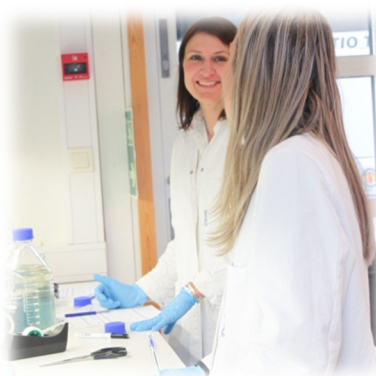




Interim Report

Q1 2017



1st Quarter Report 2017



Gentian Diagnostics AS is a medical diagnostics company listed on Merkur Market, Oslo Stock Exchange with the ticker "GENT-ME".

Gentian is headquartered in Moss, Norway, with a representative office in China and distribution subsidiaries in Sweden and USA.

Gentian designs, develops and markets in vitro diagnostic reagents (IVD) based on its proprietary Nanosense™ technology. The goal is to offer efficient and accurate reagents within the areas of kidney disease, cardiac disease, inflammation and veterinary medicine. The Nanosense™ technology will enable users to move assays from low volume immunology platforms to fully automated, high throughput instruments with shorter turnaround times, better workflow and improved cost efficiency.

The subsidiary PreTect AS develops and manufactures molecular diagnostic tests to detect oncogenic activity in cervical samples. The products PreTect SEE and PreTect HPV Proufer contribute to earlier detection of cervical cancers.

HIGHLIGHTS

- Plasma calprotectin test on track to be launched in the second half of 2017
- Continued progress in all development projects
- Proof-of-Concept achieved for G-1001 and the Nanosense II technology
- Successful completion of MNOK 100 equity raise
- Swedish subsidiary Gentian Diagnostics AB opened in March

FINANCIAL PERFORMANCE

Comparative numbers for Gentian 2016 in ()

Sales and Geographic Split

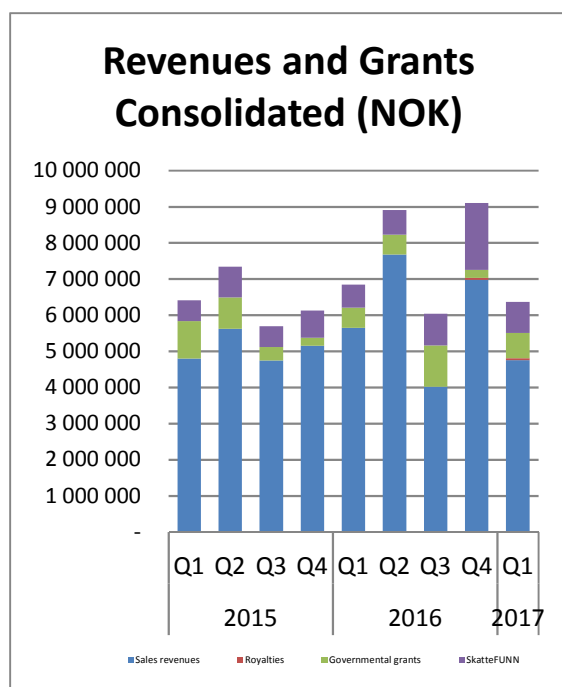
Total operating revenue ended at MNOK 6.4 (MNOK 7.1) for 1Q17.

Sales revenue in 1Q17 ended at MNOK 4.8 (MNOK 5.9). The decline is due to the loss of the Chinese customer as announced on March 22nd, 2017.

Geographic split:

MNOK	1Q17	1Q16
US	0,3	0,2
Europe	3,5	2,0
Asia	1,0	3,4
Total	4,8	5,6

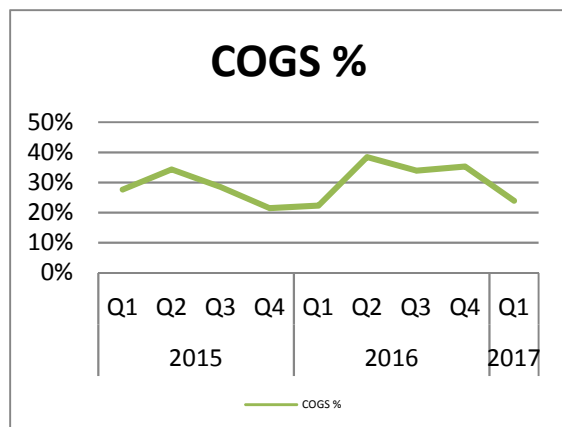
Other operating revenue ended at MNOK 0.7 (MNOK 0.6) for 1Q17. SkatteFUNN funding ended at MNOK 0.9 (MNOK 0.6) for 1Q17.



