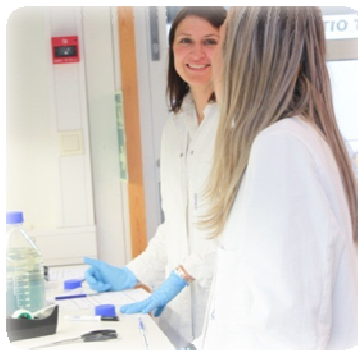




Fourth quarter 2017 results

&

Preliminary Annual Report



Fourth Quarter 2017 results & Preliminary Annual Report



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

- 16 % growth in sales revenue compared to 3Q17
- Sales revenue for FY2017 grew 14% despite loss of our largest distributor
- Increase in sales of fCAL®turbo continues
- Favorable development for Cystatin C in China

FINANCIAL PERFORMANCE

Comparative numbers for Gentian 2016 in ()

Sales and Geographic Split

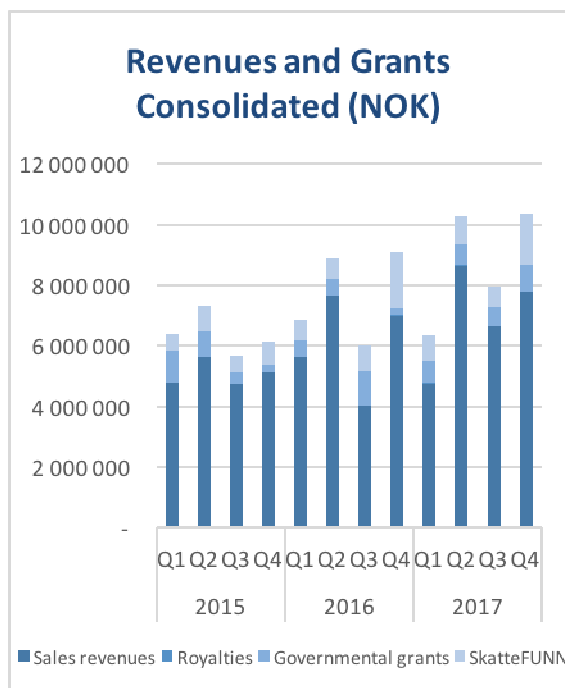
Total operating revenue ended at MNOK 10.4 (MNOK 9.1) for 4Q17, and MNOK 35.0 (MNOK 30.9) year to date.

Sales revenue in 4Q17 ended at MNOK 7.8 (MNOK 7.0), a 11 % increase compared to 4Q16. Sales revenue for the year ended at MNOK 27.8 (MNOK 24.4), a 14 % increase compared to 2016.

Geographic split:

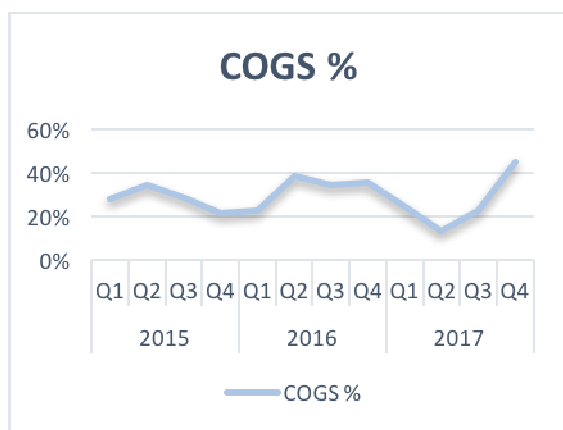
MNOK	4Q17	4Q16	2017	2016
US	0.3	0.4	1.3	1.1
Europe	4.8	3.5	17.1	10.3
Asia	2.6	3.1	9.4	12.9
Total	7.8	7.0	27.8	24.3

Other operating revenue ended at MNOK 0.9 (MNOK 0.2) for 4Q17, and MNOK 2.9 (MNOK 2.5) year to date. SkatteFUNN funding ended at MNOK 1.7 (MNOK 1.9) for 4Q17, and MNOK 4.1 (MNOK 4.1) year to date.



Cost of Goods Sold

COGS ended at MNOK 3.5 (MNOK 2.3) in 4Q17. Total COGS year to date ended at MNOK 7.3 (MNOK 7.9), which represents 26 % (32 %) of sales revenue. COGS % of over the year is as expected, but with variations from quarter to quarter.



Total Operating Expenses

Total operating expenses before capitalization of R&D expenses ended at MNOK 12.9 (MNOK 11.9) in 4Q17, and MNOK 46.4 (MNOK 34.2) year to date.

Operating costs include total salary and social expenses of MNOK 7,8 (MNOK 7.1) and other expenses of MNOK 5.1 (MNOK 4.8) for 4Q17.

