GENETIC ANALYSIS AS

ANNUAL REPORT 2020

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ANNUAL REPORT 2020

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LETTER FROM THE CEO

Dear shareholder,

We are looking back on a very challenging year where the spread of the corona virus totally changed our lives. As the healthcare sector needed to concentrate all its resources on handling corona patients, other patient examinations were put on hold if possible. Many of our customers were in lockdown for a long time, and the market basically came to a standstill during the spring of 2020. For GA, this situation led to less samples being analyzed, and GA experienced a drop in revenues. GA had to adapt to the situation by reducing costs and at the same time allocate more resources on the commercial side. Through the autumn, the market slowly showed some recovery.

GA's management and board focused on managing the more challenging market conditions but in parallel pursue exciting new opportunities created by our innovative, cutting-edge technology platform.

During 2020, GA has continued to improve the standardized gut microbiota testing platform further and a new CE-marked version will be ready during the first half year 2021. Customers have been responding positively, and GA sees a good possibility to become the preferred company for standardized gut microbiota testing worldwide.

Leaving 2020, the global microbiota market is still maturing and evolving. After more than 10 years of active research in this field, with an exponential growth in scientific publications and an increasing understanding of microbiomes' role and importance in human health, there is now a clear drive to bring microbiota testing from research into the clinical routine use. More and more pharma players are entering the market with potential microbiome altering drugs and the need for routine diagnostics is increasing. In addition, the pandemic has accelerated the global focus on microbiome and post covid effects on the gut.

GA is at the forefront of this global exciting development with the GA-map® platform technology.

The competent team at GA is strongly dedicated to improving patients' lives by unlocking and restoring the human microbiome. GA will become the leading company for standardized gut microbiota testing worldwide, and the GA-map® platform, will expand the business to serve customers worldwide. I am proud of being a part of this team and looking forward to an exciting 2021 creating values for our shareholders and expanding our business globally!

Yours sincerely,

Ronny Hermansen
CEO

KEY EVENTS 2020

Despite the negative COVID-19 situation, GA did tick off some important milestones last year:

- Commercial end-user sales were stable despite the pandemic.
- Strong testimony on the GA-map® platform from a new large volume customer in US stating superb quality of the data derived from the analysis of the collected samples.
- Successful rapid development of a COVID-19 Fecal Test whereby GA both broadened its product range, but also introduced the detection of viruses and demonstrated the strength of the GA-map® platform.
- GA further improved the GA-map® Dysbiosis Test by building new information on microbiota functionality into the test.
- GA continued to strengthen the intellectual property position, and secured important patents protecting the use of GA-map® in the US, EU and Russia in 2020.
- Strengthened the management team with leading expertise in sales, marketing and finance. This will add commercial strength and capacity to expand the market and to grow the business and adding administration capacity to prepare for a listing.
- A financing round of NOK 34 million was successfully completed, broadening the investor base with life science expertise and adding new board members with extensive experience from the med-tech sector and pharmaceutical industry.
- The process of doing an IPO (Initial Public Offering) in 2021 was initiated.

Photo: Alexander Benjaminsen/NMBU

GENETIC ANALYSIS IN BRIEF

GA at the microbiome frontier

Genetic Analysis AS (GA) is a science-based diagnostic company based in 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 targets multiplex approach specialized for simultaneous analysis of a large number of bacteria 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 of further bioinformatics work.

The vision

GA's vision is to become the preferred company for standardized gut microbiota testing worldwide. GA is committed to help unlocking and restoring the human microbiome through its state-of-the-art technology.

Pioneer in the human microbiota field

Genetic Analysis 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. Genetic Analysis sells the GA-map®, which is currently the only routine diagnostic tool for microbiota on the market.

Correct diagnosis - key to successful treatment

Correct diagnostics is the key to any successful treatment, including drug response, for personalized medicine. Genetic Analysis routine diagnostic tool for microbiota will diagnose possible imbalance, referred to as dysbiosis, in this complex ecosystem. Dysbiosis is associated with several chronic conditions, diseases and infections. GA-map will facilitate follow-up the effects of treatments, improve patient's life's and reduce treatment costs.

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

Organization

GA holds 22 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 has strengthened the management team during 2020 and in particular added strength within sales and marketing with a new Chief Commercial Officer started December 2020. In addition, a new Chief Financial Officer was employed, starting early 2021. Both have 20 years plus work experience and are adding business practices from pharmaceutical companies like Glaxo, Novartis, Pronova Biotech, Nycomed and GE Healthcare.

GA's targeted markets

In the US, GA did late 2019 secure a large customer account, which has its key focus in the functional medicine segment. Previously, the laboratory utilized an in-house developed method which has served the marked for several years. After they installed the GA-map® platform, they have given valuable and positive feedback on the test, and the underlying volume has grown.

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 and France as well as Eastern Europe. These are markets where the potential for microbiota testing is increasing.

The new stricter IVDR requirements for CE-marking of laboratory testing is expected to create a window of opportunity for GA in relation to implementing the CE-marked GA-map® Test with larger laboratories in the EU.

GA's customers

GA's customers can be segmented into 2 customer profiles depending on what they buy form GA. These are kit customers and service lab customers. GA can supply directly to kit customers that are typically medical labs or research labs. GA can also perform the testing in-house for small volume customers as a service.

Currently sales are generated directly by GA or through distributors in US and Europe. To build a distribution network globally is GA's main strategy. In 2020 GA had 4 European distributors and 1 US distributor.

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

In EU, the new IVDR (EU regulation 2017/746) regulative that will come into force May 2022, are implementing requirements for laboratories 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 strengthen 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 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 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 an 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 during the last years. The major challenge when exploring the relationships between gut bacteria and how they affect human health and promote disease, is access to fast and reliable technologies to establish useful clinical data of gut bacteria profiles and how these affects health and disease. The development of technologies suitable for clinical use are few.

