Genetic Analysis AS

Annual report 2021

Business No: NO 933 373 575 Foretaksregisteret

www.genetic-analysis.com

Annual report 2021

Contents

In this document, the following definitions shall apply unless otherwise specified: "the Company" or "GA" refers to Genetic Analysis AS, business no: NO 933 373 575.

Key figures and selected posts

Figures in parentheses refer to the corresponding period last year.

01.01.2021 – 31.12.2021

- Operating income amounted to NOK 13,4 million (7,8)
- Sales amounted to NOK 6,8 million (5,8)
- Net profit/loss amounted to NOK -29,0 million (-22,1)
- Total assets amounted to NOK 83,5 million (55,6)
- Equity ratio amounted to 86% (84%)
- Earnings per share amounted to NOK -1,16 (-1,29)

Definitions:

Equity ratio:	Shareholder's equity as a proportion of total assets.
Earnings per share:	Profit/Loss for the period divided by an average number of shares.

Letter from the CEO

Dear shareholder,

During the financial year, GA has made strong progress in a market that is developing both fast and positively. We can now look back on an eventful year filled with milestones, with the single most important one being our oversubscribed IPO and subsequent listing at Spotlight Stock Market in October 2021.

I would like once again to thank everyone who participated in our IPO. We are very grateful for the strong interest and confidence shown in GA and have during the past year initiated a growth plan for the coming years. With the support of the IPO, we will be able to expand the commercialization of the current product portfolio within IBS/IBD in the EU, US, and Asia. GA has taken important steps during 2021 and we are already seeing signs that 2022 will be filled with more exciting milestones.

In recent years, the global market has developed positively and has continued to do so in 2021. We now recognize three main global trends in the growing microbiome space today; clinical research with microbiome as an endpoint is accelerating, pharma companies are investing more and more in microbiome-targeted drug developments, and the gut microbiome testing market is growing both in the clinical and consumer segments. We strongly believe that microbiome profiling will be a game-changer in the future for modern medicine. We see that the GA-map® platform could serve as an excellent solution as we focus on accelerating these global market trends.

Geographical expansion toward major markets continues to be one of our key objectives and I am proud to say that we could start 2022 with an important milestone – our first commercial sale of the enhanced GA-map® Dysbiosis Test version 2 to the US market, communicated in January 2022. We are thrilled to be the first company to launch a clinically validated microbiome test for research use to the US market. The new version of the GA-map® Dysbiosis Test will enable the molecular labs to run the analysis faster, meaning decreased lead time and increased throughput for the lab.

“Together we will continue to build more momentum supporting our long-term goal to become a global leading diagnostic company within the microbiome field.”

These enhancements will support GA's growth strategy as we continue to expand into new markets. Like in China, where we at the beginning of 2022 signed a microbiome diagnostics development agreement together with Thalys Medical Technology Group Corporation. The human microbiota market is rapidly growing in China. We are delighted to partner with Thalys which will use its Shanghai-based Thalys (Shanghai) Medical Laboratory Co Ltd to further develop and distribute tests in China based on our GA-map® technology. Thalys has a global footprint in medical research, supply chain expertise, and customer distribution channels to radically accelerate our growth in the fast-growing Chinese market. These are all important milestones in GA's expansion strategy, and they are well in line with GA's objectives communicated in the IPO.

This past year was undoubtedly one of the most eventful in GA's history. Therefore, I would like to thank everybody who has been involved in our successful IPO and those who have contributed to taking GA to this stage. Together we will continue to build more momentum supporting our vision to become a global leading diagnostic company within the microbiome field.

Thanks to everyone for the past year!

Yours sincerely,

Ronny Hermansen
CEO

Key events 2021

H1

- Expanding the distribution network in the US by establishing a new distribution model and appointing Eagle Biosciences as a new distributor.
- Significant breakthrough in the German market. Signed agreement with the lab chain Institut für Medizinische Diagnostik (IMD), a part of the Medicover Group, to sell a GA-map® platform installation package.
- The Norwegian Research Council granted GA up to NOK 16 million for our research and development project within the field of Inflammatory Bowel Disease (IBD).
- Three project applications for the SkatteFUNN research grants scheme were approved in Q2 2021.
- GA became a member of the Microbiome Therapeutics Innovation Group (MTIG) which is a coalition of leading companies for research and development of FDA-approved microbiome therapeutics and microbiome-based products.
- GA-map® Dysbiosis Test version 2 was completed with a CE mark in June 2021. The test is further optimized, including a built-in bacteria functionality reporting algorithm and a reduction in run-time for the lab.
- GA continued to strengthen the intellectual property position and secured important patents protecting the use of the GA technology in the US, Japan, India and the EU during H1 2021.

Q3

- Reached final stage of technology transfer for the GA-map® platform to the German Institut für Medizinische Diagnostik (IMD), a part of the Medicover Group. Commercial sales started in Q1 2022.
- GA raised NOK 60,1 million (before share issuing costs) in a significantly oversubscribed IPO process securing funding for ramping up the commercialization of the GA-map® platform in the fast-growing microbiome market in the US, Europe, and Asia.
- GA continued to strengthen the intellectual property position and secured allowance for grant in Australia of the algorithm patent “Method for determining gastrointestinal tract dysbiosis”.

- GA co-developed HumGut – the world's first complete database of over 30.000 bacterial genomes found in the human gut. The first scientific publication has been published in the leading journal Microbiome in their July 2021 edition.

Q4

- On 1 October, GA was successfully listed on the Spotlight Stock Market, raising NOK 60 million.

- In December, GA significantly expanded the commercial bandwidth by completing the development work and CE marking the GA-map® reagent kit onto an additional readout platform; the Luminex MAGPIX® instrument.

- GA entered a service agreement with Eurofins ADME BIOANALYSES, which is the first clinical research organisation to offer the GA-map® Microbiome test.

- GA received an important patent allowance in China. The patent entitled "A method for determining gastrointestinal tract dysbiosis" covers the Company's unique algorithm incorporated in the GA-map® technology for profiling gut microbiota.

- In the U.S., GA was awarded an important patent covering a companion diagnostic method for optimizing IBS interventions.

The Management of GA (from left to right): Christina Casén, Eilert Aamodt, Anita Patel Jusnes, Ronny Hermansen and Kari Furu

“Genetic Analysis has developed and commercialized the only patented and CE-marked standardized testing platform for microbiome analysis, the GA-map®”

GA in brief

GA at the microbiome frontier

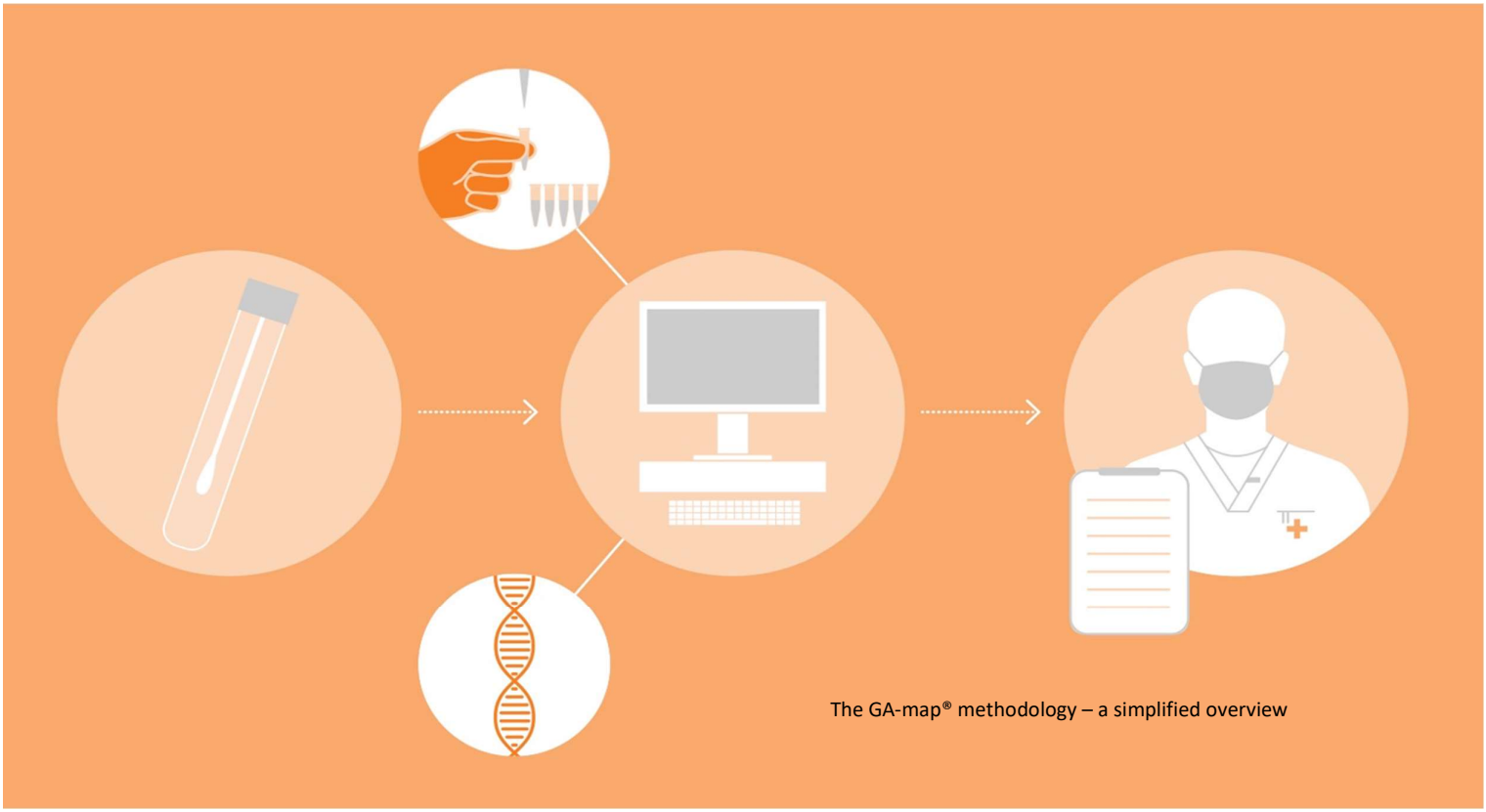
GA is a science-based diagnostic company based in Kabelgaten 8, 0580 Oslo, Norway, and a pioneer in the human microbiome field with more than 10 years of expertise in research and product development. The company was founded in 2008, based on the research work of Professor Knut Rudi from the Norwegian University of Life Sciences. The unique GA-map® platform is based on a pre-determined multiplex approach for simultaneous analysis of a large number of bacteria targets in one reaction. The test results are generated by utilizing the clinically validated and standardized cutting-edge GA-map® software algorithm. This enables immediate results without the need for further bioinformatics work.

The vision

GA's vision is to make the microbiota widely accessible to human healthcare and thereby become the preferred company for standardized gut microbiota testing worldwide. GA is committed to unlock and restore the human microbiome through its state-of-the-art technology.

