

## 1. Company details

Name of entity:	Genetic Signatures Limited
ABN:	30 095 913 205
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

## 2. Results for announcement to the market

					\$'000s
Revenues from ordinary activities	down	52%	to		\$10,405
Loss from ordinary activities after tax attributable to the owners of Genetic Signatures Limited					\$6,480
Loss for the half-year attributable to the owners of Genetic Signatures Limited					\$6,480

### Dividends

No dividend has been declared for the half-year ended 31 December 2022.

### Comments

- Half year sales of \$10.4 million
- Non-COVID only sales of \$7.5 million (72% sales), demonstrating growth in underlying business
- Completed clinical trial of *EasyScreen*<sup>™</sup> Enteric Protozoan Detection Kit to support US 510(k) application
- Registered subsidiary in Germany to support European sales and marketing effort
- Completed first development phase of high-throughput, sample-to-result instrument

Genetic Signatures recorded sales of \$10.4 million during 1H FY23 (\$21.8 million: 1H FY22) reflecting the anticipated decline in molecular testing for SARS-CoV-2 as a result of changes to testing guidelines and public health initiatives that came into effect in late FY22. Despite this expected decline, sales are up over fourfold from pre-pandemic levels (1H FY20) equating to a compound annual growth rate of approximately 61%. Sales of syndromic testing products were \$7.5 million and accounted for 72% of sales during 1H FY23. International sales generated 9% of revenue and were primarily to UK and European customers. Genetic Signatures benefitted significantly from the high demand for SARS-CoV-2 molecular tests during FY21 and FY22 which has provided the Company with a strong balance sheet that is able to support investment in its key growth initiatives.

The Group reported a loss of \$6.48 million for the half year (1H FY22: \$4.70 million profit). Gross margin on materials was 64% but has been skewed by a provision for stock obsolescence in the period of \$719,000. Excluding this gross margin is 71%, in line with pcp. Freight costs were above the prior corresponding period (pcp) due to generally higher freight costs common to many businesses, and increased movement of product between sites. Overall growth in expenses reflects additional personnel appointed in preparation for launch into international markets both through sales, marketing and service teams plus supporting activities such as marketing, regulatory, scientific and clinical trials. It also includes a non-cash share-based payments expense of \$963,000. Genetic Signatures had \$26.8 million cash and equivalents at 31 December.

During the half year, Genetic Signatures completed recruitment and sample collection at the three sites participating in the pivotal clinical trial of its *EasyScreen*<sup>™</sup> Enteric Protozoan Detection Kit. The Company is currently conducting the final studies required for the independent confirmation of results from the 1,500 clinical samples which will be used to support the 510(k) application which it expects to submit to the US FDA by the end of April 2023. Genetic Signatures initiated the first site for a clinical trial to support clearance of a second **3base**<sup>®</sup> product for the US market. The Company has also lodged an application to register a third *EasyScreen*<sup>™</sup> Detection Kit with Health Canada.

Market development activities have commenced in the US with a series of live webinars that highlight the benefits of **3base**<sup>®</sup> molecular testing for the identification of a broad spectrum of protozoan infections. The Company estimates the

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

US market comprises approximately 5.5 million tests per annum, with Genetic Signatures aiming to secure 40% of this market within 5 years of launch.

Genetic Signatures has registered a subsidiary in Germany which will provide support for its European sales and marketing effort. A number of European sites adopted the **3base®** technology to assist with testing for SARS-CoV-2 during the pandemic. Following this experience, many of these customers are evaluating or have started to purchase **3base®** syndromic kits for other indications. The European subsidiary has been established to provide sales, marketing and technical support for these customers.

Genetic Signatures expanded its Australian footprint to include two pathology laboratories in Western Australia. These customers are intending to adopt a range of different *EasyScreen™* kits into their pathology workflow and have already installed Genetic Signatures' instruments and commenced purchasing *EasyScreen™* syndromic test kits.

During the half year, Genetic Signatures completed the first of four phases in its program to develop a fully-automated, high-throughput, sample-to-result instrument specifically designed for **3base®** technology. This program is now moving into the second phase which will create the first working prototype after which alpha and beta versions will be produced for assessment internally and by some customers. The project is expected to take up to 24 months.

Research and development (R&D) work continued to progress during the half year with more than five new product groupings at various stages of development. These products will add to the Group's portfolio providing laboratories a broad range of tests to include in their offering to their customers.

### **3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	30.8	38.2

### **4. Control gained over entities**

Genetic Signatures GmbH established in December 2022. 100% owned by Genetic Signatures Limited

### **5. Loss of control over entities**

Not applicable.

