pathogens.

EMEA contributed A\$2.96m to revenue in the half, up from A\$0.09m pcp, and A\$0.77m for FY20. New supply agreements have been signed during December and January and will further contribute to revenue.

Australia provided the vast majority of revenue for the Group being its most established market. Surge testing in the September quarter contributed significantly as did the burst of testing in NSW prior to Christmas following the Northern Beaches outbreak. The volume of testing is expected to taper in the second half though this is contingent upon any outbreaks and the responses by different governments. Sales were largely driven by SARS-CoV-2 testing though customers also perform broader testing for the full range of respiratory pathogens on many of the samples that came to their laboratories. Demand for *EasyScreen*<sup>TM</sup> Enteric Detection Kits continues to improve in line with easing restrictions and greater community mobility.

Genetic Signatures was pleased to announce in January that CE-IVD registration had been received for the *EasyScreen*<sup>TM</sup> STI Genital Pathogen Detection Kit. This kit can detect 10 of the most commonly encountered sexually transmitted infections simultaneously, and this registration allows the Group to market freely in the European Union and the UK. An application is awaiting final decision by the Therapeutic Goods Administration in Australia also. Research and development activity continues apace with various projects at different stages in the development cycle.

COVID-19 testing is expected to continue for the foreseeable future even with the rollout of the various vaccines around the world, and this is expected to benefit Genetic Signatures, though the Company is unable to determine whether testing volumes will change and/or by what proportion. As new variants of the virus are detected it is unclear if the vaccines will be effective against them nor how transmissible the variants will be. Our platform technology, 3base<sup>TM</sup> is less susceptible to these variants and the company has confirmed that our current assay detects all reported variants.

**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	35.5	30.4

**4. Control gained over entities**

Not applicable.

**5. Loss of control over entities**

Not applicable.

**6. Details of associates and joint venture entities**

Not applicable.

**7. Audit qualification or review**

*Details of review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

**8. Attachments**

*Details of attachments (if any):*

The Half Year Report of Genetic Signatures Limited for the half-year ended 31 December 2020 is attached.

**9. Signed**

A handwritten signature in dark ink, appearing to read "John Melki".

John Melki  
Managing Director and CEO  
Sydney

Date: 22 February 2021

# **Genetic Signatures Limited**

**ABN 30 095 913 205**

**Half Year Report - 31 December 2020**

**Genetic Signatures Limited**  
**Directors' Report**  
**31 December 2020**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') consisting of Genetic Signatures Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

**Directors**

The following persons were directors of Genetic Signatures Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Nickolaos Samaras  
John Melki  
Michael Aicher  
Anthony Radford AO

**Principal activities**

During the financial half-year, the principal continuing activities of the consolidated entity consisted of the research and commercialisation of identifying individual genetic signatures to identify diseases and the sale of associated products into the diagnostic and research marketplaces.

**Review of Operations**

Genetic Signatures has had an exceptional half year with record sales, its first formally reported profit, and first supply agreements signed with US customers.

The Group recorded total sales revenue for the half-year ended 31 December 2020 ("1H FY21") of A\$18,693,000, up 638% on the previous corresponding period ("pcp"). Of this, 19% of revenue was generated from European and US customers versus 4% in the previous corresponding period, building on the commercialisation strategy of expanding the Group's international presence. This proportional contribution from international customers is expected to increase further in future.

Genetic Signatures reported its first significant profit of \$4,497,000 (1H FY20: loss \$2,346,000). This was driven by the increased sales and improved gross margin which increased to 67% due to higher average sell prices, and despite large transport costs being incurred. Employee benefits expense was up 66% vs pcp as a result of increased headcount, but also includes \$747,000 share-based payment expense that is a non-cash item. Additional sales and support personnel will be recruited in USA and Europe over the next 18 months to continue to pursue opportunities and support current customers. Depreciation and amortisation expense was up 65% vs pcp from investments in expanding manufacturing capacity and instruments for customer sites.

