

## APPENDIX 4E - PRELIMINARY FINAL REPORT

### For the year ended 30 June 2021

#### 1. Details of Reporting Period

The financial information contained in this report is for the year ended 30 June 2021. Comparative amounts (unless otherwise indicated) relate to the year ended 30 June 2020.

#### 2. Results for Announcement to the Market

	30 June 2021 \$'000	30 June 2020 \$'000	% increase (decrease)
Revenue from continuing operations	28,284	11,263	151%
Net profit (loss) from ordinary activities after tax attributable to members	1,756	(2,086)	
Net profit (loss) for the period attributable to members	1,756	(2,086)	
Profit/(loss) per share (cents per share)	1.23	(1.64)	
Net Tangible Assets (cents per share)	34.	31.7	

No dividends were paid during the financial year and none are proposed to be paid.

No new entities were established during the reporting period.  
No control was lost over any existing entities of the group.

The company has no interest in any joint ventures at the date of this report.

#### 3. Brief Explanation of Statutory and Operating Profit

Statutory Loss and Statutory Earnings per share are prepared in accordance with Australian Accounting Standards and the Corporations Act.

Statutory profit after tax was \$1,756,000 (FY20 loss \$2,086,000). A detailed review of operations is included in the Directors Report in the attached Financial Report.

#### 4. Audit status

An unqualified, signed Audit Opinion is included with the attached Financial Report.

#### 5. Attachments forming part of Appendix 4E

Genetic Signatures Limited 2021 Financial Report

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

### Company

#### John Melki

Chief Executive Officer

[john.melki@geneticsignatures.com](mailto:john.melki@geneticsignatures.com)

T: +61 2 9870 7580

#### Peter Manley

Chief Financial Officer

[peter.manley@geneticsignatures.com](mailto:peter.manley@geneticsignatures.com)

**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.

**GENETIC SIGNATURES  
LIMITED**

**(ABN: 30 095 913 205)**

**FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2021**

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

The directors present their report, together with the financial statements, on the company and its controlled entities for the year ended 30 June 2021. This will hereafter be referred to as company, consolidated entity or group.

**DIRECTORS**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Nickolaos Samaras  
John R Melki  
Michael A Aicher  
Anthony J Radford  
Neil Gunn (appointed 6 April 2021)

**PRINCIPAL ACTIVITIES**

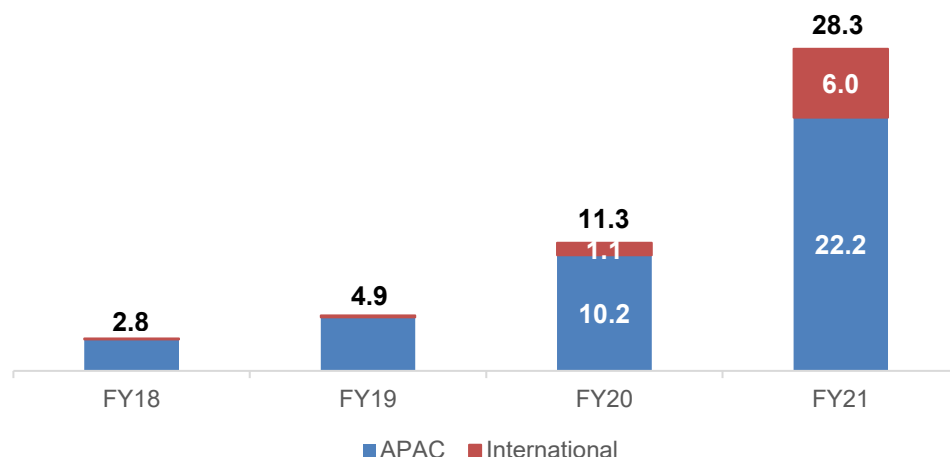
The principal activities of the Company during the financial year were the research and commercialisation of identifying individual genetic signatures to aid in the diagnosis of infectious diseases and the sale of associated products into the diagnostic and research marketplaces. There have been no significant changes in these activities during the year.

**REVIEW OF OPERATIONS**

Genetic Signatures has had an exceptional year in which Company revenues have grown materially during FY21, largely due to demand for the *EasyScreen*™ SARS-CoV-2 Detection Kit globally. The Group successfully established itself in Europe and USA with supply agreements signed with new customers in both regions.

In the financial year ending 30 June 2021, Genetic Signatures' revenue was \$28,284,000 representing a 151% increase over the previous year. This revenue growth was driven by demand for *EasyScreen*™ SARS-CoV-2 Detection Kit and has resulted in a quadrupling of instruments in use versus pre-pandemic placements. Encouragingly, the proportion of sales to overseas customers rose to 21% of total sales, up from 10% in FY21, in line with Company strategy to pursue the large regions of Europe and USA that together represent ~75% of all molecular testing.

*Revenue from operations (\$m)*



Genetic Signatures posted a maiden full year net profit of \$1,756,000 compared to a net loss of \$2,086,000 in FY20.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

Gross margins on materials were 70%, a 3% improvement over the previous year. Freight and warehousing costs now represent a significant cost due to increased volumes generally plus overseas shipments. Margins should continue and possibly improve in future as the proportion of international sales rises. Employee benefits expense were up 50% vs. prior corresponding period to \$10,024,000 as additional personnel were added to the teams in Europe, USA and locally across all functions. This expense line also includes share-based payments expense of \$1,484,000, a non-cash item. Scientific consumables also increased over 50% over prior year, reflecting the work on continuing and new R&D projects, and clinical trial costs for the US FDA Enteric Protozoan submission. Depreciation and amortisation expenses were also up as a result of significant growth in fixed assets, primarily instruments to place at customer sites but also automation of manufacturing processes.

Cash balance was \$30,121,000 at 30 June 2021. The Group has reported net operating cash inflows for the year of \$4,195,000 which includes collections from customers of \$30,031,000. Offsetting this were \$4,653,000 investments in instrumentation for use at customer sites, and machinery for production. Inventory balances are higher than 30 June 2020, though are declining as the increased purchases made during the year to meet customer demand is now being used. Genetic Signatures is well capitalised to make investments in future growth opportunities.

**Commercialisation Progress by Market**

**Australia**

Genetic Signatures' home market continues to represent an important share of revenue contribution to the Group. Sales were boosted late in the year as SARS-CoV-2 kit deliveries increased to meet demand caused by the surge testing in NSW and Victoria. The Company started supplying a number of new sites in Australia during the year and has recently secured its first site in Queensland.

Research and development activity continued through the year on current and newly announced projects which include a next generation "sample to result" instrument optimised for 3base™ assays that Genetic Signatures believes will give real competitive advantage to the Group. Other new infectious diseases identified as opportunities are for measles/mumps/rubella due to falling vaccine rates globally, tick-borne diseases, and dermatophytes which are fungal infections.

**Europe**

Europe (European Union and United Kingdom) represents ~35% of global molecular diagnostics market<sup>1</sup>. Sales increased four-fold over FY20 to \$4.4m. All sales were COVID-19 related, though discussions are underway with customers regarding adoption of other tests including the expanded Respiratory assays and the Enteric range. Genetic Signatures now has five products registered for sale under CE-IVD: SARS-CoV-2, Respiratory, Enteric, Anti-Microbial Resistance, and Sexually Transmitted Infections (STI) which achieved its registration during the financial year.

**North America**

This is the largest market opportunity globally, and the US accounts for an estimated 40% of worldwide molecular PCR testing revenue<sup>1</sup>. First routine sales were achieved in the region this financial year with a contribution of \$1.6m in SARS-CoV-2 kits and related equipment. Testing volumes have decreased from their peak in December 2020 due to the concerted vaccination program through USA, though infection rates appear to be increasing again. It is not apparent whether this will result in an increase in the number of PCR tests performed.

FDA clearance for the Enteric Protozoan Detection Kit is a major plank in the Group's strategy to expand Genetic Signatures' markets, and the Company is targeting up to 40% market share within 5 years of clearance being granted, generating potential revenue of up to US\$88m per annum. Clinical trials are being conducted at three US sites to accompany the FDA application. These trials have been slower than hoped with data collection being hampered by COVID related restrictions, such as sample collection and availability of laboratories. One of the three sites is nearing completion of their sample testing though, while the other sites are at the early stages. Genetic Signatures is still hopeful that its 510k application will be submitted to FDA by the end of 2021.

---

<sup>1</sup> World Market for Molecular Diagnostics, 5th. Edition (Infectious Disease, Oncology, Blood Screening, Pre-Natal and Other Areas) Kalorama Information, Published: 1/9/2013 & company estimates

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**Looking Forward**

Genetic Signatures plans to continue to consolidate its gains through FY2022 and beyond, particularly in international markets. The new financial year has started strongly, with the Group announcing sales of \$4m in July from testing due to outbreaks globally, but particularly in Australia. Whilst COVID-19 has been an opportunity, the focus is on expanding the range of *EasyScreen*™ tests that current and new customers use day to day.