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

Not applicable.

### **7. Audit qualification or review**

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

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

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

**8. Attachments**

*Details of attachments (if any):*

The Half Year Report of Genetic Signatures Limited for the half-year ended 31 December 2022 is attached.

**9. Signed**



John Melki  
Managing Director and CEO  
Sydney

Date: 22 February 2023

For personal use only

For personal use only



## **Genetic Signatures Limited**

**ABN 30 095 913 205**

**Half Year Report - 31 December 2022**

**Genetic Signatures Limited**  
**Directors' Report**  
**31 December 2022**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') consisting of Genetic Signatures Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

**Directors**

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

Nickolaos Samaras  
John Melki  
Michael Aicher  
Anthony Radford AO  
Neil Gunn  
Caroline Waldron

**Principal activities**

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

**Review of Operations**

- Half year sales of \$10.4 million
- Non-COVID only sales of \$7.5 million (72% sales), demonstrating growth in underlying business
- Completed clinical trial of *EasyScreen*<sup>™</sup> Enteric Protozoan Detection Kit to support US 510(k) application
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The Group reported a loss of \$6.48 million for the half year (1H FY22: \$4.70 million profit). Gross margin on materials was 64% but has been skewed by a provision for stock obsolescence in the period of \$719,000. Excluding this gross margin is 71%, in line with pcp. Freight costs were above the prior corresponding period (pcp) due to generally higher freight costs common to many businesses, and increased movement of product between sites. Overall growth in expenses reflects additional personnel appointed in preparation for launch into international markets both through sales, marketing and service teams plus supporting activities such as marketing, regulatory, scientific and clinical trials. It also includes a non-cash share-based payments expense of \$963,000. Genetic Signatures had \$26.8 million cash and equivalents at 31 December.

During the half year, Genetic Signatures completed recruitment and sample collection at the three sites participating in the pivotal clinical trial of its *EasyScreen*<sup>™</sup> Enteric Protozoan Detection Kit. The Company is currently conducting the final studies required for the independent confirmation of results from the 1,500 clinical samples which will be used to support the 510(k) application which it expects to submit to the US FDA by the end of April 2023. Genetic Signatures initiated the first site for a clinical trial to support clearance of a second **3base**<sup>®</sup> product for the US market. The Company has also lodged an application to register a third *EasyScreen*<sup>™</sup> Detection Kit with Health Canada.

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**Genetic Signatures Limited**  
**Directors' report**  
**31 December 2021**

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During the half year, Genetic Signatures completed the first of four phases in its program to develop a fully-automated, high-throughput, sample-to-result instrument specifically designed for **3base**® technology. This program is now moving into the second phase which will create the first working prototype after which alpha and beta versions will be produced for assessment internally and by some customers. The project is expected to take up to 24 months.

Research and development (R&D) work continued to progress during the half year with more than five new product groupings at various stages of development. These products will add to the Group's portfolio providing laboratories a broad range of tests to include in their offering to their customers.

**Significant changes in the state of affairs**

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

**Auditor's independence declaration**

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

**Rounding of Amounts**

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

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

On behalf of the directors



John Melki  
Managing Director & CEO

22 February 2023  
Sydney

**DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF GENETIC SIGNATURES LIMITED**

As lead auditor for the review of Genetic Signatures Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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



**Gareth Few**  
**Director**

**BDO Audit Pty Ltd**

Sydney, 22 February 2023

## Genetic Signatures Limited

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31 December 2022

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

#### Registered office

7 Eliza Street  
Newtown NSW 2042

#### Principal place of business

7 Eliza Street  
Newtown NSW 2042

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 February 2023.



**Genetic Signatures Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**

	Note	Consolidated 31 Dec 2022 \$'000s	31 Dec 2021 \$'000s
<b>Revenue and other income</b>	4	10,797	21,910
<b>Expenses</b>			
Raw materials and consumables used		(3,759)	(6,283)
Freight on materials & finished goods		(716)	(607)
Employee benefits expense		(6,945)	(5,673)
Directors' and Consultancy fees		(494)	(211)
Depreciation and amortisation expense		(702)	(814)
Scientific consumables & clinical trials		(2,097)	(1,619)
Travel and accommodation		(354)	(162)
Other expenses		(2,210)	(1,840)
<b>(Loss)/profit before income tax expense</b>	5	(6,480)	4,701
Income tax expense	7	-	-
<b>(Loss)/profit after income tax expense for the half-year</b>		(6,480)	4,701
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency difference on translation of foreign operations		(214)	(147)
<b>Other comprehensive loss for the half-year</b>		(214)	(147)
<b>Total comprehensive income for the half-year</b>		(6,694)	4,554
(Loss)/profit for the half-year is attributable to:			
Owners of Genetic Signatures Limited		(6,480)	4,701
		(6,480)	4,701
Total comprehensive income for the half-year is attributable to:			
Owners of Genetic Signatures Limited		(6,694)	4,554
		(6,694)	4,554
		<b>Cents</b>	<b>Cents</b>
Basic profit per share	12	(4.52)	3.29
Diluted profit per share	12	(4.52)	3.20