Pioneer in the human microbiota field

GA operates in the field of microbiome diagnostics. The human microbiome has been named a "newly discovered organ", and in recent years, research has emphasized the interplay between intestinal health and the immune system and its essential functions for human well-being. Several diseases have been linked to changes in the intestinal microbiota composition and function, ranging from gastrointestinal disorders to neurological and autoimmune diseases. GA has developed and launched the GA-map®, currently the only routine diagnostic platform for microbiota on the market.



The GA-map® methodology – a simplified overview

Health benefits for patients and society

Correct diagnosis is key to any successful treatment. The GA-map® can aid in the diagnosis of gut-related conditions and diseases, helps clinical personnel to follow up on the effect of treatment, and improves patients' life's as well as reduce treatment costs. GA-map® routine diagnostic test for microbiota will diagnose possible imbalance, referred to as dysbiosis, in the complex digestive ecosystem. Dysbiosis is associated with several chronic conditions, diseases and infections. GA-map® will also facilitate follow-up of the effects of treatments, and thus improve patient's life's and reduce treatment costs.

Organization

GA holds 20 highly qualified employees with relevant scientific backgrounds and extensive competence in bioinformatics, molecular biology, and bioengineering. Our employees in Norway and Germany are dedicated to microbiota, the GA-map® platform technology and how to expand its potential, as well as becoming the preferred partner for standardized gut microbiota testing worldwide.

GA's targeted markets

In the US, GA secured a large customer account in late 2019, which has its key focus in the functional medicine segment. Previously, the laboratory utilized an in-house developed method that has served the market for several years. After they installed the GA-map® platform, they have given valuable and positive feedback on the product, and the volume has been growing.

After the year-end of 2021, GA announced the first commercial sale of the new and enhanced version of the GA-map® Dysbiosis Test version 2 for research use to the US market.

In Europe, GA's main business is currently in Germany and neighboring markets. We are working to grow these markets further. In addition, GA sees good opportunities in UK, Italy, Spain, Switzerland and France as well as Eastern Europe. These are markets where the potential for microbiota testing is increasing.

After the year-end of 2021, GA has entered a Laboratory Developed Test (LDT) agreement with Thalys Medical Technology Group Corporation to evaluate and develop innovative diagnostic solutions for the rapidly growing human microbiota market in China. Thalys will use its Shanghai-based Thalys (Shanghai) Medical Laboratory Co Ltd to further develop and distribute tests based on GA's GA-map® technology.

GA's customers

GA's customers can be segmented into two customer profiles depending on what they purchase from GA. These are kit customers and service lab customers. GA can supply our reagent kits and systems directly to kit customers that are typically medical labs or research labs. GA can also perform the testing service in-house for small volume customers.

Currently, sales are generated directly by GA or through distributors in the US and Europe. Building a global distribution network is GA's main strategy. In 2021 GA had 4 European distributors and 2 US distributors.

GA - preparing for the new In Vitro Diagnostics Regulation (IVDR)

In the EU, the new IVDR (EU regulation 2017/746) regulative is planned to come into force in May 2022. The IVDR, will implement new requirements for laboratories in order to use documented CE-marked platforms and assays. GA has started the preparations for this implementation. These tighter regulations will support GA in convincing EU-based laboratories to switch to the already CE-marked GA-map®.

The Microbiome Market

Human microbiome market expected to grow rapidly during the 2020s

The microbiome market is still in an early stage in terms of monetary size and how advanced it is. But the recent traction to this field has strengthened the awareness among researchers, pharma companies, clinicians, patients and investors. The microbiome is called the new genetics. An estimate of the market as of today is stating some USD 400 million. However, this is mainly the value of activities and services into research and clinical development since approved products in both In Vitro Diagnostics (IVD) and pharma are for the most part lacking. Microbiome-altering drugs are now soon being regulatory approved in US and Europe, and a handful of companies have products in clinical phase 2 and 3. When such products are approved, the need for routine diagnostics will be even more imminent. Human Microbiome Market (www.marketsandmarkets.com) states in a report published in March 2021 that this market will reach USD 894 million in 2025 and USD 1.598 million in 2027 at a CAGR (Current Annual Growth Rate) of 21.3% from 2025 to 2027.

High attention within the medical field

The gut microbiome plays a central role in human health, and today microbiome is one of the most published topics in gut medical scientific journals in the last years. The major challenge when exploring the relationships between gut bacteria and how they affect human health and disease, is access to fast and reliable technologies to establish useful clinical data on gut bacteria profiles and how these affect health and disease. The development of new technologies suitable for clinical use is few.

Need for more accurate and reliable routine diagnostics tests in laboratories

After many years of active research in the microbiota field, with an increasing understanding of microbiomes' role and importance in human health, there is now a clear drive to bring microbiota testing from research into clinical routine. Today, there are already performed some 0.5 million microbiota tests annually in laboratories in US and EU. However, these tests are performed on research-based platforms and with in-house developed assays.

Medical diagnostics

Generally, the medical laboratories worldwide have been very focused on the current pandemic and testing for Covid. Now that we see more and more medical labs re-opening for other types of tests, we assume more focus on gut microbiome moving forward. Post-covid we believe there will be a stronger focus on how to stay healthy by strengthening the immune system by establishing a healthy gut microbiome. In addition, the existing testing market for microbiota is also gaining momentum, largely driven by patients becoming more aware of the need for a healthy life. The GA-map® platform is offering a standardized microbiome test solution for these medical labs, and it is in GA's strategy to supply high-volume clinical laboratories with superb quality diagnostics solutions that save time and cost for the labs and provides excellent accuracy of results.

Consumer diagnostics

The consumer market is by many believed to be the fastest-growing segment within the microbiome market. Consumers are willing to pay for self-tests in order to get actionable results. The trend within fitness, healthy lifestyle and general focus on health are accelerating post-covid. The interest in consumer testing of the microbiome is growing online and there are more and more consumer tests offered. GA is exploring opportunities to partner up within the consumer space.

Research diagnostics

There is increasing demand for the inclusion of standardized gut microbiome assessments in clinical trials and clinical trial research. This is due both to the impact new pharmaceuticals can have on the microbiome and the fact that the microbiota composition itself may greatly affect the response to treatment. To also offer standardized diagnostics for the clinical research market is an important contribution from GA to aid in the development of new improved pharma products and thus improved patient treatment regimes.

The service agreement with the French Eurofins ADME Bioanalyses, which is a global contract research organization (CRO) with relations to big pharma companies, is an important milestone for GA in addressing this important clinical trial market.

Companion diagnostics

The growth of the microbiome pharma market is underpinned by the huge efforts that are allocated to research in this field. According to www.microbiometimes.com, some USD 4.7 billion has been invested and there are 700 programs involved in development of microbiome altering drugs at various stages. The need for accurate and accompanying diagnostics is becoming more pressing as the first pharma products now are approaching the market. Partner up with pharma and probiotics companies is a focus strategy for GA.

Products

Competitive advantage and global partners

GA is uniquely positioned to take the lead in the microbiota market. This market is today characterized by non-standardized research-based platforms and tests. GA has developed the only patented, clinically validated and CE-marked standardized testing platform for microbiome analysis. The GA-map® is also launched as a Research use Only (RuO) test in the US. This unique product will be the best choice for most routine laboratories that analyze microbiota. The patented technology is well documented through approximately 37 scientific articles and more than 70 clinical trials. The company has partnerships with global leaders like Luminex Inc. and Bio-Rad Laboratories Inc. which both have a global presence in the Diagnostics and Life Science market. The GA-map® technology can be developed into several new products tailor-made for other diseases and indications for use.

The GA-map platform currently has two diagnostics products launched in the EU and US:

GA-map® Dysbiosis Test LX version 2

The GA-map® Dysbiosis Test is a standardized and CE marked molecular assay for profiling the gut microbiota, intended to identify and characterize dysbiosis. Dysbiosis is defined as an imbalance of the gut bacteria composition relative to a healthy reference composition. A dysbiosis index (DI) measures the degree of dysbiosis. The test is based on an innovative pre-determined target approach and validated through several studies in IBS and IBD patients and determines detailed microbiota composition information relative to a healthy reference population. GA, together with national and international research institutes and hospitals, continues to perform and publish clinical studies to broaden the clinical use of the Dysbiosis Test. These studies demonstrate promising results in the fields of predicting disease course and treatment response in IBD patients, monitoring the effects of FMT treatment, effects of dietary intervention, evaluating the microbiota impact in Parkinson's Disease and Rheumatoid Arthritis patients, among many other indications.

GA-map® Fecal Covid-19 Test

GA developed and launched a Covid-19 Test for fecal samples. It has been demonstrated that the Covid-19 virus is detectable in the gastrointestinal tract for up to 30 days after a negative nose/throat test. The GA-map® Fecal Covid-19 test should be an important supplement to the respiratory tract-based tests. Covid-19 is seen as a respiratory infection, but there is emerging data that talks about the role of the microbiome and Covid-19. GA is participating in a study together with Haukeland University Hospital with the aim to better understand the link between gastrointestinal Covid-19 infection and long-term health effects observed by many patients (Long-Covid). Thus, we believe that fecal testing will be established in medical practice. In addition, we clearly see the need to position our GA-map® microbiome test as a tool to monitor post-covid dysbiosis.

Research & Development

Improvements in current product

The product development for the GA-map® Dysbiosis Test version 2, which was completed with a CE marking in June 2021, has in Q4 been tested and verified by existing lab customers as well as new customers. The new version of the GA-map® Dysbiosis Test will enable the molecular labs to run the analysis faster, meaning decreased lead time and increased throughput for the lab. Furthermore, the new version will lower the run-cost for the lab due to the reduction in time and better economies of scale. In addition, the assay-associated software for sample result generation, the GA-map® Dysbiosis Analyzer, has been improved to include bacteria functional grouping and by implementing more language translation features to meet customer demands in new markets.

Expanding instrument compatibility

After successful completion of the development of GA-map® onto the MAGPIX® readout platform in December 2021, the GA-map® is currently validated and CE-marked for use both on the Luminex® 200 and the MAGPIX® instruments.

Having several read-out instruments that could fit different sizes of labs is an important factor to be able to grow the market potential faster both in Europe and internationally by reducing the barrier to entry.

New innovative biomarker project - Inflammatory Bowel Disease (IBD)

With this biomarker project, GA will develop a new diagnostic product for launch in the IBD field. The project aims to meet an unmet clinical need; 'Prediction of the severity of the IBD disease development, in combination with an adequate choice of IBD treatment through gut microbiota profile recognition'. This new biomarker will be an important aid in the treatment regime for IBD patients.

GA has received a grant funding of NOK 16 million from the Norwegian Research Council. In addition, the project has also been approved for "SkatteFUNN" R&D grants, which could fuel another NOK 4-5 million in grants over the project period. The project will be performed in collaboration with the University of Gothenburg and Akershus University Hospital, which will be the clinical sites for patient recruitment. The most important milestones in 2022 are 1) to develop a prototype microbiota test, including a broad variety of bacterial marker candidates for further refinement, and 2) recruitment of 450 IBD patients with baseline clinical information and sample collection. The project is progressing according to plan and the total timeline for the project is 3 years.

