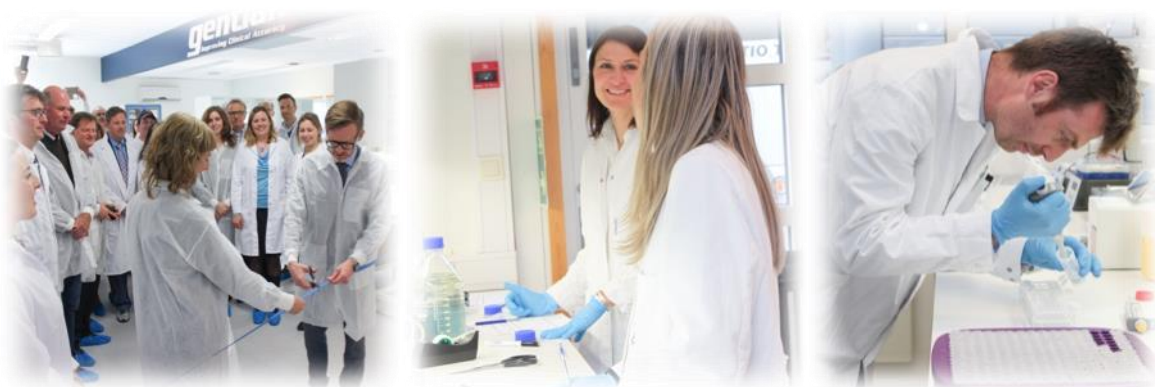


gentian

Improving Clinical Accuracy

Third quarter 2017 results



Third Quarter 2017 results



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

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

Gentian designs, develops and markets in vitro diagnostic reagents (IVD) based on its proprietary Nanosense™ technology. The goal is to offer efficient and accurate reagents within the areas of kidney disease, cardiac disease, inflammation and veterinary medicine. The Nanosense™ technology will enable users to move assays from low volume immunology platforms to fully automated, high throughput instruments with shorter turnaround times, better workflow and improved cost efficiency. The subsidiary PreTect AS develops and manufactures molecular diagnostic tests to detect oncogenic activity in cervical samples. The products PreTect SEE and PreTect HPV Proofer contribute to earlier detection of cervical cancers.

HIGHLIGHTS

- 66% growth in sales revenue compared to 3Q16, 16 % y/y
- New patent protection received after end of period

Geographic split:

MNOK	3Q17	3Q16	1Q-3Q17	1Q-3Q16
US	0,4	0,2	1,0	0,7
Europe	3,5	1,8	12,3	6,8
Asia	2,7	2,0	6,8	9,8
Total	6,7	4,0	20,1	17,3

FINANCIAL PERFORMANCE

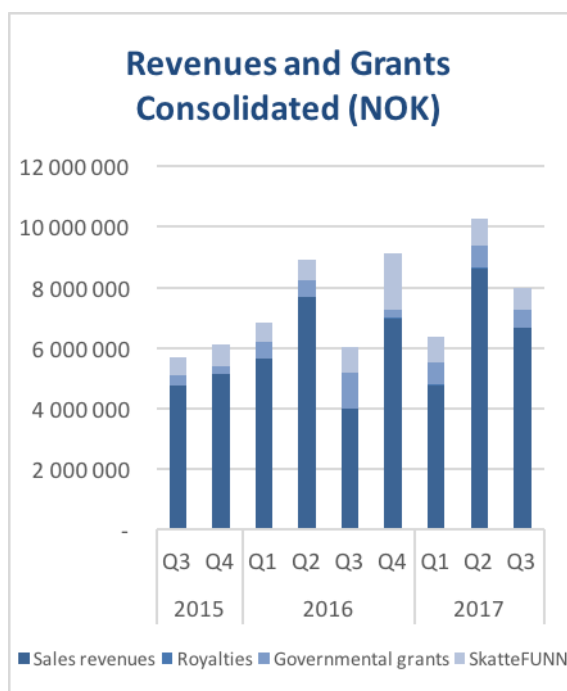
Comparative numbers for Gentian 2016 in ()

Sales and Geographic Split

Total operating revenue ended at MNOK 8.0 (MNOK 6.0) for 3Q17, and MNOK 24.6 (MNOK 21.8) year to date.

