GENinCode PLC
2021 Annual Report and Accounts

May 2022

Contents

Company Information

for the Year Ended 31 December 2021

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	Jordi Puig Gilberte	Chief Operations Officer
	Paul Foulger	Chief Financial Officer
	Sergio Oliveró	Non-Executive Director
	William Rhodes	Non-Executive Chairman
	Huon Gray CBE	Non-Executive Director
	Felix Frueh	Non-Executive Director
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Chairman and Chief Executive Officer's Statement

On behalf of the Board, we are delighted to present the Preliminary report for the twelve-month period ended 31 December 2021 for GENinCode Plc.

Following the successful admission of the Company to the LSE:AIM market in July 2021, this statement provides a brief introduction to the Company, a summary of progress over the past year, recent developments and the outlook for the year ahead.

INTRODUCTION

GENinCode is engaged in the genetic risk assessment, prediction, and prevention of cardiovascular disease (CVD). GENinCode products and technology have been developed with the aim of prognosing and predicting the onset of CVD to provide personalised treatment and improve patient outcomes.

CVD accounts for around 18 million deaths annually, representing approximately 31 per cent. of all deaths worldwide with the global cost of CVD estimated to reach approximately $1.04 trillion by 2030.

CVD encompasses all conditions linked to the heart and blood vessels and is currently the leading cause of death globally, with CVD commonly referred to as a 'heart attack' or 'stroke'. Four out of five deaths related to CVD are a result of heart attacks and strokes, and one third of these deaths occur prematurely in people under the age of 70. There are approximately 550 million people living with heart and circulatory diseases worldwide. This number has been rising due to changing lifestyles, ageing, and a growing population and improved survival rates from heart attacks and strokes.

In the US, CVD affects over 85 million people and accounts for more than one-third of all deaths. Common characteristics which put individuals at risk of CVD include raised blood pressure, high cholesterol levels, as well as obesity, lack of exercise and the co-occurrence of other diseases such as diabetes. Approximately 655,000 people in the US die from CVD each year, with coronary artery disease and heart attacks the most common.

Multiple clinical studies have shown that an individual's genetic load contributes between 40 to 50 per cent. to the development of CVD, highlighting genetics as one of the most significant contributing factors to the onset of cardiovascular disease.

The Company's product portfolio draws on advanced genomic precision testing using polygenic (multiple-genes) technology, advanced molecular testing, genotyping, sequencing, and AI bioinformatics. Through a simple blood or saliva sample, the Company can analyse the genetic variants and medical information associated with CVD to determine a patient's Genetic Risk Score (GRS) which is used to assess a patient's cardiovascular risk.

The current standard of care for primary prevention and assessment of the risk of CVD has been in use and largely unchanged for many years. The advent of our polygenic risk assessment for CVD allows the identification and reclassification of individuals traditionally categorised at 'low' or 'intermediate' risk who are at higher genetic risk of a CVD event than their current risk assessment suggests. This enables earlier in life preventative measures to be adopted to lower the future risk of a CVD event.

GENinCode has a strong clinical evidence base, granted intellectual property portfolio and a vision to advance CVD risk assessment to more precisely align therapeutic treatment and lifestyle choices to improve patient outcomes.

2021 BUSINESS REVIEW

In the results for the twelve months ending 31 December 2021, the Company saw year-on-year revenue growth increase to £1.2m (2020 £1.0m) primarily from its European business. The Company's key products are CE-Marked with Cardio inCode®, Thrombo inCode®, Lipid inCode® and Sudd inCode® generating the core product revenues. Following the IPO and admission to LSE:AIM the Company commenced its expansion strategy in the US, UK and Europe which are the key markets for growth.

Just prior to the IPO, we announced a strategic commercialisation agreement with EVERSANA Life Sciences Services, LLC. EVERSANA act as the Company's US commercial services provider for the launch, market access and distribution of the Company's products. EVERSANA provides a broad range of commercial services to the life sciences industry. Its integrated business solutions span all stages of the product life cycle to deliver long-term, sustainable value for patients, prescribers, channel partners and payors. EVERSANA has experience across many commercialisation areas, in particular reimbursement, pricing intelligence, market access and payor services. As such, EVERSANA represents a strong US commercial partner capable of accelerating our growth in the US market.

We have announced collaborations with two leading US healthcare institutions, Indiana University (IU) School of Medicine and Kaiser Permanente Department of Research to assess the clinical utility and validation of our Cardio inCode® product in preparation for FDA regulatory approval. Both collaborations are focused on clinically advancing and validating the introduction of our lead product Cardio inCode®. IU is focused on assessing the use of Cardio inCode® as a genetic risk enhancer for the onset of atherosclerosis (ASCVD), whilst Kaiser Permanente is clinically evaluating Cardio inCode® against its population health cohort for the prediction and onset of CVD. We are also in advanced discussions with New York Presbyterian (NYP) hospital group (which includes Weill Cornell and Columbia University hospitals). NYP will undertake Cardio inCode® clinical utility studies in the New York State primary care network of physicians. These three institutions will be the flagship facilities and healthcare groups for the initial adoption of Cardio inCode® in the US.

US REGULATORY AND REIMBURSEMENT

We progressed discussions with the FDA through 2021 and were invited to make a pre-submission of the Cardio inCode® regulatory filing in December 2021. We have subsequently held constructive discussions with the FDA for the full regulatory filing and expect to complete this filing over the coming months.

In September 2021 the Centres for Medicare and Medicaid Services (CMS) repealed the Medicare Coverage for Innovative Technologies (MCIT) ruling. Resulting from this ruling we are now preparing clinical utility studies (and accompanying healthcare economics) to underpin a reimbursement submission via the MolDx® program. The MolDx® submission will establish coverage, pricing and reimbursement for Cardio inCode®. We are also commencing private payer discussions with health insurance providers. The MolDx® program works on behalf of CMS to administer Medicare claims via Medicare Administrative Contractors (MACs). We expect to present our MolDx® reimbursement submission early next year based on the completion of our clinical utility studies with selected US partner healthcare institutions.

Following positive public health endorsement of Familial Hypercholesterolemia (FH) by the Centers for Disease Control Office of Public Health Genomics (CDC) and the inclusion of FH testing as a Tier 1 genomic application (i.e. the test has a significant potential for positive impact on public health based on available evidence-based guidelines and recommendations), we have accelerated our plans and preparations for the US soft launch of Lipid inCode® later this year. Our Lipid inCode® test and FH panel of genes is well-positioned to receive Medicare coverage based on recent policies that have been put in place that support genetic testing in cardiovascular disease.

Today we announce the completion of our partnership with ResearchDx, based in Irvine, California for the commissioning of the GENinCode US CLIA lab. Our US lab will be set-up and commissioned over the coming months to provide CLIA certified product services initially focused on Cardio inCode® and Lipid inCode®. It is important to note that, once CLIA lab approval has been granted, we will be able to begin generation of product to support our US preparations for launch and meaningful revenue growth.

UK AND EUROPE

In the UK, the NHS Long Term Plan 2019 identifies CVD as a clinical priority and the single largest condition where lives can be saved over the next 10 years. The NHS Long Term Plan sets out to identify 25% of patients suffering with Familial Hypercholesterolemia (FH) by 2024. FH affects approximately 1 in 200-250 people in the UK who are unable to effectively metabolise cholesterol leading to the accelerated onset of CVD.

Chairman and Chief Executive Officer's Statement

continued

GENinCode's UK strategy is focused on advancing our Lipid inCode® test to help support the NHS meet this plan. During the year we announced our collaboration with Royal Brompton and Harefield hospitals to provide CVD clinical genetic testing. RB&H is part of Guy's and St Thomas' NHS Foundation Trust, the largest specialist heart and lung centre in England and one of the largest in Europe.

More recently we have announced the successful completion of our NHS clinical study for FH to deliver improved diagnosis and risk assessment and a faster turnaround of test results at a lower cost to the NHS. We have recently commenced a clinical pilot with the NE-AHSN (North East and Cumbria – Academic Health Science Network) the centre of excellence for UK FH testing with a view to supporting the North of England meet its NHS targets.

Today we also announce a collaborative agreement with BUPA Cromwell Hospital for Lipid inCode® testing for FH. This will allow UK private patients to receive genetic testing for FH from the BUPA Cromwell hospital based in West London. This agreement represents the start of UK private patient revenue generation for Lipid inCode®.

In Europe, the Company continues to build its business and evidence based polygenic product profile and has announced sales and distribution arrangements with Longwood Diagnostics S.L. and Synlab Diagnostics S.A.U. to support its expansion in Spain. We are preparing Cardio inCode® for piloting for public health CVD risk assessment in the Spanish regions and expanding our sales team and collaborative partners in Italy and France.

Following the European outbreak of the COVID-19 pandemic in northern Spain and Italy we have undertaken a number of clinical studies to assess the severity of onset of COVID-19 to patients with a genetic predisposition to thrombosis using our Thrombo inCode® product. The first of these studies, based at Hospital St Pau, Barcelona has now completed its findings and we expect to present this publication over the coming months.

INTELLECTUAL PROPERTY

We maintain an ongoing intellectual property program to strengthen our existing patent portfolio and advance examinations across our family of patents for Cardio inCode® and Thrombo inCode®. We continue to build our intellectual property portfolio and are actively evaluating in-licensing opportunities as appropriate to enhance our competitive product positioning.

FINANCIAL REVIEW

The first half of 2021 was dominated by preparation for admission of the Company to the LSE:AIM, which was successfully completed on 22nd July 2021. The company raised £17.0 million (gross) before expenses. The proceeds are being used to accelerate our commercial programme in the US, EU, and the UK.

Despite last year's challenges of the COVID-19 pandemic, our EU business held up well to report revenues of £1.2m (2020 £1.0m) for the full year. Gross profit for the year was £593k (2020: £523k) with a margin of 51% (2020: 54%) respectively.

Administrative expenses increased to £4.0m (2020: £1.6m). The year-on-year cost increase reflecting a first half growth in staffing and professional costs as the company prepared for admission to LSE:AIM with the second half ramp up in US investment following the completion of the EVERSANA partnership with spending focused on regulatory, reimbursement and market assessment preparations.

The increased commercial investment gave rise to an operating loss for the year of (£4.1m) (2020: (£1.1m)), with the cash position at the end of December 2021 £14.6m (2020: £2.0m).

Chairman and Chief Executive Officer's Statement

continued

CAPITAL STRUCTURE

Following the listing on LSE:AIM the total number of ordinary shares in issue was 95,816,866. The loss per share for the year ending 31 December 2021 was 8.05p/share. The Board of Directors will not be recommending a dividend payment for the year ended 31 December 2021.

OUTLOOK

We will take commercial advantage of our clinically advanced genetic products to scale the market opportunities open to us. We are focused on our US regulatory and reimbursement submissions for Cardio inCode®, a first-in-class genetic risk assessment for CVD and we will accelerate preparations for the US launch and reimbursement of our globally leading familial hypercholesterolemia test Lipid inCode®.