New microbiome diagnostic markers - China

A project aiming for the development of a Lab Developed Test (LDT) in China was started in 2021. Thalys Medical Technology Group Corporation has initiated work to prepare for the recruitment of subjects for the clinical trials. GA is currently planning for the setup of the GA-map® platform in China.

After the year-end of 2021, GA announced that the company had entered a Microbiome Laboratory Developed Test (LDT) agreement for the Chinese market together with Thalys Medical Technology Group Corporation. In the first stage of the collaboration, Thalys will use its newly built Shanghai-based independent clinical lab Thalys (Shanghai) Medical Laboratory Co Ltd to further develop and distribute tests based on GA's GA-map® Technology in China.

Expanding the GA biobank

A key asset for all GA product development projects is our established database of healthy and diseased populations. As of today, GA has more than 7000 samples in the clinical database. Among these, GA has established key bacteria signatures that characterize different disease groups. This work is fundamental for the increasing knowledge of the link between microbiome, gut functionality and diseases. Healthy cohorts are important in exploring and comparing diseased populations to document deviations from healthy bacteria profiles. GA has run clinical studies in various countries and established clinically validated normal healthy cohorts and continues to expand this valuable asset.

In addition, GA has been co-developing the HumGut database comprising a collection of over 30.000 genomes, covering the broad diversity of bacterial genomes found in the human gut. Unique to HumGut is that the genome collection has been filtered towards nearly 6.000 metagenomes from healthy humans, classifying on average 95% of all metagenome reads and making it superior to all other genome collections. This work is funded by the Norwegian University of Life Sciences and GA with support from the Research Council of Norway.

“Genetic Analysis’ mission is to become the leading company for standardized gut microbiota testing worldwide, and GA is committed to helping to unlock and restore the human microbiome through its state-of-the-art technology.”

Corporate Governance

GA seeks to comply with the principles on corporate governance set out in the Norwegian Code of Practice for Corporate Governance (the "Code" or the "Code of Practice"). This report sets out GA's main corporate governance policies and practices. The application of the Code is based on the "comply or explain" principle.

Good corporate governance is important for GA, and GA continuously works on its corporate governance principles and documents in order to ensure alignment of its practices with the Code. Like most companies, GA is dependent upon good relations with its contacts to succeed and this is a priority for the company. A good reputation and solid financial development over time are important in order to build and maintain trust and confidence towards important contacts like customers, investors, suppliers, employees, partners and public authorities. This requires good control of the business with open and honest communication. Equal treatment of shareholders is also important to increase share value and achieve investor confidence. GA is also aware of its responsibility in society towards the anti-corruption, working environment, discrimination, environment and human rights.

Business

The purpose of the company is, as defined in its articles of association, to develop and sell technology for the analysis of complex genetic systems. The articles of association are available at www.genetic-analysis.com.

The board of directors sets the direction for the company by determining the objectives, strategy and risk profile of the business within the parameters of the article of association so that the company creates value for shareholders in a sustainable manner and takes into account financial, social and environmental considerations. These objectives, strategies and risk profiles are evaluated on an annual basis by the board of directors through a designated strategy process. Information concerning the objectives and principal strategies of the company and changes thereto as well as business risks aspects are disclosed to the market in the context of the company's annual and quarterly reports, marketing presentations and on the company's website.

Independency and neutrality

GA strives for independence and neutrality in the relations between board of directors, management, owners and others. The principle of independence, neutrality and arm's length principle applies to all contact and business associates like customers, suppliers, banks and other connections.

Equal treatment of shareholders and free trade of shares

GA strives to ensure that all shareholders shall be treated equally. There is one class of shares and one share has one vote at the shareholders' meeting. All shares are freely negotiable with no form of restrictions. Shareholders are treated equally in relation to dividends. There is no restriction related to the ownership of shares and there are no shareholder agreements that the company is aware of.

All existing shareholders have pre-emptive rights to subscribe for shares in the event of share capital increases. The general meeting may by a qualified majority set aside the pre-emptive rights of existing shareholders. Any deviations from such rights must be justified by the common interest of the company and the shareholders. Explanation of the justification by the board of directors shall be included in the agenda for the shareholders' meeting.

The company will establish related party transaction procedures to ensure that all transactions with related parties are premised on commercial terms and structured in line with arm's length principles and further detail how the board end executive management should handle agreements with related parties. Such procedures will supplement the procedures set out in applicable law and may amongst other things lead to the arrangement of independent assessment of the related party transactions. It is the board members' and key employees' responsibility to give notice to the board of directors if they directly or indirectly have interests in any agreements the company is about to enter. Information on relevant related party transactions is included in the notes to the financial statements.

General assembly

The general assembly is open to all shareholders and the board of directors strives to ensure that as many as possible of the company's shareholders participate in the general assembly. The company will send out a notice of the general assembly according to applicable law. An agenda, documents, and information about the matters to be resolved will be included in the notice so that the shareholders can be prepared on the issues treated at the general assembly. Shareholders can vote in each individual matter, and shareholders who are unable to attend the meeting in person may vote by proxy. A proxy form is included in the notice convening the general assembly.

Any deadline for shareholders to give notice of their intention to attend the meeting will be set as close to the date of the general assembly as possible. The general assembly will be able to elect an independent chairperson for the general assembly.

A shareholder may be represented through power of attorney. The chairperson of the board will attend the meeting.

Equity and dividends

GA will strive to have a solid balance sheet. The board of directors and the executive management regularly monitor the company's capital structure including the level of equity that is appropriate for the company's objective, strategy, and risk profile.

Authorizations to the board of directors to increase the company's share capital are granted with a defined purpose and limited to no later than 24 months from the date of granting.

GA has ambitious goals for future growth and the overall objective is to create long-term value for its owners. To reach the goals the company will endeavor to have an optimal capital structure. For the time being, this means that the board of directors is currently not proposing annual dividends.

Board of directors

The articles of association stipulate that the board of directors shall consist of between 2 and 7 shareholders elected board members, who are elected by the general assembly for a period of one year. The composition of the board of directors aims to ensure that the interests of all shareholders are attended to, and meet the company's need for expertise, capacity, and diversity, and at the same time function effectively as a collegiate body. A majority of the shareholder elected board members are independent of executive personnel, material business contacts, and major shareholders. The board of directors does not include any executive personnel.

Members of the board of directors are encouraged to own shares in the company. The board of directors has a fixed yearly compensation decided by the general assembly and reflects the board's responsibilities, competence, time use, and the complexity of the company. The remuneration of the board of directors is not dependent on results. Share options have been issued to some board

members. Board members or companies they are affiliated with do not normally assume tasks for the company in addition to the board position. If such a commitment were to be established, the entire board would be informed and the fee for the engagement will be approved by the board. If remuneration is given to the members of the board beyond the board fee, this will be stated in the annual report. The shareholding and remuneration of the board of directors are set out in the notes to the financial statements of the company.

Committees

Nomination committee

The article of association stipulates that the company shall have a nomination committee appointed by the general assembly. The nominal committee proposes candidates to the board of directors, the nomination committee, as well as yearly compensation to the members of the board or committees. The majority of the nomination committee shall be independent of the board of directors and management. The nomination committee consists of 2-3 members who will serve for a term of one year. The chairperson of the committee is Kari Stenersen. Other members are Rune Rinnan and Andrew Stapleton.

Compensation Committee

A compensation committee has been established in 2021 to ensure that compensation arrangements support the strategic aims of a business and enable the recruitment, motivation, and retention of senior executives while also complying with the requirements of the regulation. The compensation committee is responsible for, amongst others, preparing the board's proposal to the guidelines for remuneration for key personnel and the yearly remuneration report. The compensation committee has in 2021 consisted of Rune Sørum (chairperson), Camilla Huse Bondesson and Eilert Aamodt.

Risk management and internal control

The board of directors has a yearly meeting to set the strategy for the company and identify important risk factors. The board of directors receives updated financial information at every board meeting. The financial position is analyzed and compared against budgets, strategic plans and last year's performance. The board of directors reviews the quarterly reports and risk factors for the company are discussed and evaluated. The board of directors has an annual review together with the auditor before approving the annual report. Risk factors are also reviewed.

Compensation to management

It is important for GA to be an attractive employer. The company strives to attract competent employees with relevant experience and give them the opportunity for further development. The compensation to management will at all times be at market terms.

The company has adopted guidelines for the remuneration of the executive management which has been presented to the general assembly. The principles presented in these guidelines provide the framework for the remuneration of key personnel in GA and aim to support the company's business strategy and long-term interests.

The company has established both short-term and long-term incentives for key personnel. The short-term incentive includes a bonus arrangement, and the long-term incentive includes a share option program which both are based on defined measurable goals. Key personnel are included in the same pension and insurance plan as other employees.

The board of directors set terms and conditions for the CEO. The CEO determines the remuneration of executive personnel on the basis of the guidelines laid down by the board of directors, reflecting the overall guidelines adopted by the general assembly. Terms and conditions are set at market terms and evaluated on a yearly basis. It is company policy to reflect the average level in the market.

Information and communication

GA is listed on Spotlight Stock Market in Stockholm since October 2021 and is obliged to follow applicable rules for handling information. All relevant information is published through Spotlight Stock Market, the news agency Cision and the company website www.genetic-analysis.com. The company wishes to maintain an open dialog with shareholders, potential investors and other participants in the securities market.

Auditor

In addition to serving as the company's auditor, the auditor firm may also be used for advice in matters that are not prohibited according to the applicable independence regulations. The auditor is not used when establishing the company strategy or in other operational matters. Only the CEO or the CFO hires services from the auditor.

The auditor is participating in the board meeting approving the annual report. In this meeting, the auditor is describing its views on accounting matters and principles, risk areas and internal control. The auditor participates in other board meetings on request from the board when the board wants to get the auditor's view on a specific matter.

Compensation to the auditor is set by the general assembly and is described in the notes to the financial statement.

Company take-overs

The board of directors will implement guidelines for take-over situations and how it will act in the event of a take-over bid in accordance with applicable law and recommendations. In a potential offer where the effect of the transaction is a take-over, the board of directors will handle the matter in a professional manner and ensure equal information and treatment of all shareholders. The board will not hinder or obstruct take-over bids for the company's activities or shares. The board will consider to actively seek other offers upon the receipt of a take-over bid when it is considered to be in the best common interest of the company and its shareholders. Any agreements entered into between the company and a bidder, or significant terms and conditions thereof, that are material to the market's evaluation of a bid shall be publicly disclosed no later than at the same time as the announcement that the bid will be made public. In the event of a take-over bid for the company's shares, the board should not exercise mandates or pass any resolutions with the intention or effect of the disposal of the company's activities, or material parts thereof, or otherwise obstructing the take-over bid unless this is approved by the general meeting following the announcement of the bid. Furthermore, the board and management shall refrain from implementing any measures intended to protect their personal interests at the expense of the interest of shareholders following an intention to make a take-over bid or announcement of a bid.