Cost of Goods Sold

COGS were MNOK 1.1 for 1Q17 (MNOK 1.3), which represents 24 % (22 %) of sales revenue.

The increase in gross margin from 4Q16 to 1Q17 indicates that the move to in-house production of raw materials is starting to give results.



Total operating expenses

Total operating expenses before capitalization of R&D expenses ended at MNOK 12.2 (MNOK 7.0) in 1Q17.

Operating costs include total salary and social expenses of MNOK 7.2 (MNOK 4.2) and other expenses of MNOK 5.0 (MNOK 2.7) for 1Q17. The increase in costs is according to plan, as the

company is accelerating its R&D- and marketing activities. The increase is also partly due to inclusion of the new subsidiary, PreTect AS.

Total operating expenses after capitalization of R&D expenses ended at MNOK 10.0 (MNOK 6.4) for 1Q17.

R&D Expenses

R&D expenses amounted to 34 % (33 %) of total operating expenses before capitalization for 1Q17.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK -4.7 (MNOK -0.9) for 1Q17.

Net financial income/expense ended at MNOK 0.2 (MNOK 0.3) for 1Q17.

Net profit ended at MNOK -5.4 (MNOK -1.1) for 1Q17.

Balance Sheet

Cash and cash equivalents as of 31.03.2017 were MNOK 160.9 (MNOK 65.7). Of this, MNOK 1.6 is placed in a collateral account for currency trading, and MNOK 0.3 is currently held in a deposit account. The remaining cash balance, a total of MNOK 159.0, is in current financial assets.

Capitalization of R&D expenses in 1Q17 amounted to MNOK 2.3 (MNOK 0.5).

Accounts receivables as of 31.03.2017 was MNOK 3.3 (MNOK 1.6).

Cash Flow

Cash flow from operating activities ended at MNOK -7.9 (MNOK 0.2) for 1Q17.

Cash flow from investment activities ended at MNOK -3.2 (MNOK -2.4) for 1Q17.

Cash flow from financial activities ended at MNOK 96.0 (MNOK 0), which is related to the

share issue approved by the General Meeting on the 30th of January 2017.

OPERATIONAL STATUS

Gentian Diagnostics experiences significant variations in quarterly revenues due to customers' ordering patterns. 1Q17 revenues were lower than in 1Q16 due to the situation in China described in a stock exchange announcement on March 22nd 2017, and because an order to South-Korea will occur in May instead of March.

On the research and development side, we successfully passed the verification phase of serum/plasma calprotectin in March. This product has now moved into the validation phase, which is the last step before CE marking and commercial launch, expected in 2H17.

In March 2017, Gentian announced that it had achieved proof-of-concept for the ultra-sensitive technology, named Nanosense II. Development of several new tests are expected to start based on this technology platform. Lastly, Gentian had good progress on two additional pipeline projects that are currently in the proof-of-concept phase.

SUCCESSFUL COMPLETION OF MNOK 100 SHARE ISSUE

During Q1 Gentian successfully raised gross proceeds of MNOK 100 in an equity raise. This will be used to further develop the Company's distribution platform, pursue M&A opportunities as well as for general corporate purposes. The placement was oversubscribed and approved by the General Meeting on the 30th of January 2017.

ESTABLISHMENT OF DIRECT DISTRIBUTION IN THE NORDIC REGION

Operations of the Swedish subsidiary, Gentian Diagnostics AB, commenced in March. This unit will be responsible for distribution activities for both Gentian products and third party products in the Nordic region. The company will also conduct clinical studies to support our marketing activities.