Over the remainder of the year, we expect to complete the following key deliverables:

- Prepare final FDA regulatory submission for Cardio inCode® with a view to gaining approval approximately six months following submission
- Based on the recent advances by CMS in local coverage determination and private reimbursement for FH, prepare to commercially launch Lipid inCode® in the US market
- Continue to strengthen our partnership with EVERSANA for product launch preparations in the US market
- Set-up US CLIA lab for Cardio inCode® and prepare Lipid inCode® lab diagnostic test (LDT) service offering
- Complete our first NHS implementation of Lipid inCode® to advance FH testing with the NHS
- Commission our new UK lab operation and complete UKAS accreditation submission for service delivery of Lipid inCode® to support the NHS
- Continue to build our EU partnerships and develop our ongoing collaborative discussions with pharmaceutical companies
- Generate increased Year-on-Year revenue growth
- Publish first COVID-19 Thrombo inCode® evaluation study for genetic predisposition to thrombosis

We have a strong and growing clinical evidence base built on studies amassed over the past 12 years to more precisely identify patients at risk of CVD and thereby enable improved preventative care.

We continue to increase investment in our manpower resource and expertise as well as exploring other acquisition opportunities to take advantage of the growth opportunities open to us.

Despite the world market challenges and volatility, the Board believes our products and technology will deliver significant investor returns and we would like to thank our investors, Board, management and employees for their strength and determination in driving our business growth.

We look forward to updating our investors on our forthcoming progress.

Matthew Walls
Chief Executive Officer

16 May 2022

William Rhodes
Chairman

16 May 2022

CFO Statement

	2021 £'000	2020 £'000
Revenue	1,154	961
Gross Profit	593	523
Gross Profit %	*51.4%*	*54.4%*
Operating Loss	(4,146)	(1,050)
Cash and cash equivalents	14,554	2,003
Total Equity	13,718	1,859

Operating Results

Sales increased by £193,311 or 20.1% from £960,801 in 2020 to £1,154,112 in 2021 and operating loss increased by £3,096,267 from (£1,050,004) in 2020 to (£4,146,271) in 2021.

Top 5 Geographic Markets

	2021		2020	
	£'000	%	£'000	%
Spain	1,001	86%	817	85%
Italy	95	8%	11	12%
France	32	3%	21	2%
Germany	9	1%	0	0%
ROW	17	2%	12	1%
Total	1,154		961	

The gross margin decreased from 54.4% to 51.4%, largely as a result of the product mix but also due to pricing pressure from the Company's preferred laboratory service provider in Girona.

Administrative Expenses

	2021 £'000	2020 £'000
Salaries and social security and benefits in kind	1,677	722
Royalty expense	55	47
Audit and accounting	49	36
US Commercialisation, launch preparation, market assessment, marketing resources, and regulatory	1,257	–
Rent, Utilities, Comms, and IT	202	128
Travel and entertainment	76	52
Legal, Professional, and Consultancy	447	369
Marketing & Market Access	134	79
Sundry	122	117
Total Administrative expenses	4,019	1,550

The number of employees and directors increased from 16 (14 in Spain and 2 in the UK) at 31 December 2020 to 28 (19 in Spain, 8 in the UK, and 1 in the US) at 31 December 2021, as the Group strengthened its management team, increased its regulatory resources, and put in place a laboratory team in London in preparation for the commercial launch of Lipid inCode® in 2022. This has resulted in salaries and associated costs increasing from £721,851 to £1,677,348 during the period.

In June 2021, the Company entered into a Product Commercialisation Agreement with Eversana Life Sciences L.L.C., whereby EVERSANA would act as the Company's commercial services provider for the launch, market access, and distribution logistics for the Company's products in the USA. The cost of US commercialisation fees in 2021, mainly payable to EVERSANA, amounted to £1,257,138.

CFO Statement

continued

Legal, Professional, and Consultancy fees increased from £368,961 in 2020 to £446,999 in 2021, mainly as a result of the extra operational expenses associated with being on the AIM market (broker fees, nomad fees, Financial PR fees, Registrar fees, AIM fees etc). Additionally, the Company has increased the size of the Clinical Advisory Board, both in the UK and the US.

Adjusted EBITDA

	2021 £'000	2020 £'000
Operating Loss	(4,146)	(1,050)
Add Back:		
Depreciation & Amortisation	35	23
Loss on disposal of fixed assets	19	
Share Based Costs	73	–
Listing Costs	584	–
Non-recurring Expenditure	9	–
Adjusted EBITDA	(3,426)	(1,027)

Intangible amortisation charges in 2021 were £28,922 compared to a charge of £20,876 in 2020; this increase is in line with the rise in capitalised patent cost activity during the year. Depreciation charges in 2021 were £5,794 compared to a charge of £1,898 in 2020; again, this increase is commensurate with the increased property, plant and equipment purchases in the year, due to the increased headcount and associated investment since the IPO during the period.

Share Options were granted to directors, employees, and certain advisors in April 2021, hence for the first time, under IFRS 2 the Company is required to recognise share based payment awards in the financial statements based on fair value when the awards are received, which is determined at the grant date for share-based payments. The charge for the year amounted to £72,906 and was calculated using the Black-Scholes model.

Successful completion of the IPO and admission to the LSE:AIM took place in July 2021; costs associated with the IPO amounted to £1,727,666. Of this amount, £583,669 was charged to the Income Statement and £1,143,997 was netted off against the share premium.

Non-recurring expenditure of £9,051 was incurred by our Spanish office in 2021 and represented previously capitalised development costs written off to the Income Statement in the period.

Taxation

	2021 £'000	2020 £'000
Income Tax	6	116

As highlighted in note 8 to the Consolidated Financial Statements, although the expected tax credit at the UK corporation tax rate of 19% increased from (£199,488) in 2020 to (£786,028) in 2021, a large movement in the unrecognised deferred tax asset balance has resulted in a charge of £826,075 to the Income Statement in the period in accordance with IAS 12 *Income Taxes*, leading to a net charge of £6,071.

The UK budget announced on 3 March 2021 an increase in the main corporation tax rate from 19% to 25% on profits over £250,000 with effect from 1 April 2023. Due to the nature of the business and uncertainty of profit generation the rate has not been reflected in the consolidated financial statements.

CFO Statement

continued

Other comprehensive income

Included in other comprehensive income are the net exchange differences on translation of foreign operations. The gain on translation of £72,000 in 2021 compares to a gain in 2020 of £440.

The gain in both years arises predominantly due to the strengthening of the GBP against the Euro. A significant proportion of the Group's operations are based in Spain and with the strengthening of GBP in 2021 from an opening rate of £1:Eur1.11 to a closing rate at the end of 2021 of £1:Eur1.19, this movement was the main reason for the gain in the period.

Assets and Liabilities

Non-Current Assets

Intangible assets have increased from £139,486 at 31 December 2020 to £192,602 at 31 December 2021 as the Company continues to further build its intellectual property portfolio.

Property, plant and equipment has risen from £11,129 at 31 December 2020 to £46,265 at 31 December 2021 due to laboratory equipment purchases at the Company's lab premises in London.

Current Assets

The Company holds very little in the way of finished goods and work in progress, largely because around 60% of its revenues originate from genomic service testing, as well as the fact that the kits are mainly ordered and then delivered directly from kit manufacturer/supplier to customer.

Trade and Other Receivables have increased from £248,589 at 31 December 2020 to £398,827 at 31 December 2021, predominantly due a higher level of prepayments as a result of expenditure for the following period having been invoiced by suppliers before the period end.

Liabilities

Trade and Other Payables increased from £563,495 at 31 December 2020 to £1,485,857 at 31 December 2021, split across non-current liabilities and current liabilities; this rise is mainly due to the nature of the payment structure set out in the agreement with our US commercialisation partner, EVERSANA.

Cash flow and working capital

Operating cash outflow increased from (£1,037,781) in 2020 to (£3,023,388) in 2021.The increase is largely explained by the follow-through of increased operating losses, offset by a reduction in net working capital, largely as a result of increased payables balances at 31 December 2021.

Net cash flows used in investing activities increased from (£68,273) in 2020 to (£145,436) in 2021, reflecting increased patent expenditure and laboratory equipment in the UK.

Net cash flows from financing activities increased from £3,026,142 in 2020 to £15,855,983 in 2021. In 2020, a private fundraise was carried out, comprising two institutional investors and a small number of private investors. In July 2021, the Company announced admission to trading on AIM together with a successful fundraise for gross proceeds of £17m before expenses.

As a result of the above activities there was an overall increase in cash and cash equivalents of £12,551,005 from £2,003,072 at 31 December 2020 to £14,554,077 at 31 December 2021.

Paul Foulger
Chief Financial Officer
16 May 2022

Section 172(1) Statement

This section of the Strategic Report describes how the Directors have regard to the matters set out in section 172(1) (a) to (f), and forms the Directors' statement required under section 414C(11), of The Companies Act 2006.

The Directors consider that they have, in good faith, promoted the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

Long-term decisions

The Board is focussed on the long-term success of the Group and makes decisions to deliver security and commercial performance consistent with this strategy. The Board considers and balances the needs of its employees, customers, and other business stakeholders.

All key decisions are scrutinised by the Board and assessed on the balance of risk, reward, and overall strategy in line with the code of corporate governance.

Employees

The Board recognises the importance of its employees providing the services to its customers and development of the business; the Board is engaged and invested in their continual health and well-being.

The Board values diversity and opportunity for its employees are communicated and maximised with the aim of providing a platform for them to flourish within the Group.

Key personnel retainment is essential to the success of the Group and so employee benefits such as share option schemes, pension and other benefits have been introduced.

Business relationships

The Board has used the development stage of the business to build strong relationships with suppliers, finance providers and professional advisors with the aim of creating a trusted network within the Group. This network is essential for the Group to obtain the highest levels of service and external advice it requires.

Community and environment

The Board is committed to the well-being of the community and environment both locally and internationally. The Group operates very little in the way of physical premises and limits travel to only essential trips.

Once the Group is returning profits to its shareholders the Board will review what the Group can do for charities and other worthwhile causes.

Business conduct

The Group has been built on its impeccable conduct and high business standards. The Board recognises the value in maintaining these values and the reputation which has been built on them.

All employees and Board members are expected to adhere to these standards which are regularly communicated throughout the Group.

Communication, monitoring, and review are key to the Group maintaining the high ethical standards and conduct expected. Risks to the business are continually monitored and communicated within the Group to promote high business standards.

Interaction between stakeholders

The Board is committed to clear and frequent dialogue with its stakeholders and employs several avenues to make announcements. At all times the Board will act in the best interests of the stakeholders as a whole, ensuring consistent and impartial decisions are made, aiming for a fair outcome for all stakeholders, large and small.

