

Quarterly Activities Report - 30 June 2019

Genetic Signatures Limited (ASX: GSS, “**Genetic Signatures**” or the “**Company**”) is pleased to report on its activities for the quarter ended 30 June 2019 (“4Q FY19”) and provide a summary of unaudited revenue for the 12 months ended 30 June 2019 (“FY19”).

Highlights

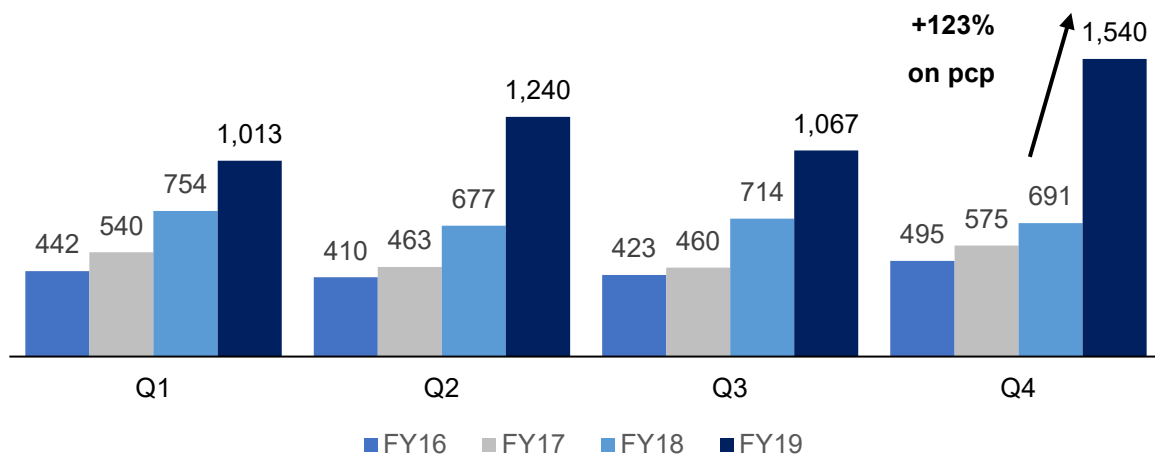
- Record quarterly revenue of A\$1.5m, up +123% on pcp
- Receipts from customers were A\$1.3m in the quarter
- Unaudited revenue for FY19 of A\$4.9m, up +71% on FY18
- Strong revenue growth in 4Q FY19 driven by the early onset of the flu season
- Recently expanded sales team in Europe continuing marketing to target laboratories
- TGA registration received for *EasyScreen™* Respiratory Pathogen Detection Kit in 4Q FY19
- Progress towards FDA clearance of the *EasyScreen™* Enteric Protozoan Detection Kit remains on track for lodgement in 2019
- Cash balance at the close of the quarter of A\$6.3m with no debt

Genetic Signatures CEO, Dr. John Melki commented:

“Record quarterly revenue in 4Q FY19 has completed a successful financial year for Genetic Signatures. Our focus now is firmly on acquiring new customers and expanding sales within existing customers across our international operations. Revenue growth up to this point has been driven by domestic success, and on the back of this expansion our goal for the year ahead is to secure significant contracts in the major US and European markets to unlock the next phase of commercialisation and generate shareholder value.”

Genetic Signatures continues to deliver rapid revenue growth

Figure 1: Genetic Signature’s quarterly revenue (A\$’000)

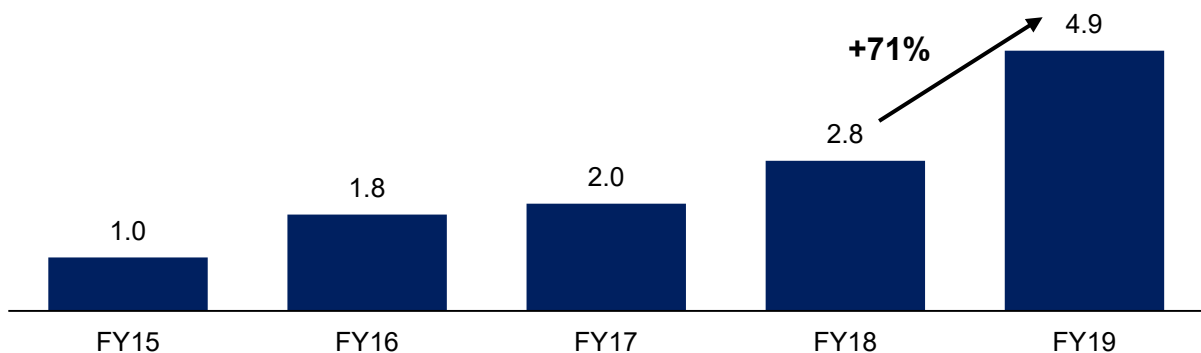


In 4Q FY19, Genetic Signatures achieved record revenue of A\$1.5m. Revenue in 4Q FY19 represented an increase of +123% on the prior corresponding period (“pcp”). The growth in revenue was driven by a relatively early onset of the domestic flu season.