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

**Genetic Signatures Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2022**

**Consolidated**  
**31 Dec 2022    30 Jun 2022**  
**\$'000s            \$'000s**

**Assets**

**Current assets**

Cash and cash equivalents	26,849	36,897
Trade and other receivables	3,950	4,133
Inventories	10,348	10,202
<b>Total current assets</b>	<u>41,147</u>	<u>51,232</u>

**Non-Current Assets**

Property, plant and equipment	7,790	6,733
Intangible assets	6	4,605
Right of use assets	13	43
<b>Total non-current assets</b>	<u>12,408</u>	<u>8,422</u>

**Total assets**

53,555      59,654

**Liabilities**

**Current liabilities**

Trade and other payables	3,203	3,665
Provisions	1,203	1,107
Lease liabilities	2	33
<b>Total current liabilities</b>	<u>4,408</u>	<u>4,805</u>

**Non-current liabilities**

Provisions	68	46
Lease liabilities	-	1
<b>Total non-current liabilities</b>	<u>68</u>	<u>47</u>

**Total liabilities**

4,476      4,852

**Net assets**

49,079      54,802

**Equity**

Issued capital	84,438	84,428
Reserves	6,216	5,469
Accumulated losses	(41,575)	(35,095)

**Total equity**

49,079      54,802

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

**Genetic Signatures Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2022**

<b>Consolidated</b>	<b>Issued capital \$'000s</b>	<b>Share based payment Reserves \$'000s</b>	<b>Foreign currency translation reserve \$'000s</b>	<b>Accumulated losses \$'000s</b>	<b>Total equity \$'000s</b>
Balance at 1 July 2021	84,164	3,469	(135)	(38,158)	49,340
Profit after income tax expense for the half-year	-	-	-	4,701	4,701
Other comprehensive income	-	-	(147)	-	(147)
<b>Total comprehensive profit for the half-year</b>	<b>-</b>	<b>-</b>	<b>(147)</b>	<b>4,701</b>	<b>4,554</b>
Share issues on conversion of options, net of transaction costs (note 8)	114	-	-	-	114
Forfeiture of share-based payments	-	(118)	-	-	(118)
Share-based payments expense	-	1,067	-	-	1,067
<b>Balance at 31 December 2021</b>	<b>84,278</b>	<b>4,418</b>	<b>(282)</b>	<b>(33,457)</b>	<b>54,957</b>

<b>Consolidated</b>	<b>Issued capital \$'000s</b>	<b>Share based payment Reserves \$'000s</b>	<b>Foreign currency translation Reserves \$'000s</b>	<b>Accumulated losses \$'000s</b>	<b>Total equity \$'000s</b>
Balance at 1 July 2022	84,428	5,384	85	(35,095)	54,802
Loss after income tax expense for the half-year	-	-	-	(6,480)	(6,480)
Other comprehensive income	-	-	(214)	-	(214)
<b>Total comprehensive profit for the half-year</b>	<b>-</b>	<b>-</b>	<b>(214)</b>	<b>(6,480)</b>	<b>(6,694)</b>
Share issues on conversion of options, net of transaction costs (note 8)	10	-	-	-	10
Forfeiture of share-based payments	-	(106)	-	-	(106)
Share-based payments expense	-	1,067	-	-	1,067
<b>Balance at 31 December 2022</b>	<b>84,438</b>	<b>6,345</b>	<b>(129)</b>	<b>(41,575)</b>	<b>49,079</b>

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

**Genetic Signatures Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2022**

	Note	Consolidated 31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		11,741	22,424
Payments to suppliers and employees (inclusive of GST)		(17,298)	(14,626)
Interest received		252	88
Interest paid		(1)	(9)
		<u>(5,306)</u>	<u>7,877</u>
<b>Net cash provided by operating activities</b>			
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,769)	(280)
Payments for intangibles		(2,959)	(157)
		<u>(4,728)</u>	<u>(437)</u>
<b>Net cash used in investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	8	11	116
Share issue costs	8	(1)	(3)
Principal elements of lease payments		(32)	(180)
		<u>(22)</u>	<u>(67)</u>
<b>Net cash used in financing activities</b>			
<b>Net increase in cash and cash equivalents</b>			
		(10,057)	7,373
Cash and cash equivalents at the beginning of the financial half-year		36,897	30,121
Effects of exchange rate changes on cash and cash equivalents		8	2
		<u>26,849</u>	<u>37,496</u>
<b>Cash and cash equivalents at the end of the financial half-year</b>			

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

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2022**

**Note 1. Significant accounting policies**

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

These general-purpose financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 30 June 2022.

