gentian

Annual Report 2019

WE INNOVATE DIAGNOSTIC EFFICIENCY

invest@gentian.com • www.gentian.com

We innovate diagnostic efficiency

ANNUAL REPORT 2019

Contents

WE INNOVATE DIAGNOSTIC EFFICIENCY

gentian

LETTER FROM THE CEO

Hilja Ibert
CEO, Gentian Diagnostics

We innovate diagnostic efficiency

Dear all,

2019 was another remarkable year for Gentian. We have supported healthcare professionals all over the world by improving diagnostic efficiency within a resource constrained environment. The introduction of our products in high volume to clinical laboratories has improved their capacity and workflow efficiency. We estimate that our high throughput products have produced more than 3 million test results, which provided urgently needed information to physicians and nurses within a short time frame, in order to ensure patient treatment decisions with the best possible outcome.

We are extremely encouraged by the acceptance of our product solutions in the market. With a sales growth rate of 20%, we have continued the double-digit sales growth trajectory of former years. The successful collaboration with our commercial partners was also further strengthened in 2019.

Furthermore, we have achieved significant milestones with our product development efforts. With our strong product pipeline, we are now on a good track to launch one new product every year.

The recent SARS-CoV-2 outbreak highlights again the importance of our role as a health care supplier. Constant investments in technological innovation and reliable supply processes have proven to be essential in a changing world. All employees at Gentian are proud to contribute to the health of people all over the world.

Dr. Hilja Ibert
CEO, Gentian Diagnostics AS

"We are proud for having delivered double digit sales growth. The acceptance of our product solutions by health care providers all over the world is so encouraging. With passion, we continue to innovate diagnostic efficiency with new products in 2020 and beyond."

GENTIAN DIAGNOSTICS IN BRIEF

Overview

Gentian Diagnostics AS is a medical diagnostics company listed on the Oslo Stock Exchange, Merkur Market. The company performs production, R&D, marketing and distribution of immunoassays at our headquarters in Norway and we are supported globally by our distribution subsidiaries in Sweden, the USA and a representative office in China.

Through in-depth research into Particle-Enhanced Turbidimetric Immunoassays (PETIA), and the development of proprietary antibody and nano particle technology, Gentian's immunoassays 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. Gentian's value proposition of diagnostic innovation, and by moving assays over to PETIA, offers efficient and accurate reagents within the areas of kidney disease, cardiac disease, inflammation and veterinary medicine.

In addition, 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 cancer.

Gentian Diagnostics' history

Gentian was started by brothers Erling and Bård Sundrehagen in 2001. Having originally worked together during the founding of Axis (later Axis-Shield ltd, Alere inc. and now Abbott), they were eager to start a new, innovative venture together in the diagnostics field. The Gentian Cystatin C Immunoassay was launched in 2006 and after fast uptake in Sweden, a FDA-510(k) clearance was achieved in 2008. The Beijing representative office was opened in 2010 and Gentian USA Inc. was established in 2012 to expand the global reach. In 2016, a Swedish subsidiary Gentian Diagnostics AB was established to take charge of the Swedish distribution.

On 14th December 2016, Gentian Diagnostics AS was admitted to the Oslo Stock Exchange list 'Merkur Market' and has currently more than 800 shareholders.

Gentian Diagnostics' employees

Our people convert knowledge and research into products that improve diagnostic efficiency.

At Gentian Diagnostics we combine interdisciplinarity and experience with scientific knowledge. Our international team continuously pursuit scientific knowledge combined with business and product development skills that will contribute to improved solutions and diagnostic efficiency.

Gentian Diagnostics' products and product pipeline

Gentian develops and manufactures high quality, in vitro diagnostic (IVD) reagents for a wide range of clinical chemistry analysers. Our product lines of laboratory tests, for diverse diagnostic targets, provide high accuracy and fast results for both human and veterinary healthcare. Current and pipeline products contribute to improved diagnostics and cost reductions in treatment of renal, inflammation and cardiovascular diseases and cancer.

The current portfolio includes cystatin C (CE marked and FDA-510(k) cleared), plasma calprotectin (CE marked, US research use only), canine CRP, faecal calprotectin assays and molecular diagnostic assays to detect cervical cancer, with more under development.

GENTIAN DIAGNOSTICS' PRODUCTS

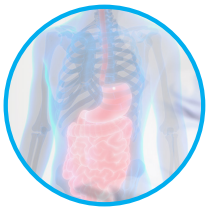
INFLAMMATION

GCAL®

Contributes to early detection of severe bacterial infections and sepsis
Assessment and monitoring of disease activity and treatment response in rheumatoid arthritis

GCAL® is a novel biomarker in the market development phase. Together with national and international research institutes and hospitals Gentian Diagnostics is performing several clinical studies to prove clinical utility of calprotectin. The study results indicate that calprotectin is a promising early biomarker for detection of systemic inflammation, bacterial infections and sepsis. Furthermore, calprotectin can be used for differentiation between bacterial and viral infections, improving diagnosis of bacterial infections and allowing more selective use of antibiotics. Reported infectious diseases market value is $4.0B (BCC Research, 2018).

Calprotectin is also an established biomarker for assessment and monitoring of disease activity and treatment response in rheumatoid arthritis.



fCAL®turbo

Reduces the need of colon endoscopic examination

The faecal calprotectin immunoassay fCAL®turbo was launched in the end of 2015. The product supports diagnosis of inflammatory bowel disease (IBD), by testing of faecal samples on clinical chemistry analysers providing significantly faster results to clinicians. The product is sold exclusively through BÜHLMANN, a European diagnostic company, and under their brand. The product has been FDA-510(k) cleared in 2019. The main market is currently in Europe followed by the USA and the rest of the world. The estimated market value is >$50M, with continuing growth due to increasing demand and competitive conversions. The product is sold directly to end customers and as bulk to OEM partners.

In August 2019 Gentian Diagnostics became the sole reagent supplier in a sales channel agreement between Roche Diagnostics and Gentian's sales, marketing and development partner BÜHLMANN.

RENAL

Cystatin C

Preventing severe kidney failures

The Gentian Cystatin C Immunoassay (CE marked and FDA-510(k) cleared) is an IVD test for quantitative determination of cystatin C in human serum and plasma, supporting an early detection of reduced kidney function.

The Gentian Cystatin C Immunoassay is sold both directly to customers and via distributors and OEM partners. The estimated global market value is $0.5B.

In July 2019 the company signed a 6-year extension to the global reagent supply agreement with Beckman Coulter for the Gentian Cystatin C Immunoassay. The companies have together provided this test globally for 10 years, with consistent sales growth. The agreement with Beckman Coulter will continue to drive sales growth together with Gentian's direct sales efforts in key countries like the USA.

VETERINARY

Canine CRP

Sensitive inflammation biomarker for systemic inflammation

The Gentian Canine CRP Immunoassay is an IVD test for the quantitative determination of Canine C-reactive Protein (CRP) in dog serum and plasma. Gentian's Canine CRP has canine-specific antibodies to ensure consistent specificity to the canine CRP antigen. The Gentian Canine CRP Immunoassay is an easy, reproducible and cost-efficient test, which is essential for an efficient and uncomplicated inclusion of this inflammation marker into the veterinary routine test panel.

The companion animal diagnostic market reached $1.3B in 2018, with the USA as the biggest market (Kalorama 2018, The World Market for Veterinary Diagnostics). The main market is currently Europe, but in 2019 Gentian has actively started to promote the canine CRP assay in the USA and globally.

CERVICAL CANCER

PreTect HPV-Proofer

Designed to minimise unnecessary referral and over-treatment of harmless infections

Gentian Diagnostics` subsidiary PreTect AS has since 2003 manufactured molecular diagnostic assays to be used in prevention of cervical cancer, a disease largely preventable by HPV-testing and HPV-vaccination. PreTect`s technology detects oncogene activity caused by the virus, hereby identifying the few women at highest risk among all the women carrying a harmless infection.

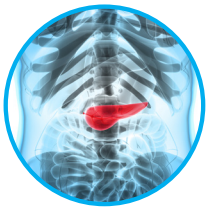
PreTect HPV-Proofer is a diagnostic kit for the qualitative detection of E6/E7 mRNA from HPV 16, 18, 31, 33 and 45, providing a unique risk stratification by identifying the women at highest risk of future disease. The PreTect HPV-Proofer enables accurate patient management, discriminating between transient and persistent HPV-infections.

PreTect SEE

Higher individual safety for younger women, reducing current cervical screening failure rate

PreTect SEE is a diagnostic kit for the qualitative detection of E6/E7 mRNA from HPV 16, 18 and 45, focusing on the most aggressive HPV strains associated with the highest risk of cervical cancer among younger women. Published research show that about 90% of the cervical cancer cases in younger women are caused by only these 3 HPV strains. This makes the test an ideal safety net for cytology screening of young women, identifying 20% more cases of abnormalities that require treatment and reducing the number of missed cases. The diagnostic kit is also ideal as a test and treat in low income countries.