Need for more reliable routine 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. There are already today performed some 0.5 million microbiota tests annually in laboratories in US and EU. However, these tests are performed on home developed test methods and research techniques.

PRODUCT PLATFORM

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. Genetic Analysis has developed the only patented 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 underpinned through approximately 25 scientific articles and more than 50 clinical trials. The company has partnerships with global leaders like Luminex Inc. and Bio-Rad Laboratories Inc. which both have global presence. The GA-map® technology can be developed into several new products that are tailor-made for other diseases and indications for use.

Genetic Analysis currently has two products on the market in the EU and US:

GA-map® Dysbiosis Test

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 validated through several studies in IBS and IBD patients and has determined detailed microbiota composition information relative to a healthy reference. The test has a wide range of applications and 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. The studies demonstrate promising results in the fields of predicting disease course and treatment response in IBD patients, monitoring effects of FMT treatment, effects of dietary treatment, evaluating the microbiota impact in Parkinson's Disease and Rheumatoid Arthritis patients, among many other indications.

GA-map® Fecal COVID-19 Test

GA completed the development and launched a COVID-19 Test for fecal samples. It has been demonstrated that the COVID-19 virus is detectable in fecal samples in approximately 50% of the COVID-19 patients, and it has been demonstrated that the virus is detectable in the gastrointestinal tract up to 30 days after a negative nose/throat test. The GA-map® Fecal COVID-19 test will hence be an important supplement to the respiratory tract-based tests. The commercial sale of the fecal COVID-19 test has, despite the usefulness of the test been disappointing, and the development costs have therefore been expensed. However, the sales effort continues into 2021. GA thinks of COVID-19 as a respiratory infection, but there is emerging data that talks about the role of microbiome and COVID-19. GA is participating in a study together with Haukeland 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 want to position our microbiome test as a tool to monitor post-covid dysbiosis.

RESEARCH & DEVELOPMENT PROJECTS

On the clinical and product development side, GA is focusing on the gastrointestinal area, where Inflammatory Bowel Disease, (IBD: Crohn's disease and ulcerative colitis) and Irritable Bowel Syndrome (IBS) are the main focus areas.

The goal is to develop diagnostic markers that in addition to mapping the microbiota, can significantly improve treatment regimes, predict severity of disease course, and aide in the selection of the right treatment at an earlier stage.

The current GA-map® is useful in narrowing the treatment options for patients with IBS and GA's pipeline projects will aim at developing more specific IBS indications that can predict various treatment outcomes (i.e. dietary, pro/prebiotics or fecal microbiota transplant (FMT)).

Inflammatory Bowel Disease (IBD)

Some 7 million people in the EU and US suffer from this serious chronic lifelong disease which affects 0,5-1% of the population in developed markets. IBD is normally diagnosed through colonoscopy but there is an unmet medical need of improved diagnostic tools that can aid in diagnosing, predicting disease course and selection of treatment. Research communities have identified links between microbiota profiles and IBD development. GA's aim is to develop a test that can predict patients' disease course severity and choice of treatment. GAs research in the area involves several IBD studies and we have already analyzed and interpreted data from more than 1.500 patients in total, including both adults and pediatrics.

Diabetes Type 2 and obesity

Within the field of metabolic diseases, GA is involved in a project together with the French research institute BIOASTER and Bio-Rad Laboratories Inc. to look at possible diagnostic markers for early detection on Diabetes Type 2. The pilot project was finalized in January 2021 with interesting findings. Further research is however needed in order to develop a commercial product in the form of a test used as an early indicator of high risk of developing Diabetes Type 2. How to bring the project forward and to finance the next step in the project is currently under discussion.

CORPORATE GOVERNANCE REPORT

Genetic Analysis AS (the “Company or “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 work 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 an 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 anticorruption, 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 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 report, marketing presentations and on the company’s website.

Independency and neutrality

GA strives for independency and neutrality in the relations between board of directors, management, owners and others. The principle of independence, neutrality and arm’s length principle applies towards 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 dividend. 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 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 are included in the notes to the financial statements.

General assembly

The general assembly is open to all shareholders and the board of directors strive 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 with the 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 are able to vote in each individual matter, and shareholders who are unable to attend in 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 board of directors and the chairperson of the nomination committee will attend the meeting.

Equity and dividends

Genetic Analysis AS will strive to have a solid balance sheet. The board of directors and the executive management regularly monitor that the company's capital structure including the level of equity are 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 shareholder 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, 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 reflecting 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 renumeration is given to the members of the board beyond the board fee, this will be stated in the annual report. The shareholding and renumeration of the board of directors are set out in the notes to the financial statements of the company.

Board Committees

Nomination committee

The article of association stipulate 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 from board of directors and management. The nomination committee consist 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 regulation. The compensation committee is responsible for, amongst other, to prepare the board's proposal to the guidelines for remuneration for key personnel and yearly remuneration report.

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 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 are 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 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

The company wishes to maintain an open dialog with shareholders, potential investors and other participants in the securities market. The company will before a listing establish principles for investor relations which includes guidelines for the company's contact with shareholders and the financial community.

GA will seek a listing on the Spotlight Stock Exchange in Stockholm and is obliged to follow applicable rules for handling information. All relevant information will after the listing be published through Spotlight Stock Exchange and the company web site www.genetic-analysis.com.