The keys to future success for Genetic Signatures are:

- Focus on long term customer contracts and customer satisfaction. Ensuring that customers are receiving both high performance products and a reliable service allows repeat business and a secure future.
- Leverage COVID-19 to promote new tests to new and existing customers. SARS-CoV-2 has introduced many laboratories to the benefits of both molecular PCR testing generally but also the 3base™ advantages, particularly for multiplex screening. The introduction of new tests using the same platforms and workflow is relatively simple.
- Further product development. Continue to leverage the 3base™ technology to increase the number of pathogens that can be tested.

If these can be achieved Genetic Signatures has a bright future.

**STATE OF AFFAIRS**

There have been no significant changes in the state of affairs of the Group during the year.

**DIVIDENDS**

No dividends were paid or were payable during the year (2020: NIL).

**EVENTS SUBSEQUENT TO THE REPORTING DATE**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by authorities in countries where Genetic Signatures supplies test kits, such as speed and effectiveness of vaccine rollout, maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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 Company, the results of those operations or the state of affairs of the Company in future financial years.

**LIKELY FUTURE DEVELOPMENTS**

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

**ENVIRONMENTAL COMPLIANCE**

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**DIRECTORS**

Name:	<b>Nickolaos Samaras</b>
Qualifications:	BSc (Hons), PhD, MBA, FAIM, FAICD
Experience:	<p>Dr. Samaras has had over 30 years' business experience in the global Life Sciences industry and is a recognised and respected industry expert. He has held a number of senior executive level positions in management, marketing, sales, and research and development. His roles have included appointments as Managing Director of Applied Biosystems Pty Ltd (now part of Thermo Fisher), and senior roles with Perkin Elmer and AMRAD Corporation (now part of CSL).</p> <p>Dr. Samaras is an experienced executive, non-executive and Board Chairman, having served on the boards of several biotechnology companies including one that was ASX-listed. For the past 16 years Dr. Samaras has focused his efforts on facilitating the international market expansion of a number of US biotechnology companies and developing commercial revenue channels outside of their traditional onshore markets.</p> <p>Dr. Samaras holds a BSc with Honours in Pathology and Immunology from Monash University and a PhD from the Department of Medicine at The University of Melbourne. He also holds postgraduate business qualifications which include an MBA from the School of Management at RMIT University and is a Fellow of the Australian Institute of Company Directors.</p>
Special responsibilities:	Non-Executive Chairman; Chairman Nomination and Remuneration Committee; Chairman Audit & Risk Committee
Directorships of other listed companies:	Nil
Interests in shares and options:	2,024,016 ordinary shares
Name:	<b>John R Melki</b>
Qualifications:	BSc (Hons), PhD
Experience:	<p>Dr. Melki has led the commercialisation efforts of Genetic Signatures as Chief Executive Officer since 2011. Dr. Melki originally joined Genetic Signatures in 2003 where he was responsible for leading the commercialisation of two research products (worldwide) and five diagnostic products (locally and Europe) in the role of Senior Principal Research Scientist. He has authored over 20 peer-reviewed articles and is listed as an inventor on eight patent applications. Dr. Melki received his BSc from the University of New South Wales and his PhD from the University of Sydney, where his thesis was awarded the Peter Bancroft Prize from the Medical School. His primary research focus was in the sodium bisulphite conversion of DNA which is at the core of Genetic Signatures' 3base™ technology.</p>
Special responsibilities:	Managing Director and Chief Executive Officer
Directorships of other listed companies:	Nil
Interests in shares and options:	1,096,000 ordinary shares, 550,000 options over ordinary shares

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**Name:** **Anthony J Radford AO FTSE**  
**Qualifications:** BSc (Hons) PhD DipCorpMan  
**Experience:** Dr. Anthony Radford has a PhD from La Trobe University, and was a member of the CSIRO team that invented the QuantiFERON method for Cellular Immune based diagnostics. He later joined AMRAD in pharmaceutical research and was Head of Development in 2000 when he left to co-found the diagnostic company Cellestis Limited, which listed on the ASX in 2001. Establishing offices and operations in the USA, Europe and Japan, Cellestis developed QuantiFERON –TB Gold, the worldwide benchmark for diagnosis of tuberculosis infection. Dr. Radford was CEO of Cellestis from founding until its acquisition by QIAGEN NV in 2011. He is a Fellow of the Australian Academy of Technology and Engineering, and a recipient of their Clunies Ross Prize.

**Special responsibilities:** Non-Executive; Member of Audit & Risk Committee and Nomination & Remuneration Committee

**Directorships of other listed companies:** Nil

**Interests in shares and options:** 240,000 ordinary shares

**Name:** **Neil Gunn (appointed 6 April 2021)**  
**Qualifications:** BSc, Msc, PhD  
**Experience:** Dr Gunn holds a PhD and Master of Science from Portsmouth Polytechnic, UK. He has over 30 years' experience in medical devices and diagnostics. Most recently he was the President of Roche Sequencing Solutions where he oversaw all aspects of the business and managed a team of approximately 900 people. His team developed and launched more than 20 products per year. Prior to this he was Vice President of Roche's Molecular Diagnostics business and was responsible for over 120 diagnostic product launches principally into the IVD clinical market.  
Dr Gunn is based in San Francisco, USA.

**Special responsibilities:** None

**Directorships of other listed companies:** Nil

**Interests in shares and options:** Nil



**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**Name:** **Michael A Aicher**  
**Qualifications:** BSc, MBA  
**Experience:** Mr. Aicher has over 30 years of industry experience and was CEO and founder of National Genetics Institute (NGI) which was acquired by Laboratory Corporation of America, Inc. (LabCorp) in 2000. Mr. Aicher led LabCorp's Esoteric Business Units, which generated more than \$1 billion in annual revenue. Prior to NGI, Mr. Aicher served in a number of executive leadership roles at Central Diagnostics Laboratory. He currently serves as a director on boards of Alveo Technologies, Techcyte and CytoBay. He is certified by the University of California at Berkeley as a Global Biotechnology Executive and is a recipient of Ernst & Young's "Entrepreneur of the Year" award for emerging technologies. Mr. Aicher received a BS in Business Administration from the University of Redlands and an MBA in Economics from Columbus University.

**Special responsibilities:** Executive Director – US Operations

**Directorships of other listed companies:** Nil

**Interests in shares and options:** 645,785 ordinary shares

**Company Secretary**  
**Name:** **Peter Manley**

**Experience:** Peter Manley was appointed Company Secretary of Genetic Signatures in March 2019. Peter is an experienced company secretary who also holds the position of Chief Financial Officer. Previous roles include CFO & Company Secretary for listed life sciences companies AtCor Medical Holdings Limited (now Cardiex Ltd) and Sirtex Medical Ltd.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**DIRECTORS' MEETINGS**

The number of meetings of the board of directors (including board committees) held during the year ended 30 June 2021, and the numbers of meetings attended by each director are set out below:

Name	Board		Audit & Risk Committee		Nomination & Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Nickolaos Samaras	8	8	2	2	2	2
John R Melki	8	8	-	-	-	-
Anthony J Radford	8	7	2	2	2	2
Michael A Aicher	8	8	-	-	-	-
Neil Gunn	2	2	-	-	-	-
(appt. April 2021)						

**REMUNERATION REPORT - AUDITED**

The remuneration report is set out under the following main headings:

1. Remuneration principles and key management personnel
2. Non-executive director remuneration
3. Executive remuneration
4. Equity disclosures
5. Employment agreements

The information provided includes remuneration disclosures that are required under AASB 124 – Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

**1 REMUNERATION PRINCIPLES AND KEY MANAGEMENT PERSONNEL**

**1.1 Policy for determining the nature and amount of key management personnel remuneration**

The Board's remuneration policy determines the nature and amount of remuneration for Board members and senior executives of the Company. The policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Remuneration & Nomination Committee and approved by the Board. The Board ensures that the Company's remuneration levels are appropriate in the markets in which it operates and are applied, and seen to be applied, fairly.

**Non-executive directors**

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed with reference to market rates for comparable companies. The chairman's fees are determined independently to the fees of non-executive directors. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors are entitled to receive share options, following approval by the shareholders of Genetic Signatures Limited.

Non-executive directors' fees are captured within an aggregate directors' pool limit, which is periodically recommended for approval by shareholders. The pool stands at \$450,000 excluding share-based payments which are subject to separate shareholder approval. This was increased from \$250,000 at the last AGM in November 2020.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**Executive directors and senior executives**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives, and the creation of value for shareholders. The Board ensures that executive reward satisfies the following key criteria.

*Alignment to company and shareholders' interests:*

- Has company growth as a core component of plan design
- Focuses on sustained long-term growth in shareholder wealth
- Attracts and retains high calibre executives
- Total remuneration is comparable to market standards.

