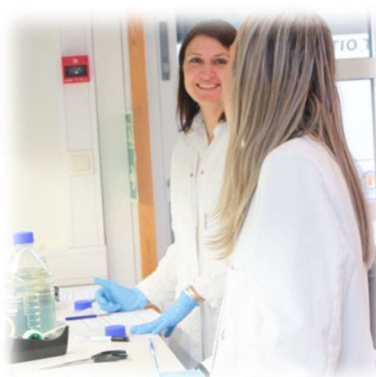




Fourth quarter 2018 results
&
Preliminary Annual Report



Fourth quarter 2018 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

- Record sales revenues of MNOK 11.1 for the quarter
- 42 % growth in underlying sales revenue compared to 4Q17, 43 % year to date
- All time high sales results achieved with fCAL® turbo

FINANCIAL PERFORMANCE

Comparative numbers for Gentian 2017 in ()

Sales and Geographic Split

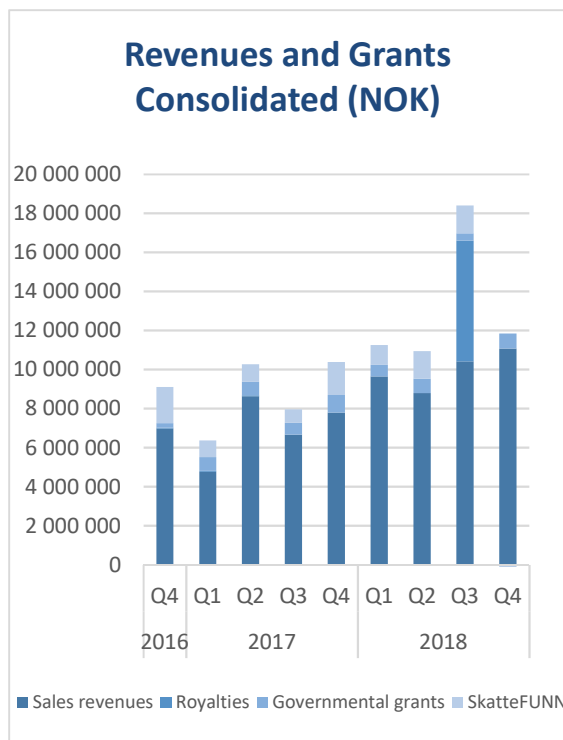
Total operating revenue ended at MNOK 11.4 (MNOK 10.4) for 4Q18, and MNOK 52.0 (MNOK 35.0) for 2018.

Sales revenue in 4Q18 ended at MNOK 11.1 (MNOK 7.8), a 42 % increase compared to 4Q17. Sales revenue for the full year ended at MNOK 39.9 (MNOK 27.8), a 43 % increase compared to the same period last year.

Geographic split:

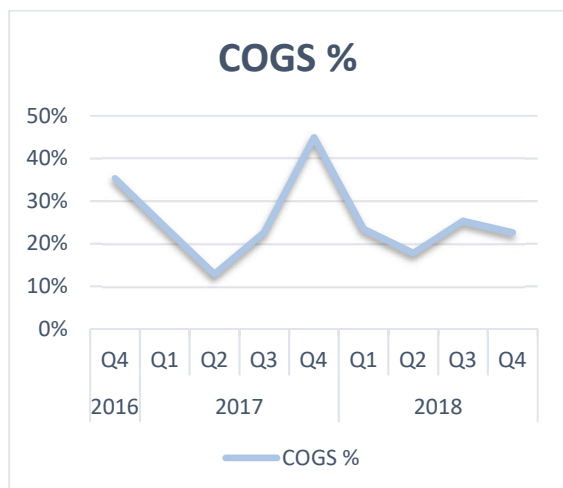
MNOK	4Q18	4Q17	1Q-4Q18	1Q-4Q17
US	0.9	0.3	2.2	1.3
Europe	7.5	4.8	27.1	17.2
Asia	2.7	2.6	10.6	9.4
Total	11.1	7.8	39.9	27.8