Cash balance at 31 December 2020 was \$36,273,000, and the Group has no debt. The Group was cash flow positive for both quarters in the financial half year, generating \$5.2m overall and \$7.8m positive operating cashflow, which included the FY2020 refund from the Australian Tax Office under its Research and Development ("R&D") tax incentive program of A\$2.6m, received in November 2020. Genetic Signatures is not expecting to qualify for a cash refund for FY21 as sales will exceed the \$20m threshold for the tax rebate but will benefit from the tax provisions under this program.

Good progress was made against milestones laid out at the beginning of the year.

The most significant of these was securing first sales in the USA, the largest diagnostics market in the world. Genetic Signatures' US team signed 2 supply agreements in December, including Boston Medical Center (BMC) who are the largest safety-net hospital in the New England region. Two orders were received from BMC in December. The second agreement is with a commercial laboratory based in California. Orders have been fulfilled in January and February for both customers. Discussions are underway with other potential customers.

The clinical trials required to accompany an FDA submission for the *EasyScreen™* Enteric Protozoan Detection Kit are progressing although the chosen US clinical sites' ability to complete the trials during the pandemic has challenged the process in the short term. This is still seen as a key opportunity due to lack of testing options for these pathogens.

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**Genetic Signatures Limited**  
**Directors' report**  
**31 December 2020**

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**Significant changes in the state of affairs**

No significant change in the state of affairs of the Group has occurred since the close of the period.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

**Rounding of Amounts**

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts. Amounts in this report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



John Melki  
Managing Director & CEO

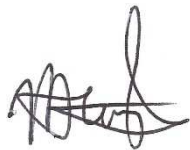
22 February 2021  
Sydney

**DECLARATION OF INDEPENDENCE BY MARTIN COYLE TO THE DIRECTORS OF GENETIC SIGNATURES LIMITED**

As lead auditor for the review of Genetic Signatures Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Genetic Signatures Limited and the entities it controlled during the half-year period.



**Martin Coyle**  
**Director**

**BDO Audit Pty Ltd**

Sydney, 22 February 2021

## **Genetic Signatures Limited**

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**31 December 2020**

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Genetic Signatures Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### **Registered office**

7 Eliza Street  
Newtown NSW 2042

#### **Principal place of business**

7 Eliza Street  
Newtown NSW 2042

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2021.



**Genetic Signatures Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2020**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		<b>\$'000s</b>	<b>\$'000s</b>
<b>Revenue and other income</b>	4	18,928	3,704
<b>Expenses</b>			
Raw materials and consumables used		(5,459)	(834)
Freight on materials & finished goods		(627)	(45)
Employee benefits expense		(4,913)	(2,953)
Directors' and Consultancy fees		(218)	(208)
Depreciation and amortisation expense		(655)	(395)
Scientific consumables		(1,286)	(708)
Travel and accommodation		(90)	(137)
Other expenses		(1,183)	(770)
<b>Profit/(loss) before income tax expense</b>	5	4,497	(2,346)
Income tax expense	7	-	-
<b>Profit/(loss) after income tax expense for the half-year</b>		4,497	(2,346)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency difference on translation of foreign operations		(94)	(1)
<b>Other comprehensive loss for the half-year</b>		(94)	(1)
<b>Total comprehensive income/(loss) for the half-year</b>		<u>4,403</u>	<u>(2,347)</u>
Profit/(loss) for the half-year is attributable to:			
Owners of Genetic Signatures Limited		<u>4,497</u>	<u>(2,346)</u>
		<u>4,497</u>	<u>(2,346)</u>
Total comprehensive income / (loss) for the half-year is attributable to:			
Owners of Genetic Signatures Limited		<u>4,403</u>	<u>(2,347)</u>
		<u>4,403</u>	<u>(2,347)</u>
		<b>Cents</b>	<b>Cents</b>
Basic profit/(loss) per share	12	3.15	(2.10)
Diluted profit/(loss) per share	12	3.09	(2.10)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Genetic Signatures Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2020**