*Alignment to program participants' interests:*

- Rewards capability and experience
- Reflects competitive reward for contribution to growth in company value
- Provides a clear structure for earning rewards
- Provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

**1.2 Key management personnel**

The following persons were key management personnel of Genetic Signatures Limited during the financial year:

**Non-executive directors**

Dr Nickolaos Samaras - Chairman  
Dr Anthony J Radford AO  
Dr Neil Gunn (appointed 6 April 2021)

**Executive directors**

Dr John R Melki - Managing Director & Chief Executive Officer  
Michael A Aicher - Executive Director, US Operations

**Other executives**

Peter L Manley - Chief Financial Officer/Company Secretary

**2 NON-EXECUTIVE DIRECTOR REMUNERATION**

**2.1 Directors' Fees**

The current remuneration was increased for Directors in recognition of business growth and resulting extra time and commitment from Non-executive Directors. Fees are inclusive of committee fees.

**Board fees per annum**

Chairman	\$108,000
Non-executive director (Australian based)	\$60,000
Non-executive director (overseas)	60,000 (USD, EUR or GBP depending on location)

**Superannuation**

Superannuation contributions for Australian-based non-executive directors are in addition to the Board fees and are calculated at a rate of 9.5% of the base fee, as required under the statutory superannuation guarantee. Directors may elect to salary sacrifice additional payments to their fund.

**Share-based payments**

Non-executive directors are not entitled to any performance related remuneration but may receive option or equity grants if approved by shareholders.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**2.2 Non-executive director remuneration**

Non-executive directors		Cash salary and fees	Super- annuation	Share-based payments	Total
	Year	\$	\$	\$	\$
Nickolaos Samaras	2021	96,000	9,120	-	105,120
	2020	60,000	5,700	-	65,700
Anthony J Radford	2021	56,250	5,344	-	61,594
	2020	45,000	4,275	1,553	50,828
Neil Gunn	2021	19,479	-	-	19,479
	2020	-	-	-	-
<b>Total</b>	<b>2021</b>	<b>171,729</b>	<b>14,464</b>	<b>-</b>	<b>186,193</b>
	2020	105,000	9,975	1,553	116,528

**3 EXECUTIVE REMUNERATION**

The executive pay and reward framework has four components:

- Base pay and benefits
- Other remuneration such as superannuation
- Short-term performance incentives, and
- Long-term incentives through participation in the Genetic Signatures Employee Incentive Plan

The combination of these comprises the executive's total remuneration.

**Base pay**

Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion.

Executives are offered a market competitive base pay that comprises the fixed component of pay and rewards. Base pay for executive directors and senior executives is reviewed annually to ensure the executive's pay is aligned with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts.

**Benefits**

Executives may receive benefits including parking, car allowances or health insurance.

**Retirement Benefits**

Statutory superannuation payments are made to a fund selected by Australian based executives. Executives may also elect to salary sacrifice additional payments to their fund. No other retirement benefits are offered.

**Short term incentives**

Each executive may have a target short-term incentive (STI) opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance.

Each year the remuneration committee considers the appropriate financial targets and KPI's to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

For the year ended 30 June 2021, the KPI's linked to STI plans were based on group, individual and personal objectives. The KPI's required performance growing sales revenue, with particular emphasis on progress in overseas markets.

The remuneration committee is responsible for assessing whether KPI's are met. To help make this assessment, the committee receives detailed reports on performance from management.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

The short-term bonus payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the remuneration committee.

**Long term incentives**

Genetic Signatures Equity Incentive Plan (EIP)

Options are issued to executives (including the CEO) with the aim of aligning executive interests with those of shareholders. The proportion of long-term incentives increases with the level of seniority of the executive.

Options are granted under the EIP. The Plan is open to those employees and Directors whom the Directors believe have a significant role to play in the continued development of the Group's activities.

Options are granted under the Plan for no consideration. They are granted for a 15-year period, and 25% of each new tranche vests and is exercisable after each of the first four anniversaries of the date of the grant. 350,000 options were issued in 2021 to key management personnel as at the date of this report.

**Relationship between Remuneration Policy and Company Performance**

The remuneration policy has been tailored to align shareholders, directors and executives' goals. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPIs, and the second being the issue of options to directors, executives and staff to encourage the alignment of personal and shareholder interests.

The following table shows the gross revenue, profits and dividends for the last five years for the consolidated entity, as well as the share prices at the end of the respective financial years. Analysis of the actual figures show a history of ongoing losses as the consolidated entity continue to develop new products, commercialise its existing products and develop new markets and customers.

The Board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy and is satisfied with the results over the past five years.

	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
Revenue	28,284	11,263	4,866	2,840	2,038
Net profit/(loss) attributable to owners of the parent entity	1,756	(2,086)	(3,492)	(3,254)	(2,671)
Share price at year end	1.10	2.15	1.35	0.37	0.395
Dividends paid (cents per share)	-	-	-	-	-

**Voting and Comments made at the Company's 2020 Annual General Meeting ('AGM')**

The Company received 99.9% of "for" votes in relation to its remuneration report for the year ended 30 June 2020. No issues were raised with Directors concerning the Report.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**3.1 Executive director remuneration**

	Year	Fixed remuneration				Variable remuneration			Total \$	Remuneration proportions		
		Cash salary and fees \$	Non-monetary benefits \$	Super-annuation \$	Long-term benefits: Annual and long service leave \$	Subtotal	Short term incentive <sup>2</sup> \$	Share-based payments <sup>3</sup> \$		Fixed %	At risk STI %	At risk LTI %
John R Melki <i>CEO</i>	2021	354,736	1,964	25,000	28,818	410,518	72,490	141,742	<b>624,750</b>	65%	12%	23%
	2020	308,137	16,320	25,047	27,351	376,855	148,070	38,902	<b>563,827</b>	67%	26%	7%
Michael A Aicher <sup>1</sup> <i>Executive Director</i>	2021	161,552	-	-	-	161,552	-	-	<b>161,552</b>	100%	0%	0%
	2020	178,097	-	-	-	178,907	-	-	<b>178,907</b>	100%	0%	0%
Peter L Manley <i>CFO</i>	2021	227,264	-	24,485	18,623	270,372	15,000	124,606	<b>409,978</b>	66%	4%	30%
	2020	220,636	-	22,778	18,051	261,465	45,000	95,981	402,446	65%	11%	24%
<b>Total</b>	<b>2021</b>	<b>743,552</b>	<b>1,964</b>	<b>49,485</b>	<b>47,441</b>	<b>842,442</b>	<b>87,490</b>	<b>266,348</b>	<b>1,196,280</b>			
	<b>2020</b>	<b>707,680</b>	<b>16,320</b>	<b>47,825</b>	<b>45,402</b>	<b>817,227</b>	<b>193,070</b>	<b>134,883</b>	<b>1,145,180</b>			

- 1 M Aicher is paid in USD. Changes in base pay are attributable to the stronger AUD against the USD through FY21 (Ave rate FY21: 0.7428, FY20: 0.6707).
- 2 Cash bonus is the amount paid or payable for the respective financial year.
- 3 This represents the proportional fair value of options on issue not yet vested or vested during the reporting period. Options are valued using a Black-Scholes model as described in Note 18 to the accounts.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Short term incentives**

	STI potential \$	Percentage of base %	Paid %	Forfeited %
J.R. Melki	108,000	30	72	28
M.A. Aicher	-			
P.L. Manley*	-			

\* Bonus payable to P Manley is 100% at discretion of the Board

**4 EQUITY DISCLOSURES**

**4.1 Key Management Personnel Share Movements**

Details of equity instruments (other than employee share ownership plan restricted shares) held directly, indirectly or beneficially by key management personnel are as follows:

Name	Balance at 1 July 2020	Granted as compensation	Received on conversion of restricted shares	Other changes	Balance at 30 June 2021	Balance held nominally
N. Samaras	2,024,016	-	-	-	2,024,016	1,393,000
J.R Melki	1,096,000	-	-	-	1,096,000	1,096,000
M.A Aicher	645,785	-	-	-	645,785	645,785
A.J Radford	240,000	-	-	-	240,000	240,000
N Gunn	-	-	-	-	-	-
P.L Manley	20,408	-	-	-	20,408	20,408
<b>Total</b>	<b>4,026,209</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,026,209</b>	<b>3,395,193</b>

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Employee Incentive Plan

	Balance at 1 July 2020		Granted during the year		Exercised during the year		Forfeited during the year		Balance at 30 June 2021		Unvested at 30 June 2021
	No.	Value <sup>1</sup> \$	No.	Value <sup>1</sup> \$	No.	Value <sup>2</sup> \$	No.	Value <sup>2</sup> \$	No.	Value <sup>1</sup> \$	No.
J.R Melki	300,000	132,523	250,000	385,910	-	-	-	-	550,000	518,429	350,000
P.L Manley	200,000	195,389	100,000	177,437	-	-	-	-	300,000	372,825	200,000

- 1 This represents the total value of the options over the life of the options from grant date using a Black-Scholes valuation method. The amount is allocated against remuneration over the vesting period (total allocation vests in 4 equal tranches from the 1<sup>st</sup> anniversary of the issue date).
- 2 Value equals the difference between the exercise price and the closing share price per the ASX on the date of exercise/forfeiture multiplied by the number of options.