PANCREATIC - PLANNED LAUNCH 2020



fPELA®

Biomarker to test for Pancreatic Exocrine Insufficiency (PEI)

This faecal pancreatic elastase immunoassay is planned to be launched in 2020. The product supports the diagnosis of Pancreatic Exocrine Insufficiency (PEI), by testing of faecal samples on clinical chemistry analysers, providing significantly faster results to clinicians. The product will be sold exclusively through BÜHLMANN, the same European diagnostic company distributing fCAL®turbo.

The primary targeting strategy is to offer fPELA® in combination with fCAL®turbo since IBD and PEI share symptoms and underlying causes. The main market is currently in Europe. Annual test volume could reach 5-10M tests per year globally (ex. USA). The main market consisting of patients with chronic pancreatitis, bowel diseases and diabetes. Current estimates forecast 20-25% of the faecal calprotectin samples will also be subject to fPELA® testing.

CARDIAC - PLANNED LAUNCH 2021

G-1001

Pushing the boundaries of PETIA with a low-concentration cardiac biomarker

Gentian Diagnostics' planned cardiac marker provides the same accurate diagnostic results as separation-based tests on immunochemical analysers. This new product offers for the first time, a low-concentration cardiac biomarker on fast, cost-effective and high-volume clinical analysers. A short market ramp-up time is expected, as the biomarker is already well established in medical routine. The global cardiac testing market has been estimated to $1.6B for all cardiac biomarker diagnostic test kit segments in 2018 and has been projected to grow in value to more than $2.5B by 2028 (2018 Future Market Insights).

"Research and Development is the heart of Gentian Diagnostics AS and the company's future depends greatly on the success of its R&D team. The company has therefore re-structured its R&D organisation with two separated teams, to function as efficiently as possible. The respective Research and Development teams focus on their particular technical fields and functions, but both teams work in concert together to cultivate ideas, and further to develop and rapidly commercialise immunoassays in fields identified with high growth potential."

Torsten Knüttel , VP R&D

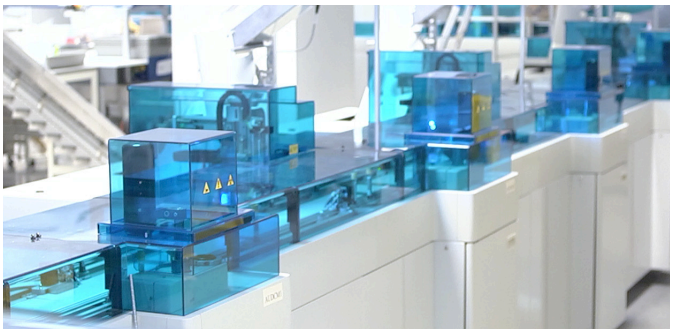
2019 HIGHLIGHTS

GCAL - clinical results

In 2019 Gentian has initiated several clinical studies to prove clinical utility of calprotectin. The study results indicate that calprotectin is a promising early biomarker for detection of systemic inflammation, bacterial infections and sepsis.

fCAL®turbo

fCAL®turbo has been FDA-510(k) cleared in 2019, and this opens up for the US market. In addition, the sole reagent supplier sales channel agreement between Roche Diagnostics and Gentian's partner BÜHLMANN lays a base for strong growth in 2020 and beyond in all geographical markets.



Double digit growth

Gentian Diagnostics has continued its double-digit growth in 2019 and expects to continue the growth in 2020. The growth in 2020 is expected to come in China for cystatin C and Europe for fCAL®turbo.

Beckman Coulter: 6-year extension agreement

Gentian Diagnostics signed of a 6-year extension to the global reagent supply agreement with Beckman Coulter for the Gentian Cystatin C Immunoassay. The companies have provided this test together globally for 10 years, with consistent sales growth.

DIRECTORS REPORT 2019

Overview

Gentian Diagnostics AS is the mother company in the Gentian Group consisting of the subsidiaries Gentian AS, Gentian USA Inc, Gentian Diagnostics AB and PreTect AS. The group develops and produces in-vitro diagnostic tests (IVD tests) for the use in medical diagnostics and research. The shares of Gentian Diagnostics AS is listed on the Oslo Stock Exchange, Merkur Market, under the ticker "GENT-ME".

Gentian Diagnostics' headquarters are located in Moss and the group also have a representative office in China, and distribution companies in Sweden and USA.

Gentian AS 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 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.

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.

The group's operations are primarily conducted the locations at Bjørnåsveien 5 in Moss and Ustadhagan 8 in Hurum.

Group results

The group accounts are made up in accordance with IFRS.

Total revenues in 2019 was MNOK 55,4 versus MNOK 52,0 in 2018. Net loss for 2019 was MNOK 39,9, versus a net loss of MNOK 19,8 in 2018.

Total research and development spending in 2019 were MNOK 22,3 of which MNOK 3,1 is activated and the remaining MNOK 19,2 treated as operating expenses in the profit and loss statement.

Cash flow from operations for the group was MNOK – 23,1, while the operating loss for the group totaled MNOK -39,9. The difference between operating cashflow and the operating loss is primarily due to depreciation, impairment and timing differences.

Liquidity totaled MNOK 171,6 per 31.12.2019, which is satisfactory.

The group has made one share issue in the mother company in 2019, through a share purchase program for the group's employees (ESPP). Total equity was increased by MNOK 0,3, and the use of proceeds are for general corporate purposes. No other share issues were conducted in 2019.

Total assets per 31.12.2019 was MNOK 227,2.

Company results

Net loss was MNOK 19,2. Total assets per 31.12.2019 was MNOK 282,4 compared to MNOK 304,3 per 31.12.2018. Equity ratio (equity over total assets) per 31.12.2019 was 98,9 %. The liquidity situation is satisfactory.

The board believes the annual accounts give a true and fair view of the assets, liabilities, financial position and result.

As a result of the termination of the CD Card /CD4 project and a decision to discontinue the sales of our NGAL product, the company decided to write down the intangible assets with MNOK 14.1.

Going concern

The board confirms, in accordance with the accounting act § 3-3a that the financial statements are prepared on the basis of a going concern.

Events after the balance sheet date

There have not been any eventsafter the balance sheet date.

Outlook

Gentian Diagnostics has continued its double-digit growth in 2019 and expects to continue the growth in 2020. The growth in 2020 is expected to come in China for cystatin C and Europe for fCAL®turbo.

In addition, 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.

Within R&D, Gentian AS expects to launch Fecal Pancreatic Elastase in 2020 and the development of G-1001 is on track for launch in 2021.

The current outbreak of COVID-19 may affect Gentian Diagnostics. The impact will depend on the length of the outbreak. Hospitals and laboratories may have to prioritise acute situations to diagnose and treat patients affected by the outbreak. The company is well positioned regarding it's inventory situation and many of the company functions can be effectively handled through the use of home office. However, for production the company is dependent upon its employees physically being present at the production facilities. Gentian Diagnostics has robust business-continuity plans in place, and production has so far been maintained at normal levels. The company has been able to make deliveries to its customers on time. The company has a solid cash position with good liquidity and remains fully financed for 2020. The current weaking of the Norwegian krone (NOK) is also favourable for the company.

Working environment and equal opportunities

The group is an equal opportunity employer. The group has 46 employees, of which 30 are women. The working environment is good. As of 31.12.2019, the Board of Directors has 6 members of which 3 are men and 3 are women.

The group has not experienced any significant absence during the year.

Gentian Diagnostics AS has no employees and purchases services when needed.

External environment

The group's operations do not result in emissions or damage to the environment.

Moss, 23. April 2020

for Gentian Diagnostics AS

Tomas Settevik
Chairperson
Sign.

Kari E. Krogstad
Board member
Sign.

Espen Tidemann Jørgensen
Board member
Sign.

Susanne Stuffers
Board member
Sign.

Ingrid Teigland Akay
Board member
Sign.

Runar Vatne
Board member
Sign.

Hilja Ibert
CEO
Sign.

