



First quarter 2019 results



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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. Through in-depth research into Particle-Enhanced Turbidimetric Immunoassays (PETIA), Gentian developed Nanosense™. Nanosense™ is our proprietary antibody and nanoparticle-based technology. This technology creates highly sensitive Particle-Enhanced Turbidimetric Immunoassays (PETIA) and has been used in most of our products to date. 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 Proofer contribute to earlier detection of cervical cancers.

HIGHLIGHTS

- Good start to the new fiscal year with sales revenues of MNOK 10.6 for the quarter.
- Record sales achieved for fCAL®turbo, our innovative biomarker for the diagnosis of inflammatory bowel disease.
- New scientific study results confirm GCAL as a promising biomarker for the diagnosis of bacterial infections.

FINANCIAL PERFORMANCE

Comparative numbers for Gentian 2018 in ()

Sales, Geographic Split and Product Split

Total operating revenue ended at MNOK 12.1 (MNOK 11.2) for 1Q19.

Sales revenue in 1Q19 ended at MNOK 10.6 (MNOK 9.6), a 10 % increase compared to 1Q18.

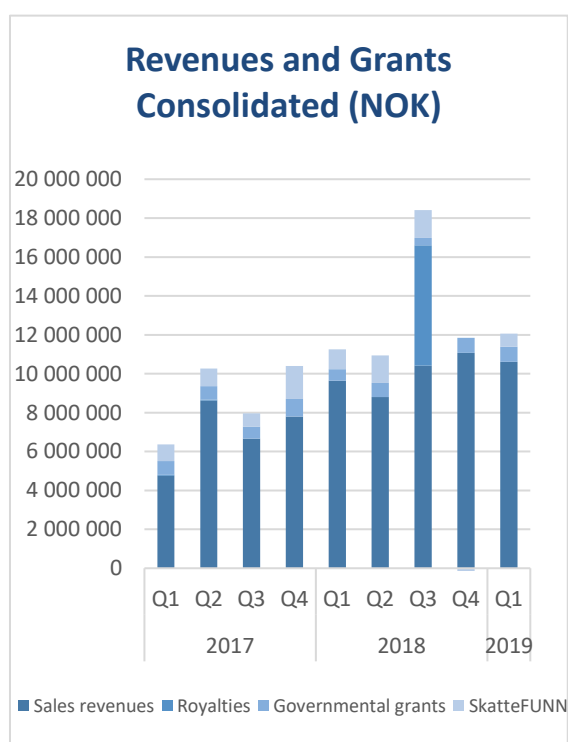
Geographic split:

MNOK	1Q19	1Q18
US	0.5	0.4
Europe	7.4	6.1
Asia	2.7	3.1
Total	10.6	9.6

Product split:

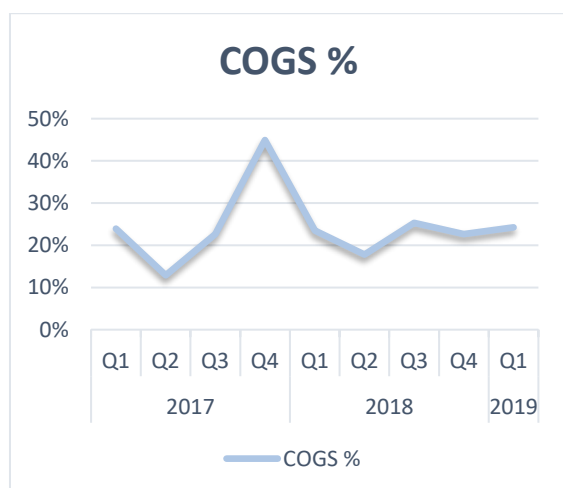
MNOK	1Q19	1Q18
Cystatin C	4.7	5.5
fCAL®turbo	3.9	2.1
Other	2.0	2.0
Total	10.6	9.6

Other operating revenue ended at MNOK 0.8 (MNOK 0.6) for 1Q19. SkatteFUNN funding ended at MNOK 0.7 (MNOK 1.0) for 1Q19.