Auditor

In addition to serving as the company's auditor, the auditor firm is also used as an external consultant in accounting issues, tax calculations and tax issues. 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 auditors 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 published. 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 a 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 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, Hudya AB and Labrida 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. He currently holds the position as Vice President in the Corporate Strategy Team in Bio-Rad Inc where he is 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 Norwegian citizen 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 in companies in the biotechnology field, including as head of Behring Diagnostica AB, international product manager for Biacore, marketing manager for Amersham Biosciences (now Cytiva) and VP Marketing for Gyros AB. Since 2004, Ms. Bondesson has worked as a consultant and partner at 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 experience in 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 of orphan drugs as he was Head of R&D of Swedish Orphan.

CORPORATE SOCIAL RESPONSIBILITY

General

Genetic Analysis AS provide 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 Genetic Analysis AS 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 is 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 to this standard since March 2018.

Since GA is heavily dependent on staff with specialized higher education, the company contributes to 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 use 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 businesses.

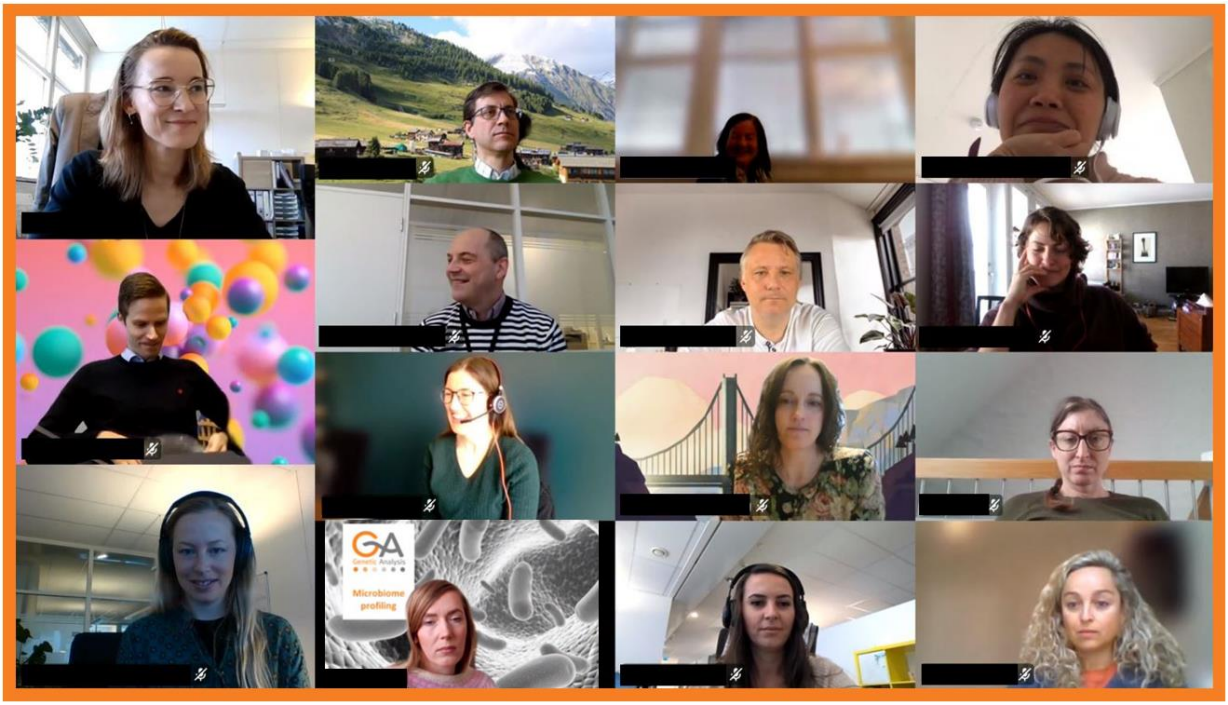
Anti-corruption policy

Corruption stand in the way of economic development, is anti-competitive und undermine both the rule and law and the democratic process. GA's worldwide operations are subject to national and international law prohibiting Genetic Analysis AS 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, does not take part in corruption or other illegal or unethical activities in connection with its business with GA.



New ways of working – Digital meetings also came to all GA's employees during 2020

DIRECTORS' REPORT 2020

Overview

GA is a fast-growing molecular diagnostic company and is 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 microbiota. GA has core competence in detecting microorganisms as bacteria and viruses in the gut and the core focus is mapping of microbiota, utilizing the GA-map® technology 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 (appointed 28.10.2020), Ashok K. Shah, Rune Sørum, Camilla Huse Bondesson (appointed 28.10.2020) and Staffan Strömberg (appointed 28.10.2020). The company has implemented a directors' liability insurance covering events up to MNOK 10.

Financial Results

The company accounts are made up in accordance with IFRS.

Being a company in its early commercialization phase, GA has through 2020 been preparing for growth expansion, but set-back during the pandemic situation. Therefore, GA generated total revenues of NOK 7.8 million in 2020 (NOK 17.8 million in 2019). Of this, sales from GA-map® products was NOK 5.8 million in 2020 (NOK 7.3 million in 2019), and other income which is mainly research support and grants, accounted for NOK 2.0 million in 2020 (NOK 10.5 million in 2019, whereby NOK 6.8 million came from a one-off partner payment).

Total operating expenses amounted to NOK 29.7 million for the full year (NOK 24.6 million in 2019). Costs related to development projects in certain stages are capitalized according to IFRS IAS38, and thus net NOK 5.2 million was capitalized in 2020 (NOK 8.1 million in 2019). Research grants booked as a cost reduction amounted to NOK 0 million in 2020 (NOK 4.2 million in 2019).

Reported employee costs increased from NOK 14.5 million in 2019 to NOK 16.4 million in 2020. Of this, the IFRS charge related to share options increased from NOK 1.9 million in 2019 to NOK 2.0 million in 2020 because of options extensions. Employee costs have also increased as GA has focused on ramping up activity in the sales organization.