The Financial Statements 2019

GENTIAN DIAGNOSTIC AS - GROUP

Financial numbers in NOK 1000

Statement of Profit and Loss - Group

	Note	2019	2018
Revenue from contracts with customers	**6**	47 952	39 912
Other operating revenue	**7**	7 433	12 108
Total revenue		**55 384**	**52 020**
Cost of goods sold	**9**	-25 449	-22 576
Employee benefit expenses	**10**	-29 691	-22 438
Depreciation and amortisation	**15**	-6 132	-3 897
Impairment	**16**	-14 086	-5 040
Other operating expenses	**11**	-21 267	-18 754
Total operating expenses		**-96 625**	**-72 706**
Operating result		**-41 241**	**-20 686**
Finance income	**13**	2 083	1 296
Finance costs	**13**	-636	-345
Net financial items		**1 447**	**951**
Profit before tax		-39 794	-19 735
Income tax expense	**14**	-63	-64
Profit for the year		**-39 857**	**-19 798**
Other comprehensive income			
Exchange differences		-	0
Total other comprehensive income		**-**	**0**
Total comprehensive income for the year		**-39 857**	**-19 798**
Earnings per share			
Basic EPS from net profit/loss		-2,59	-1,29
Diluted EPS from net profit/loss		-2,59	-1,29

GENTIAN DIAGNOSTIC AS - GROUP

Financial numbers in NOK 1000

Statement of Financial Position - Group as of 31.12

	Note	2019	2018
Assets			
Non-current assets			
Goodwill	**17**	-	-
Intangible assets	**17**	14 111	27 574
Property, plant and equipment	**15**	3 644	4 736
Right-of-use assets	**15**	4 133	-
Other financial assets	**21**	329	329
Total non-current assets		**22 216**	**32 640**
Current assets			
Inventory	**19**	18 224	13 098
Accounts receivables and other receivables	**20**	15 505	13 937
Cash and cash equivalents	**21**	171 238	198 305
Total current assets		**204 967**	**225 340**
Total assets		**227 183**	**257 980**

GENTIAN DIAGNOSTIC AS - GROUP

Financial numbers in NOK 1000

Statement of Financial Position - Group as of 31.12

	Note	2019	2018
Equity and Liabilities			
Paid-in equity			
Share capital	**22**	1 540	1 540
Share premium	**22**	292 780	292 522
Other paid-in equity		4 031	2 162
Total paid-in equity		**298 351**	**296 224**
Retained earnings			
Retained earnings		-90 111	-50 350
Total retained equity		**-90 111**	**-50 350**
Total equity		**208 240**	**245 873**
Liabilities			
Leasing	**23**	1 980	698
Total non-current liabilities		**1 980**	**698**
Current liabilities			
Total current liabilities		**16 962**	**11 409**
Total liabilities		**18 943**	**12 107**
Total equity and liabilities		**227 183**	**257 980**

Moss, 23. April 2020
For Gentian Diagnostics AS

Tomas Settevik
Chairperson
Sign.

Kari E. Krogstad
Board member
Sign.

Espen Tidemann Jørgensen
Board member
Sign.

Susanne Stuffers
Board member
Sign.

Ingrid Teigland Akay
Board member
Sign.

Runar Vatne
Board member
Sign.

Hilja Ibert
CEO
Sign.

GENTIAN DIAGNOSTIC AS - GROUP

Financial numbers in NOK 1000

Statement of changes in equity

	Note	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	**22**	140	69 841			69 981
Cost of share issue	**22**		-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					-39 857	-39 857
Other comprehensive income						-
Proceeds from share issue	**22**	1	258			259
Cost of share issue	**22**					-
Share based payments				1 869		1 869
Other changes in equity					96	96
Equity at 31.12.2019		**1 540**	**292 780**	**4 031**	**-90 111**	**208 240**

GENTIAN DIAGNOSTIC AS - GROUP

Financial numbers in NOK 1000

Cash Flow Statement

	Note	2019	2018
Operating activities			
Net profit (loss)		-39 857	-19 798
Depreciation and amortisation	**16/17**	6 132	3 897
Impairment	**17**	14 086	5 040
Change in inventory	**19**	-5 126	-2 006
Change in accounts receivables	**20**	792	-2 476
Change in accounts payables	**24**	1 310	-253
Cost of options		1 869	1 869
Change in other assets and liabilities		-690	2 831
Net cash flow from operating activities		**-21 483**	**-10 897**
Investing activities			
Payments of property, plant and equipment	**16**	-967	-610
Investment in intangible assets	**17**	-3 071	-5 165
Other changes financial assets		-	-
Investment in other companies		-	-
Net cash flow from investing activities		**-4 038**	**-5 774**
Financing activities			
New debt	**23**	-	-
Loan instalments	**16**	-1 837	-147
Proceeds from issue of share capital	**22**	259	68 519
Net cash flow from financing activities		**-1 577**	**68 372**
Net change in cash and cash equivalents		**-27 098**	**51 701**
Cash and cash equivalents at beginning of period		198 634	146 951
Effect of currency translation of cash and cash equivalents		31	-18
Net cash and cash equivalents at period end		**171 567**	**198 634**

GENTIAN DIAGNOSTIC AS - GROUP

Notes to the consolidated financial statements 2019

Financial numbers in NOK 1000

Note 1 - General Information

Gentian Diagnostics AS is registered in Norway and listed on the Oslo Stock Exchange, Merkur Market. The company's headquarters are in Bjørnåsveien 5, 1596 Moss, Norway. The company is a research and development-based company that develops and manufactures biochemical reagents for use in medical diagnostics and research. The customers are medical laboratories and universities worldwide. The group consists of the parent company Gentian Diagnostics AS and the two wholly owned subsidiaries Gentian AS and PreTect AS.

In addition, Gentian AS has a wholly owned subsidiary, registered in Florida, USA, named Gentian USA Inc, and a wholly owned subsidiary in Sweden, Gentian Diagnostics AB.

The annual accounts were approved for publication by the board on 23.04.2020.

Note 2 - Summary of the most important accounting principles

2.1 Basis for the preparation of the annual accounts

The company issues the consolidated financial statements in accordance with international standards for financial reporting (IFRS) as determined by the EU, and additional disclosure requirement in the Norwegian Accounting Act.

The consolidated financial statements are based on the historical cost principle.

The preparation of accounts in accordance with IFRS requires the use of estimates. Furthermore, the use of the company's accounting principles requires that management must exercise judgment. Areas with a high degree of discretionary judgment, high complexity, or areas where assumptions and estimates are essential for the accounts are described in note 3.

The consolidated accounts have been prepared on the basis of going concern.

2.2 Changes in accounting principles

The following new and amended standards and interpretations have been implemented for the first time in 2019:

IFRS 16 Leases

Effective 1 January 2019 the group adopted IFRS 16 using the modified retrospective approach and accordingly comparative information has not been restated. The user rights in lease agreements are recognised as assets with a corresponding liability. The impact of changes in accounting policies and impact of the initial application is disclosed in note 16.

COGS (Cost of goods sold)

In the 2018 annual report COGS comprised only of material cost, but as of the 2019 annual report COGS will also include other production costs. 2018 numbers in the report have been adjusted to be comparable.

2.3 Principles for consolidation

The consolidated accounts include Gentian Diagnostics AS and companies where Gentian Diagnostics AS has obtained control. Obtained control is defined by more than 50 % of the shares in the company and where Gentian Diagnostics AS is able to enforce control of the company.

Inter-company transactions and intra-group balances including inter-company profits and unrealised profits are eliminated. Unrealised losses are also eliminated unless there are indications of a permanent value reduction of an item sold within the group.

2.4 Currency

The accounts of the individual entities in the group are measured in the currency used in which the entity mainly operates (functional currency). The consolidated financial statements are presented in Norwegian kroner (NOK) which is both the functional currency of the parent company and the presentation currency of the group. Transactions in foreign currency are entered in the functional currency at the exchange rate at the transaction date. Monetary items in foreign currency are translated at the exchange rate on the balance sheet date. All effects of currency conversions are recognised in the income statement if they are not included as part of net investment in foreign units.

Assets and liabilities in foreign entities / units are translated into the presentation currency using the current exchange rate at the balance sheet date. Profit and loss account related to these units is translated at the average exchange rate per quarter. Translation differences arising from the translation are recognised in other income and expenses. Upon disposal of foreign operations, the accumulated amount recognised in equity is attributable to the specific business.

2.5 Segments

For management reporting purposes and due to the size of the business, the group comprises only one segment.

2.6 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. The group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of goods

The group recognises revenue from the sale of goods at the point in time when control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of and obtain substantially all the remaining benefits from the asset, and the ability to prevent others from directing the use of and receiving the benefits from the asset. Revenue is generally recognised on delivery of the goods. The normal credit term is 30 to 60 days upon delivery.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the group considers the effects of variable consideration, the existence of significant financing components and consideration payable to the customer (if any).

License revenue

Revenue from licenses is limited and is recognised as revenue upon the time the customer is granted access to use the IP.

2.7 Public grants

Public grants are recognised at fair value when there is reasonable assurance that the grant will be received and that the company will fulfill the conditions attached to the grant. The grants are recognised in the balance sheet and recognised as income in the period that best match the costs they are intended to compensate. Public grants in connection with the purchase of tangible fixed assets are recognised as a reduction in the capitalised acquisition cost and are reflected in the result through lower annual depreciation over the expected useful life of the asset.