Principal Risks and Uncertainties

Risk	Impact and detail	Mitigating factors
Regulatory Approval	Clinical adoption of the Group's products in the US foreseeably may be affected by its FDA regulatory status. In particular, regulatory risks in the US centre around potential regulatory delays and to a lesser extent regulatory clearance given the wealth of clinical data already available for the Group's lead product, Cardio inCode®. There is a risk of delay to anticipated FDA clearance timelines, particularly in relation to Cardio inCode® which represents a major change in the way an individual's CV risk is assessed in the US. There can be no assurance that regulatory clearance will not be delayed, which would impact the speed of the Group's commercialisation strategy in the US and subsequent revenue generation from Cardio inCode®.	The Group has employed a strong team of Quality and Regulatory specialists, including teaming up with EVERSANA in the US who have a wealth of experience in obtaining FDA approval.
Revenue Growth	The Group's long term plan hinges on the expansion into the US market and utilising the perceived demand in the market.	The Group's strategic plan to obtain a reasonable share of the large US market is on course and continually reviewed to ensure it is viable and realistic.
Key Personnel	The Group relies on the expertise and experience of a small number of key individuals of its management and scientific advisors, to continue to develop and manage the business of the Company. The retention of their services cannot be guaranteed. Accordingly, the departure of these key individuals could have a negative impact on the Company's operations, financial conditions, its ability to execute the Company's business strategy and future prospects.	The Group offers competitive remuneration packages to its employees. Key personnel are also included in the Group's share option scheme which seeks to reward employees hard work and long service. Regular reviews are undertaken to ensure employee engagement and fulfilment.
Regulatory Environment	The Group's operations are subject to laws, regulatory restrictions and certain governmental directives, recommendations and guidelines relating to, amongst other things, occupational safety, clinical laboratory operations, medical devices, data privacy and security, coverage and reimbursement, the use and handling of hazardous materials, prevention of illness and injury, environmental protection, the use of animals in research, personal data and privacy and the participation of human research subjects in clinical trials and research studies. The failure to comply with applicable legal and regulatory requirements could result in a variety of adverse effects, including fines, penalties, inability to obtain or maintain required licenses, permits, or certifications, inability to obtain coverage or reimbursement from third party payers, and lack of market acceptance.	As the Group grows it will engage with more specialists, both in-house and external to ensure all regulations are adhered to and the Group follows best practice with all regulated activities. The Group will only engage with a supply chain which follows the Group's standards and regulatory framework.

Principal Risks and Uncertainties

continued

Risk	Impact and detail	Mitigating factors
Clinical Recognition	The Group's strategy is to achieve scaled adoption of its products by major healthcare providers whose patients are most likely to benefit from its products. In the US, the decision to order a particular test is solely that of the treating physicians in consultation with their patients. None of the healthcare providers with which the Company collaborates, now or in the future, can control or influence such decisions. It is not possible to predict the extent to which physicians and their patients will find the Company's products useful or physicians will order the products. If the Group is unable to convince key clinical opinion leaders and other clinicians of the clinical and economic benefits of its products, it may not achieve widespread adoption. This may have a material adverse effect on the Group, its business, financial situation, growth, and prospects. In addition, slow adoption of the Group's products could result in timeframes being longer than anticipated.	While the Directors believe that there is a potentially significant, underserved market for its products, there can be no assurance that its products will prove to be an attractive addition or alternative to existing clinical approaches, or that there will be sufficient recognition by clinicians of the Group's products to bring about the change in clinical practices that create a viable market for those products. The development of a market for the Group's products is affected by various factors, some of which are beyond the Group's control, including: (i) the emergence of newer, more advanced products; (ii) the cost of the products (as well as competitors' products); (iii) regulatory requirements; (iv) clinician and patient perceptions of the validity and utility of the products; and (v) reluctance to adopt a new clinical approach. If the market fails to develop or develops more slowly than anticipated, the Group may be unable to achieve commercial operations or profitability and may ultimately result in the Group becoming unviable.

Principal Risks and Uncertainties

continued

Risk	Impact and detail	Mitigating factors
The Group is currently dependent upon its strategic partnership with EVERSANA for its US commercialisation	The Group has a strategic partnership with EVERSANA to commercialise its products in the US, beginning with Cardio inCode®. Under the agreement, whilst the Group will record sales from Cardio inCode®, it is dependent on EVERSANA to a large extent for market access, consultancy advice on pricing, reimbursement and regulatory as well as field solutions to build a sales presence. Failure by EVERSANA to meet its key contractual obligations or to help successfully commercialise Cardio inCode®, for whatever reason, would likely have a material adverse impact on the Group and its ability to achieve its commercial objectives, including the potential sales volumes that would lead to profitability. To assist in the successful commercialisation in the US, the Company is working to build experience of Cardio inCode® with hospital groups, including Cornell and Columbia Universities (both part of NYP) as well as Indiana School of Medicine.	
US reimbursement	The Group has filed an FDA Pre-Submission for Cardio inCode®. A full submission is expected to be filed within the coming months. GENinCode is concurrently planning for reimbursement via existing conventional pathways. This involves a requirement to obtain pricing from the CMS and then applying for local Medicare coverage via the MolDX process once Cardio inCode® has been approved by the FDA. Although these are standard reimbursement processes, they could take about 12-18 months following approval. However, private healthcare coverage is possible following approval. Some private payers may remain reticent to cover Cardio inCode since the major health economic benefits from coverage are long term, yet the costs are upfront. Cardio inCode® is expected to be a one-off genomic test and patients tend to change insurers every few years. Successful commercialisation of certain of the Group's products will depend in part on the extent to which governmental authorities and health insurers establish adequate coverage, reimbursement levels and pricing policies. Failure to obtain or maintain adequate coverage and reimbursement for the Group's products, if approved, could limit the Group's ability to market those products and decrease the Group's ability to generate revenue	

Principal Risks and Uncertainties

continued

Risk	Impact and detail	Mitigating factors
	The availability and adequacy of coverage and reimbursement by healthcare programs, such as Medicare and Medicaid, private health insurers and other third-party payers, is essential for most patients to be able to afford products such as the Group's products. The Group's ability to achieve acceptable levels of coverage and reimbursement for products by governmental authorities, private health insurers and other organisations will have an effect on the Group's ability to successfully commercialise its products and attract additional collaboration partners to invest in the development of the Group's products. There can be no assurance that the Group will receive reimbursement under government programs, such as Medicare and Medicaid. Increasingly third-party payers are challenging prices charged for medical products and services, and many third-party payers may refuse to provide coverage and reimbursement for particular tests when a less expensive option is available. It is possible that a third-party payer may consider the Group's products as substitutable by less expensive tests and only offer to reimburse patients for the less expensive product. Even if the Group shows improved clinical utility and better patient outcomes with the Group's products, pricing of existing tests may limit the amount the Group will be able to charge for the Group's products, once approved. These payers may deny or revoke the reimbursement status of a given product or establish prices for new or existing marketed products at levels that are too low to enable the Group to realise an appropriate return on the Group's investment in product development. If reimbursement is not available or is available only at limited levels, the Group may not be able to successfully commercialise the Group's products, and may not be able to obtain a satisfactory financial return on products that the Group may develop. There is significant uncertainty related to the insurance coverage and reimbursement of newly developed products. In the US, third-party payers, including private and governmental payers, such as the Medicare and Medicaid programs, play an important role in determining the extent to which new tests will be covered. The Medicare and Medicaid programs increasingly are used as models for how private payers and other governmental payers develop their coverage and reimbursement policies for tests. Some third-party payers may require pre-approval of coverage for new or innovative devices or tests before they will reimburse health care providers who use such products. It is difficult to predict what third-party payers will decide with respect to the coverage and reimbursement for the Group's future products.	

Principal Risks and Uncertainties

continued

Risk	Impact and detail	Mitigating factors
	Obtaining and maintaining reimbursement status is time-consuming and costly. No uniform policy for coverage and reimbursement for products exists among third-party payers in the US. Therefore, coverage and reimbursement for products can differ significantly from payer to payer. As a result, the coverage determination process is often a time-consuming and costly process that will require the Group to provide scientific, clinical, and economic support for the use of the Group's products to each payer separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. Furthermore, rules and regulations regarding reimbursement change frequently, in some cases at short notice, and the Group believes that changes in these rules and regulations are likely.	
Risk to IP	No assurance can be given that any current or future trademark, design right or patent applications will result in registered trademarks, design rights or patents, that the scope of any patent, design or trademark protection or the protection provided by copyright or database rights or the right to bring actions for breach of confidentiality will exclude competitors or provide competitive advantages to the Group, that any of the Group's owned or licensed-in patents, design rights or trademarks will be held valid if challenged or that third parties will not claim rights or ownership of the patents, design rights, trademarks or other Intellectual Property rights held by the Group. If the Group cannot successfully enforce its IP rights, this could have a material adverse effect on the Group's business, financial condition, and prospects. The Group may be subject to claims in relation to the infringement of patents, design rights, trademarks or other Intellectual Property rights owned by third parties. Adverse judgments against the Group may give rise to significant liabilities in monetary damages, legal fees and/or an inability to manufacture, market or sell products either at all or in particular territories.	

Principal Risks and Uncertainties

continued

Risk	Impact and detail	Mitigating factors
The ongoing COVID-19 pandemic, or other epidemics or pandemics	The ongoing COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, in particular its affects in the United Kingdom, Spain and the United States, or other epidemics or pandemics, could have a significant adverse impact on the Group's revenue, operations and workforce. The outbreak of COVID-19 has resulted in authorities, including those in the United Kingdom, Spain, and the US, implementing numerous measures to try to contain the virus, such as travel bans and restrictions, lockdowns, quarantines and shutdowns of business and work places and has led to materially increased volatility in financial markets and significant changes to the global macro-economic outlook. The extent and scope of such restrictions is highly uncertain and subject to change. Stricter measures may be put in place in the future, which for example, impact adversely on the Group's ability to access hospitals and patients and provide testing. The Company's revenue has again been impacted by the COVID-19 pandemic, as with other diagnostic companies, and demand for the Company's blood and saliva test-based products has reduced. Although it now appears that the effects of the pandemic have significantly subsided, any further regional or global epidemics or pandemic or the further and continued spread of COVID-19 may have an adverse effect on the Group's business, results of operations and financial condition, particularly if people are unable to or unwilling to undertake blood and/or saliva based tests. The degree of such impact will depend on future developments, which are uncertain and cannot be predicted.	

Principal Risks and Uncertainties

continued

Risk	Impact and detail	Mitigating factors
Competition	Whilst the Directors do not believe there is significant competition in this area of polygenic testing to predict the onset of CVD, the Company may face competition from companies in business at present or not yet established that may have access to considerably greater financial, technical, and marketing resources. Whilst the Directors believe the Company has a significant suite of know-how, partnerships and key advisers that are unique, significant competition could have a material adverse effect on the Group's profitability and/or financial condition. The future success of the Group depends, in part, on its ability to maintain a competitive position, including an ability to further progress through the necessary preclinical and clinical trials to support commercialisation, marketing authorisation where necessary, and coverage and reimbursement. Other companies may succeed in commercialising products earlier than the Group or in developing products that are more effective than those which may be produced by the Group. While the Group will seek to develop its capabilities in order to remain competitive, there can be no assurance that research and development by others will not render the Group's products obsolete or uncompetitive.	

Corporate Governance Report

for the Year Ended 31 December 2021

OVERVIEW

The Directors recognise the importance of sound corporate governance and confirm that they have opted to comply with the QCA Code, (as devised by the QCA in consultation with a number of significant institutional small company investors). The Directors also confirm that, although compliance with the UK Corporate Governance Code is not compulsory for AIM companies, the Directors comply with the recommendations of the UK Corporate Governance Code where practicable, having regard to the current stage of development of the Company.

The Board comprises seven Directors of which three are executives and four are non-executives, reflecting a blend of different experience and backgrounds. The Board considers all four of the non-executives to be independent.