Royalties ended at MNOK 0.0 (MNOK 0.0) for 4Q18, and MNOK 6.2 (MNOK 0.1) for the year. Other operating revenue ended at MNOK 0.8 (MNOK 0.9) for 4Q18, and MNOK 2.5 (MNOK 2.9) for the year. SkatteFUNN funding ended at MNOK -0.4 (MNOK 1.7) for 4Q18. The fall in SkatteFUNN deposition in 4Q18 is due to an account reconciliation at the end of the year. SkatteFUNN funding ended at MNOK 3.4 (MNOK 4.1) for 2018.



Cost of Goods Sold

COGS ended at MNOK 2.5 (MNOK 3.5) in 4Q18, which represents 23 % (45 %) of sales revenue. Total COGS year to date ended at MNOK 9.0 (MNOK 7.3), which represents 22 % (26 %) of sales revenue.



Total Operating Expenses

Total operating expenses before capitalization of R&D expenses ended at MNOK 18.5 (MNOK 12.9) in 4Q18, and MNOK 60.0 (MNOK 46.4) year to date.

Operating expenses include total salary and social expenses of MNOK 10.1 (MNOK 7.8) and other expenses of MNOK 8.5 (MNOK 5.1) for 4Q18. Total salary and social expenses YTD ended at MNOK 34.1 (MNOK 28.4) and other expenses ended at MNOK 25.9 (MNOK 18.0). The increase is according to the planned acceleration of activities. SG&A also include a share-based compensation of MNOK 0.7 with no cash effect.

Total operating expenses after capitalization of R&D expenses ended at MNOK 16.5 (MNOK 11.9) in 4Q18, and MNOK 54.8 (MNOK 40.9) year to date.

R&D Expenses

R&D expenses amounted to 26 % (37 %) of total operating expenses before capitalization for 4Q18, and 32 % (36 %) year to date.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK -7.4 (MNOK -5.0) for 4Q18, and MNOK -11.7 (MNOK -13.2) year to date.

In September 2018, Gentian announced that one of its subsidiaries had entered into an agreement to license out a portfolio of patents to an undisclosed party. Gentian received MUSD 0.75 as part of this agreement. Partly due to this license, Gentian has decided to write down goodwill in 4Q18 of MNOK 5.0 related to the acquisition of Prelect in 2016.

Net financial income ended at MNOK 0.5 (MNOK 0.5) for 4Q18, and MNOK 1.0 (MNOK 1.1) year to date.

Net profit ended at MNOK -13.0 (MNOK -5.3) for 4Q18, and MNOK -19.8 (MNOK -15.2) year to date.

Balance Sheet

Cash and cash equivalents as of 31.12.2018 were MNOK 198.6 (MNOK 147.0). The cash is

placed in both savings accounts and current accounts.

Accounts receivables as of 31.12.2018 were MNOK 9.3 (MNOK 6.8). The increase is in line with the company's sales growth.

Inventory as of 31.12.2018 were MNOK 13.1 (MNOK 11.1). The increase in inventory is due a broader product portfolio, higher sales and build-up of an inventory buffer.

Cash Flow

Cash flow from operating activities ended at MNOK 0.9 (MNOK -0.8) for 4Q18 and MNOK -16.0 (MNOK -18.7) for 2018.

Cash flow from investment activities ended at MNOK 2.8 (MNOK -1.6) for 4Q18 and MNOK -1.0 (MNOK -6.9) for 2018. Included in investment activities are capitalization of R&D expenses, which in 4Q18 amounted to MNOK 2.1 (MNOK 1.0). This gives a total capitalization of MNOK 5.2 (MNOK 5.5) year to date.

Cash flow from financial activities ended at MNOK 0.0 (MNOK 0.5) for 4Q18 and MNOK 68.8 (MNOK 96.5) for 2018.