2.8 Leases

The group has applied IFRS 16 using the modified retrospective approach. The impact of changes in accounting policies and impact of the initial application is disclosed in note 16.

At the inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

At the lease commencement date, the group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

The lease liability is recognised at the commencement date of the lease. The group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the group is reasonably certain to exercise this option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The group does not include variable lease payments in the lease liability. Instead, the group recognises these variable lease expenses in profit or loss.

The group presents its lease liabilities as separate line items in the statement of financial position.

The group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.

The group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

2.9 Pension costs and bonuses for employees

The group has a defined contribution plan for all employees in Norway. The scheme is based on a percentage of the members' salary. The group has no further payment obligations after the deposits have been paid. Prepaid deposits are recorded as an asset to the extent that the deposit can be refunded or reduce future payments.

The group accounts for an obligation and a cost of bonuses based on an assessment of key stakeholders' goal achievement. The group accounts for a provision in which there are contractual and probable obligations or where there is an earlier practice that creates a self-imposed obligation.

Share based payments

The group has a share-based program for key personnel. Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date.

The long-term incentives of Gentian («LTI») consist of a share price-related option program for key personnel. Under the share option program, options may be allocated to the key personnel. The options entitle the option holder to purchase a defined number of shares to a pre-defined value after a specific period. The company may decide settlement in cash. Settlement in shares is conditional upon an authorisation from the general meeting for a share issue.

2.10 Tangible fixed assets

The group's long-term assets consist mainly of production equipment and fixtures. The operating assets are recognised at acquisition cost less depreciation. Acquisition costs include costs directly related to the acquisition of the asset. Subsequent expenses are added to the carrying amount of the assets or are capitalised separately when it is probable that future economic benefits associated with the expense will flow to the group and the expense can be measured reliably. Other repair and maintenance costs are charged to the profit and loss account during the period incurred. The operating assets are depreciated using the straight-line method, so that the acquisition cost of the assets is depreciated at residual value over the expected useful life that is:

- Machinery/ equipment 10-15 years
- Fixtures 3-8 years

The useful life of the assets, as well as residual value, are reviewed on each balance sheet date and changed if necessary. When the carrying amount of an asset is higher than the estimated recoverable amount, the value is written down to the recoverable amount.

Gains and losses on disposal are recognised in the profit and loss account and make up the difference between the selling price and the book value.

2.11 Intangible assets

Research and development, patents and licenses

Development costs on products are classified as intangible assets when it is likely that the product will provide future economic benefits. Prerequisite for capitalisation is that the product can be commercialised, it is possible to use or sell the product and that the cost can be measured reliably. Other development costs are recognised in the income statement when accrued. Development costs previously expensed are not capitalised in

subsequent periods. Capitalised development costs are amortised on a straight-line basis from the date they are capitalised and over the period expected to give economic benefits. Capitalised development costs are tested annually by indication of impairment in accordance with IAS 36.

2.12 Goodwill

The difference between cost and fair value of the identifiable assets at the point of acquisition is classified as goodwill.

Goodwill is recorded in the balance sheet at cost with deduction of write-downs if any. Goodwill is not depreciated, but it is tested annually for impairment.

2.13 Impairment of non-financial assets

Intangible assets with indefinite useful lives and goodwill are not amortised but tested annually for impairment.

Tangible fixed assets and intangible assets depreciated are assessed for impairment when there are indicators that future earnings can't defend the asset's capitalised amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss. The recoverable amount is the highest of fair value less sales costs and value in use. When assessing impairment, assets are grouped at the lowest level where it is possible to distinguish independent cash flows (cash-generating units). At each reporting date, the possibilities for reversal of previous write-downs on non-financial assets (except goodwill) are considered.

2.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

The group´s financial assets are trade receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. Except for trade receivables that do not contain a significant financing component, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The group classified its financial assets in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Equity instruments designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition

Financial assets at amortised cost

The group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The group's financial assets at amortised cost includes trade receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Derivatives are recognised initially at fair value. Loans, borrowings and payables are recognised at fair value net of directly attributable transaction costs.

Loans, borrowings and payables

Payables are measured at their nominal amount when the effect of discounting is not material.

2.15 Classification of assets and liabilities

Current assets and short-term liabilities with maturity within 12 months and other items included in the company's regular circulation of goods or services. Strategic investments are classified as fixed assets. Short-term portion of long-term debt is presented as short-term.

2.16 Inventory

Inventory is valued at the lower of cost and net realisable value. Acquisition cost is calculated using first-in, first-out method (FIFO). For finished goods and goods under construction, cost of production consists of product design, material consumption, direct labor costs, other direct costs and indirect production costs (based on normal capacity). Borrowing costs are not included. Net realisable value is estimated sales price less variable costs for completion and sale. Acquisition cost of goods includes gains or losses on hedging of cash flow in commodity purchases reclassified from equity.

2.17 Accounts receivable

Accounts receivable arise from the sale of goods or services that are within the normal operating cycle. Accounts receivable arising as a normal part of the operating cycle are classified as current assets. Receivables not included in the ordinary operating cycle and maturing later than 12 months are classified as fixed assets.

2.18 Cash and cash equivalents

Cash and cash equivalents consist of cash, bank deposits, other short-term, easy-to-sell investments with a maximum of three months original maturity.

2.19 Share capital and share premium

Ordinary shares are classified as equity. Costs directly related to the issue of new shares or options are shown as deductions in equity, net of tax, from proceeds. Own equity instruments that are repurchased (own shares) are recognised at cost and are presented as a reduction of equity. Gains or losses are not recognised in profit or loss as a consequence of the purchase, sale, issue or deletion of the group's own equity instruments. Any difference between the carrying amount and the consideration, if issued again, is recognised in other equity. Voting rights related to own shares are canceled and no dividends are distributed to own shares.

2.20 Interest bearing loans and borrowings

Loan and loan expenses is recorded in the balance sheet and expensed in the P & L at amortised cost. If a loan and loan expenses is related to an asset, and the real value of the asset is lower, the asset is written down to its real value. There was no value adjustment of assets in 2019.

2.21 Taxes

The tax expense in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated based on temporary differences between tax values of assets and accounting value of assets.

A tax asset is accounted for when it is objective proof that the company will have sufficient taxable profit in the future to offset the tax asset. Tax assets that are not accounted for will be reevaluated at the next balance sheet date and included to the degree that it is probable that future tax profits will allow the recovery of assets in connection to deferred tax. Tax assets will in the same manner be reversed if it is probable that the company cannot utilise the asset.

Deferred tax and deferred tax assets are measured using the expected future tax percentage for the companies within the group that have temporarily differences between tax values and accounting values of assets or losses carry forward. Deferred tax and tax assets are recorded at nominal value and is classified as long-term financial asset in the balance sheet. Tax payable and deferred tax is recorded against equity if the transaction is an equity transaction.

2.22 Provisions

Provisions are recorded when the group has an obligation associated with an event, when it is probable that the obligation can be measured or estimated. When all or part of a provision can be charged on to another party, it will be recorded in accounts receivable, if there is reasonable certainty that the other party will pay. The cost associated with a provision will be recorded net in the income statement after deduction for recharge and before tax. All risks, market value and all relevant issues related to the case will be reflected in the provision.

A provision for warranty is included based upon the level of product and services sold. The provision is based upon historic information related to warranties and the possible outcome.

2.23 Payables and other current liabilities

Payables are obligations to pay for goods or services that are delivered from the suppliers to ordinary operations. Payables are classified as short-term if it expires within one year or less. If this is not the case, it is classified as long term.

Payables are measured at fair value at initial recognition. In subsequent measurement, supplier debt is assessed at amortised cost using the effective interest rate.

2.24 Distribution of dividends

Dividend payments to the parent company's shareholders are classified as liabilities from the date the dividend is fixed by the general meeting.

2.25 Contingent liabilities and assets

Contingent liabilities are not recognised in the financial statements. Important contingent liabilities are disclosed with the exception of contingent liabilities where the likelihood of the liability is highly unlikely.

A conditional asset has not been recognised in the financial statements but disclosed if there is a certain likelihood that an advantage will flow to the group.

2.26 Events after the balance sheet date

New information after the balance sheet date regarding the company's financial position at the balance sheet date is taken into account in the annual accounts. Events after the balance sheet date that do not affect the company's financial position at the balance sheet date, but which will affect the company's financial position in the future are disclosed if this is material.

Note 3 - Significant estimates and uncertainties

Estimates and discretionary assessments are evaluated continuously and are based on historical experience and other factors including expectations of future events that are considered likely under current circumstances.