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

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

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

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2022**

**Note 2: Financial Reporting Segments**

The consolidated entity is operated under one business segment which was the research and commercialisation of identifying individual genetic signatures to diagnose infectious diseases.

**Geographic locations**

*Asia Pacific*

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

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

*EMEA*

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

*Americas*

The Group's North American business includes the United States and Canada. The Group proposes to sell products in this region and will be submitting an application to the US FDA in 2023 for its first product to be cleared for sale. Operations are currently based in California, USA.

	<b>Asia Pacific</b>	<b>EMEA</b>	<b>Americas</b>	<b>Eliminations</b>	<b>Total</b>
	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Consolidated – Half year ending 31 Dec 2022</b>					
Trade sales to external customer	9,422	983	-	-	10,405
Intersegment sales	1,241	32	71	(1,344)	-
Total sales	10,663	1,015	71	(1,344)	10,405
Other revenue	-	-	-	-	-
Segment revenue	10,663	1,015	71	(1,344)	10,405
Segment result	(2,973)	(874)	(1,809)	-	(5,656)
Unallocated revenue less unallocated expenses					(824)
Loss before income tax					(6,480)
Income tax					-
Net Loss					(6,480)
Segment assets	69,205	3,771	2,733	(22,154)	53,555
Segment liabilities	(4,535)	(8,043)	(13,460)	21,562	(4,476)
<b>Consolidated – Half year ending 31 Dec 2021</b>					
Trade sales to external customers	20,286	1,552	-	-	21,838
Intersegment sales	1,383	112	83	(1,578)	-
Total sales	21,669	1,664	83	(1,578)	21,838
Other revenue	-	-	-	-	-
Segment revenue	21,669	1,664	83	(1,578)	21,838
Segment result	6,826	33	(1,170)	-	5,689
Unallocated revenue less unallocated expenses					(988)
Profit before income tax					4,701
Income tax					-
Net profit					4,701
Segment assets	65,718	2,829	2,028	(11,690)	58,885
Segment liabilities	(3,398)	(3,245)	(8,613)	11,328	(3,928)

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2022**

**Note 3: Disaggregation of revenue**

*Disaggregation of revenue*

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

<b>Consolidated – Half year ending 31 Dec 2022</b>	Asia Pacific \$'000s	EMEA \$'000s	Americas \$'000s	Total \$'000s
<i>Revenue lines</i>				
Reagents & consumables	9,226	937	-	10,163
Equipment sales & rental*	187	46	-	233
Service contracts	9	-	-	9
	<u>9,422</u>	<u>983</u>	<u>-</u>	<u>10,405</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	9,226	937	-	10,163
Services transferred over time	196	46	-	242
	<u>9,422</u>	<u>983</u>	<u>-</u>	<u>10,405</u>

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

<b>Consolidated – Half year ending 31 Dec 2021</b>	Asia Pacific \$'000s	EMEA \$'000s	Americas \$'000s	Total \$'000s
<i>Revenue lines</i>				
Reagents & consumables	19,741	1,454	-	21,195
Equipment sales & rental	411	47	-	458
Service contracts	134	51	-	185
	<u>20,286</u>	<u>1,552</u>	<u>-</u>	<u>21,838</u>
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	19,973	1,454	-	21,427
Services transferred over time	313	98	-	411
	<u>20,286</u>	<u>1,552</u>	<u>-</u>	<u>21,838</u>

**Note 4: Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$'000s</b>	<b>\$'000s</b>
<i>Sales revenue</i>		
Sale of goods & services	10,405	21,838
<i>Other income</i>		
Interest	240	52
Other income	152	20
	<u>292</u>	<u>70</u>
Total revenue and other income	<u>10,797</u>	<u>21,910</u>

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2022**

**Note 5: Expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Profit before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Raw materials & consumables used	3,040	6,283
Provision for stock obsolescence*	719	-
Freight on materials and finished goods	715	607
	<hr/>	<hr/>
<i>Finance costs (included in Other expenses)</i>		
Interest and finance charges paid/payable for lease liabilities	1	9
	<hr/>	<hr/>
<i>Depreciation and amortisation expense</i>		
Depreciation of property, plant and equipment	673	641
Amortisation of right of use assets	29	173
	<hr/>	<hr/>
	702	814
	<hr/>	<hr/>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	388	295
	<hr/>	<hr/>

\* A assessment of inventory with an expiry date of less than 6 months was undertaken during the period. Provision was taken for products that have a lower probability of being used before their expiry.