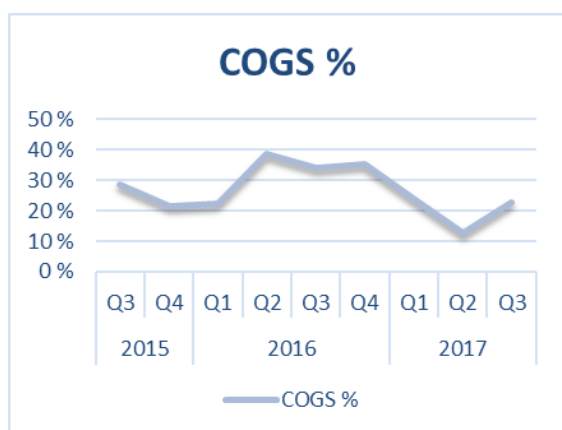
Sales revenue in 3Q17 ended at MNOK 6.7 (MNOK 4.0), a 66 % increase compared to 3Q16. Sales revenue year to date ended at MNOK 20.1 (MNOK 17.3).

Other operating revenue ended at MNOK 0.6 (MNOK 1.1) for 3Q17. SkatteFUNN funding ended at MNOK 0.7 (MNOK 0.9) for 3Q17.



Cost of Goods Sold

COGS ended at MNOK 1.5 (MNOK 1.4) in 3Q17, which represents 23 % (34 %) of sales revenue. Total COGS year to date ended at MNOK 3.8 (MNOK 5.6), which represents 19 % (32 %) of sales revenue. The lower COGS % is due to improved production processes and more sales of products with higher margins.



Total Operating Expenses

Total operating expenses before capitalization of R&D expenses ended at MNOK 11.3 (MNOK 9.2) in 3Q17, and MNOK 33.6 (MNOK 22.3) year to date.

Operating costs include total salary and social expenses of MNOK 7,5 (MNOK 5.5) and other

expenses of MNOK 3.7 (MNOK 3.7) for 3Q17. Total salary and social expenses year to date ended at MNOK 20.7 (MNOK 13.1) and other expenses ended at MNOK 12.9 (MNOK 9.3). The increase is according to the planned acceleration of activities.

Total operating expenses after capitalization of R&D expenses ended at MNOK 10.8 (MNOK 8.9) in 3Q17, and MNOK 29.1 (MNOK 21.3) year to date.

R&D Expenses

R&D expenses amounted to 35 % (33 %) of total operating expenses before capitalization for 3Q17, and 35 % (34 %) year to date.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK -4.3 (MNOK -4.2) for 3Q17, and MNOK -8.2 (MNOK -5.1) year to date.

Net financial income/expense ended at MNOK 0.1 (MNOK 0.1) for 3Q17, and MNOK 0.6 (MNOK 0.6) year to date.

Net profit ended at MNOK -5.0 (MNOK -4.7) for 3Q17, and MNOK -9.9 (MNOK -6.2) year to date.

Balance Sheet

Cash and cash equivalents as of 30.09.2017 were MNOK 148.9 (MNOK 56.1). Of this, MNOK 1.6 is placed in a collateral account for currency trading, and MNOK 0.3 is currently held in a deposit account. The remaining cash balance, a total of MNOK 147.0, is placed in both savings accounts and current accounts.

Accounts receivables as of 30.09.2017 were MNOK 5.8 (MNOK 1.1). The increase in accounts receivables is due to some delayed payments, which were received in October, some high sales late in September and a general increase in sales.

Inventory as of 30.09.2017 were MNOK 11.9 (MNOK 6.5). The increase in inventory is due to more products, increased demand and building of security inventory.

Cash Flow

Cash flow from operating activities ended at MNOK -17.8 (MNOK -7.0) year to date and MNOK -6.0 (MNOK -5.1) for 3Q17.

Cash flow from investment activities ended at MNOK -5.3 (MNOK -5.2) year to date and MNOK -1.0 (MNOK -0.8) for 3Q17. Included in investment activities are capitalization of R&D expenses, which in 3Q17 amounted to MNOK 0.5 (MNOK 0.3). This gives a total capitalization of MNOK 4.5 (MNOK 1.0) year to date.

Cash flow from financial activities ended at MNOK 96.1 (MNOK 0.4) year to date and MNOK 0.0 (MNOK 0.0) for 3Q17.

OPERATIONAL STATUS

Product Sales

Sales in 3Q17 showed an increase of 66 % compared to 3Q16, ending the quarter with a sales revenue of MNOK 6.7. The increase is, amongst other things, driven by increased sales of fCAL turbo. The decrease from 2Q17 to 3Q17 of 23 % is due to the 2MNOK one-off order in 2Q17 for Cystatin C from our previous distributor in China.

Year to date, sales revenue ended at 20.1 MNOK, which is 16 % up from the same period in 2016.

