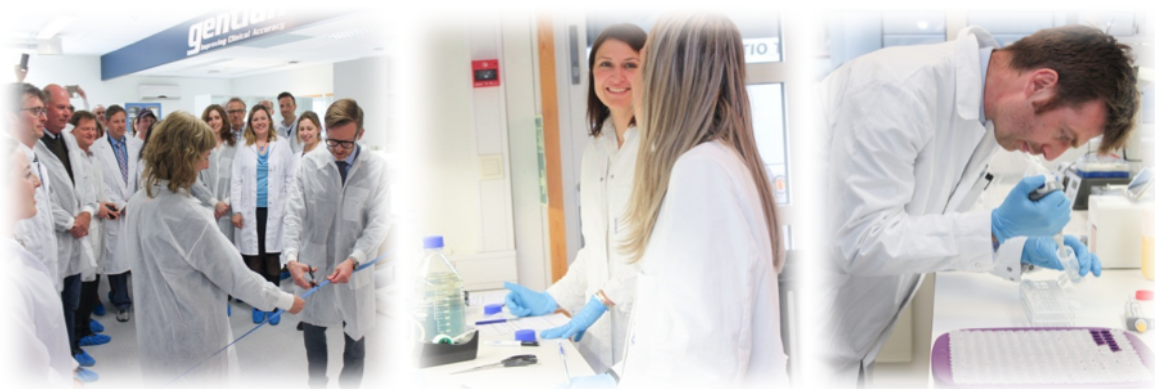




## First quarter 2018 results



## First Quarter 2018 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

- Record level for total operating revenue of MNOK 11.2 for the quarter
- 100% growth in sales revenue compared to 1Q17
- 24 % growth in sales revenue compared to 4Q17
- Strong sales for both Cystatin C and fCal
- New Proof-of-Concept announced post end of quarter

Geographic split:

MNOK	1Q18	1Q17
US	0,4	0,3
Europe	6,1	3,5
Asia	3,1	1,0
Total	9,6	4,8

Other operating revenue ended at MNOK 0.6 (MNOK 0.7) for 1Q18. SkatteFUNN funding ended at MNOK 1.0 (MNOK 0.9) for 1Q18.

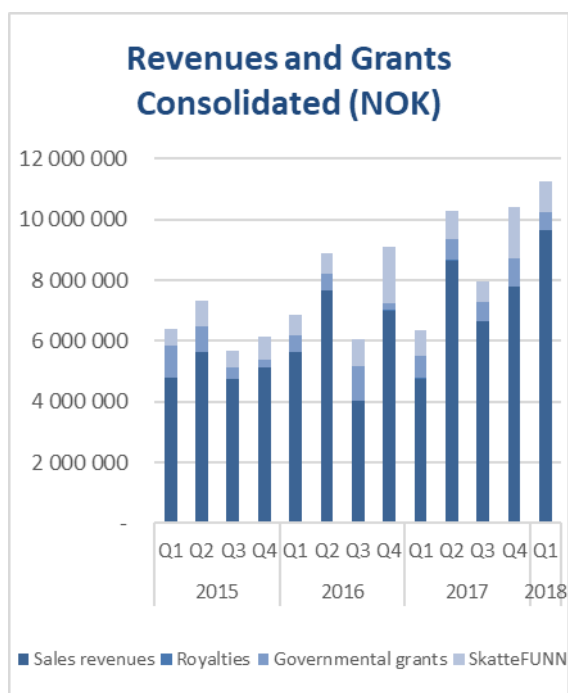
### FINANCIAL PERFORMANCE

*Comparative numbers for Gentian 1Q 2017 in ()*

#### Sales and Geographic Split

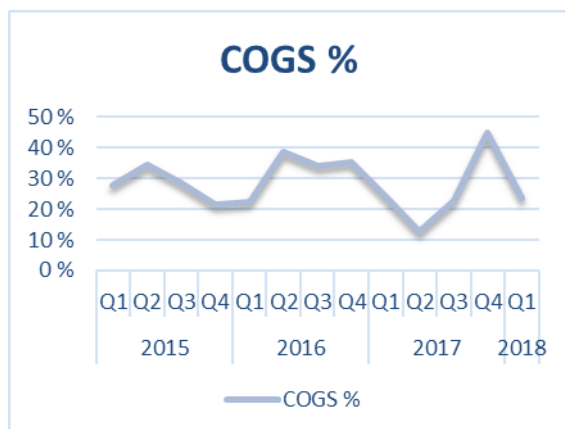
Total operating revenue ended at MNOK 11.2 (MNOK 6.4) for 1Q18.

Sales revenue in 1Q18 ended at MNOK 9.6 (MNOK 4.8), a 100 % increase compared to 1Q17.



### Cost of Goods Sold

COGS ended at MNOK 2.3 (MNOK 1.1) in 1Q18, which represents 23 % (24 %) of sales revenue. COGS % for the quarter is as expected, but significant variations from quarter to quarter are likely to continue.



### Total Operating Expenses

Total operating expenses before capitalization of R&D expenses ended at MNOK 12.7 (MNOK 12.2) in 1Q18.