Amortization and depreciation expenses increased from NOK 2.5 million in 2019 to NOK 4.8 million in 2020. One development project went from capitalization to amortization phase and caused new amortization of NOK 1.9 million. In addition, the costs of NOK 1.4 million for one project has been written off completely at year end.

Other expenses showed increased from NOK 5.6 million in 2019 to 6.5 million in 2020, mainly driven by higher costs related to consultancy, software development and laboratory equipment

maintenance. Other gains and losses improved from a loss of NOK 0.3 million in 2019 to a gain of NOK 0.4 million in 2020 mainly due to currency rate fluctuations.

Net financials showed an expense of NOK 0.2 million in 2020 compared to an expense of NOK 0.2 million in 2019.

Net loss for the company during 2020 was NOK 22.1 million compared to a net loss of NOK 6.9 million for 2019.

Cash Flow and Balance Sheet

Cash generated from operating activities showed a negative of NOK 6.8 million in 2020 compared to a negative of NOK 6.4 in 2019. Investing activities generates a negative outflow of NOK 5,2 million in 2020, compared to a negative outflow of NOK 8.2 million in 2019. Financing activities showed a positive inflow of NOK 32.2 million compared to a negative outflow of NOK 1.6 million in 2019, where the main effect came from new share issue. Net cash flow for 2020 showed an inflow of NOK 20.2 million, compared to an outflow of NOK 16.2 million in 2019.

GA had total assets of NOK 55.6 million at 31.12.2020 (NOK 45.6 million at year end 2019). Total intangible assets as per 31.12.2020 amounted to NOK 26.0 million (NOK 25.5 million at year end 2019). The cash balance at 31.12.2020 was NOK 24.2 million compared to NOK 4.0 million at year end 2019.

Total equity for GA as of 31.12.2020 was NOK 46.6 million compared to an equity of NOK 33.5 million at year end 2019. The increase in equity of NOK 13.1 million is explained through loss of NOK 22.1 million offset by net share issue of NOK 33.2 million and share options of NOK 2.0 million.

The registered share capital in GA as of 31.12.2020 was NOK 10.302.587 divided into 103,025,872 shares at a nominal value of NOK 0.10 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 limited commercial operations in 2020, 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. Management's risk policy is to, on a continuing basis, monitor the risk and consider the need to establish security arrangement. During 2020, the company's borrowings were substantially decreased.

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 2020, 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 two main development projects in 2020. Firstly, the company has broadened its product range by implementing products for viral detection, the COVID-19 Fecal Test. The market for this product has reacted slower than anticipated and the development costs have therefore been expensed.

Secondly, an improved GA-map® Dysbiosis Test has been successfully developed. In Q2 2021, this will be CE-marked for the European market, but also introduced to the US for research use purposes.

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 1,3% in 2020, showing a decrease from the 2,1% in 2019. No working accidents or injuries has occurred in 2020.

The management team in GA consist of 5 people, 2 women and 3 men. At the end of the year, GA had a total workforce of 21 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.

COVID-19 Impact

GA sees the health and safety of our employees as well as our customers and partners as an important concern. This continues to be in our focus as we manage the situation. The company has implemented business contingency plans so that the daily operations are expected to continue. GA follows the local and national health policies given by the authorities while serving our customers. The corona pandemic situation in Norway, Europa and the US had a negative impact during 2020. It has delayed sales and development programs. The length of this challenging situation will impact the company performance also in 2021.

Outlook

The launch of the GA-map® as a CE-marked product in Europe and as a RuO product launch for US has significantly strengthen GA's position. We believe that GA through its partnership agreements has a solid foundation for strong commercialization in the European, US and other 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 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 2020 of NOK -22 135 682 after tax. The board proposes the following allocation of the results for Genetic Analysis AS for the year:

Net profit / - loss	- 22 135 682
Transferred to / - from Other Equity	- 22 135 682

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

Transferred to / - from Share premium	- 141 200 914
Transferred to / - from Other Equity	141 200 914

Oslo, 27. May 2021

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

THE FINANCIAL STATEMENTS 2020

Genetic Analysis AS

Statement of Profit or Loss

For the year ended 31 December 2020

	Notes	2020 NOK	2019 NOK
Revenue	5	5 779 703	7 294 446
Other income	23	1 974 122	10 538 704
Operating income		**7 753 825**	**17 833 150**
Raw materials and consumables	23	1 027 393	1 730 281
Employee benefits expense	6,16	16 426 151	14 492 294
Depreciation and amortization expense	11,12	4 798 678	2 493 462
Write-down of intangible assets	12	1 402 545	0
Other expenses	6	6 478 976	5 599 532
Other gains and losses		-426 523	266 568
Operating expenses		**29 707 220**	**24 582 138**
Finance income	7	28 454	16 452
Finance expenses	7	210 741	204 436
Finance – net		**- 182 287**	**-187 984**
Profit / (loss) before income tax		**-22 135 682**	**-6 936 973**
Income tax expense	8, 17	0	0
Net profit / (loss)		**-22 135 682**	**-6 936 973**

Genetic Analysis AS

Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 NOK	2019 NOK
Profit for the year		-22 135 682	-6 936 973
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		**-22 135 682**	**-6 936 973**

Genetic Analysis AS

Statement of Financial Position

As at 31 December 2020

Assets	Notes	31.12.2020 NOK	31.12.2019 NOK
Non-current assets			
Property, plant & equipment	11,18	1 617 347	3 134 266
Intangible assets	12	25 993 018	25 512 260
Total non-current assets		**27 610 365**	**28 646 526**
Current assets			
Inventory	15	1 885 078	763 004
Trade and other receivables	10	1 929 932	12 166 380
Cash and cash equivalents	9	24 193 597	4 013 827
Total current assets		**28 008 607**	**16 943 211**
Total assets		**55 618 972**	**45 589 737**