The group prepares estimates and makes assumptions related to the future. The accounting estimates resulting from this will by definition rarely be fully consistent with the final outcome. Estimates and assumptions are not considered to cause material adjustments to the carrying amount of assets and liabilities during the next financial year.

Balance sheet of development costs assumes that future cash flows exceed the capitalised expenses. Capitalised costs are depreciated over the expected useful lives. The implementation of impairment tests, if there are indications of impairment, and corresponding assessments related to milestones in the development projects, shall counteract the risk that the group capitalises development costs that do not defend the value in the balance sheet. However, future expected cash flows are associated with uncertainty and, if reduced, could lead to impairment of capitalised development costs. Reduction in expected cash flows must exceed 90% before it affects the capitalised development cost.

Deferred tax assets based on tax loss carryforwards are capitalised to the extent that there are clear indications and objective proof that future tax revenue will be available to use the deficit.

Changes in accounting estimates / provisions are recognised in the period during which changes occur. If the changes also apply to future periods, the effect is distributed over current and future periods. A provision is recognised when the group has a liability (legal or self-imposed) as a result of an earlier event, it is likely (more likely than not) that an economic settlement will be due to this obligation and the amount of the amount can be measured reliably.

Note 4 - Financial risk management

Credit risk

Credit risk is the risk that the counterparty will incur a loss on the group by failing to settle the group's receivables. Credit exposure is primarily related to accounts receivable and other receivables. There are also credit risks related to financial derivatives and cash and cash equivalents.

The maximum credit exposure as of 31.12.2019 amounts to:	
Accounts receivables and other receivables	13 936 982
Cash and cash equivalents	198 634 265
Total	212 571 247

For further information on accounts receivable and credit risk, see Note 20.

Liquidity risk

Liquidity risks are the risk that the group is unable to meet its maturity obligations and the risk that the group will not be able to meet its liquidity obligations without increasing the cost dramatically. From a broader perspective, liquidity risk also poses a risk that the group will not be able to finance increases in assets as refinancing needs increase.

Market risk

May cause changes in the group's financial position.

Currency risk

Turnover and foreign operations mean that the group is exposed to currency risk. Parts of the group's revenues are in foreign currency (USD and EURO). A significant proportion of the costs, as well as the funding are in Norwegian kroner. This entails a significant exposure to currency risk.

As at 31.12.2019; the group has limited exposure to currency risks on assets and liabilities.

Interest rate risk

The group has outstanding interest-bearing debt of MNOK 4.3 as of 31 December 2019.

The group's goal of asset management is to ensure continued operations for the group to ensure returns for the owners and other stakeholders and to maintain an optimal capital structure to reduce capital costs.

In order to improve the capital structure, the group can issue new shares or sell assets. No dividends are paid to the shareholders as the group is in the development phase.

Note 5 - Group companies and changes in the group

Company	Office	Ownership	
Gentian Diagnostics AS	Moss		Parent company
Gentian AS	Moss	100 %	Subsidiary
PreTect AS	Hurum	100 %	Subsidiary
Gentian USA Inc	Orlando, FL USA	100 %	Subsidiary of Gentian AS
Gentian Diagnostics AB	Stockholm, Sweden	100 %	Subsidiary of Gentian AS

Financial numbers in NOK 1000

Note 6 - Operating revenue

Revenue by classification	2019	2018
Sales revenue	47 952	39 912
Royalties / License revenue*	-	6 196
Public grants	7 433	5 912
Total	**55 384**	**52 020**

* The group has received a one-off royalty license fee of MNOK 6,2 in 2018.

Geographical split	2019	2018
Europe	34 133	27 045
Asia	11 840	10 648
USA	1 979	2 218
Total	**47 952**	**39 912**

Sales by product	2019	2018
Renal diagnostic products	19 669	21 720
Inflammation diagnostic products	20 856	11 531
Other diagnostic products	7 426	6 661
Total	**47 952**	**39 912**

Timing of revenue recognition	2019	2018
Goods transferred at a point in time	47 952	39 912
Goods and services transferred over time	-	-
Total	**47 952**	**39 912**

Note 7 - Public grants

The companies Gentian Diagnostics AS, Gentian AS and PreTect AS receives public grants from the Norwegian Research Council, Eurostars and SkatteFUNN.

	2019	2018
Norwegian Research Council and Eurostars	3 800	2 462
SkatteFUNN	3 633	3 450
Total	**7 433**	**5 912**

Financial numbers in NOK 1000

Note 8 - Operating expenses by function

	2019	2018
Sales and marketing expenses	12 648	7 594
Administration expenses	19 098	19 856
Research and development expenses	19 212	13 893
Total	**50 958**	**41 342**

Note 9 - Costs of goods sold

	2019	2018
Change in inventory of goods under manufacture and finished goods	-4 471	-3 203
Other costs of goods sold	14 671	12 172
Production salary	12 536	11 398
Other production expense	2 712	2 210
Total	**25 449**	**22 576**

In the 2018 annual report COGS comprised only of material cost, but as of the 2019 annual report COGS will also include other production costs. 2018 numbers in the report have been adjusted to be comparable.

Note 10 - Employee benefit expenses

	2019	2018
Wages and salaries	33 402	27 353
Payroll tax	5 243	4 191
Pension costs (mandatory occupational pension)	787	742
Share based payments	1 869	695
Other expenses	927	855
Transfer to COGS	-12 536	-11 398
Total	**29 691**	**22 438**

The company has a share option program covering certain key employees. As at 31.12.2019, eight employees were included in the option program.

The share option program for key personnel is settled in shares, however, the company may resolve settlement in cash. The fair value of the issued options is expensed over the vesting period:

1/3 of the options will vest 24 months after the day of grant, 1/3 will vest 36 months after the day of grant and 1/3 will vest 48 months (as long as the option holder is still employed). The cost of the employee share-based transaction is expensed over the average vesting period. The value of the issued options of the transactions that are settled with equity instruments (settled with the company's own shares) is recognised as salary and personnel cost in profit and loss and in other paid-in capital.

The value of the issued options of the programs that are settles in cash (cash-based programs) is recognised as salary and personnel cost in profit and loss and as a liability in the balance sheet. The liability is measured at fair value at each balance sheet date until settlement, and changes in the fair value are recognised in profit and loss.

Social security tax on options is recorded as a liability and is recognised over the estimated vesting period.

	2019	2018
Outstanding options 01.01	174 954	-
Options granted	279 962	174 954
Options forfeited	-	-
Options exercised	-	-
Options expired	-	-
Outstanding options 31.12	454 916	174 954

The outstanding options are subject to the following conditions:

Expiry date	Average strike price	Number of share options
2020 - 8	65,24	58 318
2021 - 8	65,24	58 318
2021-11	47,51	93 321
2022 - 8	65,24	58 318
2022-11	47,51	93 321
2023-11	47,51	93 321
		454 916

The fair value of the options has been calculated using Black - Scholes - Merton Option Pricing Model. The most important parameters are share price at grant date, exercise prices shown above, volatility (50 %), expected dividend yield (0 %), expected term of 4 years, annual risk-free interest rate (1,4 %). The volatility is based on other comparable companies' stock price volatility.

In November 2019, Gentian Diagnostics AS launched a share purchase program for the group's employees (ESPP). Under the terms of the ESPP, all employees have been given the opportunity to subscribe for shares up to a maximum amount of NOK 15,000. The company decided to award a 20 % discount to the volume weighted average price between 7 November and 20 November, resulting in a subscription price of NOK 38.10 per share. A total of 6797 shares were subscribed for under the program.

Salary CEO*	2019	2018
Wages and salaries	2 443	1 882
Pension costs (mandatory occupational pension)	-	23
Other remuneration	108	70

CEO has been granted 139 962 options in 2019.

Financial numbers in NOK 1000

* The CEO is employed in the subsidiary Gentian AS and salary / remuneration are expensed in the subsidiary. The CEO has an agreement which provides the right to a compensation after termination of employment before retirement. If the company terminates the employment during the first 6 months after commencement, the CEO shall receive a settlement pay equivalent to 3 months' basic salary. If the company terminates the employment after the first 6 months after commencement, the CEO shall receive a settlement pay equivalent to 6 months' basic salary.

Board remuneration	**2019**	**2018**
Remuneration to the Board	692	647

Pension costs

The company is obliged to have an occupational pension scheme in accordance with the Act on Compulsory Occupational Pensions.

The company has a defined contribution scheme that complies with this Act.