If an offer is made for the company's shares, the board shall consider issuing a statement making a recommendation as to whether shareholders should or should not accept the offer in accordance with applicable law. Furthermore, the board shall consider arranging for a valuation of the company from an independent expert for publication together with its statement.

Composition of the board of directors and independence

The board of directors consists of the following members:

Chairperson **Kathryn M. Baker** (born 1964, U.S. citizenship) has 35 years of experience in strategy, finance, business development and leadership and has held over 30 significant board positions. Until 2020, Ms. Baker served on the Executive Board of the Central Bank of Norway (Norges Bank), where she was also a member of the Audit and Risk and Investment Committees. Ms. Baker currently serves on the boards of Akastor ASA, DOF ASA, Pensionera AB and MPC Energy Solutions NV and is a member of the Investment Committee at Norfund. She has previously served as chairperson of Catena Media Plc, Navamedic ASA and Agasti ASA as well as the Norwegian Private Equity and Venture Capital Association (NVCA). Ms. Baker was previously a partner at the Norwegian private equity firm Reiten & Co for 15 years and has held positions with Morgan Stanley and McKinsey. She holds a bachelor's degree in economics from Wellesley College and an MBA from Dartmouth's Tuck School of Business.

Ashok K. Shah (born 1955, U.S. citizenship) holds an MBA from McGill University in Canada, and a bachelor's degree in Microbiology. He has more than 30 years of international experience in the sector both from executive management positions and from senior roles. Mr. Shah has held positions with Becton-Dickinson, Fisher Scientific, IMS Health, and as CEO of a successful start-up. Most recently he was Vice President in the Corporate Strategy Team in Bio-Rad Inc where he was focused on identifying new technologies, products, and acquisition targets.

Rune Sørum (born 1956, Norwegian citizenship) holds a Master of Science in Business and Economics (siviløkonom) from Copenhagen School of Economics and Business Administration. He is a Norwegiancitizen with residence in Oslo, Norway. Mr. Sørum is currently a partner in Televenture Management. Before joining Televenture, he was a private investor and senior adviser for European companies working in both Asia and the Middle East. Mr. Sørum has held several board positions in Norwegian investment companies.

Camilla Huse Bondesson (born 1958, Norwegian citizenship) holds an Executive MBA from Stockholm University and is currently chairperson of the board of Immuneed AB and TdB Labs AB. She has over 30 years of international operational and strategic experience from leading positions within companies in the life science field, including as head of Behring Diagnostica AB, international product manager at Biacore, marketing director for Amersham Biosciences (now Cytiva) and VP Marketing for Gyros AB. Since 2004, Mrs. Bondesson has worked as a consultant and partnerat Conlega, a consulting company focusing on life science.

Staffan Strömberg (born 1967, Swedish citizenship) holds a PhD from KTH Royal Institute of Technology in Stockholm and has over 23 years of experiencein the pharmaceutical industry. He is currently CEO of Infant Bacterial Therapeutics AB. Besides his role as Head of Medical Devices at the Swedish Medical Products Agency, he has also been Vice President of Nicox France, and had management positions at AstraZeneca. Mr. Strömberg has particularly experience in the development oforphan drugs as he was Head of R&D of Swedish Orphan.

Corporate Social Responsibility

General

GA provides a positive contribution to society through its activities. GA develops, manufactures and sells technology for analysis of complex genetic systems, which helps the diagnosis of a wide range of human diseases.

The company's innovations and routine diagnostic tool lead to improved analysis of the microbiota for patients and contributes to better lives for patients concerned.

GA performs R&D, production, laboratory analysis, marketing and distribution from the headquarter in Oslo, Norway. The company serves the global market for microbiota testing but uses partners and key distributors in specific geographical markets. GA's approach is to serve the customers in a collaborative and adaptable manner without compromising quality.

Ethical and professional guidance

Employees of GA perform work of great importance to health care providers, laboratories and patients. To succeed with the company's vision and goals, it is essential that work and behavior are based on values that provide credibility, trust and respect among customers, employees and others who employees associate with through his/her work.

All employees are introduced to the GA quality system as a part of their initial training. This is based on the ISO 13485 standard for quality management systems for medical devices and related services. GA has been compliant with this standard since March 2018.

Since GA is heavily dependent on staff with specialized higher education, the company contributes to the further professional development of its employees. It has therefore in particular participated in the Industrial-PhD program from the Norwegian Research Council as well as positively supported professional development initiatives from employees.

Expectations

GA's basic expectations for employees are:

- Each employee is familiar with GA's values and uses them as the basis for their work.
- Act professionally and with care, integrity and objectivity.
- Abstain from actions that could undermine confidence in GA.
- Treat everyone they meet through their work with courtesy and respect.
- Be aware of ethical issues in business, including human rights, labor rights, environment and anti-corruption.
- In his/her work seeks to influence GA's employees and partners to maintain high ethical standards in the way of conducting business.

Anti-corruption policy

Corruption stand in the way of economic development is anti-competitive and undermines both the rule and law and the democratic process. GA's worldwide operations are subject to national and international law prohibiting GA and its employees to take part in corruption, such as bribery of public officials or employees in the private sector. The fact that many corruption rules also apply outside the territory of each country, shows that it is not sufficient to follow the local national law when operating abroad.

GA has a strong commitment to operate according to sound, ethical and sound business principles and comply with all laws and regulations. GA will not allow or tolerate involvement in any form of corruption.

There is a requirement for all GA's employees that they at all times fully comply with GA's anti-corruption policy, and no GA employee can give another GA employee authorization to deviate from this. Any violation of applicable anti-corruption legislation will be considered a serious violation of the employee's duties to GA and will most likely result in termination of employment or other appropriate sanctions.

GA will also take necessary steps to the extent possible to ensure that GA's independent business partners, including suppliers, customers and joint ventures partners, do not take part in corruption or other illegal or unethical activities in connection with its business with GA.

Directors' Report 2021

Overview

GA is a fast-growing molecular diagnostic company in a unique position, with its patented and documented GA-map® technology, to be the leader in mapping of gut microbiota, by detecting and characterizing imbalance in the gut microbiome. GA has core competence in molecular biology and detection of microorganisms such as bacteria and viruses, utilizing the GA-map® to develop IVD (In Vitro Diagnostic) tests in all diseases where microbiota is involved.

GA is headquartered in Kabelgaten 8, Oslo, Norway, where also the production and laboratory facilities are located.

The directors of the company in office at the date of this report are: Chairperson Kathryn M. Baker, Ashok K. Shah, Rune Sørum, Camilla Huse Bondesson and Staffan Strömberg. The company has implemented a directors' liability insurance covering events up to NOK 10 million.

Financial Results

The company accounts are made up in accordance with IFRS.

Being a company in its early commercialization phase, GA has through 2021 been focusing on revenue growth, but it was still negatively affected by Covid in 2021. But during the second half of the year, the business landscape started to open up agian. GA generated total revenues of NOK 13.4 million in 2021 (NOK 7.8 million in 2020). Of this, sales from GA-map® products was NOK 6,8 million in 2021 (NOK 5,8 million in 2020), and other income, which is mainly research support and grants, accounted for NOK 6,6 million in 2021 (NOK 2.0 million in 2020).

Total operating expenses amounted to NOK 42,2 million for the full year (NOK 29.7 million in 2020).

Reported employee costs increased from NOK 16.4 million in 2020 to NOK 22,8 million in 2021. Of this, the IFRS charge related to share options decreased from NOK 2.0 million in 2020 to NOK 1.2 million in 2021. Compared to 2020, employee costs have increased as GA has focused on ramping up the sales activity and due to the opening up from Covid, the company got back to more normal activity levels during the year with less impact from Covid restrictions and no temporary layoffs.

Amortization and depreciation expenses decreased from NOK 4.8 million in 2020 to NOK 4.5 million in 2021. Some costs related to a late-stage development project were capitalized according to IFRS IAS38, and thus net NOK 1,5 million was capitalized in 2021 (NOK 5.2 million in 2020). No assets were written down during 2021 (NOK 1.4 million in 2020).

Other expenses increased from NOK 6,5 million in 2020 to 13.6 million in 2021, mainly driven by higher costs related to general consultancy, IPO listing costs, R&D activities as well as securing patents.

Net financials showed an expense of NOK 0.1 million in 2021 compared to an expense of NOK 0.2 million in 2020.

Net loss for the company during 2021 was NOK 29,0 million compared to a net loss of NOK 22.1 million for 2020.

Cash Flow and Balance Sheet

Cash generated from operating activities showed a negative of NOK 27.6 million in 2021 compared to a negative of NOK 6.6 in 2020. Cash flow from iinvesting activities generated a negative outflow of NOK 1,9 million in 2021, compared to a negative outflow of NOK 5.2 million in 2020. Financing activities showed a positive inflow of NOK 52.2 million compared to NOK 31.9 million in 2020, where the main effect came from new share issue. Net cash flow for 2021 showed an inflow of NOK 22.6 million, compared to an inflow of NOK 20.2 million in 2020.

GA had total assets of NOK 83.5 million at 31.12.2021 (NOK 55.6 million at year end 2020). Total intangible assets as per 31.12.2021 amounted to NOK 24.3 million (NOK 26.0 million at year end 2020). The cash balance at 31.12.2021 was NOK 46.8 million compared to NOK 24.2 million at year end 2020.

Total equity for GA as of 31.12.2021 was NOK 72.1 million compared to an equity of NOK 46.6 million at year end 2020. The increase in equity of NOK 25.5 million is explained through loss of NOK 29.0 million offset by net share issue of NOK 53.2 million and share options of NOK 1.2 million.

The registered share capital in GA as of 31.12.2021 was NOK 14 949 787 divided into 24 916 312 shares at a nominal value of NOK 0.60 each.

Financial Risk Management

The company does not use financial instruments, including derivatives, for revenue purposes. Procedures for risk management are adopted by the board.

The company is exposed to the variety of financial risks, whereby the liquidity risk has the highest exposure, while market and credit risks have less company impact.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company is in a phase whereby the expansion is funded by issuing shares in the marketplace, research grants and revenues from product sales.

The company will actively seek to have a balance of short- and long-term facilities that is designed to ensure that the company has sufficient funds available for financing ongoing operations, market expansion and development projects. The management and the board actively monitor the forecast of the company’s liquidity reserve and cash monthly, and have prepared different options in case more liquidity will be required.

Market Risk - Foreign Exchange Risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euro and US dollars. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The company has not established currency hedge arrangement. The company will consider the need to establish hedge arrangement on a continuing basis. Due to extent of commercial operations in 2021, the impact of currency risk is considered as low.

Market Risk - Interest Rate Risk

The company's interest rate risk arises from long-term borrowings. The company has borrowings issued at variable interest rates. Management's risk policy is to, on a continuing basis, monitor the

risk and consider the need to establish security arrangement. During 2021, the company's impact from currency risk has been considered as low.