**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2022**

**Note 6: Intangible Assets**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$'000s</b>	<b>\$'000s</b>
At cost	4,817	740
Less: accumulated amortisation	(212)	(212)
	<u>4,605</u>	<u>528</u>

Movement in intangibles is as follows:

	<b>Software</b>	<b>Instrument</b>	<b>Total</b>
	<b>\$'000s</b>	<b>Development</b>	<b>\$'000s</b>
	<b>\$'000s</b>	<b>\$'000s</b>	<b>\$'000s</b>
Cost at 1 July 2021	583	-	583
Additions	157	-	157
Disposals	-	-	-
Cost at 31 December 2021	<u>740</u>	<u>-</u>	<u>740</u>
Accumulated amortisation at 1 July 2021	212	-	212
Amortisation expense	-	-	-
Accumulated amortisation at 31 December 2021	<u>212</u>	<u>-</u>	<u>212</u>
Carrying value 31 December 2021	<u>528</u>	<u>-</u>	<u>528</u>
Cost at 1 July 2022	880	978	1,858
Additions	507	2,452	2,959
Disposals	-	-	-
Cost at 31 December 2022	<u>1,387</u>	<u>3,430</u>	<u>4,817</u>
Accumulated amortisation at 1 July 2022	212	-	212
Amortisation expense	-	-	-
Accumulated amortisation at 31 December 2022	<u>212</u>	<u>-</u>	<u>212</u>
Carrying value 31 December 2022	<u>1,175</u>	<u>3,430</u>	<u>4,605</u>

Intellectual property comprises capitalised costs associated with the development of new knowledge, and encompasses both development of a new sample to result instrument, and software projects related to workflow and instrument control. They include only those costs directly attributable to the development phase. No amortisation of intangibles are recorded until the development work is in a form that future economic benefit may be derived. As neither instrument development nor the current software project have progressed to this stage, no amortisation has been recognised to date.

**Note 7: Tax losses**

The consolidated entity has recorded a loss during the half-year ended 31 December 2022, in contrast to a profit in FY2022. The consolidated entity currently has carried forward losses of \$12,441,000 from prior years in respect to its Australian operations, approximately GBP936,000 in respect to Genetic Signatures UK Ltd and approximately US\$5,978,000 in respect to its North American operations. The utilisation of these carried forward losses is conditional on the consolidated entity meeting the conditions for deductibility imposed by the law in the period in which the consolidated entity derives sufficient taxable income in order to utilise these losses. The consolidated entity has not recognised any deferred tax assets or carried forward income tax losses and will not until the probability of recoupment is sufficiently certain.

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2022**

**Note 8: Equity – Share issue**

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

	31 Dec 2022 Shares	31 Dec 2021 Shares	Consolidated	
			31 Dec 2022 \$'000s	31 Dec 2021 \$'000s
Proceeds from the issue of shares				
- employee share option exercise	20,000	189,000	11	116
Share issue costs	-	-	(1)	(2)
Net proceeds from the issue of shares	<u>20,000</u>	<u>189,000</u>	<u>10</u>	<u>114</u>

**Note 9: Contingent liabilities**

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

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

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

**Note 11: Dividends**

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

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2022**

**Note 12: Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$'000s</b>	<b>\$'000s</b>
Loss after income tax	(6,480)	4,701
Loss after income tax attributable to the owners of Genetic Signatures Limited	(6,480)	4,701
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	143,392,626	142,994,328
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	3,708,500
Weighted average number of ordinary shares used in calculating diluted earnings per share	143,392,626	146,702,828
	<b>Cents</b>	<b>Cents</b>
Basic profit per share	(4.52)	3.29
Diluted profit per share	(4.52)	3.20

**Note 13: Capital commitments**

There are no material current capital commitments.


**Genetic Signatures Limited**  
**Directors' declaration**  
**31 December 2022**

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



John Melki  
Managing Director and CEO

22 February 2023  
Sydney

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Genetic Signatures Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Genetic Signatures Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

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

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

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

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

**BDO Audit Pty Ltd**



**Gareth Few**  
**Director**

Sydney, 22 February 2023