**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**5 EMPLOYMENT AGREEMENTS**

Service contracts have been entered into by the Company with key management personnel, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria for performance-related cash bonuses. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations. All contracts are for an ongoing period.

All contracts can be terminated by either party with 3 months' notice (or one month in the case of Michael Aicher), subject to termination payments as described below:

**John Melki**

Director & Chief Executive Officer

Contract term:	Ongoing, commenced November 2014
Base salary:	\$360,000, exclusive of superannuation, to be reviewed annually by the Remuneration Committee.
Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to the base salary plus superannuation entitlements for three months.

**Michael Aicher**

Executive Director – US Operations

Contract term:	Ongoing, commenced April 2014
Base salary:	\$US120,000, to be reviewed annually by the Remuneration Committee.
Termination payments:	No payment on early termination. Contract is terminable by either party on one months' notice.

**Peter Manley**

Chief Financial Officer

Contract term:	Ongoing, commenced October 2018
Base salary:	\$232,635 exclusive of superannuation, to be reviewed annually by the Remuneration Committee.
Termination payments:	Payment on early termination by the Group, other than for gross misconduct, equal to the base salary plus superannuation for three months.

This concludes the remuneration report which has been audited.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**OPTIONS**

There were 4,360,000 unissued ordinary shares of the company under option outstanding at the date of this report. During the financial year 1,715,000 new options were issued, 296,250 were exercised, and 337,500 were forfeited.

**INDEMNIFICATION OF OFFICERS AND AUDITORS**

Genetic Signatures Ltd paid an insurance premium during the financial year, for Directors' & Officers Liability insurance cover.

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

**NON-AUDIT SERVICES**

During the financial year, the following fees for non-audit services were paid or payable to the auditor, BDO or their related practices:

	2021	2020
	\$	\$
Tax compliance services	27,345	15,700
Other non-audit services	-	11,500
Total fees for non-audit services	<u>27,345</u>	<u>27,200</u>

On the advice of the Audit and Risk Committee, the directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**DIRECTORS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**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 1

**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.



John Melki  
Director

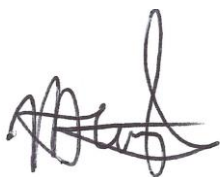
Sydney  
25 August 2021

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

As lead auditor of Genetic Signatures Limited for the year ended 30 June 2021, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



**Martin Coyle**  
**Director**

**BDO Audit Pty Ltd**

Sydney, 25 August 2021

FINANCIAL REPORT

---

	Page
<b>CONTENTS</b>	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Consolidated Statement of Financial Position	2
Consolidated Statement of Changes in Equity	2
Consolidated Statement of Cash Flows	2
Notes to the Consolidated Financial Statements	2
Directors' Declaration	
Independent Auditor's Report	5

**GENETIC SIGNATURES LIMITED**

**ABN: 30 095 913 205**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	Note	Consolidated 2021 \$'000s	2020 \$'000s
<b>Sales Revenue</b>	<b>2</b>	28,284	11,263
Other income	4	435	2,910
Cost of materials used		(8,486)	(3,739)
Freight on materials & finished goods		(1,318)	(566)
Employee benefits expense		(10,024)	(6,671)
Directors' and consultancy fees		(399)	(443)
Depreciation and amortisation expenses		(1,425)	(883)
Finance costs	5	(36)	(33)
Scientific consumables		(2,761)	(1,769)
Travel and accommodation		(262)	(327)
Other expenses		(2,252)	(1,828)
Profit/(loss) before income tax		1,756	(2,086)
Income tax benefit	6	-	-
Profit/(loss) attributable to members of the entity		1,756	(2,086)
Other comprehensive income/(loss) Items that maybe reclassified subsequently to profit or loss:			
Foreign Currency translation of foreign operations		20	(111)
Total comprehensive income/(loss) for the year, net of tax		1,776	(2,197)
<b>Earnings (loss) per share</b>		<b>2021 cents</b>	<b>2020 cents</b>
Basic Earnings/(loss) per share to ordinary equity holders of the company	29	1.23	(1.64)
Diluted Earnings/(loss) per share to ordinary equity holders of the company	29	1.21	(1.64)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income  
should be read in conjunction with the accompanying notes

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	Consolidated 2021 \$'000s	2020 \$'000s
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	30,121	31,176
Trade and other receivables	8	5,373	5,223
Inventory	9	12,134	7,252
Government grant receivable	10	-	2,554
<b>Total Current Assets</b>		<u>47,628</u>	<u>46,205</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	5,659	2,675
Intangible assets		371	101
Right of use assets - leases	12	389	734
<b>Total Non-Current Assets</b>		<u>6,419</u>	<u>3,510</u>
<b>Total Assets</b>		<u>54,047</u>	<u>49,715</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	3,352	2,368
Lease liabilities	12	334	313
Provisions	14	938	657
<b>Total Current Liabilities</b>		<u>4,624</u>	<u>3,338</u>
<b>Non-Current Liabilities</b>			
Lease liabilities	12	65	428
Provisions	14	18	20
<b>Total Non-Current Liabilities</b>		<u>83</u>	<u>448</u>
<b>Total Liabilities</b>		<u>4,707</u>	<u>3,786</u>
<b>Net Assets</b>		<u>49,340</u>	<u>45,929</u>
<b>Equity</b>			
Issued capital	15	84,164	84,013
Reserves	16	3,334	1,830
Accumulated losses		(38,158)	(39,914)
<b>Total Equity</b>		<u>49,340</u>	<u>45,929</u>

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

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

<b>Consolidated</b>	<b>Issued Capital \$'000s</b>	<b>Share based payments reserve \$'000s</b>	<b>Foreign currency translation reserve \$'000s</b>	<b>Accumulated losses \$'000s</b>	<b>Total \$'000s</b>
<b>Balance at 1 July 2019</b>	<b>47,028</b>	<b>1,413</b>	<b>(44)</b>	<b>(37,828)</b>	<b>10,569</b>
Loss attributable to members of the entity	-	-	-	(2,086)	(2,086)
Other comprehensive income/(loss)	-	-	(111)	-	(111)
Total comprehensive income/(loss) for the year	-	-	(111)	(2,086)	(2,197)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 15)	35,608	-	-	-	35,608
Repayment of loans against shares (note 15)	1,234	-	-	-	1,234
Share issues on conversion of options	143	-	-	-	143
Forfeiture of share-based payments (note 16)	-	(59)	-	-	(59)
Share-based payments (note 16)	-	631	-	-	631
<b>Balance at 30 June 2020</b>	<b>84,013</b>	<b>1,985</b>	<b>(155)</b>	<b>(39,914)</b>	<b>45,929</b>
Profit attributable to members of the entity	-	-	-	1,756	1,756
Other comprehensive income/(loss)	-	-	20	-	20
Total comprehensive income/(loss) for the year	-	-	20	1,756	1,776
<i>Transactions with owners in their capacity as owners:</i>					
Share issues on conversion of options, net of costs (note 15)	151	-	-	-	151
Forfeiture of share-based payments (note 16)	-	(235)	-	-	(235)
Share-based payments (note 16)	-	1,719	-	-	1,719
<b>Balance at 30 June 2021</b>	<b>84,164</b>	<b>3,469</b>	<b>(135)</b>	<b>(38,158)</b>	<b>49,340</b>

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



**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	Note	Consolidated 2021 \$'000s	2020 \$'000s
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		30,031	8,882
Payments to suppliers and employees inclusive of GST)		(28,680)	(20,619)
Interest and other income received		326	129
Lease costs (interest)	12	(36)	(33)
Research and development concession received		2,554	2,147
Net cash provided by/(used in) operating activities	25(b)	4,195	(9,494)
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	11	(4,653)	(2,275)
Purchase of intangible assets		(326)	(75)
Net cash used in investing activities		(4,979)	(2,350)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares, net of costs	15	-	37,500
Proceeds from conversion of employee share ownership plan restricted shares	15	-	1,234
Proceeds from exercise of options	15	163	143
Share issue costs	15	(12)	(1,892)
Lease costs (principal)		(341)	(299)
Net cash (used in)/provided by financing activities		(190)	36,686
<b>Net (decrease)/increase in cash and cash equivalents</b>		(974)	24,842
Cash and cash equivalents at beginning of financial year		31,176	6,312
Exchange differences on cash and cash equivalents		(81)	22
<b>Cash and equivalents at end of financial year</b>	25(a)	30,121	31,176

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

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**Note 1: Statement of Significant Accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The Company has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the financial year beginning 1 July 2020. There was no material impact on the financial statements from the adoption of these new accounting standards.