Market Risk - Price Risk

Price risk arises when there are changes in market price that are not otherwise accounted for by interest rate or currency rate changes. Due to limited commercial operations in 2021, the impact of price risk is considered as low.

Market Risk - Credit risk

Credit risk is the risk that the customers will not be able to settle their debt. The customers of GA in the healthcare segment or public sector are generally considered to be customers with high ability to pay and the credit risk is considered low.

Going Concern

These statements have been prepared based on the going concern assumption.

GA currently has limited, but increasing sales, and does not generate substantial cash. Therefore, it is vital to secure financing to operate according to plan and to achieve the planned milestones. If GA should not be able to secure sufficient funding, the activity level must be scaled down. Based on the above assumptions, the board confirms that the requirements for the going concern assumption are fulfilled.

Research and Development

GA has had high activity level within R&D and several development projects in 2021. Firstly, an improved version of the GA-map® Dysbiosis Test has been successfully developed. In Q2 2021, this test was CE-marked for the European market, but also introduced to the US for research use purposes.

Secondly, the company has expanded the instrument compatibility of the test, as the GA-map® Dysbiosis Test was verified and launched for use on the MAGPIX® readout platform. Thirdly, a new innovative biomarker project for Inflammatory Bowel Disease (IBD) was started with NOK 16 million in funding from the Norwegian Research Council. Finally, a project aiming at the development of a lab developed test for the Chinese market was initiated with a Shanghai-based partner.

Working environment and social responsibility

GA seeks to create an environment which attracts and retains highly qualified employees and in which employees feel valued for their own contribution to the company’s performance. The company focus on providing a safe working environment for its employees, and to ensure that the employees fully understand their own responsibilities regarding environment, health and safety matters.

GA is encouraging equal rights and opportunities amongst its employees and does not tolerate harassment or discrimination in any form. The working environment in GA is considered good. Sick leave has been 0,6% in 2021, showing a decrease from 1.3% in 2020. No working accidents or injuries has occurred in 2021.

As of 31.12.2021, the management team in GA consist of 5 people, 3 women and 2 men. At the end of the year, GA had a total workforce of 20 people and 16 of these were women. The board of GA has 5 members of which 2 are women and 3 are men.

Environment

GA believes that the company's operation has, by its nature, minimal impact on the environment, but is nevertheless committed to sound environmental practices.

Outlook

The launch of the GA-map® as a CE-marked product in Europe and as a Research use Only (RoU) product for US has significantly strengthen GA's position in the market. We believe that GA through its partnership agreements has a solid foundation for strong commercial growth in the European, US and Asian markets. The management and the board will continue to work for value-added agreements and projects, where GA as a world-leading diagnostic innovator within the microbiome field will be visible and attractive to both industrial and financial players.

Finally, it should be noted that the area of microbiome is still shaping and even though it will grow significantly over the coming years, it is still difficult to predict growth rates etc, and it should also be noted that forward looking statements are always associated with a level of uncertainty.

Events after the Balance Sheet Date

There have not been any significant events after the balance sheet date.

Allocation of the net result of the year

GA generated a net loss for the year 2021 of NOK -29 005 106 after tax. The board proposes the following allocation of the results for Genetic Analysis AS for the year:

Net profit / - loss	- 29 005 106
Transferred to / - from Other Equity	- 29 005 106

In addition, the board proposes a reallocation of share premium to cover historical losses:

Transferred to / - from Share premium	- 27 781 001
Transferred to / - from Other Equity	27 781 001

Oslo, 20. April 2022

For Genetic Analysis AS

Kathryn M Baker
Chairperson of the Board

Ashok K. Shah
Board Member

Anne Camilla Huse Bondesson
Board Member

Rune Sørum
Board Member

Staffan Strömberg
Board Member

Ronny Hermansen
CEO

Financial Statements 2021

Genetic Analysis AS

Statement of Profit or Loss

For the year ended 31 December 2021

	Notes	2021 NOK	2020 NOK
Revenue	5	6 799 553	5 779 703
Other income	24	6 578 996	1 974 122
Operating income		**13 378 549**	**7 753 825**
Raw materials and consumables		1 281 147	1 027 393
Employee benefits expense	6,16	22 835 493	16 426 151
Depreciation and amortization expense	11,12	4 531 100	4 798 678
Write-down of intangible assets	12	0	1 402 545
Other expenses	6	13 647 074	6 478 976
Other gains and losses		-45 342	-426 523
Operating expenses		**42 249 472**	**29 707 220**
Finance income	7	0	28 454
Finance expenses	7	134 183	210 741
Finance – net		**-134 183**	**- 182 287**
Profit / (loss) before income tax		**-29 005 106**	**-22 135 682**
Income tax expense	8, 18	0	0
Net profit / (loss)		**-29 005 106**	**-22 135 682**

Genetic Analysis AS

Statement of Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 NOK	2020 NOK
Profit for the year		-29 005 106	-22 135 682
Items that will not be reclassified to profit or loss		0	0
Items that may subsequently be reclassified to profit or loss		0	0
Other comprehensive income / (loss) for the year, net of income tax		**0**	**0**
Total comprehensive income / (loss) for the year		**-29 005 106**	**-22 135 682**

Genetic Analysis AS

Statement of Financial Position

As at 31 December 2021

Assets	Notes	31.12.2021 NOK	31.12.2020 NOK
Non-current assets			
Property, plant & equipment	11,19	1 586 571	1 617 347
Intangible assets	12	24 307 518	25 993 018
Total non-current assets		**25 894 088**	**27 610 365**
Current assets			
Inventory	15	2 367 202	1 885 078
Trade and other receivables	10	8 418 697	1 929 932
Cash and cash equivalents	9	46 810 155	24 193 597
Total current assets		**57 596 054**	**28 008 607**
Total assets		**83 490 142**	**55 618 972**

Genetic Analysis AS

Statement of Financial Position

As at 31 December 2021

Equity and liabilities	Notes	31.12.2021 NOK	31.12.2020 NOK
Equity attributable to owners of the parent			
Ordinary shares	21	14 949 787	10 302 587
Share premium	21	57 140 146	36 320 320
Retained earnings		0	0
Total equity		**72 089 934**	**46 622 907**
Non-current liabilities			
Borrowings and lease liabilities	13,19	1 432 486	1 404 762
Total non-current liabilities		**1 432 486**	**1 404 762**
Current liabilities			
Trade payables	14	2 414 369	1 738 235
Other current liabilities	13,14	7 553 353	5 853 068
Total current liabilities		**9 967 722**	**7 591 303**
Total liabilities		**11 400 208**	**8 996 065**
Total equity and liabilities		**83 490 142**	**55 618 972**

The financial statements were approved by the directors and authorised for issue on 20 April 2022:

Kathryn M Baker
Chairperson of the Board

Ashok K. Shah
Board Member

Rune Sørum
Board Member

Camilla Huse Bondesson
Board Member

Staffan Strömberg
Board Member

Ronny Hermansen
CEO

Genetic Analysis AS

Statement of Changes in Equity

As at 31 December 2021

	Note	Attributable to the owners			
		Share capital NOK	Share premium NOK	Retained earnings NOK	Total NOK
Equity at 01.01.2020		**6 868 447**	**147 751 974**	**-121 089 114**	**33 531 307**
Profit for the financial year		0	0	-22 135 682	-22 135 682
Other comprehensive income		0	0	0	0
Capital increase 19.06.2020	21	1 797 000	16 173 000	0	17 970 000
Capital increase 19.06.2020	21	274 180	2 467 620	0	2 741 800
Capital increase 06.08.2020	21	1 362 960	12 266 640	0	13 629 600
Issue expense		0	- 1 138 000	0	-1 138 000
Share options	17	0	0	2 023 882	2 023 882
Settlement of uncovered losses		0	-141 200 914	141 200 914	0
Equity at 31.12.2020		**10 302 587**	**36 320 320**	**0**	**46 622 907**

Equity at 01.01.2021		**10 302 587**	**36 320 320**	**0**	**46 622 907**
Profit for the financial year		0	0	-29 005 105	-29 005 105
Other comprehensive income		0	0	0	0
Capital increase 11.03.2021	21	27 200	244 800	0	272 000
Capital increase 20.09.2021	21	4 620 000	55 440 000	0	60 060 000
Issue expense		0	-7 083 973	0	-7 083 973
Share options	17			1 224 104	
Settlement of uncovered losses		0	-27 781 001	27 781 001	0
Equity at 31.12.2021		**14 949 787**	**57 140 146**	**0**	**72 089 933**

Genetic Analysis AS

Statement of Cash Flow

For the year ended 31 December 2021

	Note	2021	2020
Profit / (Loss) before income tax		**-29 005 105**	**-22 135 682**
Adjustments for:			
Depreciation and amortisation charges	11,12	4 531 100	6 201 223
Stock options	17	1 224 104	2 023 882
Items classified as financing activities		50 474	79 115
Changes in working capital			
Changes in inventory	15	-482 124	-1 122 074
Changes in trade receivables	10	-192 521	6 359 249
Changes in trade payables	14	676 134	844 428
Changes in other items		-4 420 208	1 193 638
Net cash flow from operating activities		**-27 618 146**	**-6 556 221**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	-84 796	-23 300
Payments for capitalized development	12	-1 868 679	-5 152 233
Net cash flow from investing activities		**-1 935 475**	**-5 175 533**
Cash flows from financing activities			
Repayment of borrowings	13	0	-100 000
Installments on leasing liabilities	13,19	-1 059 848	-1 191 876
Paid in capital	21	53 248 027	33 203 400
Net cash flow from financing activities		**52 188 179**	**31 911 524**
Net increase in cash and cash equivalents		**22 616 558**	**20 179 770**
Cash and cash equivalents at beginning of year	9	24 193 597	4 013 827
Cash and cash equivalents at end of year	9	**46 810 155**	**24 193 597**

1. General information

Genetic Analysis AS (GA) is a researched driven diagnostic company dedicated to deliver new and innovative diagnostic solutions to the rapidly growing human microbiome market. GA is developing innovative standardized routine diagnostic solutions for improved patient treatment in rapidly growing markets, with few diagnostic options. GA has products on the market within the area of gastrointestinal diseases.

GA sell reagent test kits to molecular labs through international partners who will handle sales and marketing. In addition, GA has its own service laboratory to facilitate sales to clinical research, pharma product development and laboratory customers.

GA was established in 2008 and has developed a DNA-based platform technology that allows for simultaneous analysis of a large number of similar (but not identical) gene fragments in one reaction. This is based on research done by professor Knut Rudi at Norwegian University of Life Sciences (NMBU) and Nofima in Ås.

GA is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Kabelgaten 8, 0580 Oslo, Norway. The company is listed at Spotlight Stock Market in Stockholm with ticker "GEAN".

The financial statements were considered and issued by the company's board of directors on 20 April 2022.