Note 11 - Other operating expenses

	2019	**2018**
Marketing	2 009	1 579
Purchase of external services	9 436	6 116
Patent, certification and license costs	2 352	2 945
Costs premises and office costs	2 182	3 273
Laboratory costs	3 275	4 773
Travel expenses	2 753	1 726
Meetings, courses and updates	297	274
Other	434	446
Capitalised other expenses	-1 471	-2 379
Total	**21 267**	**18 754**

Auditor

The remuneration to the auditor is distributed as follows:	**2019**	**2018**
Audit fee	360	209
Other attestation services	90	57
Tax advisory services	27	13
Other services non-audit related	15	47
Total (ex. VAT)	**492**	**326**

Financial numbers in NOK 1000

Note 12 - Research and development expenses

The Gentian Group had in 2019 nine ongoing R & D projects. Costs related to the projects consist of salary, external procurement of services, and other operating expenses. Two of the projects went over in the development phase in 2016 and one in 2018, and consequently the capitalisation of the costs in these projects was started. One of the projects (CD Card) was terminated in 2019 and has been written-off in 2019.

Recognised research and development expenses	**2019**	**2018**
Purchase of external services	4 812	3 854
Other operating expenses	17 471	15 203
Capitalised research and development expenses	-3 071	-5 165
Total	**19 212**	**13 893**

Note 13 -Finance income and finance cost

Finance income

	2019	**2018**
Interest income	1 995	701
Net foreign exchange gains	49	562
Other finance income	39	33
Total finance income	**2 083**	**1 296**

Finance cost

	2019	**2018**
Interest expenses from loans measured at amortised cost	-	-
Foreign exchange loss	-273	-280
Interest leasing liabilities etc	-362	-64
Total finance cost	**-636**	**-345**
Net financial items	**1 447**	**951**

Financial numbers in NOK 1000

Note 14 – Taxes

Reconciliation of effective tax rate	**2019**	**2018**
Net result before taxes	-39 794	-19 735
Calculated tax expense/(income)	-8 755	-4 539
Permanent differences	-3 621	-1 027
Tax depretiation on intangible assets	-	-
Change in temporary differences	-	-
Change in non-recognised deferred tax asset	12 376	5 566
Calculated tax expense	-	-

Tax payable (USA)	63	64

Calculation of deferred tax/deferred tax benefit

	2019	**2018**
Tangible assets	-3 410	2 850
Receivables	42	0
Tax losses carried forward	-136 470	-100 656
Basis for deferred tax/deferred tax benefit (gross)	-139 838	-97 806
Unrecognised temporary differences	139 838	97 806
Basis for deferred tax/deferred tax benefit (net)	-	-
Deferred tax benefit	-	-

The group excluded from the financial position deferred tax asset of NOK 30,7 mill related to temporary differences and tax loss carryforwards, as the group did not meet the criteria for capitalisation under IAS 12. The group is in a growth phase and there is uncertainty regarding when the group will be profitable.

Financial numbers in NOK 1000

Note 15 - Property, plant and equipment

	2018		
Acquisition costs	**Laboratory equipment**	**Leasing**	**Total**
Carrying value at 01.01	7 999	466	8 465
Additions during the year	609	379	989
Grants received	-	-	-
Disposals during the year	-	-	-
Accumulated cost as at 31.12	**8 609**	**845**	**9 454**
Depreciation and amortisation			
Carrying value at 01.01	3 368	-	3 368
Depreciation during the year	1 199	150	1 349
Amortisation during the year	-	-	-
Accumulated depreciation as at 31.12	4 567	150	4 717
Value in balance sheet as at 31.12	**4 041**	**695**	**4 736**

	2019		
Acquisition costs	**Laboratory equipment**	**Right-of-use assets**	**Total**
Carrying value at 01.01	8 609	5 982	14 590
Additions during the year	967	621	1 588
Grants received	-	-	-
Disposals during the year	-	-	-
Accumulated cost as at 31.12	**9 575**	**6 603**	**16 178**
Depreciation and amortisation			
Carrying value at 01.01	4 567	150	4 717
Depreciation during the year	1 364	2 320	3 684
Amortisation during the year	-	-	-
Accumulated depreciation as at 31.12	5 932	2 470	8 402
Value in balance sheet as at 31.12	**3 644**	**4 133**	**7 776**

On January 1. 2019, Gentian Diagnostics AS and its subsidiaries implemented IFRS 16 “Leases”. This means that some operating expenses with longer commitments need to be valued over the lifetime of the contract and featured on the asset side of the balance sheet. This asset is then depreciated over the lifetime of the contract.

For Gentian Diagnostics this has the effect that leased property and IT expenses are moved from operating expenses and are depreciated.

Right-of-use interest rate 6,28 %.

Note 16 - Leases/right-of-use assets

Impact of IFRS 16	31.12.18	Impact IFRS 16	01.01.19
Right-of-use assets	695	5 136	5 831
Equity	245 873	-	245 873
Lease liabilities	698	5 136	5 834

The yearly impact on EBITDA is estimated to MNOK 1.9.

Right-of-use assets

The group leases a few offices and IT equipment and are presented in line with other equipment.

Lease liabilities

Undiscounted lease liabilites and maturity of cash outflows	Total
Less than 1 year	2 315
1-2 years	1 631
3-5 years	464
Total undiscounted lease liabilities at 31.12.2019	**3 945**

Summary of lease liabilities	
At initial application 01.01.2019	6 455
New lease liabilites recognised in the year	
Cash payments for the principal portion of the lease liability	-1 837
Cash payments for the interest portion of the lease liability	-324
Interest expense on lease liabilites	
Total lease liabilities at 31.12.2019	**4 295**
Current lease liabilities	2 315
Non-current lease liabilites	1 980

Reconciliation	
Operating lease obligations at 31.12.2018	5 617
Minimum lease payments on finance lease liabilities at 31.12.2018	5 617
Relief options for short-term leases	-
Relief options for leases of low-value assets	-
Other	-
Gross lease liabilities at 1.1.2019	5 617
Discounting	-481
Lease liabilities at 1.1.2019	**5 136**

Notes to the consolidated financial statements 2019

Financial numbers in NOK 1000

Note 17 - Intangible assets

	2018		
Acquisition costs	**Research and development**	**Goodwill**	**Total**
Carrying value at 01.01	24 957	5 040	29 998
Additions during the year	5 165		5 165
Grants received	-		-
Impairment	-	-5 040	-5 040
Accumulated cost as at 31.12	**30 122**	**-**	**30 122**
Depreciation and amortisation			
Carrying value at 01.01			-
Depreciation during the year	2 548		2 548
Amortisation during the year	-		-
Accumulated depreciation as at 31.12	2 548	-	2 548
Value in balance sheet as at 31.12	**27 574**	**-**	**27 574**

	2019		
Acquisition costs	**Research and development**	**Goodwill**	**Total**
Carrying value at 01.01	27 574	-	27 574
Additions during the year	3 071		3 071
Grants received	-		-
Impairment	-14 086		-14 086
Accumulated cost as at 31.12	**16 559**	**-**	**16 559**
Depreciation and amortisation			
Carrying value at 01.01			-
Depreciation during the year	2 448	-	2 448
Amortisation during the year	-		-
Accumulated depreciation as at 31.12	2 448	-	2 448
Value in balance sheet as at 31.12	**14 111**	**-**	**14 111**

After careful review and optimization of the product and R&D portfolios, Gentian decided to discontinue specific activities in order to be in alignment of current strategy of allocating resources and capacity to more high impact tests.

The company decided to terminate the CD Card /CD4 project. During the spring of 2019, the first clinical trial with 50 patients being treated and monitored at Oslo University Hospital was performed. The trial revealed that the number of CD4 receptors per cell varied more in patients than in healthy volunteer donors. Neither Gentian nor its scientific advisors were aware of this biological variance between HIV infected patients and healthy donors. Although the CD Card can successfully measure the number of CD4 receptors, the product will not have clinical value due to the lack of correlation between CD4 receptors and the number of CD4 cells.

As a result of the above-mentioned termination and a decision to discontinue the sales of our NGAL product, the company decided to write down the intangible assets with MNOK 14.1.

These impairments did not have any cash effect.

Note 18 - The valuation hierarchy of financial instruments accounted for at fair value

The group has no financial instruments as at 31.12.2019.

Fair value of financial instruments accounted for at amortised cost

	Accounted value	Fair value
Receivables	15 505	15 505
Cash and cash equivalents	171 567	171 567
Total	187 072	187 072

	Accounted value	Fair value
Other debt and liabilities	4 295	4 295
Total	4 295	4 295

Receivables and liabilities have current interest rates, which are adjusted according to market changes, management considers accounted value as a good expression of fair value.