		<b>Consolidated</b>	
		<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
		<b>\$'000s</b>	<b>\$'000s</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		36,273	31,176
Trade and other receivables		4,989	5,223
Inventories		11,249	7,252
Current tax asset		-	2,554
Total current assets		<u>52,511</u>	<u>46,205</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		4,147	2,776
Right of use assets	6	<u>561</u>	<u>734</u>
Total non-current assets		<u>4,708</u>	<u>3,510</u>
<b>Total assets</b>		<u>57,219</u>	<u>49,715</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		4,596	2,368
Provisions		813	657
Lease liabilities	6	<u>323</u>	<u>313</u>
Total current liabilities		<u>5,732</u>	<u>3,338</u>
<b>Non-current liabilities</b>			
Provisions		30	20
Lease liabilities	6	<u>250</u>	<u>428</u>
Total non-current liabilities		<u>280</u>	<u>448</u>
<b>Total liabilities</b>		<u>6,012</u>	<u>3,786</u>
<b>Net assets</b>		<u><u>51,207</u></u>	<u><u>45,929</u></u>
<b>Equity</b>			
Issued capital		84,141	84,013
Reserves		2,483	1,830
Accumulated losses		<u>(35,417)</u>	<u>(39,914)</u>
Equity attributable to the owners of Genetic Signatures Limited		<u>51,207</u>	<u>45,929</u>
<b>Total equity</b>		<u><u>51,207</u></u>	<u><u>45,929</u></u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**Genetic Signatures Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2020**

<b>Consolidated</b>	<b>Issued capital \$'000s</b>	<b>Share based payment Reserves \$'000s</b>	<b>Foreign currency translation reserve \$'000s</b>	<b>Accumulated losses \$'000s</b>	<b>Total equity \$'000s</b>
Balance at 1 July 2019	47,028	1,413	(44)	(37,828)	10,569
Loss after income tax expense for the half-year	-	-	-	(2,346)	(2,346)
Other comprehensive income	-	-	(1)	-	(1)
Total comprehensive loss for the half-year	-	-	(1)	(2,346)	(2,347)
Contributions of equity, net of transaction costs (note 8)	35,656	-	-	-	35,656
Forfeiture of share-based payments	-	(23)	-	-	(23)
Share-based payments expense	-	275	-	-	275
Balance at 31 December 2019	82,684	1,665	(45)	(40,174)	44,130

<b>Consolidated</b>	<b>Issued capital \$'000s</b>	<b>Share based payment Reserves \$'000s</b>	<b>Foreign currency translation Reserves \$'000s</b>	<b>Accumulated losses \$'000s</b>	<b>Total equity \$'000s</b>
Balance at 1 July 2020	84,013	1,985	(155)	(39,914)	45,929
Profit after income tax expense for the half-year	-	-	-	4,497	4,497
Other comprehensive income	-	-	(94)	-	(94)
Total comprehensive profit for the half-year	-	-	(94)	4,497	4,403
Share issues on conversion of options, net of transaction costs (note 8)	128	-	-	-	128
Forfeiture of share-based payments	-	(15)	-	-	(15)
Share-based payments expense	-	762	-	-	762
Balance at 31 December 2020	84,141	2,732	(249)	(35,417)	51,207

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**Genetic Signatures Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2020**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		20,316	2,871
Payments to suppliers and employees (inclusive of GST)		(15,358)	(5,961)
Interest received		304	53
Interest paid		(20)	(15)
R&D grant		2,554	2,147
		<hr/>	<hr/>
Net cash provided by / (used in) operating activities		7,796	(905)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,558)	(512)
		<hr/>	<hr/>
Net cash used in investing activities		(2,558)	(512)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	8	134	37,513
Share issue costs	8	(6)	(1,857)
Principal elements of lease payments		(169)	(105)
		<hr/>	<hr/>
Net cash (used in) / provided by financing activities		(41)	35,551
<b>Net increase in cash and cash equivalents</b>		5,197	34,134
Cash and cash equivalents at the beginning of the financial half-year		31,176	6,312
Effects of exchange rate changes on cash and cash equivalents		(100)	(5)
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial half-year</b>		<b>36,273</b>	<b>40,441</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2020**

**Note 1. Significant accounting policies**

**Basis of preparation of half-year report**

These general purpose financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year.

These financial statements have been prepared on the going concern basis which contemplates the consolidated entity's ability to pay its debts as and when they become due and payable for a period of at least 12 months from the date of authorising the financial report for issue.

