



GENETIC ANALYSIS AS

INTERIM REPORT H1 2021

January – June 2021

Business No: NO 933 373 575

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ABOUT GENETIC ANALYSIS AS (GA)

GA at the microbiome frontier

Genetic Analysis AS is a science-based diagnostic company based in Kabelgaten 8, 0580 Oslo, Norway and a pioneer in the human microbiome field with more than 10 years of expertise in research and product development. The company was founded in 2008, based on the research work of Professor Knut Rudi from the Norwegian University of Life Sciences. The unique GA-map® platform is based on a pre-determined multiplex approach specialized for simultaneous analysis of a large number of bacteria targets in one reaction. The test results are generated by utilizing the clinically validated and standardized cutting-edge GA-map® software algorithm. This enables immediate results without the need 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. GA has 21 highly qualified employees with relevant scientific backgrounds and extensive competence in bioinformatics, molecular biology, and bio-engineering.

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 has developed and sells GA-map®, currently the only routine diagnostic platform for microbiota on the market.



Photo: Alexander Benjaminsen/NMBU

HIGHLIGHTS H1 2021

- Expanding the distribution network in the US by establishing a new distribution model and appointing Eagle Biosciences as a new distributor.
- Significant break-through in the Germany market. Signed agreement with lab chain to sell a GA-map[®] platform installation package. Will be installed in H2 2021.
- The Norwegian Research Council granted GA up to NOK 16 million for our research and development project within the field of Inflammatory Bowel Disease (IBD).
- Three project applications for the SkatteFUNN research grants scheme were approved in Q2 2021.
- GA became member of the Microbiome Therapeutics Innovation Group (MTIG) which is a coalition of leading companies for research and development of FDA-approved microbiome therapeutics and microbiome-based products.
- GA-map[®] Dysbiosis Test version 2 was completed with a CE mark in June 2021 and will be available for launch in H2 2021. The test is further optimized including a built-in bacteria functionality reporting algorithm and reduction in run-time for the lab.
- GA continued to strengthen the intellectual property position and secured important patents protecting the use of the GA technology in the US, Japan, India and the EU during H1 2021.

FINANCIAL HIGHLIGHTS H1 2021

Figures in parentheses refer to the corresponding period last year.

- Operating income stable at NOK 3,4 million in H1 2021 (NOK 3,4 million).
- Net loss for the first half year 2021 were NOK -15,1 million (NOK -9,9 million).
- The process of doing an Initial Public Offering (IPO) in Stockholm is on track for listing in September/October 2021.

SALES

Sales volumes are below original plans due to the Covid-19 that takes up much focus and capacity within the healthcare sector. However, we are pleased to see that product reagent sales to labs were fueled by growth in the US despite the challenging situation. Reagent sales reached NOK 1,9 million (NOK 1,5 million) an increase of 27% in H1 2021 compared to same period last year. Sales from testing services amounted to NOK 0,4 million in H1 2021 (NOK 1,4 million), and this decline is affected by the slowdown in clinical trials activities and less sales to Pharma customers this half year. Total product sales amounted to NOK 2,3 million (NOK 2,9 million)

Other income increased to NOK 1,1 million (NOK 0,5 million), and total operating income in H1 2021 reached NOK 3,4 million (NOK 3,4 million). Most of GA's sales is currently to the US, but GA is working with strong prospects also in Europe. With the onboarding of the new lab customer in Germany, GA has reached a significant milestone in the EU market. The launch in Poland in Q1 2021 is the first step into the Eastern European market, and we see a growing interest also in this region. Due to the pandemic, it has been challenging to get traction from new lab leads. GA expects the situation to normalise in the second half of 2021 based on a gradual reopening of society.

OPERATIONAL SUMMARY

The company has adjusted to the various requirements related to the Covid-19 pandemic and employees have partially worked from home. The manufacturing, delivery, collection and analysis of tests in our service lab has operated without interruptions, but volumes are reduced due to the pandemic situation.

PRODUCT DEVELOPMENT

GA has been finalizing the development project for the GA-map[®] Dysbiosis Test version 2. The development was completed with a CE marking in June 2021.