Year in review: FY19 was a pivotal year for Genetic Signatures

Genetic Signatures finished FY19 with strong revenue growth of +71% to A\$4.9m. Figure 2 below highlights the step change in annual revenue growth in FY19 relative to prior financial years.

Figure 2: Genetic Signature’s annual revenue (A\$m)



In FY19, Genetic Signatures expanded its suite of approved products with registration of its Respiratory Kit in Europe and Australia. The approval of new products in key markets has led to new purchase orders from existing customers and provides a more comprehensive product suite to attract new customers. Significant revenue growth and customer interest was achieved from the additions of the ESBL & CPO and Respiratory Pathogen Detection Kits in FY18 and FY19, respectively.

Genetic Signatures recently expanded its European sales team with the appointment of a Sales Director (Europe) and Sales Manager (Germany) towards the end of FY19. The new sales executives are already making progress with key potential clients in Europe.

Genetic Signatures is actively promoting its 3base™ technology and the EasyScreen™ brand at key industry events

Genetic Signatures continued to focus on driving awareness of the benefits of its 3base™ technology with an active presence at global industry conferences. In 4Q FY19, the Company attended 3 international conferences that attracted considerable customer interest. Further details on these events are outlined below:

- Exhibited at the 29th European Congress of Clinical Microbiology and Infectious Diseases (ECCMID) on 13-16 April, in Amsterdam. Medical Scientist, Rory Gough from St. Vincent's Hospital, SydPath presented their findings using Genetic Signatures EasyScreen™ Enteric Protozoan Detection Kit.
- Exhibited and presented at the American Society of Microbiology (ASM) Clinical Virology Symposium on 5-8 May in Savannah, Georgia. The symposium provided an opportunity to promote Genetic Signatures' ASR product offering in the US.
- Exhibited at the annual British Society for Microbial Technology (BSMT) Conference on 16 May in the UK.

Genetic Signatures is executing on a global commercialisation strategy

In 4Q FY19, Genetic Signatures received Australian (TGA) regulatory approval for the EasyScreen™ Respiratory Pathogen Detection Kit. The Company continued to progress the European and Australian applications for its EasyScreen™ STI / Genital Pathogen and Flavivirus / Alphavirus Detection Kits. The Company is also in the early stages of developing additional kits to broaden the product portfolio.

Similar positive momentum was made in the US where the Company is approaching FDA submission for the EasyScreen™ Enteric Protozoan Detection Kit, with registration anticipated in FY20. Multiple US and European customers continued to progress their validation work with Genetic Signatures ASR or EasyScreen™ products and new trials were commenced.

Corporate update

At 30 June 2019, the Company held A\$6.3m in cash and cash equivalents, down from A\$7.8m at 31 March 2019. Net operating cash outflows in 4Q FY19 were A\$1.2m and included receipts from customers of A\$1.3m, as disclosed in the attached Appendix 4C report. Genetic Signatures expects to receive its research and development ("R&D") tax incentive from the Australian Taxation Office in 1H FY20. The quantum of the R&D tax incentive is expected to be in line with the previous year.

Upcoming activities

- Primary focus remains sales growth by securing meaningful contracts in international markets that will contribute revenue in FY20.
- Progress FDA submission process of the *EasyScreen*TM Enteric Protozoan Detection Kit with registration anticipated in early CY20.
- Continue validation of *EasyScreen*TM STI / Genital Pathogen and Flavivirus / Alphavirus Detection Kits in Australia and Europe with a view to filing for regulatory registration in Australia and Europe during FY20.

- END -

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

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Peter Manley

Chief Financial Officer

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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**TM. 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*TM brand. Genetic Signatures' proprietary MDx **3base**TM 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 report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

GENETIC SIGNATURES LIMITED

ABN

30 095 913 205

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,256	4,754
1.2 Payments for		
(a) research and development	(305)	(1,171)
(b) product manufacturing and operating costs	(526)	(1,725)
(c) advertising and marketing	(155)	(548)
(d) leased assets	(74)	(285)
(e) staff costs	(1,351)	(4,840)
(f) administration and corporate costs	(90)	(1,241)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	36	168
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	2,561
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,209)	(2,327)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(231)	(543)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (Security Deposit)		
2.6 Net cash from / (used in) investing activities	(231)	(543)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	3	256
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(4)	(6)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	(1)	250

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	7,758	8,955
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,209)	(2,327)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(231)	(543)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(1)	250

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(6)	(24)
4.6	Cash and cash equivalents at end of quarter	6,311	6,311

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	1,180	2,165
5.2	Term deposits	5,131	5,593
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)	6,311	7,758

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

169

-

Directors' fees and CEO salary

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(860)
9.2 Product manufacturing and operating costs	(541)
9.3 Advertising and marketing	(127)
9.4 Leased assets	(60)
9.5 Staff costs	(1,364)
9.6 Administration and corporate costs	(409)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(2,543)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Not applicable	Not applicable
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.

Sign here:


Company Secretary

Date: 25 July 2019

Print name: Peter Manley

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.