Cost of Goods Sold

COGS ended at MNOK 2.6 (MNOK 2.3) in 1Q19, which represents 24 % (23 %) of sales revenue.



Total Operating Expenses

Total operating expenses before capitalization of R&D expenses ended at MNOK 16.0 (MNOK 12.7) in 1Q19.

Operating expenses include total salary and social expenses of MNOK 10.9 (MNOK 8.4) and

other expenses of MNOK 5.1 (MNOK 4.2) for 1Q19. The increase is according to the planned acceleration of activities. SG&A also include a share-based compensation of MNOK 0.4 with no cash effect.

Total operating expenses after capitalization of R&D expenses ended at MNOK 15.1 (MNOK 12.0) in 1Q19.

R&D Expenses

R&D expenses amounted to 26 % (31 %) of total operating expenses before capitalization for 1Q19.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK -5.6 (MNOK -3.1) for 1Q19.

Net financial income ended at MNOK 0.0 (MNOK 0.1) for 1Q19.

Net profit ended at MNOK -7.3 (MNOK -3.9) for 1Q19.

Balance Sheet

Cash and cash equivalents as of 31.03.2019 were MNOK 191.3 (MNOK 140.6). The cash is placed in both savings accounts and current accounts.

Accounts receivables as of 31.03.2019 were MNOK 6.7 (MNOK 7.2).

Inventory as of 31.03.2019 were MNOK 14.3 (MNOK 12.3). The increase in inventory is due to higher sales and build-up of an inventory buffer.

Cash Flow

Cash flow from operating activities ended at MNOK -6.2 (MNOK -5.5) for 1Q19.

Cash flow from investment activities ended at MNOK -1.2 (MNOK -0.8) for 1Q19. Included in investment activities are capitalization of R&D

expenses, which in 1Q19 amounted to MNOK 0.9 (MNOK 0.7).

Cash flow from financial activities ended at MNOK 0.0 (MNOK 0.0) for 1Q19.

OPERATIONAL STATUS

Product Sales

Sales in 1Q19 showed an increase of 10 % compared to 1Q18, ending the quarter with a sales revenue of MNOK 10.6. The increase is driven by MNOK 3.9 record sales of fCAL®turbo (biomarker for the diagnosis of inflammatory bowel disease). These revenues include some special orders, due to Brexit preparations by our customers in the UK.

Due to normal quarterly variations in the order patterns of our partners, Cystatin C kidney health biomarker sales revenue decreased compared to 1Q18. The underlying sales performance is still indicated to be strong.

R&D

New scientific study results for GCAL, our biomarker for severe infections, sepsis and rheumatoid arthritis, have confirmed GCAL as a promising biomarker for the diagnosis of bacterial infections. Larsson et al. concluded that the rapid determination of calprotectin should be an improvement in the management of infections and allow more selective use of antibiotics.

The product development for our cardiac marker G-1001 continues to deliver the expected milestones for a market launch in 2021.

Our Fecal Pancreatic Elastase¹ product development project has been moved into the verification phase, which confirms our plan to

launch in 2020 together with our commercial partner Bühlmann Laboratories AG.

CORPORATE

The company has appointed Mr. Torsten Knüttel as Vice President of Research and Development. Mr. Knüttel will commence in his new position at the latest on the 5th of August 2019.

OUTLOOK

The company expects continued sales growth in 2Q19 versus 2Q18. The variations in order patterns will continue to result in normal quarterly variations.

For Cystatin C the company expects continued growth, primarily driven by increased demand in China and an increased focus on the US market. The company expects continued sales growth in Europe for fCAL®turbo. The FDA 510k efforts of our partner Bühlmann Laboratories AG are progressing as planned and a regulatory decision is expected by the end of 2Q19.