R&D

The GCAL test (calprotectin in blood samples) was launched in July, resulting in an increase of available R&D resources to focus on other key projects, such as:

- Building clinical documentation supporting the use of GCAL
- Optimizing the G-1001, the new automated assay for heart failure

OUTLOOK 2017

Due to current sales status (YTD) and estimated sales until end of the year, Gentian expects total revenues for 2017 to end moderately higher than in 2016. This is slightly better than communicated at the beginning of the year.

Within R&D, Gentian expects to deliver a proof-of-concept on a new diagnostic test during 4Q17.

EVENTS AFTER THE BALANCE SHEET DATE

On October 3, 2017, the Critical Care and Resuscitation Journal published an article demonstrating the advantage of Gentians new assay product GCAL, testing calprotectin in blood plasma for the prediction and diagnosis of bacterial infections in critically ill patients.

On November 6, 2017, Gentian announced that the PCT (The Patent Cooperation Treaty) authority had decided that our international patent application; PCT/EP2016/067639 entitled "Method for assessing cell surface receptors of blood cells", is patentable in its entire set of claims.

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

SHAREHOLDER INFORMATION

20 largest shareholders in Gentian Diagnostics AS as of 30.09.2017 according to VPS:

Shareholder	Number of Shares	%
Holta Life Sciences AS	2 028 502	14,49 %
Salix AS	1 368 630	9,78 %
Safrino AS	1 350 000	9,65 %
Storebrand Vekst	1 240 611	8,86 %
Silvercoin Industries AS	543 986	3,89 %
Vingulmork Predictor AS	535 710	3,83 %
Verdipapirfondet DNB SMB	484 900	3,46 %
Statoil Pensjon	400 131	2,86 %
Vatne Equity AS	394 051	2,82 %
Portia AS	375 000	2,68 %
Arctic Funds PLC	361 945	2,59 %
Bård Sundrehagen	357 010	2,55 %
Strawberry Capital AS	300 300	2,15 %
Kiristianro AS	300 000	2,14 %
Cressida AS	235 000	1,68 %
Spar Kapital Investor AS	234 000	1,67 %
OM Holding AS	209 000	1,49 %
Marstal AS	202 000	1,44 %
DNB NOR Markets	200 000	1,43 %
Mutus AS	187 210	1,34 %
Employee Shareholders	204 266	1,46 %
Other Shareholders	2 484 041	17,75 %
Total Shares	13 996 293	100,00 %

Statement of Comprehensive Income Gentian Group

	2017	2017	2016	2016
<i>(figures in NOK thousands)</i>	Q3	01.01-30.09	Q3	01.01-30.09
Operating Revenue				
Sales revenue	6 666	20 051	4 016	17 343
Royalties	-	96	-	-
Other operating revenue	608	1 999	1 146	2 247
SkatteFUNN - tax deduction	687	2 451	876	2 203
Total Operating Revenue	7 961	24 597	6 038	21 792
Operating Expenses/Costs				
Cost of goods sold	-1 510	-3 761	-1 364	-5 584
Operating costs	-11 278	-33 555	-9 224	-22 332
Capitalization	493	4 501	317	1 042
Total Operating Expenses/Costs	-12 295	-32 815	-10 271	-26 873
EBITDA	-4 334	-8 219	-4 233	-5 081
Depreciation	-748	-2 239	-591	-1 667
EBIT	-5 081	-10 458	-4 824	-6 748
Financial income/expense	106	566	82	566
Net Profit	-4 975	-9 892	-4 742	-6 182

3. Quarter Statement of Comprehensive Income in 2017 is not audited

Statement of Financial Position Gentian Group

	2017	2016	2016
<i>(figures in NOK thousands)</i>	30.09	31.12	30.09
Assets			
Non-Current Assets			
Property, plants and equipment	4 777	4 743	3 950
Capitalized development costs	15 701	12 333	10 245
Other intangible assets	13 762	14 126	9 161
Loan to other companies	-	-	-
Financial assets	1 944	1 870	2 389
Total Non-Current Assets	36 184	33 071	25 744
Current Assets			
Inventory	11 883	7 546	6 502
Accounts receivables	5 813	2 855	1 126
Other receivables	7 624	5 399	7 656
Cash and cash equivalents	146 961	74 088	53 742
Derivatives	-	-	78
Total Currents Assets	172 280	89 889	69 104
Total Assets	208 464	122 960	94 848
Equity and Liabilities			
Equity			
Net profit (Loss)	9 892	8 927	6 182
Other equity	-211 600	-124 468	-95 455
Equity	-201 708	-115 541	-89 273
Non-Current Liabilities			
Interest-bearing loans and dept	-	-	-
Total Non-Current Liabilities	-	-	-
Current liabilities			
Accounts payable	-3 361	-3 519	-3 484
Public dept	-1 000	-1 610	-753
Accrued expenses	-2 396	-2 289	-1 338
Derivatives	-	-	-
Bank overdraft	-	-	-
Total Current Liabilities	-6 756	-7 419	-5 574
Total Equity and Liabilities	-208 464	-122 960	-94 848