2. Summary of significant accounting policies

Basis for preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'), and the requirements set out in the Norwegian accounting act (Regnskapsloven). The financial statements have been prepared on a historical cost basis except for financial assets and liabilities measured at fair value.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been applied consistently, unless otherwise stated. The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements are disclosed in the notes to these financial statements.

The financial statements have been prepared on a going concern basis.

New and amended standards adopted by the company
The group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

• Covid-19-Related Rent Concessions – amendments to IFRS 16, and
• Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

New standards and interpretations not yet adopted
Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. For a description about uncertainty for future reporting periods, see note 23.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The Corporate management has evaluated that the Company operates in only one segment. Therefore, there is no separate segment reporting in the financial statements.

Foreign currency translation
Functional and presentation currency
The financial statements of the company are presented in Norwegian Kroner, which is the functional currency of the company.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'Other (losses)/gains – net'.

Property, plant and equipment
Tangible fixed assets primary consists of machinery and equipment. They also include right of use assets for leased buildings, machinery and equipment accounted for in accordance with IFRS 16. Tangible fixed assets are measured at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. They are reflected in the statement of financial position and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date.

Property, plant and equipment also include right of use assets for leased equipment and the company's offices in Oslo, which is accounted for in accordance with IFRS 16. Right of use assets are measured at cost and depreciated over the lease period. See more information under "Leases" later in this note and note 19 "Leases".

The estimated useful lives used in the calculation of depreciation and amortisations are as follows:
Machinery and equipment: 5 years.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss for the period.

Intangible assets

Research & Development
Research expenditure are recognized as an expense as incurred. Costs incurred on development projects (related to development, design and testing of new or improved products) are recognised as intangible assets. This is provided that the company can demonstrate a technical feasibility to complete the intangible asset so that it will be available for use or sale, that the asset can generate future economic benefits, and that the company has sufficient resources to complete the asset and that the development costs can be measured reliably. Development expenses previously recognized as an expense are not recognized as an asset in subsequent periods. Capitalized development costs are recognized as cost, less any accumulated amortization and impairment loss. Capitalized development costs that have finite useful life, is amortized on a straight-line basis over the expected useful economic life of the intangible asset from the commencement of the commercial production. Time of amortization is normally 10 years, but maximum 15 years.

Computer software
Computer software is depreciated on a straight-line basis to their residual value over their expected useful life, which is 5 years.

Leases
Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Impairment of non-financial assets
Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Financial assets
The company´s financial assets are: accounts receivable, other receivables at amortized cost and cash and cash equivalents. At initial recognition, the company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

The company measures financial assets at amortised cost if both of the following conditions are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company 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 company has transferred substantially all the risks and rewards of ownership.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. The company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Inventory
Inventory comprises purchased raw materials, work in progress and finished goods. Raw materials, work in progress and finished goods are measured at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Share capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the company purchase the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs
Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Current and deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. The company establishes provisions on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Employee benefits

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

Pension plan
The company has a defined contribution pension plan as required by the Norwegian Law. This pension plan applies to all employees of the company. For defined contribution plans, contributions are paid to pension insurance plans and charged to the statement of profit or loss in the period to which the contributions relate. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay any further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Profit-sharing and bonus plans
The company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obligated or where there is a past practise that has created a constructive obligation.

Share based payments
The company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period).

At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Government Grants
Government grants including non-monetary grants at fair value, will only be recognised when there is reasonable assurance that the company will comply with the conditions attaching to them, and the grants will be received. The grants are recognised as cost reductions in the profit and loss statement and as other income if the grant has an element of payment for services to the project.

Revenue recognition
The allocation of revenue is based on the stand-alone selling price for each separate performance obligation in the contract with the customer, and the revenue is recognised when the service/good is delivered.

The company develop, manufactures and sells diagnostic tests to the global health market based on a DNA-based platform technology that allows for simultaneous analysis of a large number of similar (but not identical) gene fragments in one reaction.

Sale of goods and services
Income from sale of goods and services are recognised at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Sales of goods are recognised in profit and loss when the company has delivered its products to the customer and there are no unsatisfied commitments which may influence the customer's acceptance of the product. Sales of services are taken to income when the service is rendered.

Delivery is not completed until the products have been sent to the agreed place, and control of the products have been accepted by and transferred to the customer. Contractual data is applied to estimate and recognise provisions for discounts and rebates at the sales date and historical data is applied to estimate and recognise any provisions for returns.

Finance expenses
Finance costs represent interest on loans and borrowings.

3. Financial risk management and Financial instruments

Financial risk management
The company uses capital increases for the purpose of raising necessary capital for the company's business. In addition, the company has financial instruments such as accounts receivable, accounts payable, etc. in relation to daily operations. The company does not use financial instruments, including derivatives, for revenue purposes. Procedures for risk management are adopted by the Board. The company is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The company's management regularly evaluates these risks and establishes guidelines for how they are handled.

Market risk - Foreign exchange risk
The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euro and US dollars. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The company has not established currency hedge arrangement. The company will consider the need to establish hedge arrangement on a continuing basis.

At 31 December, if the currency had weakened/strengthened by 1 per cent against the Euro with all variables held constant, post –tax profit for the year would have been NOK 11 000 (2020: NOK 33 363) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables and trade payables.

At 31 December, if the currency had weakened/strengthened by 1 per cent against the US dollars with all variables held constant, post –tax profit for the year would have been NOK 49 000 (2020: NOK 1 452) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables and trade payables.

Market risk - Interest rate risk
The company's interest rate risk arises from long-term borrowings (see note 13). Borrowings issued at variable rates expose the company to cash flow interest rate risk.

Borrowings issued at fixed rates expose the company to fair value interest rate risk.

Management's risk policy is to, on a continuing basis, monitor the risk and consider the need to establish security arrangement. During 2021 and 2020, the company's borrowings at variable and fixed rate were denominated in NOK.

The following table illustrates the sensitivity of the company to potential interest rate changes.
The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates.

Interest rate sensitivity	Changes in interest rates in basis points	Effect on profit before tax	Effect on equity
2021	+50	7 750	7 750
2021	-50	-7 750	- -7 750
2020	+50	5 500	5 500
2020	-50	-5 500	- 5 500

Based on the financial instruments that existed per 31 December 2021, an increase of 0,5% would reduce the company's profit before tax by NOK 7 750 (2020: NOK 5 500).

The average effective interest rates of financial instruments were as follows:

	2021	2020
Other loans	5,6%	5,2%

Market risk - Price risk
Price risk arises when there are changes in market price that are not otherwise accounted for by interest rate or currency rate changes. Due to limited commercial operations in 2021 and 2020, the impact of price risk is considered as low.

Credit risk
Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to trade and other receivables. The company has routines to ensure that sales on credit are made only to creditworthy customers.

Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company has assessed and forecasted its liquidity for 2021. This analysis shows that the company has sufficient liquidity for fulfilling its obligations during 2021 with a going concern basis.

The company will actively seek to have a balance of short term and long-term facilities that is designed to ensure that the company has sufficient funds available for financing ongoing operations, market expansion and development projects. The Management and the Board actively monitor the forecast of the company's liquidity reserve and cash on the basis of the expected cash flow on a monthly level.

Periods to maturity of financial liabilities incl. interest:

	Less than one year	Between one and two years	Between two and five years	More that five years
At 31 December 2021				
Borrowings	0	657 220	779 402	0
Trade payables	2 414 369	0	0	0
Lease liabilities	1 182 964	210 420	39 102	0
Other liabilities	7 553 353	0	0	0
At 31 December 2020				
Borrowings	461 100	442 300	730 550	0
Trade payables	1 738 235	0	0	0
Lease liabilities	1 047 209	231 912	151 883	0
Other liabilities	4 794 554	0	0	0

Fair value of financial instruments
The carrying amount of cash and cash equivalents approximates fair value because these instruments have a short-term maturity date. Similarly, the carrying amount of accounts receivable and accounts payable approximates fair value as the impact of discounting is not significant.

Derivative financial instruments and fair value estimation
At the end of year 2021 and end of year 2020 there were no financial assets or liabilities to measure.

Classification of financial assets and liabilities
The company has the following classification of financial assets and liabilities. See note 2 for a description of the various categories.

Financial instruments

31.12	2021	2020
Assets		
Trade receivables	1 050 966	858 445
Cash and cash equivalents	46 810 155	24 193 597
Total financial assets	**55 228 852**	**26 123 529**
Liabilities		
Loans and borrowings	1 432 486	1 404 762
Trade payables	2 414 368	1 738 235
Total financial liabilities	**3 846 854**	**3 142 997**

Capital management
The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

4. Important accounting estimates and discretionary assessments

Estimates and discretionary assessments are based on historical experience and other factors, including expectations of future events that are considered likely under present conditions. The company prepares estimates and makes assumptions about the future. Accounting estimates derived from these will by definition seldom accord fully with the outcome. Estimates and assumptions which represent a substantial risk for significant changes in the carrying amount of assets and liabilities during the coming fiscal year are discussed below.

Estimated value of Research and Development
Expenditure on research is written off as incurred. When a project has reached development, and the stage in the development phase defined as Pre-Launch phase, development costs are capitalized. The Pre-Launch stage is reached when it is whereby it is probable that the product will generate future economic benefits, and the following criteria have been met; technical feasibility, intention and ability to sell the product, availability of resources to complete the development of the product and the ability to measure the expenditure attributable to the project.

Research and development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Capitalized development costs are amortized over the useful economic life of the asset, not exceeding ten years. The useful economic life is determined on a product-by-product basis taking into consideration a number of factors including license/patent periods and expected technological changes. Where deferred costs capitalized no longer provide future economic benefit, they are derecognized immediately.

5. Geographical breakdown of sales and assets

Geographical distribution of sales
The geographical distribution is based on countries where the customers are located.

	2021	2020
USA	4 936 072	4 929 463
Europe	1 269 120	451 340
Norway	589 817	398 900
Rest of world	4 544	0
Total	**6 799 553**	**5 779 703**

One customer account for 51,8 % of the sale, another customer account for 21,3 % of the sale, and a third customer account for 12,7 %, the others are below 5 % each.

Geographical breakdown of assets

	2021	2020
Norway	26 874 196	28 145 394
Total	**26 874 196**	**28 145 394**

Included in assets under geographical segment are inventory, property, plant and equipment and intangible assets excluding deferred tax asset.

Analysis of revenue by category	2021	2020
Products	5 306 118	2 944 865
Services	1 493 435	2 834 838
Total	**6 799 553**	**5 779 703**

6. Employee benefits expense and auditor remuneration

Personnel expenses:

	2021	2020
Salaries	18 473 012	14 080 887
Payroll tax	2 443 758	1 750 432
Pension cost	300 179	249 941
Other benefits	1 627 358	568 759
Stock options	1 224 104	2 023 882
Capitalized as R&D/ SkatteFunn	-1 232 918	-2 247 750
Total personnel expenses	**22 835 493**	**16 426 151**
Average number of man-years	21	15
Average number of employees	21	22

Auditor remunerations:

	2021	2020
Statutory audit	509 000	200 000
Other assurance services	43 560	35 824
Tax advisory fee	25 000	25 000
Other services	155 000	180 000
Total audit remuneration	**732 560**	**440 824**

VAT is not included in the audit fee.