OPERATIONAL STATUS

Product Sales

Sales in 4Q18 showed an increase of 42 % compared to 4Q17, ending the quarter with a sales revenue of MNOK 11.1. The increase is mostly driven by record sales of fCAL[®] turbo, with an increase of 77 % compared to 4Q17. Cystatin C sales increased by 26 % compared to 4Q17.

For 2018 sales revenue ended at 39.9 MNOK, which is 43 % up from 2017. Cystatin C sales ended at MNOK 21.7 (MNOK 16.3) and fCAL[®]

turbo sales ended at MNOK 9.9 (MNOK 5.5) for 2018.

R&D

G-1001 and Fecal Pancreatic Elastase¹ product developments continue to deliver the expected milestones on plan.

The company continued to strengthen its IP and a revised international patent application for G-1001 has been filed.

OUTLOOK 2019

The company expects continuous sales growth in 2019 versus 2018, with normal quarterly variations.

For Cystatin C the company expects continued growth, primarily driven by increased demand in China and an increased focus on the US market.

Our fCAL[®] turbo partner, Bühlmann Laboratories AG, has applied for FDA clearance and a decision is expected during 1H19. In addition, Gentian expects continued sales growth in Europe for fCAL[®] turbo.

The market development efforts for calprotectin as a biomarker for severe infections, sepsis and rheumatoid arthritis will continue with presentations at scientific congresses and articles in international journals. In addition, the company will intensify its efforts to engage with key opinion leaders.

Within R&D it is expected to achieve the validation phase for Fecal Pancreatic Elastase with the aim to launch in 2020. The development of G-1001 is on track for launch in 2021.

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

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

EVENTS AFTER THE BALANCE SHEET DATE

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

SHAREHOLDER INFORMATION

20 largest shareholders in Gentian Diagnostics AS as of 31.12.2018 according to VPS:

Shareholder	No of Shares	%
Holta Life Sciences AS	2 014 702	13,09 %
Vatne Equity AS	1 735 340	11,27 %
Safrino AS	1 300 000	8,44 %
Salix AS	1 218 630	7,92 %
Norron Sicav - Target	812 366	5,28 %
Silvercoin Industries AS	564 181	3,66 %
Vingulmork Predictor AS	535 710	3,48 %
Storebrand Vekst	533 652	3,47 %
Portia AS	425 000	2,76 %
Statoil Pensjon	391 631	2,54 %
Verdipapirfondet DNB SMB	384 249	2,50 %
Bård Sundrehagen	307 010	1,99 %
Cressida AS	235 000	1,53 %
Norda ASA	225 447	1,46 %
OM Holding AS	209 000	1,36 %
Marstal AS	202 000	1,31 %
Strawberry Capital AS	200 300	1,30 %
Spar Kapital Investor AS	192 291	1,25 %
Mutus AS	187 210	1,22 %
Viola AS	174 990	1,14 %
Other Shareholders	3 547 212	23,04 %
Total Shares	15 395 921	100,00 %

Statement of Comprehensive Income Gentian Group

	2018	2018	2017	2017
<i>(figures in NOK thousands)</i>	Q4	01.01-31.12	Q4	01.01-31.12
Operating Revenue				
Sales revenue	11 079	39 928	7 794	27 845
Other operating revenue	361	12 109	2 598	7 144
Total Operating Revenue	11 440	52 036	10 392	34 989
Operating Expenses/Costs				
Cost of goods sold	-2 512	-8 978	-3 502	-7 263
Production costs	-3 384	-13 471	-3 193	-10 861
R&D costs	-4 800	-18 960	-4 804	-16 553
Selling, general & administrative costs	-10 281	-27 541	-4 894	-19 033
Capitalization	2 098	5 165	1 033	5 534
Total Operating Expenses/Costs	-18 878	-63 785	-15 359	-48 175
EBITDA	-7 438	-11 748	-4 967	-13 186
Depreciation	-981	-3 897	-776	-3 016
Impairment of Goodwill	-5 040	-5 040	-	-
EBIT	-13 459	-20 685	-5 743	-16 202
Financial income/expense	499	954	466	1 032
Tax	-66	-66	-	-
Net Profit	-13 027	-19 797	-5 277	-15 170