OUTLOOK 2017

The launch of the gCAL (Serum/plasma Calprotectin) in 2H17 is on track. Results from ongoing and new clinical studies will be published, and the first marketing initiatives will be initiated during 2017. The results from these activities will be important for the acceptance and sales revenues in 2018.

Furthermore, we expect that Gentian's R&D department will start the product development for the first test based on the ultra-sensitive technology and deliver at least one additional proof-of-concept in 2017. The company will also initiate proof-of-concept work on a new test.

In March, we announced the stop of deliveries to our, until now, biggest Chinese distributor. As a result, sales in Asia are expected to decline in 2017. We do, however, expect this to be compensated by growth in orders from other distributors and for other products. Hence, Gentian expect sales for 2017 to be on par with the 2016 level despite loss of the Chinese distributor.

EVENTS AFTER THE BALANCE SHEET DATE

There are no specific events to report after the balance sheet date.

SHAREHOLDER INFORMATION

20 largest shareholders in Gentian Diagnostics AS
as of 31.03.2017 according to VPS:

Shareholder	Number of Shares	%
Holta Life Sciences AS	2 028 502	14,49 %
Salix AS	1 368 630	9,78 %
Storebrand Vekst	1 365 580	9,76 %
Safrino AS	1 350 000	9,65 %
Silvercoin Industries AS	537 619	3,84 %
Vingulmork Predictor AS	535 710	3,83 %
Arctic Funds PLC	515 000	3,68 %
Cognitio Invest AS	496 430	3,55 %
Verdipapirfondet DNB SMB	485 000	3,47 %
Statoil Pensjon	396 700	2,83 %
Vatne Equity AS	394 051	2,82 %
Portia AS	375 000	2,68 %
Bård Sundrehagen	357 010	2,55 %
Kiristianro AS	347 180	2,48 %
Strawberry Capital AS	300 300	2,15 %
Cressida AS	235 000	1,68 %
Spar Kapital Investor AS	234 000	1,67 %
OM Holding AS	209 000	1,49 %
DNB NOR Markets	200 000	1,43 %
Employee Shareholders	276 752	1,98 %
Other Shareholders	1 988 829	14,21 %
Total Shares	13 996 293	100,00 %

Statement of Comprehensive Income Gentian Group

	2017	2016	2016
<i>(figures in NOK thousands)</i>	Q1	Q1	01.01-31.12
Operating Revenue			
Sales revenue	4 756	5 872	24 321
Royalties	48	-	48
Other operating revenue	704	553	2 471
SkatteFUNN - tax deduction	854	640	4 058
Total Operating Revenue	6 362	7 065	30 897
Operating Expenses/Costs			
Cost of goods sold	-1 139	-1 264	-7 870
Operating costs	-12 246	-6 962	-34 201
Capitalization	2 281	521	3 422
Total Operating Expenses/Costs	-11 104	-7 705	-38 649
EBIDTA	-4 742	-640	-7 752
Depreciation	-784	-498	-2 304
EBIT	-5 526	-1 138	-10 056
Financial income/expense	197	293	1 129
Net Profit	-5 329	-845	-8 927

1. Quarter Statement of Comprehensive Income is not audited

Statement of Financial Position Gentian Group

	2017	2016	2016
<i>(figures in NOK thousands)</i>	31.03	31.12	31.03
Assets			
Non-Current Assets			
Property, plants and equipment	4 677	4 743	2 324
Capitalized development costs	14 236	12 333	10 307
Other intangible assets	14 004	14 126	9 394
Loan to other companies	725	-	-
Financial assets	1 870	1 870	2 241
Total Non-Current Assets	35 512	33 071	24 265
Current Assets			
Inventory	9 209	7 546	4 756
Accounts receivables	3 285	2 855	1 560
Other receivables	6 890	5 399	5 688
Cash and cash equivalents	159 077	74 088	63 467
Derivatives	-	-	-
Total Currents Assets	178 461	89 889	75 472
Total Assets	213 974	122 960	99 737
Equity and Liabilities			
Equity			
Net profit (Loss)	5 329	8 927	845
Other equity	-211 629	-124 468	-95 063
Equity	-206 300	-115 541	-94 217
Non-Current Liabilities			
Interest-bearing loans and dept	-	-	-
Total Non-Current Liabilities	-	-	-
Current liabilities			
Accounts payables	-3 686	-3 519	-2 736
Public dept	-1 133	-1 610	-923
Accrued expenses	-2 854	-2 289	-1 645
Derivatives	-	-	-216
Total Current Liabilities	-7 674	-7 419	-5 520
Total Equity and Liabilities	-213 974	-122 960	-99 737