Operating costs include total salary and social expenses of MNOK 8,4 (MNOK 7.2) and other expenses of MNOK 4.2 (MNOK 5.0) for 1Q18.

The increase is according to the planned acceleration of activities.

Total operating expenses after capitalization of R&D expenses ended at MNOK 12.0 (MNOK 10.0) in 1Q18.

### R&D Expenses

R&D expenses amounted to 31 % (33 %) of total operating expenses before capitalization for 1Q18.

### Earnings

Operating loss before depreciation and amortization (EBITDA) ended at MNOK -3.1 (MNOK -4.7) for 1Q18.

Net financial income/expense ended at MNOK 0.1 (MNOK 0.2) for 1Q18.

Net loss ended at MNOK -3.9 (MNOK -5.4) for 1Q18.

### Balance Sheet

Cash and cash equivalents as of 31.03.2018 were MNOK 140,6 (MNOK 160,9). 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 138.7, is placed in both savings accounts and current accounts.

Accounts receivables as of 31.03.2018 were MNOK 7.2 (MNOK 3.3).

Inventory as of 30.03.2018 were MNOK 12.3 (MNOK 9.2).

### Cash Flow

Cash flow from operating activities ended at MNOK -5.5 (MNOK -7.9) for 1Q18.

Cash flow from investment activities ended at MNOK -0.8 (MNOK -3.2) 1Q18. Included in investment activities are capitalization of R&D expenses, which in 1Q18 amounted to MNOK 0.7 (MNOK 2.3).

Cash flow from financial activities ended at MNOK 0.0 (MNOK 96.0) for 1Q18.

## **OPERATIONAL STATUS**

### **Product Sales**

Cystatin C sales increased by 23% from 4Q17. The growth is equally driven by OEM sales to China and worldwide distribution. cCRP showed the same growth rate, but from a lower base. fCAL turbo increased by 10% from the high 4Q17 level. Gentian's distribution company in Sweden achieved a major milestone when it made its first sales of 3<sup>rd</sup> party products during the quarter.

### **R&D**

Progress in the clinical studies for Gentian's new plasma Calprotectin assay, GCAL continued in 1Q18. The objective of these projects is 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. There are currently 11 studies in progress or under planning related to GCAL and the Company will report on the outcome of these studies as the results are made public.

The optimization of ultrasensitive assays for cardiovascular diseases, and prototype studies

of assays for monitoring therapy of HIV infections are ongoing.

### **OUTLOOK 2018**

Gentian expects growth in fCAL, Cystatin C and cCRP 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 progress into the verification phase for our cardiovascular marker G-1001. The company also is preparing for new commercial launches in 2019 and 2020.

### **EVENTS AFTER THE BALANCE SHEET DATE**

After the end of 1Q18, Gentian announced that Proof-of-Concept was achieved for measuring hemoglobin and plasma ferritin from the same whole-blood sample. Fully commercialized this can be a significant improvement in detecting insufficient iron storage in blood donors on-site, as well as monitoring iron deficiency at General Practitioners offices and following up results from iron supplement treatment.

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

## SHAREHOLDER INFORMATION

20 largest shareholders in Gentian Diagnostics AS as of 31.03.2018 according to VPS:

Shareholder	Number of shares	%
Holta Life Sciences AS	2 028 502	14,49 %
Salix AS	1 353 945	9,67 %
Safrino AS	1 350 000	9,65 %
Storebrand Vekst	805 634	5,76 %
Vatne Equity AS	760 000	5,43 %
Silvercoin Industries AS	602 394	4,30 %
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	235 000	1,68 %
Spar Kapital Investor	234 000	1,67 %
Norda ASA	231 720	1,66 %
OM Holding AS	209 000	1,49 %
MARSTAL AS	202 000	1,44 %
DnB NOR MARKETS	200 000	1,43 %
Altitude Capital AS	187 386	1,34 %
Mutus AS	187 210	1,34 %
Employee Shareholders	170 666	1,22 %
Other Shareholders	2 785 785	19,90 %
<b>Total Shares</b>	<b>13 996 293</b>	<b>100,00 %</b>

## Statement of Comprehensive Income Gentian Group

	2018	2017	2017
(figures in NOK thousands)	Q1	Q1	01.01-31.12
<b>Operating Revenue</b>			
Sales revenue	9 645	4 756	27 845
Royalties	-	48	96
Other operating revenue	596	704	2 908
SkatteFUNN - tax deduction	1 008	854	4 139
<b>Total Operating Revenue</b>	<b>11 249</b>	<b>6 362</b>	<b>34 989</b>
<b>Operating Expenses/Costs</b>			
Cost of goods sold	-2 263	-1 139	-7 263
Operating costs	-12 702	-12 246	-46 446
Capitalization	661	2 281	5 534
<b>Total Operating Expenses/Costs</b>	<b>-14 304</b>	<b>-11 104</b>	<b>-48 175</b>
<b>EBITDA</b>	<b>-3 055</b>	<b>-4 742</b>	<b>-13 186</b>
Depreciation	-946	-784	-3 016
<b>EBIT</b>	<b>-4 001</b>	<b>-5 526</b>	<b>-16 202</b>
Financial income/expense	121	197	1 032
<b>Net Profit</b>	<b>-3 880</b>	<b>-5 329</b>	<b>-15 170</b>

