Genetic Signatures

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ASX Announcement 25 October 2021

Quarterly Activities Report and Appendix 4C

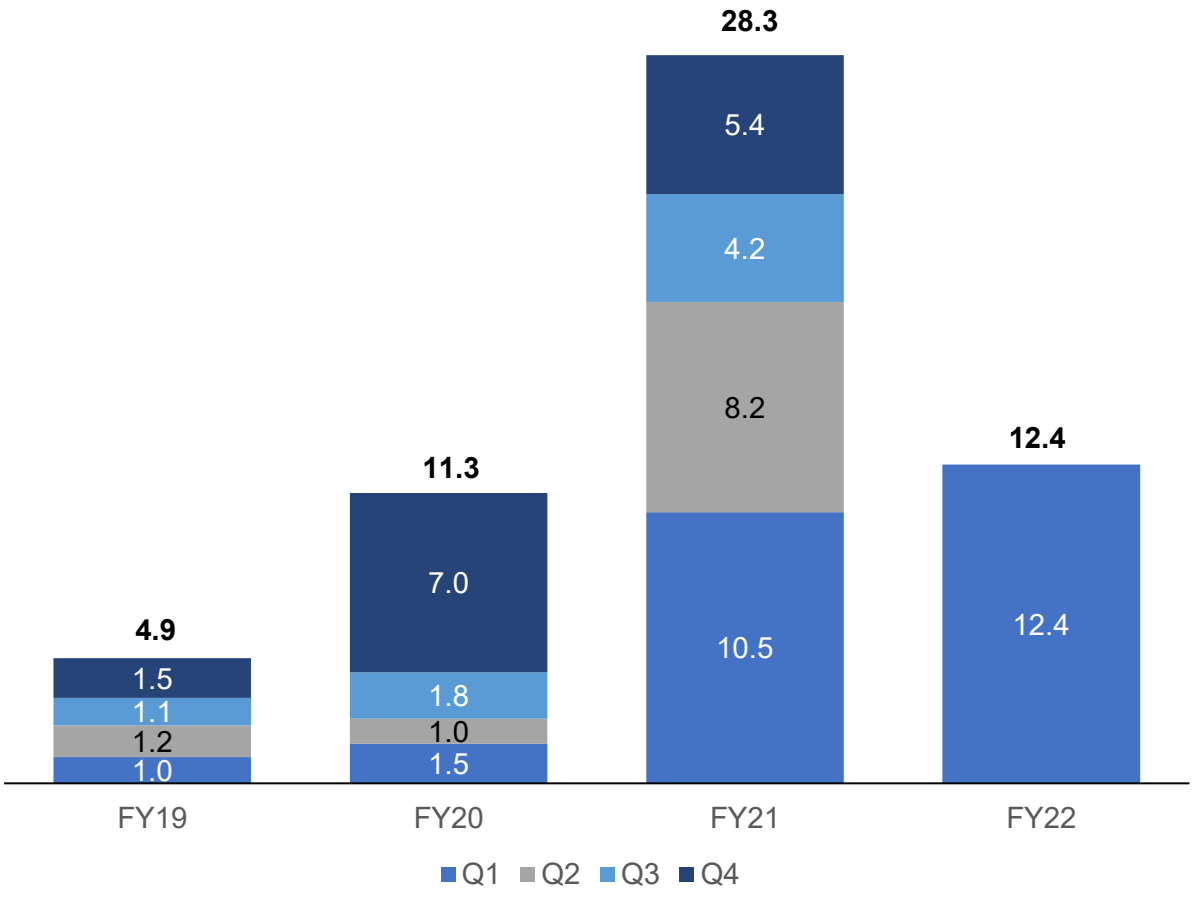
Highlights

- Record quarterly sales revenue of $12.4 million
- Positive cash quarter - $2.9m
- Receipts from customers in 1Q FY22 was $10.3 million
- Cash balance at 30 September $33.0 million and no debt
- Current quarter continues the strong sales performance

Genetic Signatures Limited (ASX: GSS) today provided an update on operating activities for the quarter ended 30 September 2021.

The business recorded its highest ever quarterly revenue with sales of $12.4 million, an increase of 129% over the previous quarter (4Q FY21) and an 18% increase over the prior corresponding quarter (1Q FY21). Receipts from customers increased to $10.3 million.

Figure 1: GSS Qtrly revenue (A$m)



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Genetic Signatures CEO, Dr John Melki said, *"Strong demand for our proprietary **3base™** technology during the pandemic has continued to drive Genetic Signatures' revenue and the Company is well placed to meet current and ongoing global customer demand following the significant uplift in our company's capabilities and the substantial scale-up of our manufacturing capacity.*

"Genetic Signatures has remained focussed on leveraging the market access that we gained through the pandemic in our key target markets, introducing customers and potential customers to the full Genetic Signatures' product suite. Accordingly, the Company was pleased to participate in a number of non-respiratory trials, leading to our first European sales of our Enteric Detection kits for gastroenteritis.

"Trading in the current quarter remains strong as SARS-CoV-2 outbreaks continue, which gives us a high level of confidence in strong FY22 revenue."

Demand for the company's *EasyScreen*™ SARS-CoV-2 Detection Kit in Australia was the primary contributor to revenue as NSW and Victorian governments strove to contain the outbreaks of the SARS-CoV-2 Delta variant in their communities. This testing has continued into October and although it is difficult to forecast how long this will last, the reopening after lockdowns may lead to increased infection rates, requiring more testing to keep it under control.