Genetic Analysis AS
Statement of Financial Position
As at 31 December 2020

Equity and liabilities	Notes	31.12.2020 NOK	31.12.2019 NOK
Equity attributable to owners of the parent			
Ordinary shares	20	10 302 587	6 868 447
Share premium	20	36 320 320	147 751 974
Retained earnings		0	-121 089 114
Total equity		**46 622 907**	**33 531 307**
Non-current liabilities			
Loans and borrowings	13,18	1 404 762	2 795 965
Total non-current liabilities		**1 404 762**	**2 795 965**
Current liabilities			
Trade payables	14	1 738 235	893 807
Other current liabilities	13,14	5 853 068	8 368 657
Total current liabilities		**7 591 303**	**9 262 464**
Total liabilities		**8 996 065**	**12 058 429**
Total equity and liabilities		**55 618 972**	**45 589 737**

The financial statements were approved by the directors and authorised for issue on 27 May 2021:

Kathryn M Baker
Chairperson of the Board

Ashok K. Shah
Board Member

Rune Sørum
Board Member

Anne Camilla Huse Bondesson
Board Member

Staffan Strömberg
Board Member

Ronny Hermansen
CEO

Genetic Analysis AS

Statement of Changes in Equity

As at 31 December 2020

	Note	Attributable to the owners			
		Share capital NOK	Share premium NOK	Retained earnings NOK	Total NOK
Equity at 01.01.2019		**6 868 447**	**147 751 974**	**-116 089 172**	**38 531 250**
Profit for the financial year		0	0	-6 936 973	-6 936 973
Other comprehensive income		0	0	0	0
Share options	16	0	0	1 937 030	1 937 030
Equity at 31.12.2019		**6 868 447**	**147 751 974**	**-121 089 114**	**33 531 307**
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	20	1 797 000	16 173 000	0	17 970 000
Capital increase 19.06.2020	20	274 180	2 467 620	0	2 741 800
Capital increase 06.08.2020	20	1 362 960	12 266 640	0	13 629 600
Issue expense		0	- 1 138 000	0	-1 138 000
Share options	16	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**

Genetic Analysis AS

Statement of Cash Flow

For the year ended 31 December 2020

	Note	2020	2019
Profit / (Loss) before income tax		**-22 135 682**	**-6 936 973**
Adjustments for:			
Depreciation and amortisation charges	11,12	6 201 223	2 493 462
Stock options	16	2 023 882	1 937 030
Items classified as financing activities		79 115	113 505
Changes in working capital			
Changes in inventory	15	-1 122 074	-763 004
Changes in trade receivables	10	6 359 249	-6 149 144
Changes in trade payables	14	844 428	-112 437
Changes in other items		1 193 638	3 055 976
Net cash flow from operating activities		**-6 556 221**	**-6 361 585**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	-23 300	-83 178
Payments for capitalized development	12	-5 152 233	-8 149 477
Net cash flow from investing activities		**-5 175 533**	**-8 232 655**
Cash flows from financing activities			
Repayment of borrowings	13	-100 000	-400 000
Installments on leasing liabilities	13,18	-1 191 876	-1 243 231
Paid in capital	20	33 203 400	0
Net cash flow from financing activities		**31 911 524**	**-1 643 231**
Net increase in cash and cash equivalents		**20 179 770**	**-16 237 471**
Cash and cash equivalents at beginning of year	9	4 013 827	20 251 298
Cash and cash equivalents at end of year	9	**24 193 597**	**4 013 827**

1. General information

Genetic Analysis 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 and gut related COVID-19.

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.

Genetic Analysis 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 Mat in Ås.

Genetic Analysis AS is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Kabelgaten 8, 0580 Oslo, Norway.

The financial statements were considered and issued by the company's board of directors on 27 May 2021.

2. Summary of significant accounting policies

Basis for preparation

These financial statements have been prepared on a historical cost basis, and in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC').

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 standards and amendments for the first time for their annual reporting period commencing 1 January 2020:
• Definition of Material – amendments to IAS 1 and IAS 8
• Definition of a Business – amendments to IFRS 3
• Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
• Revised Conceptual Framework for Financial Reporting

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards 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 22.

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 income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. All other foreign exchange gains and losses are presented in the income statement 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 stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. They are reflected in the balance sheet 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.

Fixed assets related to the Company's location in Oslo are booked at cost and depreciated over the lease period for the respective location.

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 income statement 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.

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. It is stated at the lower of average acquisition cost and net realisable value. Cost is determined using the weighted
average method. Acquisition costs for work in progress are direct material costs and payroll expenses plus indirect costs (based on normal activity).

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

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 carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement 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.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the balance sheet 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 income statement, 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 balance sheet 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 balance sheet 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

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 income statement 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 income statement, 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 taken to income 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 33 363 (2019: NOK 67 615) 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 1 452 (2019: NOK 68 417) 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 2020 and 2019, 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
2020	+50	5 500	5 500
2020	-50	-5 500	- 5 500
2019	+50	9 055	9 055
2019	-50	-9 055	-9 055

Based on the financial instruments that existed per 31 December 2020, an increase of 0,5% would reduce the company's profit before tax by NOK 5 500 (2019: NOK 9 055).

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

	2020	2019
Other loans	5,2%	5,3%

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 2019 and 2018, 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 2020				
Loans and 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
At 31 December 2019				
Loans and borrowings	187 460	892 400	727 300	0
Trade payables	893 807	0	0	0
Lease liabilities	1 191 876	1 289 158	151 883	
Other liabilities	5 585 741	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. Long-term financial assets are measured at fair value.