7. Financial income and expenses

Finance income

	2021	2020
Interest income on short-term bank deposits	0	845
Other interest income	0	27 609
Total finance income	**0**	**28 454**

Finance costs

	2021	2020
Interest expenses on borrowings	59 650	67 626
Interest expenses on leasing	50 473	79 116
Other interest expenses	24 060	63 999
Total finance expenses	**134 183**	**210 741**
Net finance costs/income	**-134 183**	**-182 287**

8. Income tax expense

	2021	2020
Tax payable	0	0
Deferred tax	0	0
Income tax expense	**0**	**0**

The tax on the company's profit before tax differs from the theoretical amount that would arise using the domestic tax rate applicable to profit as follows:

	2021	2020
Ordinary profit before tax	-29 005 106	-22 135 682
Tax calculated at the domestic rate (22%)	-6 381 123	-4 869 850
Expenses not deductible for tax purposes	-2 238 789	189 845
Tax loss for which no deferred income tax asset was recognized	8 619 912	4 680 005
Tax cost	**0**	**0**

The income tax expense is calculated using the domestic tax rate. The tax rate is 22 % in Norway in 2021 (22% in 2020).

No current or deferred tax expense or income has been recognized in the Statement of Other Comprehensive Income in the period. See note 18.

9. Cash and cash equivalents

Cash and other cash equivalents:

	2021	2020
Short term cash deposits, cash equivalents	45 996 075	23 503 718
Restricted cash	814 080	689 879
Cash and cash equivalents	**46 810 155**	**24 193 597**

Restricted cash 31 December:

	2021	2020
Security for tax withholding	814 080	689 879
Total	**814 080**	**689 879**

10. Trade and other receivables

	2021	2020
Trade receivables	1 055 702	858 445
Less: provision for impairment of trade receivables	4 736	0
Trade receivables – net	**1 050 966**	**858 445**
Prepaid expenses	415 568	342 751
Receivable on employees	35 533	35 536
Receivable VAT	290 650	387 400
Receivable Government Grant*	4 324 734	0
Other receivables	2 301 246	305 800
Total	**8 418 697**	**1 929 932**

*See note 24 for more information on government grants.

The booked value of the trade receivables and other receivables is considered to be the fair value.

As of 31 December 2021, trade receivables of NOK 508 680 were past due but not impaired (2020: NOK 858 445). These relate to a number of independent customers for whom there is not recent history of default. The ageing analysis of trade receivables is as follows:

	2021	2020
Receivables not due	547 022	0
Up to 3 months	508 680	858 445
3 to 6 months	0	0
Total	**1 055 702**	**858 445**

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	2021	2020
NOK	7 382 031	1 071 487
EUR	20 677	858 445
USD	1 015 990	0
Total	**8 418 697**	**1 929 932**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The company does not hold any collateral as security.

11. Property, plant, and equipment

	Machinery and equipment	Right-of-use assets	Total
Fiscal 2020			
Opening net book amount	423 680	2 710 585	3 134 266
Additions	23 300	- 10 470	12 830
Depreciation charge	-179 682	-1 350 066	-1 529 748
Closing balance	**267 298**	**1 350 049**	**1 617 347**
31.12.2020			
Acqusition cost	3 168 895	3 797 128	**6 966 023**
Accumulated depreciation	-2 901 597	-2 447 079	-5 348 676
Accumulated impairment	0	0	0
Net book amount	**267 298**	**1 350 049**	**1 617 347**
Fiscal 2021			
Opening net book amount	267 298	1 350 049	1 617 347
Additions	84 796	970 612	1 270 277
Depreciation charge	-152 618	-933 567	-1 301 054
Closing balance	**199 478**	**1 387 094**	**1 586 571**
31.12.2021			
Acqusition cost	3 253 691	4 124 642	**7 360 333**
Accumulated depreciation	-3 054 213	-2 737 548	-5 791 761
Accumulated impairment	0	0	0
Net book amount	**199 478**	**1 387 094**	**1 568 571**
Depreciation for the year			
Estimated useful life	5-10 years	5 years	

Machinery and equipment were provided at 31 December 2021 as security for NOK 0 (2020: NOK 0).

12. Intangible assets

	R&D	Patents	Software	Total
Fiscal 2020				
Opening net book amount	24 991 505	187 777	332 978	25 512 260
Additions*	5 152 233	0	0	5 152 233
Disposals	0	0	0	0
Write-down	-1 402 545	0	0	-1 402 545
Amortization charge	-2 922 618	-13 334	- 332 978	-3 268 930
Closing balanse	**25 818 575**	**174 443**	**0**	**25 993 018**
31.12.2020				
Acquistion cost	34 455 315	200 000	2 219 842	36 875 157
Accumulated amortization	-7 234 195	-25 557	-2 219 842	-9 479 594
Accumulated write-down	-1 402 545	0	0	-1 402 545
Net book amount	**25 818 575**	**174 443**	**0**	**25 993 018**
Fiscal 2021				
Opening net book amount	25 818 575	174 443	0	25 993 018
Additions*	1 513 619	0	0	1 513 619
Disposals	0	0	0	0
Write-down	0	0	0	0
Amortization charge	-3 185 785	-13 334	0	-3 199 119
Closing balanse	**24 146 409**	**161 109**	**0**	**24 307 518**
31.12.2021				
Acquistion cost	36 125 928	200 000	2 219 842	38 545 770
Accumulated amortization	-10 576 975	-38 891	-2 219 842	-12 835 708
Accumulated write-down	-1 402 545	0	0	-1 402 545
Net book amount	**22 743 863**	**161 109**	**0**	**24 307 518**
Estimated useful life	10 years	15 years	5 years	

See note 4 for further information about capitalized research and development costs.

* Cost before government grants: 1 868 679 NOK in 2021 (5 152 233 NOK in 2020). Government grants represent a reduction of 355 060 NOK in 2021 (0 NOK in 2020).

13. Borrowings and lease liabilities

	2021	2020
Non-current		
Lease liabilities	332 486	304 762
Other borrowings	1 100 000	1 100 000
Total	**1 432 486**	**1 404 762**

Other borrowings are related to a loan from Innovasjon Norge.

The carrying amounts and fair value of the borrowings are as follows:

	Carrying amount		Fair value	
	2021	2020	2021	2020
Lease liabilities	332 486	304 762	332 486	304 762
Other borrowings	1 100 000	1 100 000	1 100 000	1 100 000
Total	**1 432 486**	**1 404 762**	**1 432 486**	**1 404 762**

The fair value of borrowings equals their carrying amount calculated at amortized cost.

Loans presented as financing activities in the cash flow statement	Dec **2021**	Dec **2020**
Borrowings repayable within one year	400 000	400 000
Lease liabilities repayable within one year	1 102 494	1 059 849
Borrowings repayable after one year	1 100 000	1 100 000
Lease liabilities repayable after one year	332 486	304 762
Total loans	**2 934 980**	**2 864 611**
Gross debt with fixed interest rates	0	0
Gross debt with variable interest rates	2 934 980	2 864 611
Total loans	**2 934 980**	**2 864 611**

	Borrowings	Lease liabilities	**Total**
Loans as at 31 December 2020	**1 500 000**	**1 364 611**	**2 864 611**
Cash flows	0	-1 059 848	-1 059 848
Other non-cash movements	0	1 130 217	1 130 217
Loans as at 31 December 2021	**1 500 000**	**1 434 980**	**2 934 980**

On May 6th 2021, GA was granted a deferral of payment by Innovasion Norge for the loan repayable in one year.

14. Trade and other payables

	2021	2020
Trade payables	2 414 369	1 738 235
Accrued employee benefits expense	1 704 702	113 150
Social security and other taxes	1 477 851	1 242 355
Contract liabilites	0	48 000
Lease liabilities	1 102 494	1 059 849
Borrowings	400 000	400 000
Accrued expenses	2 868 307	2 989 715
Total current liabilities	**9 967 722**	**7 591 303**

Amounts are settled on standard commercial trade terms. Generally, no interest is charged on the trade payables. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

15. Inventories

	2021	2020
Raw materials and purchased semi-manufactures	1 796 068	786 262
Stock self-produced finished goods	571 134	1 098 816
Allowance for obsolete goods	0	0
Total inventory	**2 367 202**	**1 885 078**

16. Related party disclosures

Remuneration of senior executives	2021	2020
Pay and other short-term benefits	1 678 677	1 675 592
Total	**1 678 677**	**1 675 592**

Payables	2021	2020
Senior executives	0	0
Totalt	**0**	**0**

Senior executives comprise the CEO at Genetic Analysis AS. See table below for a more extensive description of remuneration of senior executives.

Pay and other remuneration of senior executives in 2021:

Name	*Function*	*Period*	*Basic salary*	*Bonus paid*	*Other remun.*	*Total pay and remun.*	*Pension contrib*
Ronny Hermansen	CEO	01.01-31.12	1 674 285	0	4 392	1 678 677	23 038
Total			**1 674 285**	**0**	**4 392**	**1 678 677**	**23 038**

Pay and other remuneration of senior executives in 2020:

Name	*Function*	*Period*	*Basic salary*	*Bonus paid*	*Other remun.*	*Total pay and remun.*	*Pension contrib*
Ronny Hermansen	CEO	01.01-31.12	1 529 408	141 054	5 239	1 675 701	22 128
Total			**1 529 408**	**141 054**	**5 239**	**1 675 701**	**22 128**

Pay and other remuneration of board members in 2021:

Name	*Function*	*Period*	*Basic salary*	*Bonus paid*	*Other remun.*	*Total pay and remun.*
Kathryn M. Baker	Board Chair	01.11.2020-31.12.2021	0	0	266 677	266 677
Staffan Strömberg	Board Member	01.11.2020-31.12.2021	0	0	66 677	66 677
Camilla Huse Bondesson	Board Member	01.11.2020-31.12.2021	0	0	66 677	66 677
Giovanni Magni	Board Member	01.11.2020-31.12.2021	0	0	77 917	77 917
Total			**0**	**0**	**600 000**	**600 000**

At year end, the company has accrued NOK 348 005 including social security for board remuneration for the period 01.07-31.12.2021. This will be paid out after the annual general meeting in 2022.

Pay and other remuneration of board members in 2020:

Name	*Function*	*Period*	*Basic salary*	*Bonus paid*	*Other remun.*	*Total pay and remun.*
Per Olav Utby	Board Chair	01.01-31.10	0	0	100 000	100 000
Stein Lorentzen-Lund	Board Member	01.01-31.10	0	0	62 500	62 500
Total			**0**	**0**	**162 500**	**162 500**

Declaration of remuneration to senior executives
The table above includes information on all individuals covered by the disclosure obligation at any time during the year, while the following declaration is limited to the CEO and management team. The following review presents the executive remuneration policy as resolved by the board in Genetic Analysis. The mandatory executive remuneration policy was resolved by Genetic Analysis' annual general meeting on 30.06.2014.