Executive Directors

Matthew Walls – Chief Executive Officer

Mr Walls founded GENinCode in September 2018 and is the Group's Chief Executive Officer. Between September 2018 and October 2019 he was also Chairman of Concepta plc (now MyHealthChecked plc), which he left to dedicate his time to GENinCode. Prior to that Mr Walls was CEO and Executive Chairman of Atlantis Healthcare, a leading international patient behavioural change company. Before joining Atlantis Healthcare, Mr Walls spent over eight years as CEO of the personalised medicine and molecular diagnostics company Epistem Holdings plc (now Genedrive plc), which he listed on AIM in 2017. He brings more than 30 years of senior leadership experience in leading, advising and developing public and private health care technology companies. Mr Walls started his career with ICI helping to lead its transition to AstraZeneca where he became Global Commercial Director and was commercially and financially responsible for strategy and international business operations. Mr Walls qualified as an accountant with ICI plc and studied at Manchester University.

Jordi Puig – Chief Operations Officer

Mr Puig Gilberte founded GENinCode in September 2018 and is the Group's Chief Operating Officer. Prior to forming GENinCode, he worked for the Ferrer Group from 2006 through to 2018 where he was initially co-founder and CFO of the company's personalised medicine division Gendiag.exe and then CEO of Ferrer inCode, the division from which the Company acquired its core products and technology in September 2018. He brings more than 15 years' experience in pharmaceuticals, biotech and global strategic alliances and finance. He qualified as an accountant with Arthur Andersen.

Paul Foulger – Chief Financial Officer

Mr Foulger joined GENinCode as a consultant and interim CFO in November 2020, moving to a permanent position in January 2021. He became a director in April 2021. He is currently a non-executive director of three UK-based companies, Autoclenz, an automotive services company, Arcis Biotechnology, a DNA sample preparation company, and Penrhos Bio, a company with innovative bioderived anti-biofilm technology. Prior to joining GENinCode, Paul was CFO of PredictImmune, a company focused on developing tools to aid in the treatment of patients with immune-mediated inflammatory diseases such as Crohn's disease and ulcerative colitis. Prior to joining PredictImmune, Mr Foulger spent 10 years at EKF Diagnostics Holdings plc, a point of care and central laboratory in vitro diagnostics company, where he was Group Finance Director until December 2015. He obtained an MBA from Warwick Business School and is a qualified Certified Accountant.

Corporate Governance Report

continued

Non-Executive Directors

Bill Rhodes – Independent Non-Executive Chairman
Mr Rhodes became Chairman of GENinCode in January 2021. He is also Chairman of the Nasdaq-listed bioinformatics and genomic analysis company OpGen Inc., Chairman of the supervisory board of the Dutch private company CytoSmart Technologies BV, a non-executive director of the AIM-listed in vitro diagnostic company Omega Diagnostics Group plc and a board member of Paramit, a Californian-based private medical device contract manufacturer. Mr Rhodes serves as an advisor to Altaris Capital Partners, a large U.S.- based healthcare private equity fund. He is also Senior Executive in Residence mentoring life science start-ups at Cornell University, with which he has been involved since 2013. Prior to his role at Cornell University, he spent 14 years at Becton, Dickinson & Co. (BD), one of the world's leading suppliers of medical, diagnostic and life science research products. During his time at BD, he held a number of senior leadership positions most latterly as Senior Vice President, Corporate Strategy and Development, responsible for the group's worldwide mergers and acquisitions and corporate strategies. Prior to the role, Mr Rhodes was Worldwide President of BD Biosciences, a business segment with turnover of over US$1.0 billion. Prior to working for BD, he held senior business development positions with Pfizer and J&J. He has a BSc in entomology from Cornell University and an MSc in International Business from Seton Hall University.

Sergio Oliveró – Independent Non-Executive Director
Mr Oliveró was appointed a non-executive director of GENinCode in May 2020. Mr Oliveró is a veteran in the life sciences/healthcare industry with more than 30 years' experience in diagnostics in Spain and Portugal, leading his own company Equipos Medico-Biológicos with a highly successful track record of medical device provision to the IVF market.

Professor Huon Gray CBE – Independent Non-Executive Director
Huon has 30 years' experience practising as a consultant cardiologist for the NHS and private sector, with particular experience in cardiovascular risk assessment and interventional cardiology. Huon served as the National Clinical Director for Heart Disease in the Department of Health and then NHS England from 2012-2019, advising government, all party parliamentary groups, the NHS and NICE on healthcare delivery and reform. He is a former President of the British Cardiac Society (now the British Cardiovascular Society) and was previously Chair of the International Committee of the American College of Cardiology. In 2018, Huon was awarded the honour of Master of the American College of Cardiology, the only recipient outside of the US, and the Mackenzie Medal by the British Cardiovascular Society in 2014 in recognition of his services to British cardiology. In 2019, he was made a CBE for his services to cardiology. Huon's exposure to the US healthcare system through his work with the American College of Cardiology over 15 years, in roles such as Trustee and Chair of its Governance Committee, will support the Company as it targets the US as one of its primary markets. Additionally, during Huon's tenure at NHS England, he acted as a liaison with industry and Academic Health Science Networks, helping deliver healthcare in the NHS through encouraging the adoption of innovation and new technology.

Felix Frueh – Independent Non-Executive Director
Felix is a senior life sciences executive with in-depth expertise in corporate, regulatory, and commercialisation strategies, with a particular focus on precision medicine. He has over 25 years of experience setting scientific and corporate strategy in precision medicine, and has founded several start-ups in the diagnostics and pharmaceutical sectors. He has worked in the regulatory space for 18 years, including five years working with the FDA. In addition to his FDA career, Felix oversaw the creation and operations of the world's largest next-generation, Clinical Laboratory Improvement Amendments (CLIA)-certified, whole human genome sequencing laboratory, as the Chief Scientific Officer of Human Longevity (HLI). Prior to this, he served as President of Medco Research Institute, Research Director for Pharmacogenetics of Transgenomic, and Assistant Director of Protogene Laboratories. He is Founder and Executive Partner of Opus Three, Co-Founder and Partner of Profound Ventures, and Co-Founder and Chief Scientific Officer of Selva Therapeutics. He also co-founded and formerly served as the Chief Executive Officer of Intellos Health. Felix received his PhD in biochemistry from the University of Basel in Switzerland and completed postdoctoral fellowships at the University of Basel and Stanford University. He has served as a consultant, strategic advisor, and Board member to numerous

diagnostic, pharmaceutical, and other healthcare companies. He is the author of more than 100 peer-reviewed articles, book chapters, white papers, market analyses, strategies, and business plans.

The Board meets regularly to review, formulate, and approve the Group's strategy, budgets, and corporate actions and oversee the Group's progress towards its goals. In accordance with the best practice, the Company has established Audit, Remuneration and Nomination committees with formally delegated duties and responsibilities and with written terms of reference. Each of these committees will meet as and when appropriate, but at least twice each year. From time to time separate committees may be set up by the Board to consider specific issues when the need arises.

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities, within agreed terms of reference, with regard to corporate governance, financial reporting and external and internal audits and controls, including, amongst other things, reviewing the Group's annual financial statements, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board. Membership of the Audit Committee compromises William Rhodes, Felix Frueh, and Huon Gray, and it is chaired by William Rhodes. The Audit Committee meets formally not less than two times every year and otherwise as required.

Remuneration Committee

The Remuneration Committee is responsible, within agreed terms of reference, for establishing a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual Executive Directors. This includes agreeing with the Board the framework for remuneration of the Executive Directors, the company secretary, and such other members of the executive management of the Group as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Executive Director including, where appropriate, bonuses, incentive payments and share options. No Director may be involved in any decision as to their own remuneration. The membership of the Remuneration Committee comprises William Rhodes, who chairs the committee, Huon Gray and Sergio Oliveró. The Remuneration Committee meets not less than twice a year and at such other times as the chairman of the committee shall require.

Nomination Committee

The Nomination Committee has responsibility for reviewing the structure, size and composition of the Board and recommending to the Board any changes required for succession planning and for identifying and nominating (for approval by the Board) candidates to fill vacancies as and when they arise. The Nomination Committee is also responsible for reviewing the results of the Board performance evaluation process and making recommendations to the Board concerning suitable candidates for the role of senior independent director and the membership of the Board's committees and the re-election of Directors at the annual general meeting. There is not currently a separate nominations committee as all decisions relating to the identification and nomination of Board positions are taken by the entire Board. The membership of the Nomination Committee comprises William Rhodes, who chairs the committee, Huon Gray, Felix Frueh, and Sergio Oliveró.

Corporate Governance Report

continued

Compliance and the QCA Code

The Board of Directors is collectively accountable to the Company's shareholders for good corporate governance and recognises the importance of sound corporate governance commensurate with the size and nature of the Group and in the interest of all of its shareholders. The Quoted Companies Alliance has published the QCA Code, a set of corporate governance guidelines, which include a code of best practice, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters, The Board has adopted the QCA Code with effect from Admission in July 2021. Details of the Code can be obtained from the Quoted Companies Alliance's website (www.theqca.com).

Set out below is how the Group, as at 31 December 2021, sought to address the principles underlying the Code.

Principle 1: Establish a strategy and business model promoting long-term value for shareholders

The Board is responsible to shareholders for setting the Group's strategy and to implement the necessary controls, decision making and systems in place to ensure the best long-term value for the shareholders. Key to this is the control of financial assets and human resources to meet the short, medium, and long-term strategic aims of the Group whilst understanding, monitoring, and controlling internal and external risks to the Group.

The Group is striving to enter the potentially lucrative US market which is seen as the optimum long-term target for the Group. This is being done via expert third party involvement and the resourcing of key assets and skillsets.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Board aims to provide clear and transparent information as to the Company's activities, strategy, performance, and financial position to its shareholders. The Directors are committed to communicating with shareholders through the Annual Report and Accounts, full-year and half year announcements and the annual general meeting ("AGM"). Shareholders will be encouraged to participate in the AGM as impacted by COVID-19 restrictions at the time and the number of proxy votes received for each resolution will be announced at the AGM and the results of the AGM will be announced. Details of all shareholder communications are available on the Company's website.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long term success

The Board recognises the importance of corporate social responsibility and seeks to take account of the interests and feedback from all the Group's stakeholders, including investors, customers, suppliers, partners, and employees when operating the Group's business. The Board believes that fostering an environment in which employees act in an ethical and socially responsible fashion is critical to its long-term success. The Group seeks to ensure continued engagement with its employees, clients, suppliers, shareholders and the wider public via regular meetings, mailshots, publications, and other forums to gain insights and feedback from the key stakeholders and the public as a whole.

Principle 4: Embed executive risk management, considering both opportunities and threats, throughout the organisation

The Group maintains a register of risks across several categories including personnel, clients, competition, finance, technical and legal. For each risk the Board assesses the impact, likelihood of occurrence and mitigating strategies. The register is reviewed periodically as the Group's situation changes, upon review the Board considers whether there have been changes to a) the nature of the risk, b) the likelihood of the risk, c) the effect of the risk, d) the mitigating controls and e) whether any risks have arisen. Additionally, the Group has put in place a number of key procedure documents across the business, aimed at managing the key risks which the Company is exposed to during normal operations.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the chair
The Board comprises seven members split between executive and non-executive members as outlined within this report. All Board members are committed to providing as much time as is reasonably required for them to fulfil their duties to the Group. Executive members are employed on permanent contracts and Non-executive members are paid via service contracts. The Board meets regularly and is Chaired by a suitably experienced and knowledgeable person who acts independently on behalf of the shareholders and stakeholders of the Group.

Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills, and capabilities
The Board is comprised of directors who are experienced, knowledgeable, and skilled in their area of expertise (see Board bios within this report for further detail). The directors' bios are made public to shareholders and stakeholders who are free to voice any concerns should they be founded. All directors are encouraged to maintain individual continuing professional development programmes.

The Board is supported where necessary by its external advisers and continually reviews the performance of third-party advisers to ensure that they are the most appropriate business partners for the Company.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
The Nomination Committee is primarily responsible for evaluating the performance of the Board and will regularly review the structure, size, and composition of the Board. Recommendations will be made based on skills, knowledge, experience, and diversity along with individual evaluations for both Executive and Non-Executive Board members.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours
The Group is committed to operating to the highest ethical standards and the Board has primary responsibility for achieving this. The Board believes the key to this is through clear communication, education, and policies throughout the Group's human resources activities. All employees, board members and other stakeholders who represent the Group are required to act with honesty and integrity. The group also employs formal policies addressing, inter alia, bribery, and corruption, the use of social media and dealing with the Group's shares. The Board encourages employee welfare, values, diversity, health and safety, human rights, environmental footprint, and overall inclusion both internally and for all stakeholders.

Principle 9: Maintaining governance structures and processes that are fit for purpose and support good decision-making by the Board
The Board is collectively responsible for the long-term success of the Group and provides leadership to the Group within a framework of effective systems and controls. The Executive team, led by the CEO, is responsible for the day to day running of the business, with key decisions being reserved for the Board. In conjunction with senior management the CEO is responsible for the execution of the strategy as approved by the Board and the implementation of the decisions made by the Board. The Board has established an Audit Committee, Remuneration Committee and a Nomination Committee as detailed in these financial statements. These Committees report to the Board with relevant recommendations for consideration.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders
The Board recognises that it is accountable to shareholders for the performance and activities of the Group and is committed to maintaining good communication and both encouraging and engaging in open, constructive dialogues with its shareholders and key stakeholders. The Group updates its website regularly and all historic RNS announcements, interim reports and annual reports can be easily found via the Investor section.

Corporate Governance Report

continued

Board and Committee Attendance 2021

	PLC Board meetings		Audit		Remuneration	
Director	**Invited**	**Attended**	**Invited**	**Attended**	**Invited**	**Attended**
Matthew Walls	11	11	–	–	2	1
Jordi Puig Gilberte	11	10	–	–	–	–
Paul Foulger	11	10	1	1	–	–
Sergio Oliveró	11	8	–	–	–	–
William Rhodes	11	11	–	–	2	2
Huon Gray	–	–	–	–	–	–
Felix Frueh	–	–	–	–	–	–
David Evans	10	9	1	1	2	2
Jeremy Curnock-Cook	7	6	1	1	2	2
Andrew Symmonds	6	5	1	1	2	2
Stella Panu	1	1	–	–	–	–

Note: No nomination meetings took place during the year
Note: The following directors served part of the year:

Paul Foulger from 1 April 2021
Huon Gray from 21 February 2022
Felix Frueh from 6 April 2022
David Evans until 26 November 2021
Jeremy Curnock-Cook until 15 July 2021
Andrew Symmonds until 18 April 2021
Stella Panu from 18 April until 15 July 2021

William Rhodes
Chair

16 May 2022

Report of the Directors

for the Year Ended 31 December 2021

The directors present their report with the financial statements of the company and the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the Group is to develop and commercialise clinical genetic tests to provide predictive analysis of risk to a patient's health based on their genes.

DIVIDENDS

In view of the accumulated losses in the Group and with consideration to the stage of development of the Group, the Directors are unable to recommend the payment of a dividend.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

- Matthew Walls
- Jordi Puig Gilberte
- Sergio Oliveró
- William Rhodes

Other changes in directors holding office are as follows:

- William Rhodes appointed 1 January 2021
- Paul Foulger appointed 1 April 2021
- Stella Panu appointed 18 April 2021 and resigned 15 July 2021
- Andrew Symmonds resigned 18 April 2021
- Jeremy Curnock-Cook resigned 15 July 2021
- David Evans resigned 26 November 2021

Post year end there were the following changes in directors:

- Huon Gray CBE appointed 21 February 2022
- Felix Frueh appointed 1 April 2022

The Directors of the Company held the following beneficial interests (including the interests of their immediate families and persons connected with them) in the shares of GENinCode Plc at the date of this report;

	Issued share capital	
	Ordinary shares of £0.01 each	**Percentage held**
Jordi Puig Gilberte	14,482,500	15.1%
Matthew Walls	10,762,500	11.2%
Sergio Oliveró	3,574,000	3.7%
Paul Foulger[1]	568,182	0.6%

Note: Above only includes directors active as at the year end.
1. Held by his wife, Mrs Laura Deegan.

Report of the Directors

continued

Share options and warrants

The Directors of the Company held the following share options of GENinCode Plc;

Director	Type	31-Dec-21 No.	Exercise price	Grant date	Expiry date
Jordi Puig Gilberte	Share options	755,000	£0.1583	30/04/2021	-
Matthew Walls	Share options	1,255,000	£0.1583	15/04/2021	15/04/2031
Paul Foulger	Share options	572,000	£0.1583	15/04/2021	15/04/2031
	Share options	572,000	£0.4400	17/09/2021	17/09/2031
William Rhodes	Share options	286,000	£0.1583	30/04/2021	-
Huon Gray	Share options	200,000	£0.1583	30/04/2021	-
		3,640,000			

DIRECTORS REMUNERATION

The Directors received the following remuneration during the year:

	Salary/fees	Pension contributions	Share based payments	Total remuneration
Executive				
Matthew Walls	252,180	6,887	9,488	268,555
Jordi Puig Gilberte	134,136	0	4,908	139,044
Paul Foulger[1]	122,500	3,920	4,325	130,745
Non-executive[2]				
William Rhodes	45,000	0	2,162	47,162
	553,816	10,807	20,883	585,506

Notes

1 Includes employment income from 01/01/21, prior to becoming a director

2 Directors who did not receive remuneration have been excluded from this report

SHARE CAPITAL STRUCTURE

The Company's ordinary shares of 1p are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange (ticker: GENI, ISIN:GB00BL97B504). At the date of this report, 95,816,866 ordinary shares of 1p each were in issue. Details of share issues and changes to the capital structure during the period are set out in note 20.

SUBSTANTIAL SHAREHOLDINGS

As at 16th May 2022, excluding Directors, the following parties held greater than 3% of the issued share capital of the Company:

	Percentage of issued share capital
Maven Income and Growth VCT[1]	11.1%
Downing 1 VCT Plc[2]	11.1%
Santi 1990 SL	10.8%
Chelverton Asset Management	5.9%
Octopus Investments	4.7%
Equipos Medico Biologicos S.A.	3.7%
David Evans	3.5%

Notes

1 Held via Maven Income and Growth plc, Maven Income and Growth VCT 3 plc, Maven Income and Growth VCT 4 plc and Maven Income and Growth VCT 5 plc

2 Held via Downing 1 VCT plc and Downing 4 VCT plc.

FINANCIAL RISK MANAGEMENT

The Group's risk management is controlled by the board of directors. The board identifies, evaluates, and mitigates financial risks across the Group. Financial risks identified and how these risks could affect the Group's future financial performance are listed below;

Liquidity risks

Liquidity risk is the risk that the Group fails to have sufficient funds to meet its debts as they become due. The Group holds funds in short term bank deposits which can be accessed when needed. The liquidity risk of the Group is managed centrally with the ultimate control being on the Board of Directors who regularly review the short and medium term funding requirements. The Group manages liquidity risk by maintaining adequate cash and cash equivalents and by continuously monitoring forecast and actual cash flows.

The Company's interest-bearing assets comprise of only cash and cash equivalents. As the Company's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on its income.

Capital risk

The Group considers its capital risk to comprise its ordinary shares, share premium, share based payment reserve and accumulated deficit as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to maximise the return to its equity shareholders through capital growth. In order to achieve this the Group is seeking to commercialise the development which has been undertaken via existing and new international markets.

EVENTS AFTER THE REPORTING DATE

The Company has reviewed and evaluated all events and material transactions that have occurred after 31 December 2021 to the date of signing of the financial statements and conclude that there are no material subsequent events which justify adjustment or disclosure.

QUALIFYING INDEMNITY PROVISION

The Group has in place insurance protection, including a Directors and Officers liability policy, to cover the risk of loss when management deems it appropriate and cost effective; however, in some cases risks cannot be effectively covered by insurance and the cover in place may not be sufficient to cover the extent of potential liabilities.

GOING CONCERN

The financial statements have been prepared on the assumption that the Company is a going concern. When assessing the foreseeable future, the Directors have considered detailed budgets and forecasts for the next 12 months from the date of this report and the cash at bank available as at the date of approval of this report and are satisfied that the Company should be able to meet its financial obligations.

The Company holds surplus cash reserves following the placing on admission to AIM and, based on current and expected expenditure, has enough reserves to operate for the foreseeable future.

The Group has an ongoing commitment to keep costs and working capital under control so that increasing gross profits can drive positive cash flows. Detailed sensitivity analysis has been performed to assess the potential impact on the Group's liquidity caused by delays in revenue growth against expected levels along with potential mitigating actions which can be taken to safeguard the Group's cash position. These include working capital controls and reductions in discretionary spending. These sensitivities include the expected continued impact of the COVID-19 pandemic, although to mitigate its potential negative impacts the Group is developing its own COVID-19 severity and prognosis stratification product.

Report of the Directors

continued

POLITICAL DONATIONS

The Group made no political donations during the period.