OPERATING EXPENSES

Operating expenses in H1 2021 ended at NOK 18,5 million (NOK 13,3 million). Raw materials and consumables have been positively impacted by a renegotiated royalty agreement. Employee benefits expenses showed an increase compared to H1 2020, since H1 2020 were positively influenced by short term layoffs due to the Covid 19 situation. The increase in Other expenses are influenced by costs related to the up-coming IPO. GA capitalized development costs worth NOK 1,9 million during H1 2021 (NOK 2,3 million).

EARNINGS

Net loss after net financial expenses and tax was NOK -15,1 million for H1 2021 (NOK -9,9 million).

BALANCE SHEET

At the end of H1 2021 GA had capitalized development costs of NOK 26,4 million (NOK 26,1 million at the end of H1 2020). Cash and cash equivalents were NOK 11,3 million (NOK 16,8 million) at the end of the reporting period.

PREPARATION FOR AN IPO

GA has appointed Sedermera Fondskommission as an advisor in relation to the contemplated IPO and listing on Spotlight Stock Market in Sweden in September/October 2021. This market is particularly popular with smaller growth-oriented companies within the Bio-Tech sector. When listed, GA will probably be the first Norwegian company to list the Norwegian legal entity directly in Sweden based on shareholding through the Norwegian VPS share registry. The plan is to carry out a new share issue together with the listing and securing the financial resources needed for commercialisation of the current products.

EVENTS AFTER THE BALANCE SHEET DATE

There are no events to report after the balance sheet day.

BOARD APPROVAL

This report has been approved by the board on 05.08.2021.

FINANCIAL CALENDAR

The Q3 2021 interim report will be issued 09.11.2021.

OTHER INFORMATION

For further information about Genetic Analysis AS's operations, please refer to the company website: www.genetic-analysis.com

CONTACT INFORMATION

For additional information, please contact the company:

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GENETIC ANALYSIS AS CONDENSED STATEMENT OF PROFIT OR LOSS

<i>Figures in NOK</i>	Notes	Unaudited H1 2021	Unaudited H1 2020	Audited 01.01- 31.12.2020
Sales revenue	2	2 314 216	2 933 210	5 779 703
Other income	3	1 129 806	486 407	1 974 122
OPERATING INCOME		3 444 022	3 419 617	7 753 825
Raw materials and consumables	4	-217 974	517 565	1 027 393
Employee benefits expenses	5, 8	10 598 457	8 267 027	16 426 151
Depreciation and amortization expenses		2 114 219	2 457 641	4 798 678
Write-down of intangible assets		0	0	1 402 545
Other expenses	7, 8	5 929 929	2 309 419	6 478 976
Other gains and losses		36 446	-295 701	-426 523
OPERATING EXPENSES		18 461 077	13 255 951	29 707 220
Financial income		0	102	28 454
Financial expenses		53 424	109 929	210 741
FINANCE - NET		-53 424	-109 827	-182 287
PROFIT / LOSS BEFORE INCOME TAX		-15 070 479	-9 946 161	-22 135 682
Income tax expenses		0	0	0
NET PROFIT / LOSS		-15 070 479	-9 946 161	-22 135 682
Earnings per share (NOK)		-0,88	-0,67	-1,29
Number of shares (thousands)	9	17 216	14 899	17 171
Number of share options (thousands)		1 643	560	1 643
Earnings per share - fully diluted (NOK)		-0,88	-0,67	-1,29
Number of shares - fully diluted (thousands)		17 216	14 899	17 171



GENETIC ANALYSIS AS CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<i>Figures in NOK</i>	Notes	Unaudited H1 2021	Unaudited H1 2020	Audited 01.01- 31.12.2020
Profit for the period		-15 070 479	-9 946 161	-22 135 682
Items that will not be reclassified to profit or loss		0	0	0
Items that may subsequently be reclassified to profit or loss		0	0	0
Other comprehensive income / (loss) for the period, net of income tax		0	0	0
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		-15 070 479	-9 946 161	-22 135 682