Quarterly figures are unaudited

## Statement of Financial Position Gentian Group

	2018	2017	2017
<i>(figures in NOK thousands)</i>	31.03	31.12	31.03
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plants and equipment	4 879	5 097	4 677
Capitalized development costs	16 502	16 357	14 236
Other intangible assets	13 520	13 641	14 004
Loan to other companies	-	-	725
Financial assets	1 947	1 949	1 870
<b>Total Non-Current Assets</b>	<b>36 848</b>	<b>37 043</b>	<b>35 512</b>
<b>Current Assets</b>			
Inventory	12 282	11 092	9 209
Accounts receivables	7 192	6 809	3 285
Other receivables	6 943	5 283	6 890
Cash and cash equivalents	138 631	145 003	159 077
Derivatives	-	-	-
<b>Total Currents Assets</b>	<b>165 049</b>	<b>168 187</b>	<b>178 461</b>
<b>Total Assets</b>	<b>201 896</b>	<b>205 230</b>	<b>213 974</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Net profit (Loss)	3 880	15 170	5 329
Other equity	-196 428	-211 645	-211 629
<b>Equity</b>	<b>-192 548</b>	<b>-196 475</b>	<b>-206 300</b>
<b>Non-Current Liabilities</b>			
Interest-bearing loans and debt	-436	-466	-
<b>Total Non-Current Liabilities</b>	<b>-436</b>	<b>-466</b>	<b>-</b>
<b>Current liabilities</b>			
Accounts payable	-3 772	-3 549	-3 686
Public debt	-1 321	-1 694	-1 133
Accrued expenses	-3 819	-3 046	-2 854
Derivatives	-	-	-
Bank overdraft	-	-	-
<b>Total Current Liabilities</b>	<b>-8 912</b>	<b>-8 288</b>	<b>-7 674</b>
<b>Total Equity and Liabilities</b>	<b>-201 896</b>	<b>-205 230</b>	<b>-213 974</b>

Quarterly figures are unaudited

## Cash Flow Statement

	2018	2017	2017
<i>(figures in NOK thousands)</i>	31.03	31.12	31.03
<b>Cash Flow from Operating Activities</b>			
Net profit (loss)	-3 880	-15 172	-5 329
	-	-	-
Depreciation	946	3 016	784
Change Inventory	-1 190	-3 546	-1 663
Change Accounts Receivables	-383	-3 954	-430
Change Accounts Payables	223	29	167
Change in other short-term receivables/ liabilities	-1 260	953	-1 406
<b>Net Cash Flow from Operating Activities</b>	<b>-5 545</b>	<b>-18 673</b>	<b>-7 877</b>
<b>Cash Flows from Investment Activities</b>			
Acquisition of Property, plant and equipment	-93	-1 357	-224
Investment in intangible assets	-661	-5 534	-2 281
Investment in other companies	-	-	-
Loan to other companies	-	-	-725
Other changes in financial items	-	-	-
<b>Net Cash Flow from Investment Activities</b>	<b>-753</b>	<b>-6 891</b>	<b>-3 230</b>
<b>Cash Flow from Financial Activities</b>			
New debt	-	466	-
Downpayment of loans	-30	-	-
Change in Bankoverdraft	-	-	-
Cash flows from share issues	-	96 069	96 069
Dividend payment	-	-	-
<b>Net Cash Flow from Financial Activities</b>	<b>-30</b>	<b>96 535</b>	<b>96 069</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>-6 328</b>	<b>70 971</b>	<b>84 961</b>
Cash flow from last period	146 951	75 958	75 958
Currency adjustment	-46	23	11
<b>Net Cash and Cash Equivalents</b>	<b>140 578</b>	<b>146 951</b>	<b>160 930</b>

*Quarterly figures are unaudited*



## Statement of Changes in Equity

	Share Capital	Share Premium	Other Reserves	Other Equity	Total Equity
<b>As of 31st December 2016</b>	<b>1 113 915</b>	<b>128 359 331</b>	<b>1 467 131</b>	<b>-15 399 041</b>	<b>115 541 336</b>
Net profit (loss)				-15 169 906	-15 169 906
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				35 018	35 018
<b>As of 31st December 2017</b>	<b>1 399 630</b>	<b>224 142 533</b>	<b>1 467 131</b>	<b>-30 533 929</b>	<b>196 475 365</b>
Net profit (loss)				-3 880 195	-3 880 195
Proceeds from share issue					-
Share Issue Cost					-
Other changes in equity				-47 001	-47 001
<b>As of 31st March 2018</b>	<b>1 399 630</b>	<b>224 142 533</b>	<b>1 467 131</b>	<b>-34 461 126</b>	<b>192 548 168</b>

*Quarterly figures are unaudited*

## **NOTES**

### **Accounting Principles**

The interim report for Q1 2018 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 2017.

### **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.