The market development efforts for calprotectin as a biomarker for severe infections, sepsis and rheumatoid arthritis will continue with presentations at scientific congresses and articles in international journals. In addition, the company will intensify its efforts to engage with key opinion leaders. As part of this market development program, the company organizes an educational workshop at the Euromedlab (European Congress of Clinical Chemistry and Laboratory Medicine) in Barcelona on 21st May 2019. The workshop will be held under the title "Plasma Calprotectin: A promising early biomarker for the diagnosis of bacterial infections and

¹ The test to be developed from this concept is a measure of Pancreatic Exocrine Insufficiency (PEI) associated with various health conditions, e.g.

chronic pancreatitis, cystic fibrosis, celiac disease, diabetes, post-pancreatic surgery, gastrectomy etc. Ref. Stock exchange release dated 22.06.2018.

sepsis”. The Euromedlab is the most important European event in laboratory medicine.

EVENTS AFTER THE BALANCE SHEET DATE

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

SHAREHOLDER INFORMATION

20 largest shareholders in Gentian Diagnostics AS as of 29.03.2019 according to VPS:

Shareholder	No of Shares	%
Holta Life Sciences AS	2 014 702	13,09 %
Vatne Equity AS	1 910 340	12,41 %
Safrino AS	1 300 000	8,44 %
Salix AS	1 132 040	7,35 %
Norron Sicav - Target	724 000	4,70 %
Vingulmork Predictor AS	535 710	3,48 %
Storebrand Vekst	497 807	3,23 %
Portia AS	425 000	2,76 %
Statoil Pensjon	388 564	2,52 %
Verdipapirfondet DNB SMB	384 249	2,50 %
Silvercoin Industries AS	359 628	2,34 %
Bård Sundrehagen	307 010	1,99 %
Cressida AS	235 000	1,53 %
Norda ASA	225 447	1,46 %
Marstal AS	202 500	1,32 %
Strawberry Capital AS	200 300	1,30 %
Spar Kapital Investor AS	192 291	1,25 %
Mutus AS	187 210	1,22 %
OM Holding AS	179 000	1,16 %
Lioness AS	150 000	0,97 %
Other Shareholders	3 845 123	24,97 %
Total Shares	15 395 921	100,00 %

Statement of Comprehensive Income Gentian Group

	2019	2018	2018
<i>(figures in NOK thousands)</i>	Q1	Q1	01.01-31.12
Operating Revenue			
Sales revenue	10 613	9 645	39 912
Other operating revenue	1 450	1 604	12 108
Total Operating Revenue	12 063	11 249	52 020
Operating Expenses/Costs			
Cost of goods sold	-2 570	-2 263	-8 969
Production costs	-4 060	-4 288	-13 458
R&D costs	-4 109	-3 270	-19 057
Selling, general & administrative costs	-7 874	-5 144	-27 450
Capitalization	907	661	5 165
Total Operating Expenses/Costs	-17 705	-14 304	-63 769
EBITDA	-5 642	-3 055	-11 749
Depreciation	-1 656	-946	-3 897
Impairment of Goodwill	-	-	-5 040
EBIT	-7 298	-4 001	-20 686
Financial income/expense	21	121	951
Tax	-	-	-64
Net Profit	-7 277	-3 880	-19 798