Total salary and social expenses year to date ended at MNOK 28.4 (MNOK 20.0) and other expenses ended at MNOK 18.0 (MNOK 14.2). The increase is according to the planned acceleration of activities.

Total operating expenses after capitalization of R&D expenses ended at MNOK 11.9 (MNOK 9.5) in 4Q17, and MNOK 40.9 (MNOK 30.8) year to date.

R&D Expenses

R&D expenses amounted to 37 % (31 %) of total operating expenses before capitalization for 4Q17, and 36 % (33 %) year to date.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK -5.0 (MNOK -2.7) for 4Q17, and MNOK -13.2 (MNOK -7.8) year to date.

Net financial income/expense ended at MNOK 0.5 (MNOK 0.6) for 4Q17, and MNOK 1.1 (MNOK 1.1) year to date.

Net profit ended at MNOK -5.3 (MNOK -2.8) for 4Q17, and MNOK -15.2 (MNOK -8.9) year to date.

Balance Sheet

Cash and cash equivalents as of 31.12.2017 were MNOK 147.0 (MNOK 76.0). 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 145.0, is placed in both savings accounts and current accounts.

Accounts receivables as of 31.12.2017 were MNOK 6.8 (MNOK 2.9). The increase in accounts receivables is due to high sales figures invoiced in December, paid in January and February 2018.

Inventory as of 31.12.2017 were MNOK 11.1 (MNOK 7.5).

Cash Flow

Cash flow from operating activities ended at MNOK -18.7 (MNOK -7.9) year to date and MNOK -0.8 (MNOK -2.5) for 4Q17.

Cash flow from investment activities ended at MNOK -6.9 (MNOK -4.5) year to date and MNOK -1.6 (MNOK -0.6) for 4Q17. Included in investment activities are capitalization of R&D expenses, which in 4Q17 amounted to MNOK 1.1 (MNOK 2.4). This gives a total capitalization of MNOK 5.5 (MNOK 3.4) year to date.

Cash flow from financial activities ended at MNOK 96.5 (MNOK 20.4) year to date and MNOK 0.5 (MNOK 20.0) for 4Q17.

OPERATIONAL STATUS

Product Sales

Sales of fCAL turbo® is the strongest contributor to the 16% sales growth from Q3 to Q4. Sales of Cystatin C to China has also seen an increase from Q3 to Q4.

R&D

Clinical studies for Gentian new plasma Calprotectin assay, GCAL, were initiated in clinical laboratories in Sweden, Italy, and US. The objective of these projects are to demonstrate that the new product may have a potential to be superior in diagnosing and monitoring sepsis, severe inflammations and infections, and inflammatory diseases like rheumatoid arthritis.

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.

Optimization of ultrasensitive assays for cardiovascular diseases continues, and prototype studies of assays for monitoring therapy of HIV infections are initiated.

OUTLOOK 2018

Gentian expects growth in FCal and Cystatin C to continue. In addition, the company will continue its endeavor to establish clinical evidence for the use of GCAL in sepsis and inflammation.

Within R&D, Gentian expects to demonstrate proof-of-concept on at least one new tests and progress into the verification phase for our cardiovascular marker. The company will also focus on preparing for new commercial launches in 2019 and 2020.

EVENTS AFTER THE BALANCE SHEET DATE

Gentian's international patent application; PCT/EP2017/06645 entitled "Assay device and method for assessing blood cells", was made public by World Intellectual Property Organization on February 1 2018.

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

SHAREHOLDER INFORMATION

20 largest shareholders in Gentian Diagnostics AS as of 31.12.2017 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	848,093	6.06%
Vatne Equity AS	760,000	5.43%
Silvercoin Industries AS	585,186	4.18%
Vingulmork Predictor AS	535,710	3.83%
Verdipapirfondet DNB SMB	484,900	3.46%
Statoil Pensjon	400,131	2.86%
Portia AS	375,000	2.68%
Bård Sundrehagen	357,010	2.55%
Strawberry Capital AS	300,300	2.15%
Cressida AS	235,000	1.68%
Spar Kapital Investor AS	234,000	1.67%
Norda ASA	231,720	1.66%
OM Holding AS	209,000	1.49%
Marstal AS	202,000	1.44%
Altitude Capital AS	200,000	1.43%
DNB NOR Markets	200,000	1.43%
Mutus AS	187,210	1.34%
Employee Shareholders	204,266	1.46%
Other Shareholders	2,699,635	19.29%
Total Shares	13,996,293	100.00%