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(v).

**(a) Basis of Consolidation**

The consolidated financial statements comprise the financial statements of Genetic Signatures Limited and its subsidiaries, Genetic Signatures US Ltd and Genetic Signatures UK Ltd. Subsidiaries are entities (including structured entities) over which the group has control. The group has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

**(b) Income tax**

The income tax expenses/(benefit) for the year comprise current income tax expense/(benefit) and deferred tax expenses/(benefit).

Current income tax expenses charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities/assets are therefore measured at the amounts expected to be paid to /recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**Note 1: Statement of Significant Accounting Policies (continued)**

Where temporary differences exist in relation to investment in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(c) Property, plant and equipment**

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors of the company to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent to disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the income statements during the financial period in which are incurred.

***Depreciation***

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

<b>Class of fixed asset</b>	<b>Depreciation rate</b>
Plant and equipment	1-10 years

The assets residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

Gains and losses on disposal are determined by comparing the net proceeds with the carrying amount prior to disposal. Any gains or losses are included in the statement of profit or loss and comprehensive income.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**Note 1: Statement of Significant Accounting Policies (continued)**

**(d) Goods and Services Tax**

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included within other receivables or payables in the statements of financial position.

Cash flows are presented on a gross basis, except for the GST component of investing and financing activities which are recoverable from, or payable to ATO are disclosed as operating cash flows.

**(e) Financial instruments**

*Classification*

The Group classifies financial assets as either:

- Those to be measured subsequently at fair value; or
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be either recorded in profit & loss or other comprehensive income.

*Recognition and derecognition*

Purchases and sales of financial assets are recognised on the date the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

*Measurement*

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

*(i) Loans and receivables*

Loans and receivables are assets held for collection of contractual cashflows where those cashflows represent payment of principal and interest measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Any interest income from these financial assets is included in finance income using the effective interest rate method.

*(ii) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**Note 1: Statement of Significant Accounting Policies (continued)**

*(iii) Equity instruments*

The group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments are not reported separately from other changes in fair value.

The Group does not currently hold any equity investments.

*Fair Value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Impairment*

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the AASB9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. These assumptions include recent sales, historical collection rates and forward looking information, including consideration for the potential impact of the ongoing COVID-19 pandemic.

**(f) Revenue recognition**

Revenue from the sale of goods is recognised when control of the goods has passed to the buyer which usually occurs on delivery. This revenue is classified into 3 categories, being:

Sale of Goods – Reagents and Consumables

The Group manufactures and sells test kits for use in pathology laboratories. It also purchases disposable items for resale that are used by the pathology laboratories in conjunction with the test kits. Sales are recognised when control of the products has transferred, being the point in time when the products are delivered to the customer's specified location, the amount of revenue can be measured reliably, and it is probable that payment will be received by the Group.

Sale of Goods – Equipment and rental

The consolidated entity provides equipment to customers if required which may be as an outright sale or be a placement under a lease arrangement. Where the equipment is sold the sale is recognised when control of the products has transferred, being the point in time when the products are delivered to the customer's specified location, the amount of revenue can be measured reliably, and it is probable that payment will be received by the Group. In the event the Group enters a lease, an assessment will be made as to the classification of that lease. A lease will be classified as a finance lease if it transfers substantially all of the risks and rewards associated with the underlying asset. Otherwise the lease will be classified as an operating lease. Where the lease meets the definition of a finance lease revenue is recognised by applying the interest rate within the lease arrangement to the future lease payments and the estimated value of any unguaranteed end of term earnings or secondary income. Operating lease income will be recognised as income over time per the terms of the agreement with the customer, which may be as a cost per test or a periodic rental value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**Note 1: Statement of Significant Accounting Policies (continued)**

Sale of Goods – Service

If a customer has purchased or is using Group owned equipment there may be a service charge levied to maintain the equipment. Revenue is recognised over time in the period that the service is rendered.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

Grant revenue is recognised when it is received or when the right to receive payment is established.

**(g) Trade and other payables**

Accounts payable represent the principal amounts outstanding at the reporting date plus, where applicable, any accrued interest.

**(h) Impairment**

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(i) Cash and cash equivalents**

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions and net of bank overdrafts.

**(j) Inventories**

Inventories include raw materials, work in progress and all items available for resale, including equipment (defined in 1(f)) and goods in transit.

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate portion of variable and fixed overheads, the latter being allocated on the basis of normal operation capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(k) Trade and other receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The Group applies the AASB9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Trade receivables and contract assets have shared credit risk characteristics and, as such, the expected loss rates for trade receivables are a reasonable approximation of loss rates for contract assets. Losses incurred in the last 3 years represent less than 1% of receivables and are immaterial. The Group has made a provision for impairment against an invoice that is in dispute and is considered to be at reasonable risk.

Other receivables are recognized at amortised cost, less any provision for impairment.



**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**Note 1: Statement of Significant Accounting Policies (continued)**

**(l) Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest in respect of lease liabilities.

**(m) Employee benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(n) Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

**(o) Leases**

The Group leases business premises (offices and laboratories) and office equipment. Rental contracts are typically for a fixed period of 12 months to 60 months and may include extension options. From 1 July 2019 leases are recognised as a right of use asset and a corresponding liability at the date at which the lease is available for use by the Group. Assets and liabilities are measured on a present value basis.

Lease payments are discounted using the interest rate implicit in the lease. Where a rate cannot be readily determined from the lease (generally the case) then the lessee's incremental borrowing rate will be used, being the rate the lessee would have to pay to borrow the funds to obtain the equivalent asset. As the Group does not have any borrowings the incremental borrowing rate has been determined using a build-up approach whereby the risk-free rate is adjusted for credit risk, considering factors such as term, country, and currency.

The Group has no variable lease payments in its leases, nor do any of the leases have an option to extend the term.

Right of use assets are depreciated on a straight-line basis over the term of the lease.

Lease payments for operating leases of low value items or for a period of less than 12 months, where substantially all the risks and benefits remain with the lessor, are charged as expense in the period in which they are incurred. Refer to note 12 for further information pertaining to the Group's right of use assets and liabilities.

**(p) Share-based payments**

Equity-settled share-based payments with employees and others providing similar services are measured at fair value of the equity instrument at the grant date. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 18.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest.

**(q) Parent entity financial information**

The financial information for the parent entity, Genetic Signatures Limited, disclosed in note 26, has been prepared on the same basis as the consolidated financial statements.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

**Note 1: Statement of Significant Accounting Policies (continued)**

**(r) Earnings per share**

Basic earnings per share are calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account dilutive potential ordinary shares.

**(s) Foreign currency translation**

The financial statements are presented in Australian dollars, which is Genetic Signatures Limited's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

**(t) Software development**

Costs incurred in developing or acquiring software, licences or systems that will contribute future financial benefits are capitalised. These include external direct costs of materials and service. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, where the Group has the intention and ability to use the asset.

**(u) New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

---

**Note 1: Statement of Significant Accounting Policies (continued)**

**(v) Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

*Key estimates – valuation of employee share option plan shares*

At each reporting date, the entity revises its estimate of the number of rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, is recognised in profit or loss with a corresponding adjustment to equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the restricted shares or options.

*Judgements - research and development claim*

Judgement is required in determining the amount of grant revenue relating to the research and development claim. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be subject to change. The company calculates its research and development claim based on the company's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the profit or loss in the year in which such determination is made.

*Judgements – provisioning for inventory*

Inventories generally have expiry dates and the Group provides for product that have expired or are close to expiry. Expiry dates for raw material are no longer relevant once the materials are used in production. At this stage the relevant expiry date is that applicable to the resultant intermediate or finished product.

Various factors affect the assessment of recoverability of the carrying value of inventory, including regulatory approvals and future demand for the Group's products. These factors are taken into consideration in determining the appropriate level of provisioning for inventory.

*Judgements - COVID-19 pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note 2: Revenue**

*Disaggregation of revenue*

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product and geographical regions

	Asia Pacific \$'000s	EMEA \$'000s	Americas \$'000s	Total \$'000s
<b>Consolidated - 2021</b>				
<i>Revenue lines</i>				
Reagents & consumables	21,743	3,589	1,435	26,767
Equipment sales & rental	483	837	178	1,498
Service contracts	19	-	-	19
	<b>22,245</b>	<b>4,426</b>	<b>1,613</b>	<b>28,284</b>

*Timing of revenue recognition*

Goods transferred at a point in time	22,226	4,426	1,613	28,265
Services transferred over time	19	-	-	19
	<b>22,245</b>	<b>4,426</b>	<b>1,613</b>	<b>28,284</b>

	Asia Pacific \$'000s	EMEA \$'000s	Americas \$'000s	Total \$'000s
<b>Consolidated - 2020</b>				
<i>Revenue lines</i>				
Reagents & consumables	9,430	770	3	10,203
Equipment sales & rental	663	337	-	1,000
Service contracts	60	-	-	60
	<b>10,153</b>	<b>1,107</b>	<b>3</b>	<b>11,263</b>

*Timing of revenue recognition*

Goods transferred at a point in time	10,093	1,107	3	11,203
Services transferred over time	60	-	-	60
	<b>10,153</b>	<b>1,107</b>	<b>3</b>	<b>11,263</b>

**Note 3: Financial Reporting Segments**

The Group is operated under one business segment which was the research and commercialisation of identifying individual genetic signatures to identify diseases and disabilities.