ESG RESPONSIBILITY

The Board of GENinCode Plc recognises the importance of environmental, social and governance matters and aims to consider the differing interests of the Group's stakeholders, including its investors, employees, suppliers and business partners, when operating its business.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on the Company's website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the Financial Statements contained therein.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors, and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

continued

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

AUDITORS

Jeffreys Henry LLP has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Matthew Walls
Director

16 May 2022

Independent Auditors Report To the Members of GENinCode Plc

OPINION

We have audited the financial statements of GENinCode Plc for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the company statement of financial position, the company statement of cash flows and the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom adopted International Accounting Standards;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviews of expected cash flows for a period of 12 months, to determine expected cash outflow, which was compared to the liquid assets held in the entity.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors Report
To the Members of GENinCode Plc

continued

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Intangible assets The Group had capitalised intangible assets including intellectual property additions during the period amounting to £193,000 as at 31 December 2021. These capitalised costs had all started being amortised as at the period end as they had been brought into use. The Directors have assessed whether the costs that meet the criteria for capitalisation have been capitalised and whether there are any indicators of impairment. The risk is that the costs may not qualify for capitalisation or technological advancements may render the market value of the capitalised costs below its carrying value. Profit after tax, which is considered by management to be a key metric, is directly impacted by the amount of costs capitalised.	We have performed the following audit procedures: ● considered whether the nature of the costs met the necessary criteria under IAS 38 for the costs to be allowed for capitalisation; ● vouched a sample of the costs capitalised to invoices, to confirm that they relate to intellectual property and have been accurately recorded; ● considered whether the Directors' policy for the treatment of such costs was reasonable and assessed whether the costs included in the reconciliation were in line with the Directors' policy; ● confirmed the Directors' assessment that the amortisation policy is reasonable; and ● reviewed the intangibles for any indication of impairment, including a review of the valuation carried out by independent valuers Based on the audit work performed we are satisfied, that although there are inherent uncertainties associated with the forecast and estimation of useful economic life of intangible assets, the Directors have made reasonable assumptions about the valuation and useful economic life of intangible assets, based on past experience and expected future revenues. We are also satisfied that all necessary disclosures have been made in the financial statements.
Carrying value of investments in subsidiaries and recoverability of intercompany loans – parent company financial statements only. The Company had investments of £30,790 at the year ended 31 December 2021. The Directors have confirmed all investments, including additions, were correctly calculated and being held at cost.	We have performed the following audit procedures: ● Reviewed management's assessment of future operating cashflows and indicators of impairment; ● Assessed the methodology used by management to estimate the future profitability of its subsidiaries and recoverable value of the investment, in conjunction with any intra-group balances, to ensure that the method used is appropriate; ● Assessed the reasonableness of the key assumptions used in management's estimates of recoverable value, in line with economic and industry statistics relevant to the business;

Independent Auditors Report To the Members of GENinCode Plc

continued

Key audit matter	How our audit addressed the key audit matter
The amounts due from subsidiaries amounts to £2,790,838. We identified a risk that the investment held within the parent company financial statements in its subsidiaries and amounts receivable, may be impaired. Management's assessment of the recoverable amount of investments in subsidiaries requires estimation and judgement around assumptions used, including the cash flows to be generated from continuing operations. Changes to assumptions could lead to material changes in the estimated recoverable amount, impacting the value of investment in the subsidiary and impairment charges.	• Reviewed the intangibles for any indication of impairment • Assessed the appropriateness and applicability of discount rate applied to the current business performance; • Confirmed that any adverse change in key assumptions would not materially increase the impairment loss; and • Ensured that disclosures of the key judgements and assumptions, and sensitivities of the impairment loss recognised was appropriately disclosed. Based on the audit work performed, we are satisfied with management's assertion that no impairment exists.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group Financial statements	Company Financial Statements
Overall materiality	£154,000	£153,000
How we determined it	Based on 1% of gross assets	Based on 1% of gross assets
Rationale for benchmark applied	We believe that gross assets is the primary measure used by the shareholders in assessing the performance of the Company as revenue is yet to be generated.	We believe that gross assets is the primary measure used by the shareholders in assessing the performance of the Company as revenue is yet to be generated.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit for the Group above £7,700 and for the Company above £7,650 as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Independent Auditors Report
To the Members of GENinCode Plc

continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of 3 reporting units, comprising the Group's parent company and subsidiaries.

We performed audits of the complete financial information of two reporting units GENinCode plc and GENinCode US Inc, which were individually financially significant. One additional reporting unit, GENinCode S.L.U. was also individually financially significant and was audited by local component auditors. The sum of these significant entities accounted for 100% of the Group's absolute loss before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units) and 100% of the Group's assets and liabilities.

We have audited the UK resident component and US resident component within the Group and performed a review of the work carried out by the local component auditors, and no unaudited components remain.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report nor the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditors Report To the Members of GENinCode Plc

continued

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the Group's and the Parent 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 the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatements due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our knowledge and experience of the entity's activities.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, employment and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and reviewing legal expenditure; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

continued

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify noncompliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of this report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sanjay Parmar (Senior Statutory Auditor)
For and on behalf of
Jeffreys Henry LLP, Statutory
Auditor Finsgate
5-7 Cranwood Street
London EC1V 9EE
16 May 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Continuing operations			
Revenue	4	1,154	961
Cost of sales		(561)	(438)
Gross profit		593	523
Administrative expenses		(4,019)	(1,550)
Adjusted EBITDA		(3,426)	(1,027)
Depreciation		(6)	(2)
Amortisation		(29)	(21)
Loss on disposal of fixed assets		(19)	
Share based costs		(73)	–
Listing costs		(584)	–
Non-recurring expenditure		(9)	–
Operating loss		(4,146)	(1,050)
Other income	7	10	–
Loss before income tax	5	(4,136)	(1,050)
Income tax	8	(6)	(116)
Loss for the financial period		(4,142)	(1,166)
Other comprehensive income for the year			
Exchange differences on translation of foreign operations		72	–
Loss attributable to equity Shareholders of the company		(4,070)	(1,166)
Earnings per share			
Basic earnings per share (pence)		(8.05)	(12.71)
Diluted earnings per share (pence)		(8.05)	(12.71)

The notes form part of these financial statements

Consolidated Statement of Financial Position

31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Intangible assets	12	193	140
Property, plant and equipment	13	46	11
		239	151
Current assets			
Inventories	14	14	18
Trade and other receivables	15	399	248
Cash and cash equivalents	17	14,554	2,003
Financial assets	16	4	2
		14,971	2,271
Total assets		15,210	2,422
Equity			
Shareholders' equity			
Called up share capital	20	958	114
Share premium	22	15,551	3,318
Other reserves	22	73	–
Retained earnings	22	(2,864)	(1,573)
Total equity		13,718	1,859
Liabilities			
Non-current liabilities			
Trade and other payables	18	661	–
Current liabilities			
Trade and other payables	18	825	563
Deferred Tax	19	6	–
Total liabilities		1,492	563
Total equity and liabilities		15,210	2,422

The financial statements were approved by the Board of Directors on 16 May 2022 and were signed on its behalf by:

Paul Foulger
Director
16 May 2022

The notes form part of these financial statements

GENinCode Plc (Registered number: 12140968)

Company Statement of Financial Position

31 December 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Investments	11	31	2
Intangible assets	12	179	101
Property, plant, and equipment	13	32	–
Trade and other receivables	15	2,791	
		3,033	103
Current assets			
Trade and other receivables	15	168	1,116
Cash and cash equivalents	17	14,243	1,892
		14,411	3,008
Total assets		17,444	3,111
Equity			
Shareholders' equity			
Called up share capital	20	958	114
Share premium	21	15,551	3,318
Share based payment reserve	21	73	–
Retained earnings	21	493	(429)
Total equity		17,075	3,003
Liabilities			
Current liabilities			
Trade and other payables	18	363	108
Deferred Tax	19	6	–
Total liabilities		369	108
Total equity and liabilities		17,444	3,111

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £1,856,657 (2020 – loss of £364,036).

The financial statements were approved by the Board of Directors on 16 May 2022 and were signed on its behalf by:

Paul Foulger
Director
16 May 2022

The notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2021

	Called up share capital £'000	Share premium account £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	67		–	(408)	(341)
Changes in equity					
Issue of share capital	47	3,318	–	–	3,365
Total comprehensive income	–	–	–	(1,165)	(1,165)
Balance at 31 December 2020	114	3,318	–	(1,573)	1,859
Changes in equity					
Reduction of share premium	–	(2,779)	–	2,779	–
Bonus share issue	458	(458)	–	–	–
Issue of share capital	386	16,614	–	–	17,000
Costs of share issue	–	(1,144)	–	–	(1,144)
Share based payments	–	–	73	–	73
Total comprehensive income	–	–	–	(4,070)	(4,070)
Rounding	–		–	–	–
Balance at 31 December 2021	958	15,551	73	(2,864)	13,718

The notes form part of these financial statements

Company Statement of Changes in Equity

For the Year Ended 31 December 2021

	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	–		–	(65)	(65)
Changes in equity					
Issue of share capital	114	3,318	–	–	3,432
Total comprehensive income	–	–	–	(364)	(364)
Balance at 31 December 2020	114	3,318	–	(429)	3,003
Changes in equity					
Reduction of share premium	–	(2,779)	–	2,779	–
Bonus share issue	458	(458)	–	–	–
Issue of share capital	386	16,614	–	–	17,000
Costs of share issue	–	(1,144)	–	–	(1,144)
Share based payments	–	–	73		73
Total comprehensive income	–	–	–	(1,857)	(1,857)
Balance at 31 December 2021	958	15,551	73	493	17,075

The notes form part of these financial statements

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
Loss before taxation	(4,137)	(1,050)
Adjustments for:		
Foreign exchange loss/(gain)	136	–
Depreciation and amortisation	35	23
Loss on disposal	19	–
Share based payments	73	–
Movement in translation/retranslation	70	–
Taxation	6	–
Operating loss before working capital changes	(3,798)	(1,027)
Cash used in operations		
Decrease / (Increase) in trade and other receivables	(150)	42
(Decrease) / Increase in trade and other payables	922	(35)
Decrease / (Increase) in inventory	4	(18)
(Increase) in financial assets	(2)	–
Net cash outflow from operating activities	(3,024)	(1,038)
Investing activities		
Purchase of property, plant, and equipment	(41)	(5)
Purchase of intangible assets	(104)	(63)
Net cash flows used in investing activities	(145)	(68)
Financing activities		
Issue of ordinary shares (net of issue expenses)	15,856	3,026
Net cash flows from financing activities	15,856	3,026
Net change in cash and cash equivalents	12,687	1,920
Cash and cash equivalents at the beginning of the period	2,003	85
Exchange (losses) on cash and cash equivalents	(136)	(2)
Cash and cash equivalents at the end of the period	14,554	2,003

The notes form part of these financial statements

Company Statement of Cash Flows

For the Year Ended 31 December 2021

	2021 £'000	2020 £'000
Cash flows from operating activities		
(Loss) for the year	(1,857)	(364)
Adjustments for:		
Foreign exchange loss/(gain)	136	11
Depreciation and amortisation	20	7
Other income	(22)	–
Share based payments	73	–
Taxation	6	–
Operating loss before working capital changes	(1,644)	(346)
Changes in working capital		
(Increase) in trade and other receivables	(73)	(90)
Increase/(decrease) in trade and other payables	254	(376)
Interest receivable	22	(14)
Net cash outflow from operating activities	(1,441)	(826)
Investing activities		
Acquisition of subsidiary	(28)	–
Purchase of intangible assets	(95)	(53)
Purchase of tangible assets	(35)	–
Net cash flows used in investing activities	(158)	(53)
Financing activities		
Loans issued to subsidiary undertakings	(1,770)	(607)
Proceeds from issue of share capital	15,856	3,365
Net cash flows from financing activities	14,086	2,758
Net change in cash and cash equivalents	12,487	1,878
Exchange (losses)/gains on cash and cash equivalents	(136)	(10)
Cash and cash equivalents at the beginning of the year	1,892	24
Cash and cash equivalents at the end of the year	14,243	1,892

The notes form part of these financial statements

Notes to the Consolidated Financial Statements

for the Year Ended 31 December 2021

1. STATUTORY INFORMATION

GENinCode Plc is a public limited company, registered in England and Wales. The Company's registered number and registered office address can be found on the General Information page.