Statement of Comprehensive Income Gentian Group

	2017	2017	2016	2016
<i>(figures in NOK thousands)</i>	Q4	01.01-31.12	Q4	01.01-31.12
Operating Revenue				
Sales revenue	7,794	27,845	6,978	24,321
Royalties	-	96	48	48
Other operating revenue	910	2,908	224	2,471
SkatteFUNN - tax deduction	1,689	4,139	1,855	4,058
Total Operating Revenue	10,392	34,989	9,105	30,897
Operating Expenses/Costs				
Cost of goods sold	-3,502	-7,263	-2,286	-7,870
Operating costs	-12,891	-46,446	-11,869	-34,201
Capitalization	1,033	5,534	2,380	3,422
Total Operating Expenses/Costs	-15,359	-48,175	-11,776	-38,649
EBITDA	-4,967	-13,186	-2,671	-7,752
Depreciation	-776	-3,016	-637	-2,304
EBIT	-5,743	-16,202	-3,308	-10,056
Financial income/expense	466	1,032	563	1,129
Net Profit	-5,277	-15,170	-2,745	-8,927

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

Statement of Financial Position Gentian Group

	2017	2016
<i>(figures in NOK thousands)</i>	31.12	31.12
Assets		
Non-Current Assets		
Property, plants and equipment	5,097	4,743
Capitalized development costs	16,357	12,333
Other intangible assets	13,641	14,126
Loan to other companies	-	-
Financial assets	1,949	1,870
Total Non-Current Assets	37,043	33,071
Current Assets		
Inventory	11,092	7,546
Accounts receivables	6,809	2,855
Other receivables	5,283	5,399
Cash and cash equivalents	145,003	74,088
Derivatives	-	-
Total Currents Assets	168,187	89,889
Total Assets	205,230	122,960
Equity and Liabilities		
Equity		
Net profit (Loss)	15,170	8,927
Other equity	-211,645	-124,468
Equity	-196,475	-115,541
Non-Current Liabilities		
Interest-bearing loans and dept	-466	-
Total Non-Current Liabilities	-466	-
Current liabilities		
Accounts payable	-3,549	-3,519
Public dept	-1,694	-1,610
Accrued expenses	-3,046	-2,289
Derivatives	-	-
Bank overdraft	-	-
Total Current Liabilities	-8,288	-7,419
Total Equity and Liabilities	-205,230	-122,960

4. Quarter Statement of Financial Position is not audited

Cash Flow Statement

	2017	2017	2016	2016
<i>(figures in NOK thousands)</i>	31.12	30.06	31.12	30.06
Cash Flow from Operating Activities				
Net profit (loss)	-15,172	-4,917	-8,927	-1,440
	-	-	-	-
Depreciation	3,016	1,492	2,304	1,076
Change Inventory	-3,546	-3,504	-3,671	-1,851
Change Accounts Receivables	-3,954	-1,894	1,137	1,732
Change Accounts Payables	29	-336	1,234	987
Change in other short-term receivables/ liabilities	953	-2,642	21	-2,396
Net Cash Flow from Operating Activities	-18,673	-11,801	-7,902	-1,893
Cash Flows from Investment Activities				
Acquisition of Property, plant and equipment	-1,357	-254	-3,684	-2,942
Investment in intangible assets	-5,534	-4,008	-3,422	-725
Investment in other companies	-	-	3,329	-
Loan to other companies	-	-	-	-
Other changes in financial items	-	-	-702	-729
Net Cash Flow from Investment Activities	-6,891	-4,262	-4,479	-4,396
Cash Flow from Financial Activities				
New debt	466	-	-	-
Downpayment of loans	-	-	-	-
Change in Bankoverdraft	-	-	-	-
Cash flows from share issues	96,069	96,069	20,400	400
Dividend payment	-	-	-	-
Net Cash Flow from Financial Activities	96,535	96,069	20,400	400
Net Change in Cash and Cash Equivalents	70,971	80,006	8,019	-5,890
Cash flow from last period	75,958	75,958	67,934	67,934
Currency adjustment	23	28	5	-7
Net Cash and Cash Equivalents	146,951	155,991	75,958	62,036

4. 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)				-4,917,211	-4,917,211
Proceeds from share issue	285,714	99,714,291			100,000,005
Share Issue Cost		-3,931,089			-3,931,089
Other changes in equity				18,803	18,803
As of 30th June 2017	1,399,629	224,142,533	1,467,131	-20,297,449	206,711,844
Net profit (loss)				-10,252,694	-10,252,694
Proceeds from share issue					-
Share Issue Cost					-
Other changes in equity				16,149	16,149
As of 31st December 2017	1,399,629	224,142,533	1,467,131	-30,533,995	196,475,298

4. Quarter Statement of Changes in Equity is not audited

NOTES

Accounting Principles

The interim report for Q4 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.