Derivative financial instruments and fair value estimation

At the end of year 2020 and end of year 2019 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	**2020**	**2019**
Assets		
Trade receivables	858 445	7 217 694
Other receivables	1 071 487	4 948 686
Cash and cash equivalents	24 193 597	4 013 827
Total financial assets	**26 123 529**	**16 180 207**
Liabilities		
Loans and borrowings	1 404 762	2 795 965
Trade payable and other short-term debt	7 591 303	9 262 464
Total financial liabilities	**8 996 065**	**12 058 429**

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 balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet 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 recognised 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.

During 2020, two projects were in the phase where capitalization of development cost was done:

1. The GA technology project
   The technology project has reached the stage for capitalization, and all further development costs on this project is being capitalized. Amortization on this intangible asset is estimated to start in Q2-2021 and is estimated to be amortized over ten years.

2. The Covid Fecal project
   GA developed a fecal test following the pandemic situation. Development costs on this project were capitalized. Amortization on this intangible asset was started in Q3-2020 but was written off as an impairment at year end.

5. Geographical breakdown of sales and assets

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

	2020	2019
Norway	398 900	78 970
Europe	451 340	664 617
USA	4 929 463	6 550 859
Total	**5 779 703**	**7 294 446**

One customer account for 88 % of the sale, another customer account for 7% of the sale, the others are below 5 % each.

Geographical breakdown of assets

	2020	2019
Norway	30 015 388	29 409 530
Total	**30 015 388**	**29 409 530**

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

Analysis of revenue by category	2020	2019
Sale of goods	2 944 865	5 668 953
Revenue from services	2 834 838	1 625 493
Total	**5 779 703**	**7 294 446**

Assets and liabilities related to contracts with customers

The company has recognized the following assets related to contracts with customers:

	2020	2019
Contract assets included in trade and other receivables	0	0

6. Employee benefits expense and auditor remuneration

Personnel expenses:

	2020	2019
Salaries	14 080 887	17 736 031
Payroll tax	1 750 432	2 174 097
Pension cost	249 941	279 079
Other benefits	568 759	407 773
Stock options	2 023 882	1 937 030
Capitalized as R&D/ SkatteFunn	-2 247 750	-8 041 716
Total personnel expenses	**16 426 151**	**14 492 294**
Average number of man-years*	15	20
Average number of employees**	22	22

* Due to the pandemic situation the company had to implement a temporary lay-off of most employees from medio March until end of June 2020.

**0 on maternity leave in 2019, 1 employee on maternity leave in 2020.

Auditor remunerations:

	2020	2019
Statutory audit	200 000	190 720
Other assurance services	35 824	0
Tax advisory fee	25 000	25 000
Other services	180 000	130 000
Total audit remuneration	**440 824**	**345 720**

VAT is not included in the audit fee.

7. Financial income and expenses

Finance income

	2020	2019
Interest income on short-term bank deposits	845	3 607
Other interest income	27 609	12 845
Total finance income	**28 454**	**16 452**

Finance costs

	2020	2019
Interest expenses on borrowings	67 626	89 423
Interest expenses on leasing	79 116	113 505
Other interest expenses	63 999	1 308
Other finance expenses	0	200
Total finance expenses	**210 741**	**204 436**
Net finance costs/income	**-182 287**	**-187 984**

8. Income tax expense

	2020	2019
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:

	2020	2019
Ordinary profit before tax	-22 135 682	-6 936 973
Tax calculated at the domestic rate (22%)	-4 869 850	-1 526 134
Expenses not deductible for tax purposes	189 845	-16 939
Tax loss for which no deferred income tax asset was recognized	4 680 005	1 543 073
Tax cost	**0**	**0**

The income tax expense is calculated using the domestic tax rate. The tax rate is 22 % in Norway in 2020 (22% in 2019).

No current or deferred tax expense or income has been recognized in the Statement of Other Comprehensive Income in the period. See note 17.

9. Cash and cash equivalents

Cash and other cash equivalents:

	2020	2019
Short term cash deposits, cash equivalents	23 503 718	3 268 451
Restricted cash	689 879	745 376
Cash and cash equivalents	**24 193 597**	**4 013 827**

Restricted cash 31 December:

	2020	2019
Security for tax withholding	689 879	745 376
Total	**689 879**	**745 376**

10. Trade and other receivables

	2020	2019
Trade receivables	858 445	7 217 694
Less: provision for impairment of trade receivables	0	0
Trade receivables – net	**858 445**	**7 217 694**
Prepaid expenses	342 751	181 383
Receivable on employees	35 536	35 536
Receivable VAT	387 400	240 620
Receivable Government Grant	0	4 161 012
Other receivables	305 800	330 134
Total	**1 929 932**	**12 166 380**

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

As of 31 December 2020, trade receivables of NOK 858 445 were past due but not impaired (2019: NOK 99 638). 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:

	2020	2019
Receivables not due	0	7 118 056
Up to 3 months	858 445	99 638
3 to 6 months	0	0
Total	**858 445**	**7 217 694**

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

	2020	2019
NOK	1 071 487	5 039 664
EUR	858 445	540 483
USD	0	6 585 233
Total	**1 929 932**	**12 166 380**

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 2019			
Opening net book amount	503 052	862 368	1 365 420
Implementation IFRS 16	0	2 455 829	2 455 829
Additions	83 178	270 716	353 894
Depreciation charge	-162 550	-878 328	-1 040 878
Closing balance	**423 680**	**2 710 585**	**3 134 266**
31.12.2019			
Acqusition cost	3 145 594	3 808 932	6 954 526
Accumulated depreciation	- 2 721 914	-1 098 347	- 3 820 261
Accumulated impairment	0	0	0
Net book amount	**423 680**	**2 710 585**	**3 134 266**
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**
Depreciation for the year			
Estimated useful life		5 years	

Machinery and equipment were provided at 31 December 2020 as security for NOK 0 (2019: NOK 0).