4th quarter Statement of Comprehensive Income is not audited

Statement of Financial Position Gentian Group

	2018	2017
<i>(figures in NOK thousands)</i>	31.12	31.12
Assets		
Non-Current Assets		
Property, plants and equipment	4 736	5 097
Capitalized development costs	19 459	16 357
Other intangible assets	8 116	13 641
Financial assets	329	1 949
Total Non-Current Assets	32 639	37 043
Current Assets		
Inventory	13 098	11 092
Accounts receivables	9 285	6 809
Other receivables	4 720	5 283
Cash and cash equivalents	198 305	145 003
Total Currents Assets	225 408	168 187
Total Assets	258 047	205 230
Equity and Liabilities		
Equity		
Net profit (Loss)	19 797	15 170
Other equity	-265 073	-211 645
Equity	-245 276	-196 475
Non-Current Liabilities		
Interest-bearing loans and dept	-698	-466
Total Non-Current Liabilities	-698	-466
Current liabilities		
Accounts payable	-3 295	-3 549
Public dept	-2 244	-1 694
Accrued expenses	-6 534	-3 046
Total Current Liabilities	-12 074	-8 288
Total Equity and Liabilities	-258 047	-205 230

4th quarter Statement of Financial Position is not audited

Cash Flow Statement

	2018	2018	2017	2017
<i>(figures in NOK thousands)</i>	Q4	01.01-31.12	Q4	01.01-31.12
Cash Flow from Operating Activities				
Net profit (loss)	-13 027	-19 797	-5 279	-15 172
Depreciation	981	3 897	776	3 016
Change Inventory	156	-2 006	791	-3 546
Change Accounts Receivables	4 512	-2 476	-996	-3 954
Change Accounts Payables	-710	-253	188	29
Change in other short-term receivables/ liabilities	9 010	4 601	3 685	953
Net Cash Flow from Operating Activities	921	-16 034	-836	-18 673
Cash Flows from Investment Activities				
Acquisition of Property, plant and equipment	-92	-913	-574	-1 357
Investment in intangible assets	-2 098	-5 165	-1 033	-5 534
Other changes in financial items	5 040	5 040	-	-
Net Cash Flow from Investment Activities	2 850	-1 037	-1 607	-6 891
Cash Flow from Financial Activities				
New debt	-	379	466	466
Downpayment of loans	-39	-147	-	-
Cash flows from share issues	-	68 519	-	96 069
Dividend payment	-	-	-	-
Net Cash Flow from Financial Activities	-39	68 751	466	96 535
Net Change in Cash and Cash Equivalents	3 733	51 680	-1 977	70 971
Cash flow from last period	194 835	146 951	148 905	75 958
Currency adjustment	67	3	24	23
Net Cash and Cash Equivalents	198 634	198 634	146 951	146 951

4th quarter Cash Flow Statement is not audited

Statement of Changes in Equity

(figures in NOK thousands)

	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity at 01.01.2017	1 114	128 359	1 467	-15 399	115 541
Net result for the year				-15 170	-15 170
Other comprehensive income				35	35
Proceeds from share issue	286	99 714			100 000
Cost of share issue		-3 931			-3 931
Other changes in equity					
Equity at 31.12.2017	1 400	224 143	1 467	-30 534	196 475

Equity at 01.01.2018	1 400	224 143	1 467	-30 534	196 475
Net result for the year				-19 797	-19 797
Other comprehensive income				78	78
Proceeds from share issue	140	69 841			69 981
Cost of share issue		-1 462			-1 462
Other changes in equity					
Equity at 30.09.2018	1 540	292 522	1 467	-50 253	245 276

4th Quarter Statement of Changes in Equity is not audited

NOTES

Accounting Principles

The interim report for Q4 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 three projects where the Gentian Group is capitalizing R&D expenses.