1. Quarter Statement of Financial Position is not audited

Cash Flow Statement

	2017	2016	2016
<i>(figures in NOK thousands)</i>	31.03	31.12	31.03
Cash Flow from Operating Activities			
Net profit (loss)	-5 329	-8 927	-845
	-	-	-
Depreciation	784	2 304	498
Financial Cost from interest	-	-	-
Net foreign exchange and rates*	-	-	-
Change Inventory	-1 663	-3 671	-1 609
Change Accounts Receivables	-430	1 137	2 177
Change Accounts Payables	167	1 234	1 063
Change in other short-term receivables/ liabilities	-1 406	21	-1 068
Net Cash Flow from Operating Activities	-7 877	-7 902	216
Cash Flows from Investment Activities			
Acquisition of Property, plant and equipment	-224	-3 684	-1 436
Investment in intangible assets	-2 281	-3 422	-521
Investment in other companies*	-	3 329	-
Loan to other companies	-725	-	-
Other changes in financial items	-	-702	-486
Net Cash Flow from Investment Activities	-3 230	-4 479	-2 443
Cash Flow from Financial Activities			
New debt	-	-	-
Down payment of loans	-	-	-
Change in Bank overdraft	-	-	-
Cash flows from share issues	96 069	20 400	-
Dividend payment	-	-	-
Net Cash Flow from Financial Activities	96 069	20 400	-
Net Change in Cash and Cash Equivalents	84 961	8 019	-2 227
Cash flow from last period	75 958	67 934	67 934
Currency adjustment	11	5	1
Net Cash and Cash Equivalents	160 930	75 958	65 708

1. Quarter Cash Flow Statement is not audited

*Investment in other companies relates to the acquisition of PreTect AS.

Note: 31.03.2016 and 31.12.2016 uses 31.12.2015 as a comparison and starting point in the Cash Flow Statement.

Statement of Changes in Equity

	Share Capital	Share Premium	Other Reserves	Other Equity	Total Equity
As of 31st December 2015	957 883	99 115 443	1 467 131	-6 478 973	95 061 484
Net profit (loss)				-8 926 987	-8 926 987
Proceeds from share issue	156 032	29 243 888			29 399 920
Share Issue Cost					-
Other changes in equity				6 919	6 919
As of 31st December 2016	1 113 915	128 359 331	1 467 131	-15 399 041	115 541 336
Net profit (loss)				-5 329 131	-5 329 131
Proceeds from share issue	285 714	99 714 291			100 000 005
Share Issue Cost		-3 931 089			-3 931 089
Other changes in equity				-18 723	18 723
As of 31st March 2017	1 399 629	224 142 533	1 467 131	-20 746 895	206 299 844

1. Quarter Statement of Changes in Equity is not audited

NOTES

Accounting Principles

The interim report for Q1 2017 has been prepared in accordance with IAS 34 Interim Reporting. The accounting policies applied in the interim report corresponds to what was used in preparing the annual financial statements for 2016.

Currency

The Company uses currency rates given by DNB ASA.

Capitalized R&D

There are currently two projects where the Gentian Group is capitalizing R&D expenses.

SkatteFUNN

Gentian calculates and recognizes SkatteFUNN funding continuously in the same year as the cost has incurred, while PreTect recognizes the SkatteFUNN funding when the refund has been received.

COGS

The company had an immaterial correction in COGS of less than 1% in 2Q16 after the 2. quarterly report of 2016 was released.