

# RESEARCH REPORT

## Genetic Technologies (ASX: GTG; NASDAQ: GENE)

### Accelerating development of a polygenic risk score test to predict risk of developing severe complications due to COVID-19

#### Company Data

ASX code	GTG
ASX price	\$0.006
NASDAQ code	GENE
NASDAQ price	US\$2.45
Shares on issue	5.11B
Market capitalisation	\$30.68m
Cash on hand (31-03-20)	\$1.50m
12-month price range	\$0.003-\$0.012
ASX turnover (shares, April 20)	392.12m

#### Key Personnel

Dr Jerzy (George) Muchnicki	Chief Executive Officer
Mr Peter Rubenstein	Non-Exec. Chairman
Mr Nick Burrows	Non-Exec. Director
Dr Lindsay Wakefield	Non-Exec. Director
Mr Stan Sack	Chief Operating Officer
Dr Richard Allman	Chief Scientific Officer



12 Month Share Price, Source: ASX

**Update:** Molecular diagnostics company Genetic Technologies (ASX: GTG, NASDAQ: GENE) is accelerating development of a polygenic risk score (PRS) test to predict an individual's risk of developing life-threatening complications should they become infected with COVID-19. In a media release published on 20 May 2020, company CEO Dr George Muchnicki confirmed that the company has secured a data set of over 1,500 patients who have experienced COVID-19. The company intends to leverage their expertise in predictive risk modelling, to analyse the early, available genomic and phenotype data from those COVID-19 patients with the view to developing a comprehensive predictive risk model to identify those patients most likely to require hospitalisation, particularly due to the contraction of life-threatening Acute Respiratory Distress Syndrome (ARDS), should they become infected with the virus. GTG first announced commencement of work to develop a Polygenic Risk Score (PRS) test for COVID-19 on 13 May 2020 as part of the company's Form F-1A filing with the SEC. The test will be designed using the same strategies used to build the company's existing GeneType for breast and colorectal cancer tests. The objective is to produce a test that can predict the severity of disease using genetic information alone or a combination of genetic and clinical information. The company has forecasted a 3-month development timeline for its predictive risk model, which includes the review of data, design finalisation and the attainment of Clinical Laboratory Improvement Amendments (CLIA) certification and all other required approvals for the laboratory derived test.

#### Go To Market Strategy

The COVID-19 PRS test, together with existing Breast and Colorectal Cancer PRS tests, will be distributed through the company's recently launched Consumer Initiated Testing (CIT) platform (ASX Announcement on 1 April 2020). This will allow patients to request a test directly online. A clinician from an independent network will then assess the patient and review their health history using Tele-Health, before confirming whether a patient may proceed with testing. The CIT platform is expected to go live by mid-July, opening a new sales channel for the company and ensuring that sales will recommence in the event that the lockdown is maintained. The company will also commence discussions with existing partners and regulators on measures to ensure the COVID-19 test is made available across the broader public health system.

#### COVID-19 Test Timeline

- Proof of concept was completed in May 2020
- Test validation to be completed in June 2020
- Market release anticipated in August 2020

#### Product Pipeline

- **Q2 CY19**
  - Launch – Enhanced Breast Cancer
  - Launch – Colorectal Cancer
- **Q1 CY20**
  - Test Validation – Cardiovascular
  - Test Validation – Type 2 Diabetes
- **Q2 CY20**
  - Proof of Concept – COVID-19
- **Q3 CY20**
  - Market Release – Cardiovascular
  - Market Release – Type 2 Diabetes
  - Beta Testing & Market Release – COVID-19
- **Q4 CY20**
  - Test Validation – Prostate Cancer
  - Test Validation – Melanoma

#### Conclusion

The development of a PRS test to measure an individual's risk of developing life-threatening complications due to COVID-19, further enhances the company's growing product pipeline. This latest initiative follows a period of solid progress for the company, having advanced the commercialisation of its existing test product offering, with increasing support from medical practitioners and further progress made towards broadening its distribution channels via the launch of a CIT platform. We maintain our **Speculative Buy Recommendation** on GTG.

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Recommendations are assessments of each Lodge Partners Analyst's view of potential total returns over a 1-year period. Expected total Return is measured as (capital gain (or loss) + dividend)/purchase price

We have divided our recommendations into three main categories:

**Buy:** Expected Total Return more than 15% over a 1-year period.

**Hold:** Expected Total Return between 0% and 15% over a 1-year period.

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