**New, revised or amending Accounting Standards and Interpretations adopted**

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2020**

**Note 2: Financial Reporting Segments**

The consolidated entity is operated under one business segment which was the research and commercialisation of identifying individual genetic signatures to identify diseases and disabilities predominantly based within one geographical location being Sydney, Australia.

**Geographic locations**

*Asia Pacific*

The Group's head office and manufacturing operation is based in Sydney, Australia.

The Australian entity is responsible for sales into all regions not covered by the regions defined below. All intellectual property is held within the Australian entity.

*EMEA*

This business comprises Eastern and Western Europe, Middle East including Israel, and Africa. The Group is represented by employees in UK, Germany and Netherlands.

*Americas*

The Group's North American business includes the United States and Canada. Operations are currently based in California, USA, with sales and support staff based throughout USA.

<b>Consolidated – Half year 2021</b>	<b>Asia Pacific</b> \$'000s	<b>EMEA</b> \$'000s	<b>Americas</b> \$'000s	<b>Eliminations</b> \$'000s	<b>Total</b> \$'000s
Trade sales	15,110	2,960	623	-	18,693
Intersegment sales	1,541	-	-	(1,541)	-
Total sales	16,651	2,960	623	(1,541)	18,693
Other revenue	-	-	-	-	-
Segment revenue	16,651	2,960	623	(1,541)	18,693
Segment result	4,058	1,216	(42)	-	5,232
Unallocated revenue less unallocated expenses					(735)
Profit before income tax					4,497
Income tax					-
Net profit					4,497

**Consolidated – Half year 2020**

Trade sales	2,442	90	-		2,532
Intersegment sales	-	-	-		-
Total sales	2,442	90	-		2,532
Other revenue	1,172	-	-		1,172
Segment revenue	3,614	90	-		3,704
Segment result	(1,108)	(434)	(402)		(1,944)
Unallocated revenue less unallocated expenses					(402)
Loss before income tax					(2,346)
Income tax					-
Net loss					(2,346)

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2020**

**Note 3: Disaggregation of revenue**

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

<b>Consolidated – Half year 2021</b>	Asia Pacific \$'000s	EMEA \$'000s	Americas \$'000s	Total \$'000s
<i>Revenue lines</i>				
Reagents & consumables	14,776	2,374	615	17,765
Equipment sales & rental*	315	586	8	909
Service contracts	19	-	-	19
	<u>15,110</u>	<u>2,960</u>	<u>623</u>	<u>18,693</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	14,951	2,960	615	18,526
Services transferred over time	159	-	8	167
	<u>15,110</u>	<u>2,960</u>	<u>623</u>	<u>18,693</u>

\* includes the standalone selling price for rental of equipment placed through bundled contractual arrangements.

<b>Consolidated – Half year 2020</b>	Asia Pacific \$'000s	EMEA \$'000s	Americas \$'000s	Total \$'000s
<i>Revenue lines</i>				
Reagents & consumables	2,401	90	-	2,491
Equipment sales & rental	-	-	-	-
Service contracts	41	-	-	41
	<u>2,442</u>	<u>90</u>	<u>-</u>	<u>2,532</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	2,401	90	-	2,491
Services transferred over time	41	-	-	41
	<u>2,442</u>	<u>90</u>	<u>-</u>	<u>2,532</u>

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2020**

**Note 4: Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<i>Sales revenue</i>		
Sale of goods	18,693	2,532
Interest	150	66
	<u>18,843</u>	<u>2,598</u>
<i>Other income</i>		
Government Grant (R&D tax concession)	-	1,100
Other income	85	6
	<u>85</u>	<u>1,106</u>
Total revenue and other income	<u><u>18,928</u></u>	<u><u>3,704</u></u>

**Note 5: Expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Profit/(loss) before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Raw materials & consumables used	5,459	834
Freight on materials and finished goods	627	45
	<u>6,086</u>	<u>879</u>
<i>Finance costs (included in Other expenses)</i>		
Interest and finance charges paid/payable for lease liabilities	20	15
	<u>20</u>	<u>15</u>
<i>Depreciation and amortisation expense</i>		
Depreciation of property, plant and equipment	482	262
Amortisation of right of use assets	173	133
	<u>655</u>	<u>395</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	217	157
	<u>217</u>	<u>157</u>