The Group's principal activity is the development and commercialisation of clinical genetic tests, to provide predictive analysis of risk to a patient's health based on their genes.

The consolidated financial statements comprised of the Company and its subsidiaries (together referred to as "the Group") as at and for the year ended 31 December 2021. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

2. ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements of the Group have been prepared using the historical cost convention, on a going concern basis and in accordance with UK-adopted international accounting standards ("IFRS") and the Companies Act 2006 applicable to companies reporting under IFRS, using accounting policies which are set out below and which have been consistently applied to all years presented, unless otherwise stated.

On 31 December 2020 IFRS as adopted by the European Union were brought into UK law and became UK-adopted international accounting standards with future changes being subject to endorsement by the UK Endorsement Board.

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ('FRS 101') and the requirements of the Companies

Act 2006. The Company will continue to prepare its financial statements in accordance with FRS 101 on an ongoing basis until such time as it notifies shareholders of any change to its chosen accounting framework.

In accordance with FRS 101, the Company has taken advantage of the following exemptions:

- Requirements of IAS 24, 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

New and amended standards adopted by the Group

The most significant new standards and interpretations adopted, none of which are considered material to the Group, are as follows:

Ref	Title	Summary	Application date of standards (periods commencing)
IFRS9, IAS39 and IFRS7	Interest Rate Benchmark Reform Phase 2	Amendments regarding measurement and classification	1 January 2021
IFRS 17	Insurance contracts		1 January 2021
IFRS 4	Amendments to Insurance		1 January 2021
	Contracts – deferral of IFRS 9 (issued on 25 June 2020)		

Notes to the Consolidated Financial Statements

continued

New standards and interpretations not yet adopted

Unless material the Group does not adopt new accounting standards and interpretations which have been published and that are not mandatory for 31 December 2021 reporting periods.

No new standards or interpretations issued by the International Accounting Standards Board ('IASB') or the IFRS Interpretations Committee ('IFRIC') have led to any material changes in the Company's accounting policies or disclosures during each reporting period.

The most significant new standards and interpretations to be adopted in the future are as follows:

Ref	Title	Summary	Application date of standards (periods commencing)
IAS1	Presentation of Financial Statements	Amendments regarding the classification of liabilities	1 January 2023
		Amendments to defer effective date of the January 2020 amendments	1 January 2023

Going concern

The financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the Directors have considered detailed budgets and forecasts for the next 12 months from the date of this report and the cash at bank available as at the date of approval of this report and are satisfied that the Group should be able to meet its financial obligations.

The Group holds surplus cash reserves following the placing on admission to AIM and based on current and expected expenditure has enough reserves to operate for the foreseeable future.

The Group has an ongoing commitment to keep costs and working capital under control so that increasing gross profits can drive positive cash flows. Detailed sensitivity analysis has been performed to assess the potential impact on the Group's liquidity caused by delays in revenue growth against expected levels along with potential mitigating actions which can be taken to safeguard the Group's cash position. These include working capital controls and reductions in discretionary spending. These sensitivities include the expected continued impact of the COVID-19 pandemic, although to mitigate its potential negative impacts the Group is developing its own COVID-19 severity and prognosis stratification product.

Basis of consolidation

Subsidiaries are all entities which the Group has control. The subsidiaries consolidated in these Group accounts were acquired via group re-organisation and as such merger accounting principles have been applied. The subsidiaries' financial figures are included for their entire financial year rather than from the date the company took control of them.

Inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated during the consolidation process.

The subsidiaries prepare their accounts to 31 December under FRS101; there are no deviations from the accounting standards implemented by the company. Where necessary accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

continued

Property, plant, and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Depreciation is provided to write off cost, less estimated residual values, of all property, plant, and equipment, except for investment properties and freehold land, evenly over their expected useful lives, calculated at the following rates:

Plant	12%
Equipment	25%

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset, then the asset is impaired, and its value reduced by recognising an impairment provision.

Intangible assets

(i) Patents and licenses costs

The Group has purchased patents and licences since incorporation. The costs incurred in obtaining these patents and licenses have been capitalised. Amortisation is charged as follows:

Patents	Over estimated economic life of 10 years
Licences	20% (estimated useful life of 5 years)

The Patents and license costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(ii) Software costs

The Group has purchased software since incorporation. The costs incurred in obtaining the software have been capitalised as the Group uses the software platform to provide results to its customers.

Amortisation is charged on a straight-line basis at 25% over the useful life of the related asset. Software costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Foreign currency

The functional currency of the Company is Sterling Pound (£) and its subsidiaries are in Euros (€) and US Dollars ($). The presentational currency of the Company is £.

Transactions entered by the Group's entities in a currency other than the reporting currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of outstanding monetary assets and liabilities are also recognised in the income statement.

The exchange rates used in the financial statements are as follows:

	2021	2020
Sterling/euro exchange rates		
Average exchange rate for the period	1.163	1.245
Exchange rate at the period end	1.190	1.105
Sterling/US dollar exchange rates		
Average exchange rate for the period	1.375	n/a
Exchange rate at the period end	1.331	n/a

Notes to the Consolidated Financial Statements

continued

Revenue recognition

Revenue is recognised in accordance with the requirements of IFRS 15 'Revenue from Contracts with Customers'. The Company recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is determined to be at the point of despatch of the product or service unless there are specific provisions in the relevant contract. Revenue from the provision of testing and reporting services is recognised upon delivery of the report to the customer. Invoices are typically raised upon delivery of the products or reporting services, unless there is a different contractual requirement, for payment according to credit terms.

Operating leases

Rentals payable under operating leases are charged against the statement of comprehensive income on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares.
- Retained deficit: losses accumulated to the end of the period.
- Share premium: excess subscribed above nominal value.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

Employee benefit costs

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the income statement in the period to which they relate.

Share based payment

The fair value of equity-settled share-based payments to employees is determined at the date of grant and expensed on a straight line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest.

All equity-settled share-based payments are ultimately recognised as an expense in the profit or loss with a corresponding credit to the Share based payment reserve. If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Share options granted to employees of subsidiaries are recognised as an expense in the employing subsidiary and as an addition to the investment in the subsidiary for the parent company. The costs are calculated on the same basis as above and are included upon consolidation.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Financial instruments

IFRS 9 requires an entity to address the classification, measurement and recognition of financial assets and liabilities.

a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group classifies financial assets as amortised costs only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payment of principal and interest.

b) Recognition

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the Group commits to purchase or sell the asset). Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Notes to the Consolidated Financial Statements

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Debt instruments

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

d) Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with any debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Taxation

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the related tax is also dealt with in equity. Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised, except for differences arising on investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of the deferred tax assets is restricted to those instances where it is probable that a taxable profit will be available against which the difference can be utilised.

Deferred tax is calculated based on rates enacted or substantively enacted at the reporting date and expected to apply when the related deferred tax asset is realised, or liability settled.

Critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- **Intangible assets**

The assessment of the future economic benefits generated by these separately identifiable intangible assets and the determination of its amortisation profile involve a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets. Reviews are performed regularly to ensure the recoverability of these intangible assets.

Share based payments

The Company has issued share options as an incentive to certain senior management. The fair value of options granted is recognised as an expense with a corresponding credit to the share-based payment reserve. The fair value is measured at grant date and spread over the period during which the awards vest.

For equity-settled share-based payment transactions, the goods or services received and the corresponding increase in equity are measured directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If it is not possible to estimate reliably the fair value of the goods or services received, the fair value of the equity instruments granted as calculated using the Black-Scholes model is used as a proxy.

The fair value of share-based payments is measured by use of valuation models, which take into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on historical share price performance of a group of peer companies as historical share price performance was not available for the Company on the date of grant.

3. Financial risk management

The Group's risk management is controlled by the board of directors. The board identifies, evaluates, and mitigates financial risks across the Group. Financial risks identified and how these risks could affect the Group's future financial performance are listed below;

Financial instruments by category

Financial assets	2021 £'000	2020 £'000
Cash and cash equivalents	14,554	2,003
Trade receivables	234	241
Other receivables	164	7
Financial assets	3	2
Inventory	14	18
Financial assets	14,971	2,271

Financial liabilities	2021 £'000	2020 £'000
Trade payables	1,006	193
Accruals	243	63
Other payables	137	177
Tax payable	100	131
Deferred Tax	6	–
Trade and other payables	1,492	564
Financial liabilities at amortised costs	1,492	564

Fair value hierarchy

All the financial assets and financial liabilities recognised in the financial statements which are short-term in nature are shown at the carrying value which also approximates the fair values of those short-term financial instruments. Therefore, no separate disclosure for fair value hierarchy is required for them. The disclosure on fair value hierarchy does not apply to the financial leases.

The Group's activities expose it to a variety of financial risks, mainly credit risk, liquidity risk and interest rate risk.

Notes to the Consolidated Financial Statements

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Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy.

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of bank balances. The Group's exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings.

Liquidity risk

The Group currently holds cash balances to provide funding for normal activity and is managed centrally. Trade and other payables are monitored as part of normal management routine.

Interest rate risk

The Company's interest-bearing assets comprise of only cash and cash equivalents. As the Company's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on its income.

The maturity of borrowings and other financial liabilities (representing undiscounted contractual cash-flows) is as follows:

2020	Within 1 Year £'000
Trade and Other Payables	564
Total	564

2021	Within 1 Year £'000
Trade and Other Payables	1,486
Total	1,486

Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern, and provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

To meet these objectives, the Company reviews the budgets and forecasts on a regular basis to ensure there is sufficient capital to meet the needs of the Company through to profitability and positive cash flow.

All working capital requirements are financed from existing cash resources.

continued

4. OPERATING SEGMENTS

The Group has disaggregated revenue into various categories in the following table which is intended to depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date.