1st quarter Statement of Comprehensive Income is not audited

Statement of Financial Position Gentian Group

	2019	2018	2018
<i>(figures in NOK thousands)</i>	31.03	31.12	31.03
Assets			
Non-Current Assets			
Property, plants and equipment	4 622	4 736	4 879
Right-of-use asset	4 512	-	-
Capitalized development costs	19 721	18 691	16 502
Other intangible assets	7 994	8 883	13 520
Financial assets	329	329	1 947
Total Non-Current Assets	37 178	32 640	36 848
Current Assets			
Inventory	14 303	13 098	12 282
Accounts receivables	6 749	9 285	7 192
Other receivables	7 032	4 652	6 943
Cash and cash equivalents	191 012	198 305	138 631
Total Currents Assets	219 096	225 340	165 049
Total Assets	256 274	257 980	201 896
Equity and Liabilities			
Equity			
Net profit (Loss)	7 277	19 798	3 880
Other equity	-246 384	-265 671	-196 428
Equity	-239 107	-245 873	-192 548
Non-Current Liabilities			
Interest-bearing loans and dept	-659	-698	-436
Lease liability	-4 560	-	-
Total Non-Current Liabilities	-5 219	-698	-436
Current liabilities			
Accounts payable	-3 450	-3 295	-3 772
Public dept	-1 379	-2 176	-1 321
Accrued expenses	-7 119	-5 937	-3 819
Total Current Liabilities	-11 948	-11 409	-8 912
Total Equity and Liabilities	-256 274	-257 980	-201 896

1st quarter Statement of Financial Position is not audited

Cash Flow Statement

	2019	2018	2018
(figures in NOK thousands)	Q1	01.01-31.12	Q1
Cash Flow from Operating Activities			
Net profit (loss)	-7 277	-19 798	-3 880
Depreciation	1 656	3 897	946
Impairment of Goodwill	-	5 040	-
Change Inventory	-1 205	-2 006	-1 190
Change Accounts Receivables	2 536	-2 476	-383
Change Accounts Payables	155	-253	223
Change in other short-term receivables/ liabilities	-2 044	4 700	-1 260
Net Cash Flow from Operating Activities	-6 179	-10 897	-5 545
Cash Flows from Investment Activities			
Acquisition of Property, plant and equipment	-263	-989	-93
Investment in intangible assets	-907	-5 165	-661
Other changes in financial items	-	-	-
Net Cash Flow from Investment Activities	-1 170	-6 153	-753
Cash Flow from Financial Activities			
New debt	-	379	-
Downpayment of loans	-39	-147	-30
Cash flows from share issues	-	68 519	-
Dividend payment	-	-	-
Net Cash Flow from Financial Activities	-39	68 751	-30
Net Change in Cash and Cash Equivalents	-7 388	51 701	-6 328
Cash and cash equivalents at beginning of period	198 634	146 951	146 951
Currency adjustment	95	-18	-46
Net Cash and Cash Equivalents	191 341	198 634	140 578

1st quarter Cash Flow Statement is not audited

Statement of Changes in Equity

(figures in NOK thousands)²

	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 01.01.2018	1 400	224 143	1 467	-30 534	196 475
Net result for the year				-19 798	-19 798
Other comprehensive income				0	0
Proceeds from share issue	140	69 841			69 981
Cost of share issue		-1 462			-1 462
Share based payments			695		695
Other changes in equity				-18	-18
Equity at 31.12.2018	1 540	292 522	2 162	-50 350	245 873

Equity at 01.01.2019	1 540	292 522	2 162	-50 350	245 873
Net result for the year				-7 277	-7 277
Other comprehensive income				15	15
Proceeds from share issue					
Cost of share issue					
Share based payments			411		411
Other changes in equity				84	84
Equity at 31.03.2019	1 540	292 522	2 573	-57 528	239 107

1st quarter Statement of Changes in Equity is not audited

NOTES

Accounting Principles

The interim report for Q1 2019 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 2018.

As of 1st January 2019, the Company has implemented IFRS 16 Leases with regards to operative leases. The effect of this implementation is that certain operative leases will be recognized in the Company's Statement of Financial Position as of 2019 as shown in the table here:

NOK	01.01.2019 after IFRS 16	01.01.2019 before IFRS 16
Right-of-use asset	5 024 575	-
Lease liability	-5 024 575	-

In addition, the implementation causes a reallocation of costs, related to the operative leases. The reallocation gives a positive effect on EBITDA and a negative effect on Depreciation and Finance.

Currency

The Company uses currency rates given by DNB ASA.

Capitalized R&D

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