Note 19 – Inventory

Inventory as at 31.12. consists of the following:

	2019	2018
Raw materials	3 441	2 787
Goods in process	11 919	9 140
Finished goods	2 863	1 171
Total	**18 224**	**13 098**

Financial numbers in NOK 1000

Note 20 - Accounts receivables and other receivables

	2019	2018
Accounts receivables	8 493	9 285
Claims on government grants	5 769	3 753
Public receivables (VAT, etc.)	818	682
Other receivables / Prepayments	425	218
Total	**15 505**	**13 937**

	2019	2018
Provision for loss of claims at the beginning of the year		
Provision for loss for the year	-	-
This year's recorded loss	226	-
Reversed deposition	-226	-
Provision for loss at the end of the year	**-**	**-**

Due accounts receivables

	2019	2018
Not due and within <30 days	4 910	5 327
30-60d	1 295	67
60-90d	1 786	3 108
>90d	503	783
Total	**8 493**	**9 285**

Note 21 - Cash and cash equivalents

	2019	2018
Cash and bank deposits	169 805	196 927
Withhold tax account	1 433	1 378
Deposit account	329	329
Total	**171 567**	**198 634**

Financial numbers in NOK 1000

Note 22 - Share capital, shareholders and equity

	Number of shares	Nominal value	Share capital
Ordinary shares	15 402 718	0,10	1 540

Changes in share capital and share premium:

Change in share capital	**2019**	**2018**
Share capital at period start	1 540	1 400
Share capital increase	1	140
Share capital at period end	**1 540**	**1 540**

Change in share premium	**2019**	**2018**
Share premium at period start	292 522	224 143
Share premium increase	258	69 841
Cost of share issue	-	-1 462
Share premium at period end	**292 780**	**292 522**

All shares in the company have equal voting rights and equal rights to dividends.

Notes to the consolidated financial statements 2019

Financial numbers in NOK 1000

Overview of the parent company's shareholders as at 31.12.19:	Number of shares	Ownership share
Holta Life Sciences AS	2 014 702	13,08 %
Vatne Equity AS	2 010 224	13,05 %
Safrino AS	1 100 000	7,14 %
Salix AS	1 092 543	7,09 %
Norron Sicav - Target	629 228	4,09 %
Norda ASA	549 186	3,57 %
Storebrand Vekst	481 064	3,12 %
Portia AS	425 000	2,76 %
Equinor Pensjon	381 320	2,48 %
Verdipapirfondet DNB SMB	376 630	2,45 %
Bård Sundrehagen	307 010	1,99 %
Silvercoin Industries AS	288 281	1,87 %
Cressida AS	235 000	1,53 %
Vingulmork Predictor AS	224 083	1,45 %
Lioness AS	220 000	1,43 %
Mutus AS	210 465	1,37 %
Marstal AS	206 752	1,34 %
Strawberry Capital AS	200 300	1,30 %
Viola AS	199 990	1,30 %
Borgano AS	186 499	1,21 %
Top 20 shareholders	**11 338 277**	**73,61 %**
Total other shareholders	4 064 441	26,39 %
Total number of shares	**15 402 718**	**100,00 %**

Shares controlled by board members and the CEO		
Tomas Settevik (Mutus AS)	210 465	1,37 %
Espen Tidemann Jørgensen (Private)	17 000	0,11 %
Ingrid Teigland Akay (Teakay Invest AS)	60 779	0,39 %
Kari E. Krogstad (Private)	2 325	0,02 %
Runar Vatne (Vatne Equity and associated companies)	2 230 224	14,48 %
Susanne Stuffers (Ubiquity AS)	3 500	0,02 %
Hilja Ibert (Private)	6 128	0,04 %

Financial numbers in NOK 1000

Dividend

The company has not paid dividends over the last three years.

Earnings per share

Earnings per share are calculated by dividing net income by the weighted average of shares during the year.

	2019	2018
Profit from continued operations	-39 857	-19 798
Weighted average number of shares issued	15 403	15 396
Earnings per share	**-2,59**	**-1,29**

Since the company's net profit is negative, the earnings per share and diluted earnings per share coincide.

Note 23 - Interest-bearing debt

Interest-bearing debt	**2019**	**2018**
Leases	4 295	698
Total interest-bearing debt	**4 295**	**698**

Interest expense	**2019**	**2018**
Leases	324	45
Total	**324**	**45**

Average interest cost	**2019**	**2018**
Leases	6,28 %	6,49 %

Book value of assets, pledged for debt as at 31.12	**2019**	**2018**
Fixed assets	1 071	845
Total pledged assets	**1 071**	**845**

Note 24 - Account payables and other current liabilities

	2019	2018
Current leasing liability	2 315	
Account payables	4 606	3 295
Public taxes, duties etc.	2 501	2 176
Other short-term liabilities	7 541	5 937
Total	**16 962**	**11 409**

Notes to the consolidated financial statements 2019

Financial numbers in NOK 1000

Note 25 - Provisions, contingent assets and contingent liabilities

The company has no significant provisions, or contingent liabilities or contingent assets.

Note 26 - Transactions with related parties

The company has no significant transactions with related parties in 2019.

Note 27 - Events after the balance sheet date

The Board of directors has no knowledge about other events after 2019 that will affect the annual report and financial statement for 2019. See the Director's report under Outlook regarding the Corona virus situation.

GENTIAN DIAGNOSTIC AS – COMPANY

Income statement

Operating income and operating expenses	Note	2019	2018
Personnel expenses	1, 3	2 664 039	1 784 171
Depreciation of operating and intangible assets	2	239 844	479 688
Write-downs of tangible and intangible assets	2	7 834 890	0
Other operating expenses	1	890 905	1 466 167
Total operating expenses		**11 629 679**	**3 730 026**
Operating profit		**-11 629 679**	**-3 730 026**
Financial income and expenses			
Interest income from group companies		701 446	376 955
Other financial income		1 952 875	704 596
Write-downs of long-term investments	8	10 095 547	0
Interest expense to group companies		86 086	278 887
Other financial expenses		0	3 372
Net financial items		**-7 527 311**	**799 292**
Operating result before tax		**-19 156 990**	**-2 930 734**
Annual net profit	**3**	**-19 156 990**	**-2 930 734**
Brought forward			
Transferred from other equity		19 156 990	2 930 734
Net brought forward		**-19 156 990**	**-2 930 734**

GENTIAN DIAGNOSTIC AS - COMPANY

Balance sheet

Assets	Note	2019	2018
Fixed assets			
Intangible assets			
Research and development	2	0	8 842 330
Total intangible fixed assets		**0**	**8 842 330**
Tangible assets			
Financial fixed assets			
Investments in subsidiaries	8	114 865 368	74 960 915
Loan to group companies	6	3 496 640	26 870 252
Total financial fixed assets		**118 362 008**	**101 831 166**
Total fixed assets		**118 362 008**	**110 673 496**
Current assets			
Debtors			
Other short-term receivables		69 502	312 728
Total receivables		**69 502**	**312 728**
Cash and bank deposits			
Cash and bank deposits	9	163 990 684	193 357 297
Total cash and bank deposits		**163 990 684**	**193 357 297**
Total current assets		**164 060 186**	**193 670 025**
Total assets		**282 422 194**	**304 343 521**

GENTIAN DIAGNOSTIC AS – COMPANY

Balance sheet

Equity and liabilities	Note	2019	2018
Equity			
Paid-up equity			
Share capital	4	1 540 272	1 539 592
Share premium reserve		301 214 159	300 955 879
Other paid-up equity		118 779	118 779
Total paid-up equity		**302 873 210**	**302 614 250**
Retained earnings			
Other equity		-23 680 238	-6 392 160
Total retained earnings		**-23 680 238**	**-6 392 160**
Total equity	**3**	**279 192 972**	**296 222 090**
Liabilities			
Other long-term liabilities			
Other long term liabilities	6	3 160 599	7 945 014
Total of other long term liabilities		**3 160 599**	**7 945 014**
Current debt			
Trade creditors		6 852	125 345
Public duties payable		61 771	51 071
Total current liabilities		**68 623**	**176 416**
Total liabilities		**3 229 222**	**8 121 431**
Total equity and liabilities		**282 422 194**	**304 343 521**

Moss, 23.04.2020
The board of Gentian Diagnostics AS

Tomas Settevik Chairperson Sign.	Espen Tidemann Jørgensen Board member Sign.	Ingrid Teigland Akay Board member Sign.
Kari E. Krogstad Board member Sign.	Susanne Stuffers Board member Sign.	Runar Vatne Board member Sign.

Hilja Ibert
CEO
Sign.

GENTIAN DIAGNOSTIC AS – COMPANY

Notes to the financial statement 2019

Accounting principles

The financial statements have been prepared in compliance with the Accounting Act and good accounting practice for small companies.

Use of estimates
The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

Revenue
Income from sale of goods and services are recognised at fair value, net after deduction of VAT, returns, discounts and reductions.

Income from sale of goods is recognised in the income statement when both risk and control have passed on to the buyer. The risk being the asset's profit and loss potential, whilst control is defined as having both the decision-making rights as well as the jurisdiction. Historical data is applied to estimate and make provisions for quantity discount and returns at the date of sales.