*Major customers*

During the year ended 30 June 2021 there were two customers (2020: two) that each contributed over 10% of the consolidated entity's external revenue.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note 3: Financial Reporting Segments (continued)**

**Geographic locations**

*Asia Pacific*

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

79% of the revenue was generated 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 and Germany.

*Americas*

The Group's North American business includes the United States and Canada. The Group sell products in this region and is currently having its products evaluated by the US FDA. Operations are currently based in California, USA.

	<b>Asia Pacific</b>	<b>EMEA</b>	<b>Americas</b>	<b>Total</b>
	\$'000s	\$'000s	\$'000s	
<b>Consolidated - 2021</b>				
Segment revenue	25,397	4,447	1,679	31,523
Intersegment sales	(3,152)	(21)	(66)	(3,239)
Total sales from external customers	22,245	4,426	1,613	28,284
Other revenue	-	-	-	-
Segment revenue from external customers	22,245	4,426	1,613	28,284
Segment result from external customers	9,948	1,541	(457)	3,032
Unallocated revenue less unallocated expenses				(1,276)
Profit before income tax				1,756
Income tax				-
Net profit after tax				1,756
<b>Consolidated - 2020</b>				
Segment revenue	10,153	1,107	3	11,263
Intersegment sales	-	-	-	-
Total sales from external customers	10,153	1,107	3	11,263
Other revenue	2,554	-	-	2,554
Segment revenue from external customers	12,707	1,107	3	13,817
Segment result from external customers	23	(515)	(952)	(1,444)
Unallocated revenue less unallocated expenses				(642)
Loss before income tax				(2,086)
Income tax				-
Net loss after tax				(2,086)

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<b>Note 4: Other income</b>		
Interest income	206	271
Government Grant (R&D Rebate)*	-	2,554
Export Market Development Grant	100	-
Other income	129	85
<b>Total other income</b>	<b>435</b>	<b>2,910</b>

\* The group exceeded the \$20 million aggregate turnover rate imposed by the ATO and therefore did not qualify for the R&D cash rebate for the 30 June 2021 financial year

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<b>Note 5: Expenses</b>		
<i>Finance costs</i>		
Interest charges	36	33
<i>Superannuation expense</i>		
Defined contribution superannuation expense (including non-executive Directors)	466	290
Write-down of inventory to net realisable value*	270	-
Items included in other expenses include:		
Patents – lodgement and maintenance	143	153
Foreign exchange loss	71	133

\* Write-down of inventory to net realisable value included in cost of materials used in the statement of profit or loss and other comprehensive income. Refer to Note 9 for details of inventories.

<b>Note 6: Income tax</b>		
	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<b>Numerical reconciliation of income tax benefit to prima facie tax payable</b>		
Prima facie income tax (benefit) on profit/(loss) from ordinary activities at 26% (2020: 27.5%)	715	(1,048)
Add/(less)tax effect to:		
- non-deductible items	2,459	1,862
- tax losses not brought to account	329	(587)
- research and development tax credit	(2,902)	-
- temporary differences not brought to account	(601)	(328)
<b>Income tax benefit attributable to entity</b>	<b>-</b>	<b>-</b>

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note 6: Income tax (Continued)**

The consolidated entity has recorded its first profit during the year ended 30 June 2021. The consolidated entity currently has carried forward losses of \$6,384,000 from prior years in respect to its Australian operations, approximately US\$3,633,000 in respect to its North American operations, and GBP164,000 from its UK 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 year ended 30 June 2021, 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 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.

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Cash at bank and on hand	,121	16,176
Cash on deposit (maturity < 12 months)	25,000	15,000
	<u><b>30,121</b></u>	<u><b>31,176</b></u>

Cash at bank and on hand bears floating interest rates. The interest rate relating to cash and cash equivalents for the year was between nil% and 0.4% (2020: between nil% and 1.8%).

Genetics Signatures Limited has an unused credit card facility with the bank at the year-end date of \$57,000 (2020: \$57,000).

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<b>Current</b>		
Trade debtors (a)	5,106	4,649
Provision for expected credit losses	(143)	-
	<u>4,963</u>	<u>4,649</u>
Other receivables (b)	410	574
	<u><b>5,373</b></u>	<u><b>5,223</b></u>

**a. Past due but not impaired and impairment of receivables**

Customers with balances past due amount to \$810,000 as at 30 June 2021 (\$502,000 as at 30 June 2020) which the company has recognised a provision for expected credit losses of \$143,000 in profit or loss for the year ended 30 June 2021 (

**b. Other receivables**

These amounts relate to prepayments and accrued interest. None of these receivables are impaired or past due but not impaired.

**c. Fair value and credit risk**

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. Information about the Company's exposure to fair value and credit risk in relation to trade and other receivables is provided in note 27.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note 9: Inventory**

	<b>Consolidated 2021 \$'000s</b>	<b>2020 \$'000s</b>
Raw materials	6,681	2,423
Work in progress	737	170
Finished goods	4,963	2,911
Stock in transit	23	1,748
Provision for obsolescence	(270)	-
	<b>12,134</b>	<b>7,252</b>

**Note 10: Government grant receivable**

	<b>Consolidated 2021 \$'000s</b>	<b>2020 \$'000s</b>
Research & Development tax concession	-	2,554

**Note 11: Property, plant and equipment**

	<b>Consolidated 2021 \$'000s</b>	<b>2020 \$'000s</b>
Plant and equipment:		
At cost	9,539	5,661
Less: accumulated depreciation	(3,880)	(2,986)
	<b>5,659</b>	<b>2,675</b>

Movement in plant and equipment is as follows:

	<b>Plant &amp; equipment \$'000s</b>	<b>Total \$'000s</b>
Cost at 1 July 2019	4,019	4,019
Additions	2,275	2,275
Disposals	(632)	(632)
Cost at 30 June 2020	5,662	5,662
Accumulated depreciation 1 July 2019	(2,646)	(2,646)
Depreciation expense	(521)	(521)
Disposal of assets	180	180
Accumulated depreciation 30 June 2020	(2,987)	(2,987)
<b>Carrying amount 30 June 2020</b>	<b>2,675</b>	<b>2,675</b>

Cost at 1 July 2020	5,662	5,662
Additions	4,653	4,653
Disposals	(775)	(775)
Cost at 30 June 2021	9,540	9,540
Accumulated depreciation 1 July 2020	(2,987)	(2,987)
Depreciation expense	(1,025)	(1,025)
Disposal of assets	131	131
Accumulated depreciation 30 June 2021	(3,881)	(3,881)
<b>Carrying amount 30 June 2021</b>	<b>5,659</b>	<b>5,659</b>

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note 12: Right of use assets - leases**

	Consolidated 2021 \$'000s	2020 \$'000s
(i) Amounts recognised in the statement of financial position		
<i>Right of use assets</i>		
Buildings	385	728
Equipment	4	6
	<u>389</u>	<u>734</u>
<i>Lease liabilities</i>		
Current	334	313
Non-current	65	428
	<u>399</u>	<u>741</u>
(ii) Amounts recognised in the statement of profit or loss		
Amortisation charge of right of use assets		
Buildings	344	303
Equipment	2	2
	<u>346</u>	<u>305</u>
Interest expense (included in finance costs)	36	33
Expenses related to short-term leases (included in other expenses)	189	94
	<u>189</u>	<u>94</u>

**Note 13: Trade and other payables**

	Consolidated 2021 \$'000s	2020 \$'000s
<b>Current – unsecured</b>		
Trade creditors	2,755	1,779
Other creditors	597	589
	<u>3,352</u>	<u>2,368</u>

**Note 14: Provisions**

	Consolidated 2021 \$'000s	2020 \$'000s
<b>Current</b>		
Employee benefits	938	657
<b>Non-Current</b>		
Employee benefits	18	20

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note 15: Issued capital**

	Number	\$'000s
<b>Opening balance at 1 July 2019:</b>		
	<b>104,034,437</b>	<b>47,028</b>
Movement in ordinary share capital		
Share placement	35,714,286	35,000
Share Purchase Plan	2,551,023	2,500
Repayment of loans over employee share plan shares	-	1,234
Exercise of employee share options	311,250	143
Less: Share issue costs	-	(1,892)
<b>Closing balance at 30 June 2020</b>	<b>142,610,996</b>	<b>84,013</b>
Movement in ordinary share capital		
Exercise of employee share options	296,250	163
Less: Share issue costs	-	(12)
<b>Closing balance as at 30 June 2021</b>	<b>142,907,246</b>	<b>84,164</b>

All fully paid ordinary shares and founder shares have equal voting rights, of one vote per share, and subject to the prior rights of preference shares, have equal rights to receive dividends in proportion to the number of ordinary shares held.