Recommended executive remuneration policy
Genetic Analysis wants to offer competitive terms in order for the company to attract and retain competent managers and at the same time achieve alignment of interest between management and shareholders. The remuneration and other terms of employment for the executives reflect a number of factors, such as the position itself and the market conditions.

The remuneration comprises a reasonable basic salary and a pension contribution plus a cash bonus, which is principally linked to the company's performance. For the CEO and the Management Team the total bonus may not amount to more than 30 per cent of base salary. Certain tools, which are needed to perform executive duties, represent a taxable benefit which has been included in the amounts in the table above.

Genetic Analysis honours all employment agreements which are in effect. Future supplements to employment agreements and new employment agreements will be in accordance with these guidelines.

The board determines the remuneration and other terms of employment of the CEO and issues guidelines for the remuneration of leading personnel. The CEO determines the remuneration and other terms of employment of the senior management within the framework resolved by the board.

The CEO and members of the Management Team are members of Genetic Analysis' general pension contribution scheme that apply to all employees. The CEO may under certain circumstances have the right to receive six months post-employment compensation. There is no other post-employment remuneration or employment protection beyond a normal notice period.

17. Share-based compensation

Genetic Analysis' Option Program was established in 2014 with the objective to further align the interests of the Management and key personnel with the interests of the shareholders. During 2021 the annual general meeting approved a consolidation of shares, increasing the nominal value from 0,10 per share to 0,60 per share, correspondingly the number of stock options granted and the exercise price have been updated to reflect the share consolidation. The total number of share options outstanding as at 31 December 2021 is 1 385 006 or 5,56 % of total shares issued.

The Company utilizes a Black-Sholes-Merton option pricing model to determine the impact of stock option grants in accordance with IFRS 2, Share-based payment, on the Company's net income. The model utilizes certain information, such as the interest rate on a risk-free security maturing generally at the same time as the option being valued, and requires certain assumptions, such as the expected amount of time an option will be outstanding until it is exercised or it expires and the volatility associated with the price of the underlying shares of common stock, to calculate the fair value of stock options granted. The model also estimates the likelihood of performance fulfilment and takes this into account in the valuation.

During the period ended 31 December 2021, the Company has had share-based payment arrangements for employees, as described below.

Program	2014	2017	2018	2020
Type of arrangement	Equity Settled	Equity Settled	Equity Settled	Equity Settled
Dates of Grant	15.02.2014-08.11.2014	11.12.2017	17.12.2018	30.06.2020-01.08.2021
Options granted as of 31.12.2021	235 000	150 000	58 334	941 672
Contractual life (from grant date)	8 years	6 years	4-5 years	6 years
Vesting conditions	100% of the options will vest 8 years after grant date. The employee must remain an employee of the company or an affiliated company when options are exercised.	100% of the options will vest 6 years after grant date. The employee must remain an employee of the company or an affiliated company when options are exercised.	100% of the options will vest 4-5 years after grant date. The employee must remain an employee of the company or an affiliated company when options are exercised.	100% of the options will vest 6 years after grant date. The employee must remain an employee of the company or an affiliated company when options are exercised.
Expiry date	31.12.2022	30.06.2023–11.12.2023	30.06.2023–17.12.2024	01.01.2026-01.07.2026

Fair value of share options granted is calculated using the Black-Sholes-Merton option pricing model. The weighted average inputs to the model and fair values at grant date are:

Program	2014	2017	2018	2020
Exercise price	14,40-15,00	21,24	25,80	6,00
Share price at grant date	14,40-15,00	21,24	25,80	6,00
Expected life from grant date	8 years	6 years	4-5 years	6 years
Volatility	63 %	61 %	57 %	62-63 %
Risk free interest rate	1,46-1,68 %	1,09-1,13%	1,42-1,54 %	0,34-0,43 %
Fair value per option	0,00	0,00	0,00	0,00

Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank.

The total expensed amount in 2021 arising from the option plan is NOK 1 224 104 (2020: NOK 2 023 882), not including social security.

Corporate Management Team	Number of options
Ronny Hermansen, Chief Executive Officer	541 668
Christina Casén, SVP Clinical and Medical Affairs	200 000
Anita Patel Jusnes, Chief Commercial Officer	83 334
Kari Furu, Chief Technology Officer	83 334
Eilert Aamodt, Chief Financial Officer	66 667

Board of Directors	Number of options
Kathryn M. Baker, Chairperson	150 000
Steffan Strömberg, Board member	33 334
Camilla Huse Bondesson, Board member	33 334

Activity overview:

Activity	Number of options
Outstanding OB (01.01.2020)	2 550 000
Granted	7 510 000
Exercised	0

Cancellations	-600 000
Expired	0
Outstanding CB (31.12.2020)	9 460 000

Activity	**Number of options**
Outstanding OB (01.01.2021)	9 460 000
Consolidation of shares	-8 216 666
Granted	433 334
Exercised	-5 556
Cancellations	-286 106
Expired	0
Outstanding CB (31.12.2021)	1 385 006

18. Deferred income tax

The tax effects of the Company's temporary differences and tax loss carry forwards are as follows at December 31:

	2021		2020	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Accelerated tax depreciation	2 436 934	0	2 943 349	0
Tax losses carried forward	42 516 443	0	33 390 116	0
Total	**44 953 377**	**0**	**36 333 465**	**0**

The Company did not recognize a tax asset in its statement of financial position since there is no convincing evidence that sufficient taxable profit will be available in future to allow a utilization of the deferred tax asset. The tax losses can be carried forward indefinitely.

19. Leases

Amounts recognized in the statement of financial position
The statement of financial position shows the following amounts relating to leases:

Right of use assets*	**31.12.2021**	**31.12.2020**
Property	882 492	780 556
Equipment	504 602	569 493
	1 387 094	**1 350 049**

*included in the line item "Property, plant and equipment" in the statement of financial position.

Lease liabilities**	**31.12.2021**	**31.12.2020**
Current	1 202 450	1 059 849
Non-current	232 530	304 762
	1 434 980	**1 364 611**

**included in the line items "Loans and borrowings" and "Other current liabilities" in the statement of financial position.

Additions to the right-of-use assets in 2021 were NOK 970 612 (2020 NOK -10 740).

Amounts recognised in the statement of profit or loss
The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right of use assets	31.12.2021	31.12.2020
Properties	905 937	1 143 008
Equipment	273 426	207 058
	1 179 363	**1 350 066**

Interest expense	50 473	79 116
Expenses related to short-term leases	81 600	63 000
Expenses related to leases of low-value	6 600	36 208

The total cash outflow for leases in 2021 was NOK 1 198 226 (2020 NOK 1 291 084).

20. Contingencies and commitments

The company did not have any contingent liabilities and commitments as at 31 December 2021 or at 31 December 2020.

21. Share capital and shareholder information

Share capital and premium	Number of shares	Ordinary share capital	Share premium	Total
31.12.2020	**103 025 872**	**10 302 587**	**36 320 320**	**46 622 907**
Consolidation of shares	-85 854 893	0	0	0
Capital increase	7 745 333	4 647 200	55 684 800	60 332 000
Issue expense	0	0	-7 083 973	-7 083 973
Settlement of uncovered losses	0	0	-27 781 001	-27 781 001
31.12.2021	**24 916 312**	**14 949 787**	**57 140 146**	**72 089 934**

Each share has a nominal value of NOK 0,60.

During the annual general meeting on the 8th of June 2021 a consolidation of shares was approved. Every 6 existing shares with a nominal value of NOK 0,10 was consolidated into 1 share with a nominal value of NOK 0,60. A total of 103 025 872 shares were consolidated into 17 170 979 shares.

Shareholders	Shares	Percentage ownership
Avanza Bank AB	6 366 621	25,55 %
Citibank, N.A.	5 297 205	21,25 %
Nordnet Bank AB	2 698 523	10,83 %
Skandinaviska Enskilda Banken AB	1 423 840	5,71 %
Molver AS	644 673	2,59 %
LJM AS	552 291	2,22 %
S. Munkhaugen AS	484294	1,94 %
Jama Holding AS	429 351	1,72 %
Bjelland Capital I AS	423 077	1,70 %
Rolfs Holding AS	420 791	1,69 %
Others	6 175 646	24,79 %
Total	**24 916 312**	**100,00 %**

Shareholding held by Executive and Non-Executive Directors	Position	No of shares 2021	Percentage ownership	No of shares 2020*
Ronny Hermansen (InVitroDia AS)	CEO	154 552	0,62 %	116 091
Christina Cásen	SVP Clinical & Medical Affairs	87 072	0,35 %	48 611
Kathryn M. Baker (Lakeside AS)	Chairperson	64 100	0,26 %	0
Anita Patel Jusnes	COO	38 460	0,15 %	0
Camilla Huse Bondesson	Board member	38 460	0,15 %	0
Eilert Aamodt (E. B. Aamodt AS)	CFO	38 460	0,15 %	0
Kari Furu	CTO	10 000	0,04 %	0
Total		**431 104**	**1,7 %**	**116 091**

*The column “No of shares 2020” shows shares corrected for the consolidation of shares 6:1 performed in the Annual General Meeting 08.06.2021.

22. Dividends

No dividends declared or paid during the financial periods ended 31 December 2021 and 31 December 2020.

23. Events after the statement of financial position date

GA has strengthen its management team by hiring a Head of Operations with responsibilities for manufacturing and logistics. Mr. Lars Tiller joined GA in March 2022.

24. Other income and government grants specification

Specification of other income

	2021	2020
Norwegian Research Council*	2 254 262	789 457
SkatteFUNN	4 324 734	0
R&D Support from partners	0	967 559
R&D Grants and Support	**6 578 996**	**1 757 016**
Commercialization support from partners	0	0
Public corona compensation	0	217 106
Total Other Income	**6 578 996**	**1 974 122**

* In 2020, the company was awarded funding for a PhD project worth NOK 789.457. The grant is subject to R&D performed on a project that is a collaboration project between NMBU and GA. The grant for 2021 of NOK 2 254 262 is related to the IBD project aiming to develop a new microbiome marker recognized as other income. Costs related to this project are presented as other expenses. This project is ongoing.

Norwegian government grants have been approved for qualifying research and development expenditures under the program called SkatteFunn. In 2021, GA has been applicable for SkatteFUNN, while in 2020 the company was not applicable. The company has in 2021 recognized NOK 4 324 734 as other income arising from the government grant.

The company has also recognized NOK 355 060 as a reduction of capitalized research & development related to SkatteFUNN.

Independent Auditor's Report

To the General Meeting of Genetic Analysis AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Genetic Analysis AS (the Company), which comprise the statement of financial position as at 31 December 2021, statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Oslo, 20 April 2022
PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant

(2)

Powering the microbiota market with routine diagnostic solutions

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