3. Quarter Statement of Financial Position is not audited

Cash Flow Statement

	2017	2017	2017	2016	2016
(figures in NOK thousands)	Q3	Q2	Q1	31.12	30.06
Cash Flow from Operating Activities					
Net profit (loss)	-4 975	412	-5 329	-8 927	-1 440
	-	-	-	-	-
Depreciation	748	708	784	2 304	1 076
Change Inventory	-832	-1 841	-1 663	-3 671	-1 851
Change Accounts Receivables	-1 063	-1 464	-430	1 137	1 732
Change Accounts Payables	177	-503	167	1 234	987
Change in other short-term receivables/ liabilities	-90	-1 236	-1 406	21	-2 396
Net Cash Flow from Operating Activities	-6 036	-3 924	-7 877	-7 902	-1 893
Cash Flows from Investment Activities					
Acquisition of Property, plant and equipment	-529	-30	-224	-3 684	-2 942
Investment in intangible assets	-493	-1 727	-2 281	-3 422	-725
Investment in other companies	-	-	-	3 329	-
Loan to other companies	-	725	-725	-	-
Other changes in financial items	-	-	-	-702	-729
Net Cash Flow from Investment Activities	-1 022	-1 032	-3 230	-4 479	-4 396
Cash Flow from Financial Activities					
New debt	-	-	-	-	-
Downpayment of loans	-	-	-	-	-
Change in Bankoverdraft	-	-	-	-	-
Cash flows from share issues	-	-	96 069	20 400	400
Dividend payment	-	-	-	-	-
Net Cash Flow from Financial Activities	-	-	96 069	20 400	400
Net Change in Cash and Cash Equivalents	-7 058	-4 955	84 961	8 019	-5 890
Cash flow from last period	155 991	160 947	75 958	67 934	67 934
Currency adjustment	-29	-	28	5	-7
Net Cash and Cash Equivalents	148 905	155 991	160 947	75 958	62 036

3. Quarter Cash Flow Statement is not audited

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

Note: 30.06.2016 and 31.12.2016 uses 31.12.2015 as a comparison and starting point in the Cash Flow Statement.

Statement of Changes in Equity

	Share Capital	Share Premium	Other Reserves	Other Equity	Total Equity
As of 31st December 2015	957 883	99 115 443	1 467 131	-6 478 973	95 061 484
Net profit (loss)				-1 440 373	-1 440 373
Proceeds from share issue	3 400	396 440			399 840
Share Issue Cost					-
Other changes in equity				-207	-207
As of 30th June 2016	961 283	99 511 883	1 467 131	-7 919 553	94 020 744
Net profit (loss)				-7 486 614	-7 486 614
Proceeds from share issue	152 632	28 847 448			29 000 080
Share Issue Cost					-
Other changes in equity				7 126	7 126
As of 31st December 2016	1 113 915	128 359 331	1 467 131	-15 399 041	115 541 336
Net profit (loss)				-9 892 446	-9 892 446
Proceeds from share issue	285 714	99 714 291			100 000 005
Share Issue Cost		-3 931 089			-3 931 089
Other changes in equity				-9 783	-9 783
As of 30th September 2017	1 685 343	319 925 735	1 467 131	-34 906 964	201 708 023

3. Quarter Statement of Changes in Equity is not audited

NOTES

Accounting Principles

The interim report for Q3 2017 has been prepared in accordance with IAS 34 Interim Reporting. The accounting policies applied in the interim report corresponds to what was used in preparing the annual financial statements for 2016.

Currency

The Company uses currency rates given by DNB ASA.

Capitalized R&D

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

SkatteFUNN

Gentian calculates and recognizes SkatteFUNN funding continuously in the same year as the cost has incurred, while PreTect recognizes the SkatteFUNN funding when the refund has been received. As of 2017 PreTect will recognize SkatteFUNN funding continuously in the same manner as Gentian. 2Q17 is the first quarter where PreTect AS has recognized SkatteFUNN funding and includes funding that should have been recognized during 1Q17. Going forward, PreTect AS will recognize this funding on a quarterly basis.

COGS

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