12. Intangible assets

	R&D	Patents	Software	Total
Fiscal 2019				
Opening net book amount	18 038 422	0	776 946	18 815 368
Additions*	8 026 379	200 000	0	8 226 379
Disposals	0	0	0	0
Amortization charge	-1 073 296	-12 223	-443 968	-1 529 487
Closing balanse	**24 991 505**	**187 777**	**332 978**	**25 512 260**
31.12.2019				
Acquistion cost	29 303 082	200 000	2 219 842	31 722 924
Accumulated amortization	-4 311 578	-12 223	-1 886 864	-6 210 665
Accumulated impairment	0	0	0	0
Net book amount	**24 991 505**	**187 777**	**332 978**	**25 512 260**
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**
Estimated useful life	10 years	15 years	5 years	

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

*Cost before government grants: 5 152 233 NOK in 2020 (10 013 748 NOK in 2019)

13. Borrowings

	2020	2019
Non-current		
Lease liabilities	304 762	1 295 965
Other borrowings	1 100 000	1 500 000
Total	**1 404 762**	**2 795 965**

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	
	2020	2019	2020	2019
Lease liabilities	304 762	1 295 965	304 762	1 295 965
Other borrowings	1 100 000	1 500 000	1 100 000	1 500 000
Total	**1 404 762**	**2 795 965**	**1 404 762**	**2 795 965**

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

Loans presented as financing activities in the cash flow statement	Dec **2020**	Dec **2019**
Borrowings repayable within one year	400 000	100 000
Lease liabilities repayable within one year	1 059 849	1 191 876
Borrowings repayable after one year	1 100 000	1 500 000
Lease liabilities repayable after one year	304 762	1 295 965
Total loans	**2 864 611**	**4 087 841**

Gross debt with fixed interest rates	0	0
Gross debt with variable interest rates	2 864 611	4 087 841
Total loans	**2 864 611**	**4 087 841**

	Borrowings	Lease liabilities	**Total**
Loans as at 31 December 2019	**1 600 000**	**2 487 841**	**4 087 841**
Cash flows	-100 000	-1 191 876	-1 291 876
Other non-cash movements	0	68 646	68 646
Loans as at 31 December 2020	**1 500 000**	**1 364 611**	**2 864 611**

14. Trade and other payables

	2020	2019
Trade payables	1 738 235	893 807
Accrued employee benefits expense	113 150	871 522
Social security and other taxes	1 242 355	1 372 196
Contract liabilites	48 000	1 991 039
Lease liabilities	1 059 849	1 191 876
Borrowings	400 000	100 000
Accrued expenses	2 989 715	2 842 024
Total current liabilities	**7 591 303**	**9 262 464**

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

	2020	2019
Raw materials and purchased semi-manufactures	786 262	490 004
Stock self-produced finished goods	1 098 816	417 000
Allowance for obsolete goods	0	-144 000
Total inventory	**1 885 078**	**763 004**

16. Related party disclosures

Remuneration of senior executives	2020	2019
Pay and other short-term benefits	1 675 592	1 873 183
Total	**1 675 592**	**1 873 183**

Payables	2020	2019
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 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 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**

At year end, the company has accrued NOK 113 150 for board remuneration for the period 01.11-31.12.2020. This will be paid out after the annual general meeting in 2021.

Pay and other remuneration of senior executives in 2019:

Name	*Function*	*Period*	*Basic salary*	*Bonus paid*	*Other remun.*	*Total pay and remun.*	*Pension contrib*
Ronny Hermansen	CEO	01.01-31.12	1 673 183	200 000	6 661	1 879 844	21 751
Total			**1 673 183**	**200 000**	**6 661**	**1 879 844**	**21 751**

Pay and other remuneration of board members in 2019:

Name	*Function*	*Period*	*Basic salary*	*Bonus paid*	*Other remun.*	*Total pay and remun.*
Stein Lorentzen-Lund	Board Member	01.01-31.12	0	0	75 000	75 000
Per Olav Utby	Board Chair	01.07-31.12	0	0	150 000	150 000
Total			**0**	**0**	**225 000**	**225 000**

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.

Share-Based Payment
Genetic Analysis' Option Program was established in 2015 with the objective to further align the interests of the Management and key personnel with the interests of the shareholders. When the program was rolled out in 2015, the Board of Directors was authorised to increase the share capital with totally 1 610 000 shares. These options expired in 2019. An extension was approved by the board in February 2020. The total number of share options outstanding at 31 December 2020 is 9 460 000 or 9,18 % of total shares issued.

The Company utilizes a Monte Carlo simulation 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 estimate the likelihood of performance fulfilment and takes this into account in the valuation.

During the period ended 31 December 2020, the Company has had share-based payment arrangements for employees, as described below.

Granted	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	30.06.2020-01.12.2020
Options granted as of 31.12.2020	1 410 000	1 300 000	650 000	6 100 000
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 Monte Carlo option pricing model. The weighted average inputs to Monte Carlo model and Fair values at grant date:

Granted	2014	2017	2018	2020
Exercise price	2,40-2,50	3,54	4,30	1,00
Share price at grant date	2,40-2,50	3,54	4,30	1,00
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 2020 arising from the option plan is NOK 2 023 882 (2019: NOK 1 937 030), not including social security.

Corporate Management Team	Number of options
Christina Casén, Clinical Director	1 200 000
Anita Patel Jusnes, Chief Commercial Officer	500 000
Finn Terje Hegge, Chief Technical Officer	1 200 000
Ronny Hermansen, Chief Executive Officer	3 250 000

Board of Directors	Number of options
Kathryn M. Baker, Chairperson	900 000
Steffan Strömberg, Board member	200 000
Camilla Huse Bondesson, Board member	200 000

In addition, Per Olav Utby (former chairman of the board) holds 150 000 options.