**Note 16: Reserves**

<b>Share based payments reserve</b>	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Balance 1 July	1,985	1,413
Transferred to accumulated losses upon forfeiture	(235)	(59)
Share-based payment expenses	1,719	631
Balance 30 June	3,469	1,985

The share-based payments reserve is used to recognise the fair value of equity benefits provided to employees and Directors as part of their compensation.

<b>Foreign currency translation reserve</b>	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Balance 1 July	(155)	(44)
Arising from translation of foreign subsidiaries	20	(111)
Balance 30 June	(135)	(155)

The foreign currency translation reserve is used to recognise the exchange difference on the translation of the US and UK subsidiaries into AUD.



**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note 17: Related party transactions**

**Related parties**

**(a) The company's main related parties are as follows:**

Key management personnel:

Any persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

Key Management personnel include:

Nickolaos Samaras – Director  
John R Melki – Director and Chief Executive Officer  
Michael A Aicher – Director  
Anthony J Radford – Director  
Neil Gunn – Director (appointed April 2021)  
Peter L Manley – Chief Financial Officer/Company Secretary

For details of disclosures relating to key management personnel, refer to Note 19.

**(b) Transactions with related parties:**

There were no related party transactions during the year other than transactions with key management personnel as part of their remuneration.

**Note 18: Share-based payments**

Options were issued during the year, pursuant to the Equity Incentive Plan. Fair values at grant date are determined using a Black-Scholes Option Pricing Model that takes into account the exercise price, the term of the option, the share price at the grant date, the expected volatility of the underlying share, and risk free interest rate for the term of the option. The model inputs for options granted during the year ended 30 June 2021 are noted below:

Grant date	Expiry date	Vesting period (mths)	Exercise price	Share price at issue date	Fair value at issue date	Est. volatility	Expected dividend yield	Average risk-free rate
Sep 20	Sep 35	48	\$2.30	\$2.00	\$1.77	82%	-	0.97%
Nov 20	Nov 35	48	\$2.30	\$1.75	\$1.54	83%	-	0.86%
Feb 21	Feb 36	48	\$1.88	\$1.83	\$1.83	83%	-	0.86%
Apr 21	Apr 36	48	\$1.56	\$1.44	\$1.29	83%	-	1.57%

The company was admitted to the official list on ASX on 30 March 2015. Historical 12 month volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

*Employee Share Ownership Plan Shares*

Set out below are the summaries of restricted shares and options granted under the plan:

**2021**

Grant date	Exercise price	Balance at beginning of the year	Granted during the year	Converted during the year	Expired/ Forfeited during the year	Balance at the end of the year Number	Vested and convertible at year end
<b>Options</b>							
October 2016	\$0.52	301,250	-	(120,250)	-	181,000	181,000
November 2016	\$0.52	100,000	-	-	-	100,000	100,000
October 2017	\$0.34	387,500	-	(62,500)	-	325,000	218,750
October 2017	\$0.38	250,000	-	-	-	250,000	187,500
August 2018	\$0.53	625,000	-	(75,000)	-	550,000	230,000
November 2018	\$0.53	200,000	-	-	-	200,000	100,000
February 2019	\$0.84	150,000	-	-	-	150,000	75,000
May 2019	\$1.10	200,000	-	-	-	200,000	100,000
November 2019	\$0.98	865,000	-	(26,000)	(30,000)	809,000	190,250
March 2020	\$1.13	200,000	-	(12,500)	(87,500)	100,000	25,000
September 2020	\$2.30	-	1,350,000	-	(120,000)	1,230,000	-
November 2020	\$2.30	-	250,000	-	-	250,000	-
February 2021	\$1.88	-	100,000	-	(100,000)	-	-
April 2021	\$1.56	-	15,000	-	-	15,000	-
<b>Total</b>		<b>3,278,750</b>	<b>1,715,000</b>	<b>(296,250)</b>	<b>(337,500)</b>	<b>4,360,000</b>	<b>1,407,500</b>
Weighted average option exercise price		\$0.70	\$2.27	\$0.55	\$1.75	\$1.25	\$0.61
Weighted average remaining contractual life of options (years)						12.96	

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**2020**

Grant date	Exercise price	Balance at beginning of the year	Granted during the year	Converted during the year	Expired/ Forfeited during the year	Balance at the end of the year Number	Vested and convertible at year end
<b>Options</b>							
October 2016	\$0.52	490,000	-	(141,250)	(47,500)	301,250	213,750
November 2016	\$0.52	100,000	-	-	-	100,000	75,000
June 2017	\$0.39	200,000	-	(100,000)	(100,000)	-	-
October 2017	\$0.34	447,500	-	(37,500)	(22,500)	387,500	175,000
October 2017	\$0.38	250,000	-	-	-	250,000	125,000
August 2018	\$0.53	730,000	-	(32,500)	(72,500)	625,000	145,000
November 2018	\$0.53	200,000	-	-	-	200,000	50,000
February 2019	\$0.84	150,000	-	-	-	150,000	37,500
May 2019	\$1.10	200,000	-	-	-	200,000	50,000
November 2019	\$0.98	-	945,000	-	(80,000)	865,000	-
March 2020	\$1.13	-	200,000	-	-	200,000	-
<b>Total</b>		<b>2,767,500</b>	<b>1,145,000</b>	<b>(311,250)</b>	<b>(322,500)</b>	<b>3,278,750</b>	<b>871,250</b>
Weighted average option exercise price		\$0.53	\$1.01	\$0.46	\$0.58	\$0.70	\$0.51
Weighted average remaining contractual life of options (years)						14.28	
<b>Restricted Shares</b>							
March 2015	\$0.40	3,000,000	-	(3,000,000)	-	-	-
April 2016	\$0.49	70,000	-	(70,000)	-	-	-
<b>Total</b>		<b>3,070,000</b>	<b>-</b>	<b>(3,070,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Weighted average option exercise price		\$0.40	\$ -	\$0.40	\$ -	\$ -	\$ -
Weighted average remaining contractual life of options (years)						-	

Restricted shares were offered and funded by an interest free loan from the Group at the time of listing. Restricted shares have vested and were converted to ordinary shares following repayment of the loan, which were repaid in FY20.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note 19: Key management personnel disclosures**

	2021	2020
	\$	\$
Short-term employee benefits	915,281	8
Non-monetary benefits	1,964	16,320
Short term incentive	87,490	193,070
Post-employment benefits	63,949	5
Long-term benefits	47,441	45,402
Termination benefits	-	-
Share based payments	266,348	136,436
	1,382,473	1,2

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

**Note 20: Leasing Commitments**

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Minimum lease payments payable:

	2021	2020
	\$'000s	\$'000s
Not later than one year	-	3
	-	3

**Note 21: Events Subsequent to Reporting Date**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity through 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by authorities in countries where Genetic Signatures supplies test kits, such as speed and effectiveness of vaccine rollout, maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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 Company, the results of those operations or the state of affairs of the Company in future financial years.

**Note 22: Subsidiaries**

	Country of incorporation	Equity holding in subsidiaries	
		2021 %	2020 %
<b>a) Parent entity</b>			
Genetic Signatures Limited	Australia		
<b>b) Controlled entities</b>			
Genetic Signatures USA Ltd	USA	100%	100%
Genetic Signatures UK Ltd	UK	100%	100%

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

<b>Note 23: Auditors' remuneration</b>	<b>Consolidated 2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>BDO</i>		
Audit and review of financial statements	80,482	74,138
Other non-audit services		
Tax compliance services	27,345	17,340
Consulting services	-	9,300
Total non-audit services	27,345	26,640
<b>Total audit and non-audit services</b>	<b>107,827</b>	<b>100,778</b>

**Note 24: Contingent liabilities**

The company does not have any material contingent liabilities at year-end (2020: nil).