	2021 £	2020 £
Revenue from sale of kits and provision of support services	1,154	961
Primary Geographic Markets		
Chile	8	7
France	32	21
Italy	95	111
Sweden	4	–
Mexico	–	1
Peru	6	4
Spain	1,001	817
Germany	8	–
Total revenue per geographical markets	1,154	961

5. LOSS FROM OPERATIONS

	2021 £'000	2020 £'000
Loss is stated after charging:		
Cost of inventory	561	438
Staff costs	868	385
Social security	224	111
Royalty expense	55	47
Operating expenses - External services	1,354	740
Directors salaries and fees	586	226
Depreciation and amortisation	35	23

5a. AUDITOR'S REMUNERATION

	2021 £	2020 £
Fees payable to the company's auditor for the audit of the company's annual accounts	25	9
Fees payable to the company's auditor and its associates for other services:		
Accounts compilation	–	7
Accounting and taxation services	36	20
Total	61	36

Notes to the Consolidated Financial Statements

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6. EMPLOYEES AND DIRECTORS

The average number of employees (including directors) in the Group during the period was made up as follows:

	2021 Number	2020 Number
Directors (including non-executive directors)	6	6
Employees	20	10
Total	26	16

The cost of employees (including directors) during the period was made up as follows:

	2021 £'000	2020 £'000
Salaries and wages (including directors)	1,349	611
Social security costs	224	111
Employee benefits in kind	15	–
Pension costs	14	–
Share based payment expense	73	–
Total	1,675	722

Key management personnel compensation

The compensation of key management personnel, principally directors of GENinCode Plc for the period were as follows:

	2021 £'000	2020 £'000
Directors salaries	506	–
Social security costs	57	–
Pension costs	10	–
Directors fees	45	226
Share based payment expense	22	–
Total	640	226

The above remuneration of directors includes the following amounts paid to the highest paid Director:

	2021 £'000	2020 £'000
Highest paid Director	300	120

7. FINANCE INCOME

	2021 £'000	2020 £'000
Bank interest income	8	–
Other revenue	2	–
Total	10	–

8. Income tax

	2021 £'000	2020 £'000
Current tax credit		
GENinCode S.L.U.	–	(116)
Total current tax	–	(116)
Deferred tax		
Accelerated capital allowances	(6)	–
Total current tax	(6)	–
Total tax (charge)/credit	(6)	(116)

The charge for the year can be reconciled to the loss in the consolidated statement of comprehensive income as follows:

	2021 £'000	2020 £'000
	(4,137)	(1,050)
Expected tax credit at the UK corporation tax rate of 19%	(786)	(200)
Movement in unrecognised deferred tax asset	826	(79)
Permanent differences	–	(30)
Spanish deferred tax recognised in excess of UK deferred tax	(45)	193
Expenses disallowed for tax	5	–
Accelerated Capital Allowances	(6)	–
Total tax (charge)/credit	(6)	(116)

Factors affecting current and future taxation

Per IFRS rules, unrelieved tax losses carried forward have not been recognised as a deferred tax asset as there is currently insufficient evidence that the asset will be recoverable in the foreseeable future.

The UK budget announced on 3 March 2021 confirm an increase in the main corporation tax rate from 19% to 25% on profits over £250,000 with effect from 1 April 2023. Due to the nature of the business and uncertainty of profit generation the rate has not been reflected in the consolidated financial statements.

9. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £1,856,657 (2020 – loss of £364,036).

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements

continued

Reconciliations are set out below.

	Earnings £'000	2021 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(4,070)	50,552,205	(8.05)
Effect of dilutive securities	–	–	–
Diluted EPS			
Adjusted earnings	(4,070)	50,522,205	(8.05)

	Earnings £'000	2020 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(1,166)	9,170,609	(12.71)
Effect of dilutive securities	–	–	–
Diluted EPS			
Adjusted earnings	(1,166)	9,170,609	(12.71)

The Company has options issued over 8,048,000 (2020, nil) ordinary shares.

Due to the losses incurred from continuing operations in the years reported, there is no dilutive effect from the existing share options.

The weighted average for 2020 assumes the sub-division of shares per Note 20 were in place from 1 January 2020.

11. INVESTMENTS

Company	£'000
Cost	
At 1 January 2020	3
At 31 December 2020	3
Additions	–
Share based payments	28
As at 31 December 2021	31

Share based payments relate to costs of employee options in the Company for employees of its subsidiary.

Name of entity	Country of incorporation	Holding	Ownership held 2021	Ownership held 2020	Principal activities
GENinCode S.L.U.	Spain	Ordinary shares	100%	100%	Medical and scientific research
GENinCode U.S. INC.	USA	Ordinary shares	100%	100%	Medical and scientific research
GENinCode UK Ltd	England & Wales	Ordinary shares	100%	–	Dormant company

12. INTANGIBLE ASSETS

Group

	Software £'000	Patents & Licences £'000	Total £'000
Cost			
At 1 January 2020	52	63	115
Additions	10	53	63
Movement on retranslation	3	–	3
At 31 December 2020	65	116	181
Additions	9	95	104
Disposals	(19)	–	(19)
Movement on retranslation	(5)	–	(5)
At 31 December 2021	50	211	261
Amortisation			
At 1 January 2020	11	8	19
Charge for the period	14	7	21
Movement on retranslation	1	–	1
At 31 December 2020	26	15	41
Charge for the year	12	17	29
Movement on retranslation	(2)	–	(2)
At 31 December 2021	36	32	68
Net book value			
At 31 December 2020	39	101	140
At 31 December 2021	14	179	193

Company

	Patents & Licences £'000
Cost	
At 1 January 2020	63
Additions	53
At 31 December 2020	116
Additions	95
At 31 December 2021	211
Amortisation	
At 1 January 2020	8
Charge for the period	7
At 31 December 2020	15
Charge for the year	17
At 31 December 2021	32
Net book value	
At 31 December 2020	101
At 31 December 2021	179

Notes to the Consolidated Financial Statements

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13. PROPERTY PLANT AND EQUIPMENT

Group	Plant £'000	Office equipment £'000	Total £'000
Cost			
At 1 January 2020	4	5	9
Additions	–	5	5
At 31 December 2020	4	10	14
Additions	–	41	41
At 31 December 2021	4	51	55
Depreciation			
At 1 January 2020	–	1	1
Charge for the period	1	1	2
At 31 December 2020	1	2	3
Charge for the year	1	5	6
At 31 December 2021	2	7	9
Net book value			
At 31 December 2020	3	8	11
At 31 December 2021	3	43	46

Company	Office Equipment £'000
Cost	
At 31 December 2020	–
Additions	35
At 31 December 2021	35
Depreciation	
At 31 December 2020	–
Charge for the year	3
At 31 December 2021	3
Net book value	
At 31 December 2020	–
At 31 December 2021	32

continued

14. INVENTORY

Group

	2021 £'000	2020 £'000
Inventory	14	18
Total	14	18

15. TRADE AND OTHER RECEIVABLES

Group

	2021 £'000	2020 £'000
Trade receivables	234	240
Other receivables	31	1
Prepayments	134	7
Total	399	248

Company

	2021 £'000	2020 £'000
NON-CURRENT		
Intercompany receivables	2,791	–
Total	2,791	–
CURRENT		
Intercompany receivables	–	1,020
Trade receivables	60	65
Other receivables	31	31
Prepayments	77	–
Total	168	1,116

General terms for settlement of debt with clients are 30 days from the date of invoice for private entities and 60 days with public entities.

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

16. FINANCIAL ASSETS

Group

	2021 £'000	2020 £'000
Financial assets	4	2
Total	4	2

Notes to the Consolidated Financial Statements

continued

17. CASH AND CASH EQUIVALENTS

Group

	2021 £'000	2020 £'000
Total	14,554	2,003

Company

	2021 £'000	2020 £'000
Total	14,243	1,892

Where cash at bank earns interest, interest accrues at floating rates based on daily bank deposit rates.

The fair value of the cash & cash equivalent is as disclosed above. For the purpose of the cash flow statement, cash and cash equivalents comprise of the amounts shown above.

18. TRADE AND OTHER PAYABLES

Group

	2021 £'000	2020 £'000
NON-CURRENT		
Trade payables	661	–
Total	661	–
CURRENT		
Trade payables	345	193
Accruals	243	63
Tax payable	100	131
Other payables	137	177
Total	825	564

Company

	2021 £'000	2020 £'000
Trade payables	100	82
Accruals	238	26
Tax payable	21	–
Other payables	4	–
Total	363	108

General terms for settlement of debt are 60 days in general, after the invoice has been remitted from supplier.

The carrying value of trade and other payables classified at amortised cost approximates fair value.

continued

19. PROVISIONS AND CONTINGENCIES

	2021 £'000	2020 £'000
Deferred tax	6	–
Total	6	–

Company

	2021 £'000	2020 £'000
Deferred tax	6	–
Total	6	–

Deferred tax relates to accelerated capital allowances.

20. SHARE CAPITAL

	2021 £'000	2020 £'000
114,361 Ordinary Shares of £1.00 each		114
95,816,866 Ordinary shares of £0.01	958	
Total	958	114

- On 9 July 2021 the company subdivided 382,295 £1.00 Ordinary shares into 38,229,500 £0.01 Ordinary shares and 189,510 £1.00 B Ordinary shares into 18,951,000 £0.01 B Ordinary shares.
- The Company successfully listed on AIM on 22 July 2021, issuing a further 38,636,366 at 44p per share and raising £17 million before expenses, resulting in a total of 95,816,866 Ordinary shares in issue at that date.
- All shares of the Company rank pari passu in all respects.

21. SHARE BASED PAYMENTS

The Company has issued share options as an incentive to certain senior management. All share options granted during the period were granted under individual agreements and are subject to market and service vesting conditions.

Each share option converts into one ordinary share of GENinCode plc on exercise and are accounted for as equity-settled share-based payments. The equity instruments granted carry neither rights to dividends nor voting rights.

	Units	Weighted average exercise price (£)
Granted during the year	20,397	79.15
Balance as at 31 December 2021	**20,397**	**79.15**
Exercisable at 31 December 2021	–	–

The vesting conditions are as follows:-

- Staff and Board – based on market conditions, estimated 5 at years vesting period
- Advisors – three years following grant date

The value of share based payments charged to administrative expenses was £72,906.

Notes to the Consolidated Financial Statements

continued

The fair value is estimated at the date of grant using the Black-Scholes pricing model, taking into account the terms and conditions attached to the grant. The following are the inputs to the model for the equity instruments granted during the period:

	2021 Options Inputs
Expected life	3-5 years
Expected volatility	50%
Risk-free interest rate	0.35%
Share price at grant	41p to 79.15p
Fair value per award	16.75p to 39.58p

22. RESERVES

The following describes the nature and purpose of each reserve within equity:

Share capital	Amount subscribed for share capital fully paid.
Retained earnings	Retained earnings represents all other net gains and losses and transactions with shareholders (example dividends) not recognised elsewhere.
Share premium	Excess subscribed above nominal value of shares. Included within share premium are share issue costs which relate to commissions and other directly attributable costs.
Share based reserve	This reserve compromises the fair value of options share rights recognised as an expense. Upon exercise of options or performance share rights, any proceeds received are credited to share capital.

23. CAPITAL COMMITMENTS

There is no capital expenditure contracted at this year-end reporting.

24. RELATED PARTY TRANSACTIONS

During the period the Company entered into the following transactions with related parties:

Related party	Transaction	2021 £'000	2020 £'000
GENinCode S.L.U.	Royalties received from	81	65
	Interest received from	23	15
	Intercompany balance	2,104	1,085
GENinCode U.S. INC.	Intercompany balance	687	–
Matthew Walls	Executive director fees (from 2021 paid via salary)	–	120
Jordi Puig Gilberte	Executive director fees, £30,954 was outstanding 31.12.21 (2020, £Nil)	103	106
William Rhodes	Chairman's fees	45	–

In addition to the above share options were granted to key personnel during the period, see the Directors' report for details.

continued

Compensation of key management personnel of the Group

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the Board, the Company's key management are the Directors of GENinCode plc.

Amounts included in the Financial Statements, in aggregate, by category of related party are as follows:

Directors	Group Period to– 31 December 2021 £'000	Group Period to 31 December 2020 £'000
Directors' remuneration (short term benefits)	554	226
Directors' remuneration (pension cost)	11	–
Share based payments	21	–
Other fees	–	–
Total	586	226

25. EVENTS AFTER THE REPORTING DATE

There are no significant adjusting or non-adjusting events after the reporting date.

26. ULTIMATE CONTROLLING PARTY

The Group does not have an ultimate controlling party.

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