GENETIC ANALYSIS AS

CONDENSED STATEMENT OF FINANCIAL POSITION

<i>Figures in NOK</i>	Notes	Unaudited 30.06.2021	Unaudited 30.06.2020	Audited 31.12.2020
Assets				
Non-Current Assets				
Property, plant, equipment	6	2 187 514	2 366 585	1 617 347
Intangible assets	8	26 393 721	26 089 283	25 993 018
Total Non-Current Assets		28 581 235	28 455 868	27 610 365
Current Assets				
Inventory		1 653 280	1 323 000	1 885 078
Trade and other receivables		2 331 673	7 866 880	1 929 932
Cash and cash equivalents		11 336 439	16 845 489	24 193 597
Total Current Assets		15 321 392	26 035 369	28 008 607
Total Assets		43 902 627	54 491 237	55 618 972
Equity and Liabilities				
Equity				
Share capital	9	10 329 787	8 939 627	10 302 587
Share premium		36 565 121	166 392 594	36 320 320
Retained earnings		-14 267 357	-130 105 480	0
Total Equity		32 627 551	45 226 741	46 622 907
Non-Current Liabilities				
Loans and borrowings	6	2 320 047	2 222 000	1 404 762
Total Non-Current Liabilities		2 320 047	2 222 000	1 404 762
Current Liabilities				
Trade payables		1 688 937	640 789	1 738 235
Other current liabilities		7 266 092	6 401 707	5 853 068
Total Current Liabilities		8 955 029	7 042 496	7 591 303
Total Equity and Liabilities		43 902 627	54 491 237	55 618 972



GENETIC ANALYSIS AS

CONDENSED STATEMENT OF CHANGE IN EQUITY

<i>Figures in NOK</i>	Share capital	Share premium	Retained earnings	Total equity
Equity at 01.01.2020	6 868 447	147 751 974	-121 089 114	33 531 307
Net result for the year	0	0	-22 135 682	-22 135 682
Other comprehensive income	0	0	0	0
Proceeds from share issue	3 434 140	30 907 260	0	34 341 400
Costs of share issue	0	-1 138 000	0	-1 138 000
Share based payments	0	0	2 023 882	2 023 882
Settlement of uncovered losses	0	-141 200 914	141 200 914	0
Equity at 31.12.2020	10 302 587	36 320 320	0	46 622 907
Equity at 01.01.2021	10 302 587	36 320 320	0	46 622 907
Net result for the period	0	0	-15 070 480	-15 070 480
Other comprehensive income	0	0	0	0
Proceeds from share issue	27 200	244 800	0	272 000
Costs of share issue	0	0	0	0
Share based payments	0	0	803 123	803 123
Settlement of uncovered losses	0	0	0	0
Equity at 30.06.2021	10 329 787	36 565 120	-14 267 357	32 627 550

Semi-annual Condensed Statement of Change in Equity is not audited.

GENETIC ANALYSIS AS

CONDENSED STATEMENT OF CASH FLOW

<i>Figures in NOK</i>	Notes	Unaudited 01.01- 30.06.2021	Unaudited 01.01- 30.06.2020	Audited 01.01- 31.12.2020
Profit/Loss before income tax		-15 070 479	-9 946 161	-22 135 682
Depreciation and amortisation		2 114 219	2 457 641	6 201 223
Stock options	5	803 122	929 795	2 023 882
Items classified as financing activities		1 018	990	79 115
Change in working capital				
Changes in inventory		231 798	-559 996	-1 122 074
Changes in trade and other receivables		-401 741	4 299 500	6 359 249
Changes in trade payables		-49 298	-253 018	844 428
Changes in other items		1 813 005	-1 866 950	1 193 638
Net cash flow from operating activities		-10 558 356	-4 938 199	-6 556 221
Purchase of property, plant, equipment		-1 216 408	0	-23 300
Payments of capitalized development	8	-1 869 679	-2 266 983	-5 152 233
Net cash flow from investing activities		-3 086 087	-2 266 983	-5 175 533
Repayments of borrowings		0	-100 000	-100 000
Installments on lease liabilities	6	515 285	-574 956	-1 191 876
Paid in capital		272 000	20 711 800	33 203 400
Net cash flow from financing activities		787 285	20 036 844	31 911 524
Net change in cash and cash equivalents		-12 857 158	12 831 662	20 179 770
Cash and cash equivalents at beginning of period		24 193 597	4 013 827	4 013 827
Cash and cash equivalents at end of period		11 336 439	16 845 489	24 193 597

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Figures in parentheses refer to the corresponding period last year.