Activity overview:

Activity	Number of options
Outstanding OB (01.01.2019)	3 260 000
Granted	900 000
Exercised	0
Cancellations	-200 000
Expired	-1 410 000
Outstanding CB (31.12.2019)	2 550 000

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

17. Deferred income tax

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

	2020		2019	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Accelerated tax depreciation	2 943 349	0	3 450 886	0
Tax losses carried forward	33 390 116	0	28 202 574	0
Total	**36 333 465**	**0**	**31 653 460**	**0**

The Company did not recognize a tax asset in its balance sheet 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.

18. Leases

Amounts recognized in the balance sheet
The balance sheet shows the following amounts relating to leases:

Right of use assets*	**31.12.2020**	**31.12.2019**
Property	780 556	1 895 805
Equipment	569 493	814 780
	1 350 049	**2 710 585**

*included in the line item "Property, plant and equipment" in the balance sheet.

Lease liabilities**	**31.12.2020**	**31.12.2019**
Current	1 059 849	1 191 876
Non-current	304 762	1 295 965
	1 364 611	**2 487 841**

**included in the line items "Loans and borrowings" and "Other current liabilities" in the balance sheet.

Additions to the right-of-use assets in 2020 were NOK -10 740 (2019 NOK 270 716).

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	31.12.2020	31.12.2019
Properties	1 143 008	560 023
Equipment	207 058	318 305
	1 350 066	**878 328**

Interest expense	79 116	113 505
Expenses related to short-term leases	63 000	63 000
Expenses related to leases of low-value	36 208	28 080

The total cash outflow for leases in 2020 was NOK 1 291 084 (2019 NOK 1 334 311).

19. Contingencies and commitments

The company does not have any contingent liabilities and commitments as at 31 December 2020 and as at 31 December 2019.

20. Share capital and shareholder information

Share capital and premium	Number of shares	Ordinary share capital	Share premium	Total
31.12.2019	**68 684 472**	**6 868 447**	**147 751 974**	**154 620 421**
Capital increase	34 341 400	3 434 140	30 907 260	34 341 400
Issue expense	0	0	- 1 138 000	-1 138 000
Settlement of uncovered losses	0	0	-141 200 914	-141 200 914
31.12.2020	**103 025 872**	**10 302 587**	**36 320 320**	**46 622 907**

Each share has a nominal value of NOK 0,10.

Shareholders	Shares	Percentage ownership
Bio-Rad Laboratories Inc.	28 590 929	27,75 %
Nordnet Bank AB (nom) *	8 543 200	8,29 %
Biohit Oyj	8 543 036	8,29 %
Nordea Bank Abp (nom) *	5 086 400	4,94 %
Norsk Innovasjonskapital AS	4 905 765	4,76 %
Molver AS	2 868 036	2,78 %
Rolfs Holding AS	2 570 160	2,49 %
LJM AS	2 544 546	2,47 %
Norda ASA	2 440 000	2,37 %
Lucellum AS	1 650 000	1,60 %
Others	35 283 800	34,25 %
Total	**103 025 872**	**100,00 %**

* Nominee accounts for Swedish med-tech investors

Shareholding held by Executive and Non-Executive Directors	Position	No of shares 2020	Percentage ownership	No of shares 2019
Ronny Hermansen, (InVitroDia AS)	CEO	696 548	0,67 %	496 548
Tore Grøttum	Interim CFO	662 110	0,64 %	262 110
Total		**1 358 658**	**1,31 %**	**758 658**

21. Dividends

No dividends declared or paid during the financial periods ended 31 December 2020 and 31 December 2019.

22. Events after the balance sheet date

Since autumn 2020, the premises in Kabelgaten 8, Oslo, have been maintained. This work has caused disturbances in the production process and much noise. In Q1 2021, GA agreed to a compensation equal to rental fee for 2 months. In addition, GA agreed to an extension of the rental period until 31.12.2022 on equal terms.

The corona pandemic situation has negatively impacted GA through 2020. However, operations were resumed after the summer 2020. The situation for the sales team has been and will also be challenging for GA in 2021. The virus outbreak is affecting our customers, both current and new, slowing down sales and delaying sales to new customers. It is a reason to believe that this situation will negatively impact GA's revenues for 2021, and also delay the progress of the company.

23. Other income and Government Grants specification

Specification of other income

	2020	2019
Norwegian Research Council*	789 457	907 635
Other support Norwegian Research Council	0	75 000
R&D Support from partners	967 559	1 974 000
R&D Grants and R&D support	**1 757 016**	**2 956 635**
Commercialization support from partners	0	801 584
Public grant compensation corona	217 106	0
Revenue from minimum partner purchase commitments		6 780 485
Total Other Income	**1 974 122**	**10 538 704**

* In 2019, the company was awarded funding for a PhD project. The grant is subject to R&D performed on a project that is a collaboration project between NMBU and GA. The grant for 2020 of NOK 789 457 (2019: NOK 907 635) is recognized as other income. Costs related to the services delivered is presented as other research costs. This project is ongoing.

Grants recognized as a cost reduction:
Norwegian government grants have been approved for qualifying research and development expenditures under the program called SkatteFunn. In 2020, GA has not been applicable for SkatteFunn, while in 2019 the company was granted NOK 4 161 012. Therefore, in 2019 the company recognized a cost reduction of NOK 555 506 as a reduction of other expenses, NOK 1 618 134 as a reduction of employee benefit expense and NOK 1 987 369 as a reduction of capitalized research & development.

INDEPENDENT AUDITOR'S REPORT

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To the General Meeting of Genetic Analysis AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Genetic Analysis AS, which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

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Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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

Report on Other Legal and Regulatory Requirements

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 27 May 2021
PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant

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