Classification and assessment of balance sheet items
Assets intended for long-term ownership or use have been classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year of the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

Intangible assets
Expenditure on own Research and Development are expensed as and when they incur.
Expenses for other intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the cost can be measured reliably. Otherwise, such expenditure is expensed as and when incurred. Capitalised development costs are amortised linearly over the asset's expected useful life.

Fixed assets
Tangible fixed assets are capitalised and depreciated linearly down to the residual value over the expected useful economic life of the assets. When the depreciation plan is changed, the effect is distributed over the remaining depreciation period. Maintenance of operating equipment is expensed on an ongoing basis. Upgrades or improvements are added to the acquisition cost of the asset and depreciated in line with the asset. The difference between maintenance and upgrade / improvement is assessed based on the condition of the asset when purchased. Plots and land are not depreciated.

Costs related to leases of fixed assets are expensed over the lease period. Prepayments are reflected in the balance sheet as a prepaid expense, and are distributed over the rental period.

Impairment of intangible and fixed assets
Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent ingoing cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and the value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use.
Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Investments in other companies
The cost method is applied to investments in other companies. The carrying amount is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are generally recognised as income. Dividends/group contribution from subsidiaries are booked in the same year as the subsidiary makes the provision for the amount. Dividends from other companies are

reflected as financial income when the dividends are approved. Investments are written down to fair value if the fair value is lower than the carrying amount.

Receivables
Accounts receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables.
Additionally, for accounts receivables, an unspecified provision is made to cover expected losses.

Pensions
With a defined contribution plan the company pays contributions to an insurance company. The contribution is recognised as payroll expenses in the period to which the contribution relates to. Pension obligations relating to the AFP scheme for the company's employees are not capitalised. Liabilities or assets related to collective pension plans are not capitalised.

Tax
The tax charge in the income statement consists of tax payable and changes in deferred tax. Deferred tax is calculated at 22 % on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted.

Net deferred tax assets are not capitalised, in accordance with the exception rules for small companies.

GENTIAN DIAGNOSTIC AS – COMPANY

Notes to the financial statement 2019

Note 1 Personnel expenses, number of employees, remuneration, loan to employees

Payroll expenses	2019	2018
Salaries/wages	2 566 510	1 692 972
Social security fees	97 529	91 199
Pension expenses	0	0
Other remuneration	0	0
Total	**2 664 039**	**1 784 171**
Average number of employees during the accounting year	0	0
Remuneration to the Board of Directors	691 698	646 802
Remuneration to the Chief executive officer	0	0

Expensed salaries relate to the employee option program in Gentian AS and board of director's fee. The CEO is employed in the subsidiary Gentian AS and salary / remuneration are expensed in the subsidiary. The company has a share option programme covering certain key employees. As at 31.12.2019, eight employees were included in the option programme.

Expensed audit fee
Expenses paid to the auditor for 2019 amounts to NOK 233 088 of which NOK 58 088 relates to other services.

Note 2 Intangible Assets

	Total
Purchase cost as of 01.01.19	10 361 342
+ Inflow purchased fixed assets	0
- Outflow this year	767 596
= Acquisition cost 31.12.19	9 593 746
Accumulated depreciation 31.12.19	1 758 856
+ Accumulated write-down 31.12.19	7 834 890
Accumulated depreciations and write-down 31.12.19	9 593 746
= Book value 31.12.19	**0**
This year's ordinary depreciations	239 844
This year's write-downs	7 834 890
Economic life	0

The write-down of NOK 7 834 890 is due to the company's decision to terminate project CD-card.

GENTIAN DIAGNOSTIC AS - COMPANY

Notes to the financial statement 2019

Note 3 Equity capital

	Share capital	Share premium	Other paid-in equity capital	Other equity capital	Total equity capital
As at 31.12.2018	**1 539 592**	**300 955 879**	**118 779**	**-6 392 160**	**296 222 090**
Result for the year				-19 156 990	-19 156 990
Procees from share issue	680	258 286			258 966
Cost of share issue				0	0
Employee option program				1 868 912	1 868 912
As at 31.12.2019	**1 540 272**	**301 214 165**	**118 779**	**-23 680 238**	**279 192 978**

GENTIAN DIAGNOSTIC AS – COMPANY

Notes to the financial statement 2019

Note 4 Shareholders

	Number of shares	Nominal value	Share capital
Ordinary shares	15 402 718	100	1 540 272

All shares in the company have equal voting rights and equal rights to dividends.

Overview of the parent company's shareholders as at 31.12.19:	Number of shares	Ownership share
Holta Life Sciences AS	2 014 702	13,08%
Vatne Equity AS	2 010 224	13,05%
Safrino AS	1 100 000	7,14 %
Salix AS	1 092 543	7,09 %
Norron Sicav - Target	629 228	4,09 %
Norda ASA	549 186	3,57 %
Storebrand Vekst	481 064	3,12 %
Portia AS	425 000	2,76 %
Equinor Pensjon	381 320	2,48 %
Verdipapirfondet DNB SMB	376 630	2,45 %
Bård Sundrehagen	307 010	1,99 %
Silvercoin Industries AS	288 281	1,87 %
Cressida AS	235 000	1,53 %
Vingulmork Predictor AS	224 083	1,45 %
Lioness AS	220 000	1,43 %
Mutus AS	210 465	1,37 %
Marstal AS	206 752	1,34 %
Strawberry Capital AS	200 300	1,30 %
Viola AS	199 990	1,30 %
Borgano AS	186 499	1,21 %
Top 20 shareholders	11 338 277	73,61 %
Total other shareholders	4 064 441	26,39 %
Total number of shares	15 402 718	100 %

Shares controlled by board members and the CEO		
Tomas Settevik (Mutus AS)	210 465	1,37%
Espen Tidemann Jørgensen (Private)	17 000	0,11%
Ingrid Teigland Akay (Teakay Invest AS)	60 779	0,39%
Kari E. Krogstad (Private)	2 325	0,02%
Runar Vatne (Vatne Equity AS and associated companies)	2 230 224	14,48%
Susanne Stuffers (Ubiquity AS)	3 500	0,02%
Hilja Ibert (Private)	6 128	0,04%

Dividend
The company has not paid dividends over the last three years.

Note 5 Tax

This year's tax expense	2019	2018
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deffered tax assets	0	0
Tax expense on ordinary profit/loss	**0**	**0**
Taxable income:		
Ordinary result before tax	-19 156 990	-2 930 734
Permanent differences	10 095 547	-1 729 706
Changes in temporary differences	2 300 196	-516 944
Taxable income	**-6 761 247**	**-5 177 384**
Payable tax in the balance:		
Payable tax on this year's result	0	0
Total payable tax in the balance	**0**	**0**

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

	2019	2018	Difference
Tangible assets	-98 754	2 201 442	2 300 196
Total	**-98 754**	**2 201 442**	**2 300 196**
Accumulated loss to be brought forward	-33 364 843	-26 603 596	6 761 247
Not included in the deferred tax calculation	33 463 598	24 402 154	-9 061 443
Basis for deferred tax assets	**0**	**0**	**0**
Deferred tax assets (22 %)	**0**	**0**	**0**

Deferred tax is not booked to the balance sheet

Note 6 Inter-company items between companies in the same group

	2019	2018
Receivables		
Loans to companies in the same group	3 496 640	26 870 252
Liabilities		
Loans from companies in the same group	3 160 599	7 945 014

Note 7 Government grants

The company has received 0 in research and development grants in 2019.

Note 8 Shares in subsidiaries

	Ownership/ voting interest	Office location	Result 2019	Equity capital 31.12.2019
Gentian AS	100%	Moss	-24 992 987	44 986 753
Pretect AS	100%	Hurum	-3 812 537	5 239 434

The book value of shares in Pretect AS has been written down by NOK 10 095 547 in 2019

Note 9 Bank deposits

Pledge account	1 647 108
Deposit for office rent	263 326
Tax withheld	46 533

BDO AS
Bernt Ankers gate 17
1534 Moss

Independent Auditor's Report

To the General Meeting in Gentian Diagnostics AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gentian Diagnostics AS.

The financial statements comprise:	In our opinion:
• The financial statements of the parent company, which comprise the balance sheet as at 31 December 2019, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and • The financial statements of the group, which comprise the balance sheet as at 31 December 2019, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	• The financial statements are prepared in accordance with the law and regulations. • The accompanying financial statements give a true and fair view of the financial position of Gentian Diagnostics AS as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. • The accompanying financial statements give a true and fair view of the financial position of the group Gentian Diagnostics AS as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report.

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

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

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

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

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial

Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Moss, 23 April 2020
BDO AS

Per Harald Eskedal
State Authorised Public Accountant
(This document is signed electronically)