**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2020**

**Note 6: Leases**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	<b>\$'000s</b>	<b>\$'000s</b>
(i) Amounts recognised in balance sheet (net of accumulated amortisation)		
<i>Right of use assets</i>		
Buildings	556	728
Equipment	5	6
	<u>561</u>	<u>734</u>
<i>Lease liabilities</i>		
Current	323	313
Non-current	250	428
	<u>573</u>	<u>741</u>
(ii) Amounts recognised in statement of profit or loss		
<i>Amortisation charge of right of use assets</i>		
Buildings	172	132
Equipment	1	1
	<u>173</u>	<u>133</u>
Interest expense (included in other expenses)	20	15
Expenses related to short-term leases (included in other expenses)	<u>92</u>	<u>17</u>

**Note 7: Tax losses**

The consolidated entity has recorded its first profit during the half-year ended 31 December 2020. The consolidated entity currently has carried forward losses of \$6,384,000 from prior years in respect to its Australian operations and approximately US\$2,580,000 in respect to its North American operations. The utilisation of these carried forward losses is conditional on the consolidated entity meeting the conditions for deductibility imposed by the law in the period in which the consolidated entity derives sufficient taxable income in order to utilise these losses. For the half-year ended 31 December 2020, management has reviewed the deductibility of these losses in comparison to the estimated taxable income derived by the consolidated entity and are confident that sufficient losses are available to offset the expected taxable income for the financial year ended 30 June 2021. Whilst the consolidated entity has continued to trade positively due to the COVID-19 induced demand, it is currently not known with sufficient certainty how the consolidated entity's trade will transpire for the FY22 period and beyond. As a consequence, the consolidated entity has elected not to recognise any deferred tax assets or carried forward income tax losses until the probability of recoupment is sufficiently certain.

**Note 8: Equity – Share issue**

Share issues and associated costs during the half-year were as follows:

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>Consolidated</b>	
	<b>Shares</b>	<b>Shares</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
			<b>\$'000s</b>	<b>\$'000s</b>
Proceeds from the issue of shares				
- Share placement	-	35,714,286	-	35,000
- Share Purchase Plan	-	2,551,023	-	2,500
- employee share option exercise	263,750	25,000	134	13
Share issue costs	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>(1,857)</u>
Net proceeds from the issue of shares	<u>263,750</u>	<u>38,290,309</u>	<u>128</u>	<u>35,656</u>

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2020**

**Note 9: Contingent liabilities**

The consolidated entity does not have any material contingent liabilities at period-end.

**Note 10: Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to evolve and is dependent on measures imposed by the Australian Government and other countries, such as quarantine, travel restrictions, continuation of economic stimuli, and the success or otherwise of the various vaccines that have been recently developed.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely in the opinion of the directors of the Company to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

**Note 11: Dividends**

The consolidated entity has not declared or paid a dividend during the half-year.

**Note 12: Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Profit/(loss) after income tax	4,497	(2,346)
Profit/(loss) after income tax attributable to the owners of Genetic Signatures Limited	4,497	(2,346)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	142,716,650	111,570,943
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares <sup>1</sup>	3,015,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	145,731,650	111,570,943
	<b>Cents</b>	<b>Cents</b>
Basic profit/(loss) per share	3.15	(2.10)
Diluted profit/(loss) per share	3.09	(2.10)

<sup>1</sup> Options were antidilutive in period ended 31 December 2019 and thus not included in the dilutive loss per share calculation

**Note 13: Capital commitments**

There are no material current capital commitments.

**Genetic Signatures Limited**  
**Directors' declaration**  
**31 December 2020**

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



John Melki  
Managing Director and CEO

22 February 2021  
Sydney

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Genetic Signatures Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Genetic Signatures Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit Pty Ltd**

A handwritten signature in black ink, appearing to read 'Martin Coyle', is written over a faint, larger 'BDO' watermark.

**Martin Coyle**  
**Director**

Sydney, 22 February 2021