<b>Note 25: Cash Flow Information</b>	<b>Consolidated 2021</b>	<b>2020</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<b>(a) Reconciliation of Cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand and at bank	30,121	31,176
<b>(b) Reconciliation of Profit/(Loss) after Income Tax to net Cash inflows/(outflows) from Operations</b>		
Profit/(loss) after income tax	1,756	(2,086)
<i>Non cash flows included within profit/(loss)</i>		
Depreciation	1,079	577
Share based payments expenses	1,483	572
Loss on disposal of assets	(13)	26
Inventory provision	270	-
Bad debts provision	143	-
Amortisation of leases	346	306
Transfers between inventory and fixed assets	759	(448)
<i>Changes in operating assets and liabilities:</i>		
(Increase) in trade and other receivables	(293)	(4,360)
(Increase)/decrease in government grant receivable	2,554	(407)
(Increase) in inventories	(5,152)	(5,899)
Increase in provisions	279	908
Increase in payables	984	1,317
<b>Net cash inflow/(outflow) from operating activities</b>	<b>4,195</b>	<b>(9,494)</b>

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note 26: Parent Entity Financial Information**

**(a) Summary financial information:**

	<b>2021</b>	<b>2020</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	29,394	31,010
Trade and other receivables	7,990	10,885
Inventory	11,054	5,505
Government grant receivable	-	2,554
<b>Total Current Assets</b>	<b>48,438</b>	<b>49,954</b>
<b>Non-Current Assets</b>		
Plant and equipment	4,994	2,622
Right of use assets	389	734
<b>Total Non-Current Assets</b>	<b>5,383</b>	<b>3,356</b>
<b>Total Assets</b>	<b>53,821</b>	<b>53,310</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	3,202	2,361
Provisions	862	657
Leases	334	313
<b>Total Current Liabilities</b>	<b>4,398</b>	<b>3,331</b>
<b>Non-Current Liabilities</b>		
Leases	65	428
Provisions	18	20
<b>Total Non-Current Liabilities</b>	<b>83</b>	<b>448</b>
<b>Total Liabilities</b>	<b>4,481</b>	<b>3,779</b>
<b>Net Assets</b>	<b>49,340</b>	<b>49,531</b>
<b>Equity</b>		
Issued capital	84,164	84,013
Reserves	3,469	1,985
Accumulated losses	(38,293)	(36,467)
<b>Total Equity</b>	<b>49,340</b>	<b>49,531</b>
<b>Profit/(loss) for the year</b>	<b>(1,826)</b>	<b>(1,132)</b>
<b>Other comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>(1,826)</b>	<b>(1,132)</b>

**(b) Summary financial information:**

The Parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

**(c) Significant accounting policies:**

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note 27: Financial risk management**

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and lease liabilities. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are shown at their net fair value.

*Net Fair Value*

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have material impact on the amounts estimated.

	<b>Net Carrying Value 2021</b>	<b>Net Fair Value 2021</b>	<b>Net Carrying Value 2020</b>	<b>Net Fair Value 2020</b>
	\$'000s	\$'000s	\$'000s	\$'000s
<b>Financial assets</b>				
Cash and cash equivalents	30,121	30,121	31,176	31,176
Trade and other receivables	5,373	5,373	5,223	5,223
Total Financial Assets	<u>35,494</u>	<u>35,494</u>	<u>36,399</u>	<u>36,399</u>
 <b>Financial Liabilities</b>				
Trade creditors	2,755	2,755	1,779	1,779
Other creditors	597	597	589	589
Lease liabilities	399	399	741	741
Total Financial Liabilities	<u>3,751</u>	<u>3,751</u>	<u>3,109</u>	<u>3,109</u>

The values disclosed in the above table have been determined based on the following methodologies:

Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. The fair value of lease liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

*Interest Rate Risk*

The company's main interest rate risk arises from the cash balance which is invested at variable rates.

*Sensitivity*

Significant changes in market interest rates may have an effect on the Company's income and operating cash flows. The Company manages its cash flow interest rate risk by placing excess funds in term deposits.

Based on the cash held at reporting date, the sensitivity to a 1% increase or decrease in interest rates would increase/(decrease) after tax profit by \$301,000 (2020 loss: \$311,000).

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

---

*Credit risk*

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to domestic and international customers, including outstanding receivables and committed transactions. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The majority of customers have long term relationships with the Company and sales are secured with supply contracts. Sales are secured by letters of credit when deemed appropriate. The Company has policies that limit the maximum amount of credit exposure to any one financial institution.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. The table below summarises the assets which are subject to credit risk.

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
<b>Financial assets</b>	<b>\$'000s</b>	<b>\$'000s</b>
Cash and cash equivalents	30,121	31,176
Trade and other receivables	5,373	5,223
Total Financial Assets	<u>35,494</u>	<u>36,399</u>

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. Further detail is explained in Note 1(k).

*Liquidity Risk*

Liquidity Risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, development and financing activities;
- obtaining funding from a variety of sources including equity issues;
- only investing surplus cash with major financial institutions.



**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

*Financial liability maturity analysis (undiscounted payments)*

	Weighted average interest rate	Within 1 Year	1 to 5 Years	Total contractual cash flows	Total Carrying amount
2021	%	\$'000s	\$'000s	\$'000s	\$'000s
<b>Financial liabilities due for payment</b>					
Trade and other payables	-	3,352	-	3,352	3,352
Lease liabilities	4.5%	340	70	410	399
Total expected outflows		3,692	70	3,762	3,751
	Weighted average interest rate	Within 1 Year	1 to 5 Years	Total contractual cash flows	Total Carrying amount
2020		\$'000s	\$'000s	\$'000s	\$'000s
<b>Financial liabilities due for payment</b>					
Trade and other payables	-	2,368	-	2,368	2,368
Lease liabilities	4.5%	368	441	809	741
Total expected outflows		2,736	441	3,177	3,109

**Note 28: Capital Risk Management**

The company's objective when managing capital is to safeguard the ability to continue as a going concern so that they can provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and the market.

There were no externally imposed capital requirements during the year.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

**Note 29. Earnings per share**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Profit/(loss) after income tax	1,756	(2,086)
Profit/(loss) after income tax attributable to the owners of Genetic Signatures Limited	<u>1,756</u>	<u>(2,086)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	142,801,623	126,937,639
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	<u>2,867,918</u>	<u>-</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>145,669,541</u>	<u>126,937,639</u>
	<b>Cents</b>	<b>Cents</b>
Basic profit/(loss) per share	1.23	(1.64)
Diluted profit/(loss) per share	1.21	(1.64)

The options on issue were not considered in the diluted earnings per share in the comparative period as their effect was anti-dilutive.

**GENETIC SIGNATURES LIMITED**  
**ABN: 30 095 913 205**

---

**DIRECTORS' DECLARATION**

In the directors' opinion:

the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial 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.

The directors have been given the declaration required by section 295A of the Corporation Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



John Melki  
Director

Sydney, 25 August 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of Genetic Signatures Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Genetic Signatures Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Existence and valuation of inventory

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 9, the Group held inventory with a carrying value of \$12,134,000 as at 30 June 2021 which represented approximately 22% of the Group's total assets.</p> <p>Inventory valuation and existence was considered a key audit matter due to the significant value of these assets in the Consolidated Statement of Financial Position, the various locations that inventory was held, in addition to the key estimates and judgements applied by management in assessing the net realisable value ('NRV') of inventory.</p>	<p>Our audit procedures for addressing this key audit matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Observed the inventory count procedures at key locations around the year-end and performed detailed test counts and compared these to the underlying inventory records.</li> <li>• Evaluated the assumptions applied by management's in assessing potential obsolescence for near-expiry and slow-moving inventory by comparing to recent sales experience and the ageing of inventory.</li> <li>• Analysed inventory turnover by product group in comparison to prior periods and to expectations.</li> <li>• Reviewed management's processes and estimates for calculating the overhead and labour costs included within manufactured finished goods inventory.</li> <li>• Performed various analytical procedures in relation to inventory including an analysis of monthly gross margins and inventory turnover, comparing to prior years and expectations.</li> <li>• Tested a sample of inventory items on hand to initial supplier invoices and subsequent sales invoices to ascertain whether inventory was being correctly recognised at the lower of cost and NRV.</li> </ul>

## Revenue recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 2, the Group recognised revenue of \$28,284,000 during the financial year ended 30 June 2021 (2020: \$11,263,000).</p> <p>Due to the significant increase in revenue during the year and the overall significance of revenue to the Group as a key performance indicator, we considered this area to be a key audit matter.</p>	<p>To determine whether revenue was appropriately accounted for and disclosed within the financial statements, we performed, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Critically evaluated the revenue recognition policies for all material revenue sources including reviewing any new sales agreements entered during the year to identify any variable consideration / multiple performance obligation arrangements to ensure revenue was recognised in accordance with accounting standard AASB 15 Revenue from Contracts with Customers.</li> </ul>

#### **Key audit matter**

#### **How the matter was addressed in our audit**

- Tested the operating effectiveness of key internal controls surrounding the existence and occurrence of revenues.
- Performed substantive analytical procedures over the key revenue streams, comparing against expectations developed from discussions with management and supporting information.
- Substantively testing a sample of revenue transactions throughout the financial year by tracing sales invoices to supporting sales documentation, shipping documentation and cash receipts.
- Performed detailed cut-off testing to ensure that revenue transactions around the year-end had been recorded in the correct period.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Directors' Report (excluding the audited Remuneration Report section) for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report to Shareholders, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report to Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

#### **Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report under the heading 'Remuneration Report' for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Genetic Signatures Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit Pty Ltd**

BDO  


**Martin Coyle**  
Director

Sydney, 25 August 2021