During the quarter an updated SARS-CoV-2 test kit was introduced to the market that increases throughput and greatly reduces the time to result per batch. It has been registered with TGA and has been well received by those customers where it has been launched. This enhancement is to be added to other *EasyScreen*™ products. Sales of reagent kits accounted for more than 98% of total revenue in 1Q FY22, with instrument sales making up the difference.

COVID-19 testing overall is declining in Europe and the USA and this was reflected in the global sales of *EasyScreen*™ SARS-CoV-2 Detection Kit during the quarter. Reduced COVID-19 testing is expected to allow diagnostic testing laboratories to return to a broader screening approach for respiratory targets, and also provide Genetic Signatures the opportunity to introduce new syndromic screening assays for other indications such as our Enteric diagnostic kits for gastroenteritis. Accordingly, Genetic Signatures has seen success in marketing its Enteric diagnostic kits in Europe, with a number of laboratories now trialling the *EasyScreen*™ test kits and a first order has been received from a UK site.

The benefits of using molecular diagnostic kits to detect a range of pathogens has never been more understood than it is today. Many laboratories globally who are still using culture and microscopy, which can take up to four days to provide a result and may not identify all pathogens, are transitioning to alternative approaches and so there is opportunity to offer the **3base**™ technology as an efficient and cost-effective solution.

The clinical trials to support the FDA submission for the *EasyScreen*™ Enteric Protozoan Detection Kit continued through the quarter. The Company has noted fluctuating patient recruitment numbers that will impact the timing of the trial; however, we are still hopeful that the laboratory trials will be completed by the end of the year.

The *EasyScreen*™ Enteric Protozoan Detection Kit will be the first product to go through the 510k application process, and Genetic Signatures is confident of a successful process as this product is already registered in Europe and Australia and has been used commercially for many years. It is a major plank in our strategy to expand the company's markets and it addresses a gap in US laboratories' testing capabilities.

One key project being undertaken by the Company is the development of our new next-generation "sample-to-result" instrument, specifically designed for **3base™**. Intelligence gathered from current customers around the world has helped identify key attributes that are being incorporated into the design to ensure that the system meets every laboratory's needs and will therefore be a solution of choice.

As countries gradually ease restrictions on gatherings and travel it is expected that scientific/medical conferences will be reconvened. These are important forums to meet customers and to speak about our products and technological advances. During October, Dr Rohan Baker, Genetic Signatures' Senior Principal Research Scientist, presented results regarding the use of saliva swabs for COVID-19 testing at the National Reference Laboratory conference, showing that these are as good if not better than nasopharyngeal swabs when using the **3base™** methodology.

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Corporate update

As at 30 June 2021, the company held $33.0 million in cash, with no debt. The Group recorded cash inflows of $2.9 million during the quarter, with receipts from customers of $10.3 million.

Inventory levels have continued to decline as materials were used supplying test kits for the surge testing but will likely stabilise from here. Other costs have been influenced by settlement of payables incurred at the end of FY21. Payments of fees to directors, including the CEO, were $269,000 for the quarter and are included in 1.2(e) – staff costs of the Appendix 4C.

The business remains well-capitalised to trade through this uncertain period, while assessing any opportunities to add value.

– END –

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

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Announcement authorised by Genetic Signatures' Board of Directors

About Genetic Signatures Limited: Genetic Signatures is a specialist molecular diagnostics (MDx) company focused on the development and commercialisation of its proprietary platform technology, ***3base***™. Genetic Signatures designs and manufactures a suite of real-time Polymerase Chain Reaction (PCR) based products for the routine detection of infectious diseases under the *EasyScreen*™ brand. Genetic Signatures' proprietary MDx ***3base***™ platform technology provides high-volume hospital and pathology laboratories the ability to screen for a wide array of infectious pathogens, with a high degree of specificity, in a rapid throughput (time-to-result) environment. Genetic Signatures' current target markets are major hospital and pathology laboratories undertaking infectious disease screening.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity

GENETIC SIGNATURES LIMITED

ABN	**Quarter ended ("current quarter")**
30 095 913 205	30 September 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	10,340	10,340
1.2	Payments for		
	(a) research and development	(849)	(849)
	(b) product manufacturing and operating costs	(1,458)	(1,458)
	(c) advertising and marketing	(42)	(42)
	(d) leased assets	(59)	(59)
	(e) staff costs	(2,393)	(2,393)
	(f) administration, corporate and other costs	(2,501)	(2,501)
1.3	Dividends received (see note 3)		
1.4	Interest received	8	8
1.5	Interest and other costs of finance paid	(5)	(5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**3,041**	**3,041**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	(92)	(92)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(92)**	**(92)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	51	51
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(1)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Principal element of lease payments	(89)	(89)
3.10	**Net cash from / (used in) financing activities**	**(39)**	**(39)**

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	30,121	30,121
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,041	3,041
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(92)	(92)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(39)	(39)
4.5	Effect of movement in exchange rates on cash held	7	7
4.6	**Cash and cash equivalents at end of period**	**33,038**	**33,038**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	7,936	5,019
5.2	Call deposits	25,102	25,102
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**33,038**	**30,121**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	269
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

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

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

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

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	3,041
8.2	Cash and cash equivalents at quarter end (Item 4.6)	33,038
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	33,038
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	N/a

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

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

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

Answer:

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

Answer:

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

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

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 25 October 2021

Authorised by: Board of Directors

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

Notes

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

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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

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