1. Accounting Principles

The condensed consolidated financial statements for the first half year of 2021 have been prepared in accordance with International Financial Accounting Standards (IFRS) and IAS 34 for interim financial reporting. Genetic Analysis has applied the same accounting policies as in the consolidated financial statements for 2020. The interim financial statements do not include all the information required for a full financial report and should therefore be read in conjunction with the consolidated financial statements for 2020, which were prepared in accordance with the Norwegian Accounting Act and IFRS, as adopted by the EU.

2. Specification of Sales Revenue

SALES REVENUE BY GEOGRAPHICAL MARKET	H1 2021	H1 2020
Norway	104 200	260 400
Europe	278 244	320 424
USA	1 931 772	2 352 386
Sales revenue	2 314 216	2 933 210

SALES REVENUE BY CATEGORY	H1 2021	H1 2020
Products	1 947 845	1 532 966
Services	366 371	1 400 244
Sales revenue	2 314 216	2 933 210

3. Specification of Other Income

OTHER INCOME	H1 2021	H1 2020
Public grants	1 129 806	395 457
R&D support from partners	0	90 947
Other income	1 129 806	486 404

Governmental research grants are accounted for as Other Income, and thus R&D costs are shown as gross costs.

4. Raw Materials and Consumables

Raw materials and consumables have been positively impacted by a renegotiated royalty agreement in H1 2021. The renegotiation in April 2021 led to a reduction in royalty accruals

for 2020 of NOK 0,9 million, and this 2020 reduction has been posted in the accounts for H1 2021.

5. Share Based Payment

In H1 2021, GA's share option program has been adjusted for one new member of the management as well as two individuals who left their positions and therefore no longer are part of the program. The total expensed amount in H1 2021 arising from the option plan is NOK 0,8 million (NOK 0,93 million).

6. Leases

GA has in H1 2021 extended the lease agreement related to the offices in Kabelgaten 8 in Oslo by 13 months until 31.12.2022.

7. IPO expenses

IPO expenses are non-recurring and related to the preparations for the listing on the Spotlight Stock Market: The following expenses have incurred in H1 2021:

	H1 2021	H1 2020
IPO expenses	1 888 208	0

8. Capitalized Development Costs

GA has capitalized late-stage development costs for one project during H1 2021. The capitalized development costs amounted to NOK 1,9 million in H1 2021 (NOK 2,3 million).

9. Shareholder information

Following the Annual General Meeting held on 08.06.2021, shares in the company have been consolidated 6:1 in a so-called reverse split, whereby 6 old shares were consolidated into 1 new share and the nominal value of each share increased from 0,10 NOK to 0,60 NOK.

10 largest shareholders in Genetic Analysis AS as of 30.06.2021 according to the Norwegian VPS share registry and disclosures from investors:

Shareholder	Number of shares	% Ownership
Bio-Rad Laboratories Inc.	4 765 155	27,68 %
Nordnet Bank AB (nom) *	1 590 533	9,24 %
Biohit Oyj	1 423 840	8,27 %
Norsk Innovasjonskapital AS	817 628	4,75 %
Nordea Bank Abp (nom) *	597 734	3,47 %
Molver AS	478 006	2,78 %
Rolfs Holding AS	428 361	2,49 %
LJM AS	424 091	2,46 %
Norda ASA	406 667	2,36 %
Lucellum AS	275 000	1,60 %
Top 10	11 207 015	65,10 %
Others	6 009 297	34,90 %
Total	17 216 312	100,00 %

* Nominee accounts

This information is such information that Genetic Analysis AS is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted, through the care of the above contact person, for publication on 20 August 2021.



To the Board of Directors of Genetic Analysis AS

Report on Review of Interim Financial Information

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Genetic Analysis AS as of 30 June 2021, the condensed statement of profit or loss, the condensed statement of comprehensive income, the condensed statement of change in equity and the condensed statement of cash flow for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the entity as at 30 June 2021, and its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Oslo, 5 August 2021

PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap