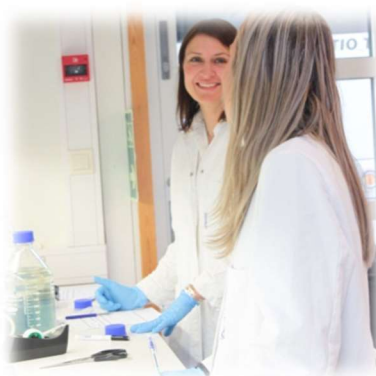


gentian

Improving Clinical Accuracy

Third quarter 2018 results



Third 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

- Total revenues of MNOK 18.4 including a one-off license revenue of MNOK 6.2
- Record sales revenues of MNOK 10.4 for the quarter
- 55% growth in underlying sales revenue compared to 3Q17, 43 % year to date
- Clinical study program for GCAL is progressing according to plan

Geographic split:

MNOK	3Q18	3Q17	1Q-3Q18	1Q-3Q17
US	0.3	0.4	1.3	1.0
Europe	6.0	3.5	19.6	12.3
Asia	4.1	2.7	7.9	6.8
Total	10.4	6.7	28.8	20.1

FINANCIAL PERFORMANCE

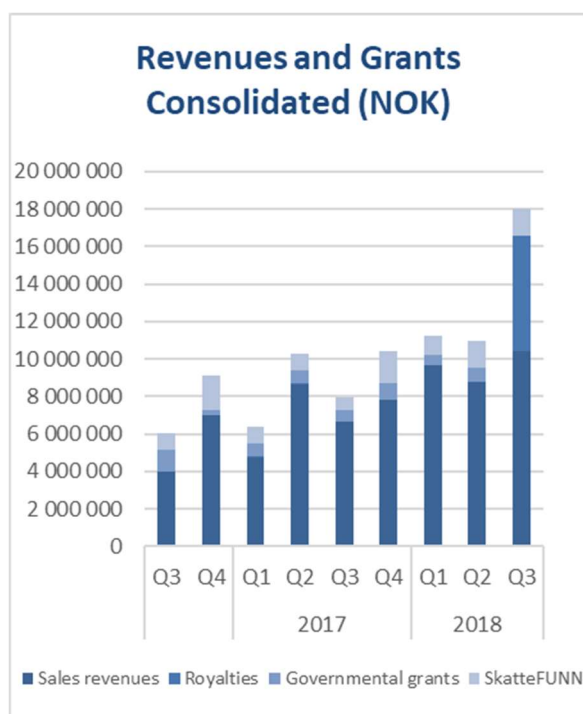
Comparative numbers for Gentian 2017 in ()

Sales and Geographic Split

Total operating revenue ended at MNOK 18.4 (MNOK 8.0) for 3Q18, and MNOK 40.6 (MNOK 24.6) year to date.

Sales revenue in 3Q18 ended at MNOK 10.4 (MNOK 6.7), a 55 % increase compared to 3Q17. Sales revenue year to date ended at MNOK 28.8 (MNOK 20.1), a 43% increase compared to the same period last year.

Other operating revenue, including a one-off royalty licence fee, ended at MNOK 8.0 (MNOK 1.2) for 3Q18. SkatteFUNN funding ended at MNOK 1.4 (MNOK 0.7) for 3Q18.



Cost of Goods Sold

COGS ended at MNOK 2.6 (MNOK 1.5) in 3Q18, which represents 25 % (23 %) of sales revenue. Total COGS year to date ended at MNOK 6.45 (MNOK 3.8), which represents 22 % (19 %) of sales revenue.



Total Operating Expenses

Total operating expenses before capitalization of R&D expenses ended at MNOK 16.8 (MNOK 11.3) in 3Q18, and MNOK 41.5 (MNOK 33.6) year to date.

Operating costs include total salary and social expenses of MNOK 9.9 (MNOK 7.5) and other expenses of MNOK 6.9 (MNOK 3.7) for 3Q18.

Total salary and social expenses YTD ended at MNOK 24.0 (MNOK 20.7) and other expenses ended at MNOK 17.5 (MNOK 12.9). The increase is according to the planned acceleration of activities.

Total operating expenses after capitalization of R&D expenses ended at MNOK 15.5 (MNOK 10.8) in 3Q18, and MNOK 38.4 (MNOK 29.1) year to date.

R&D Expenses

R&D expenses amounted to 32 % (35 %) of total operating expenses before capitalization for 3Q18, and 34 % (35 %) year to date.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK 0.2 (MNOK -4.3) for 3Q18, and MNOK -4.3 (MNOK -8.2) year to date.

Net financial income ended at MNOK 0.2 (MNOK 0.1) for 3Q18, and MNOK 0.5 (MNOK 0.6) year to date.

Net profit ended at MNOK -0.6 (MNOK -5.0) for 3Q18, and MNOK -6.8 (MNOK -9.9) year to date.

Balance Sheet

Cash and cash equivalents as of 30.09.2018 were MNOK 194.8 (MNOK 148.9). The cash is placed in both savings accounts and current accounts.

Accounts receivables as of 30.09.2018 were MNOK 13.8 (MNOK 5.8). The increase in accounts receivables is mainly due to the finalization of the royalty agreement of MNOK 6.1 in late September, with reception of funds in October.

Inventory as of 30.09.2018 were MNOK 13.3 (MNOK 11.9). 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 -16.9 (MNOK -17.8) year to date and MNOK -5.2 (MNOK -6.0) for 3Q18.

Cash flow from investment activities ended at MNOK -3.9 (MNOK -5.3) year to date and MNOK -1.3 (MNOK -1.0) for 3Q18. Included in investment activities are capitalization of R&D expenses, which in 3Q18 amounted to MNOK 1.2 (MNOK 0.5). This gives a total capitalization of MNOK 3.1 (MNOK 4.5) year to date.

Cash flow from financial activities ended at MNOK 68.8 (MNOK 96.1) year to date and MNOK 0.0 (MNOK 0.0) for 3Q18.

OPERATIONAL STATUS

Product Sales

Sales in 3Q18 showed an increase of 55 % compared to 3Q17, ending the quarter with a sales revenue of MNOK 10.4. The increase is driven by record sales of Cystatin C with high volumes to Asian customers as some shipments were postponed from 2Q18 to 3Q18. Sales of fCAL Turbo showed a moderate decline compared to 2Q18 which is due to seasonally low sales of this product in Europe in 3Q.

Year to date, sales revenue ended at 28.8 MNOK, which is 43 % up from the same period in 2017.

R&D

Significant development milestones have been achieved with the ultrasensitive cardiovascular marker G-1001 and the Fecal Pancreatic Elastase assay.

On October 1, 2018, Gentian announced the publication of favourable results from a clinical study conducted by the universities Karolinska, Uppsala and Umea in Sweden. Calprotectin from Gentian was compared with other biomarkers for the discrimination between patients with sepsis and trauma and for the predictive ability regarding 30 days mortality.

OUTLOOK

The company expects total sales in Q4 on a similar level as for Q3. Sales of fCAL turbo is expected to improve while sales of other products will remain at similar levels as Q3 with normal quarterly variations.

Within R&D we have achieved significant developments for G-1001 that reduce the risk of the project. However, to ensure that we have the most optimal design for high volume production, we have decided to do additional technology assessment and to postpone the progression into the next development phase by approximately 6 months.

Several studies on calprotectin as sepsis biomarker will be finalized by the end of this year. Respective publications in scientific journals related to emergency and intensive care are planned for 2019. In addition, we have been able to establish contacts with additional key opinion leaders in the field of sepsis, with whom we will engage on additional clinical studies in 2019.

Gentian also expect that its distributor for fCAL turbo will obtain FDA clearance towards the end of the first half of 2019.

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 30.09.2018 according to VPS:

SHAREHOLDER	NUMBER OF SHARES	%
HOLTA LIFE SCIENCES AS	2 014 702	13,1 %
VATNE EQUITY AS	1 599 814	10,4 %
SAFRINO AS	1 300 000	8,4 %
SALIX AS	1 218 630	7,9 %
NORRON SICAV - TARGET	762 151	5,0 %
STOREBRAND VEKST VERDIPAPIRFOND	569 717	3,7 %
SILVERCOIN INDUSTRIES AS	567 593	3,7 %
VINGULMORK PREDICTOR AS	535 710	3,5 %
PORTIA AS	425 000	2,8 %
STATOIL PENSJON	391 631	2,5 %
VERDIPAPIRFONDET DNB SMB	384 249	2,5 %
SUNDREHAGEN BÅRD HENRIK	307 010	2,0 %
CRESSIDA AS	235 000	1,5 %
NORDA ASA	220 668	1,4 %
OM HOLDING AS	209 000	1,4 %
MARSTAL AS	202 000	1,3 %
STRAWBERRY CAPITAL AS	200 300	1,3 %
SPAR KAPITAL INVESTOR AS	192 291	1,2 %
MUTUS AS	187 210	1,2 %
VIOLA AS	174 990	1,1 %
OTHER SHAREHOLDERS	3 698 255	24,0 %
TOTAL NUMBER OF SHARES	15 395 921	100 %

Statement of Comprehensive Income Gentian Group

	2018	2018	2017	2017
<i>(figures in NOK thousands)</i>	Q3	01.01-30.09	Q3	01.01-30.09
Operating Revenue				
Sales revenue	10 410	28 849	6 666	20 051
Royalties	6 196	6 196	-	96
Other operating revenue	372	1 700	608	1 999
SkatteFUNN - tax deduction	1 429	3 851	687	2 451
Total Operating Revenue	18 407	40 596	7 961	24 597
Operating Expenses/Costs				
Cost of goods sold	-2 636	-6 466	-1 510	-3 761
Operating costs	-16 774	-41 507	-11 278	-33 555
Capitalization	1 206	3 066	493	4 501
Total Operating Expenses/Costs	-18 204	-44 907	-12 295	-32 815
EBITDA	203	-4 311	-4 334	-8 219
Depreciation	-964	-2 915	-748	-2 239
EBIT	-761	-7 226	-5 081	-10 458
Financial income/expense	170	456	106	566
Net Profit	-591	-6 770	-4 975	-9 892

3rd quarter Statement of Comprehensive Income is not audited

Statement of Financial Position Gentian Group

	2018	2017	2017
<i>(figures in NOK thousands)</i>	30.09	31.12	30.09
Assets			
Non-Current Assets			
Property, plants and equipment	4 925	5 097	4 777
Capitalized development costs	17 876	16 357	15 701
Other intangible assets	13 277	13 641	13 762
Financial assets	347	1 949	1 944
Total Non-Current Assets	36 425	37 043	36 184
Current Assets			
Inventory	13 254	11 092	11 883
Accounts receivables	13 797	6 809	5 813
Other receivables	9 892	5 283	7 624
Cash and cash equivalents	194 487	145 003	146 961
Total Currents Assets	231 430	168 187	172 280
Total Assets	267 855	205 230	208 464
Equity and Liabilities			
Equity			
Net profit (Loss)	6 770	15 170	9 892
Other equity	-264 943	-211 645	-211 600
Equity	-258 173	-196 475	-201 708
Non-Current Liabilities			
Interest-bearing loans and dept	-737	-466	-
Total Non-Current Liabilities	-737	-466	-
Current liabilities			
Accounts payable	-4 006	-3 549	-3 361
Public dept	-1 249	-1 694	-1 000
Accrued expenses	-3 691	-3 046	-2 396
Total Current Liabilities	-8 946	-8 288	-6 756
Total Equity and Liabilities	-267 855	-205 230	-208 464

3rd quarter Statement of Financial Position is not audited

Cash Flow Statement

	2018	2018	2017	2017
<i>(figures in NOK thousands)</i>	Q3	01.01-30.09	Q3	01.01-30.09
Cash Flow from Operating Activities				
Net profit (loss)	409	-6 770	-4 975	-9 892
Depreciation	964	2 915	748	2 239
Change Inventory	-681	-2 161	-832	-4 336
Change Accounts Receivables	-5 489	-6 988	-1 063	-2 957
Change Accounts Payables	710	457	177	-159
Change in other short-term receivables/ liabilities	-1 149	-4 409	-90	-2 732
Net Cash Flow from Operating Activities	-5 236	-16 956	-6 036	-17 837
Cash Flows from Investment Activities				
Acquisition of Property, plant and equipment	-89	-820	-529	-783
Investment in intangible assets	-1 206	-3 066	-493	-4 501
Other changes in financial items	-	-	-	-
Net Cash Flow from Investment Activities	-1 296	-3 887	-1 022	-5 284
Cash Flow from Financial Activities				
New debt	-	379	-	-
Downpayment of loans	-39	-109	-	-
Cash flows from share issues	-	68 519	-	96 069
Dividend payment	-	-	-	-
Net Cash Flow from Financial Activities	-39	68 790	-	96 069
Net Change in Cash and Cash Equivalents	-6 571	47 947	-7 058	72 948
Cash flow from last period	201 409	146 951	155 991	75 958
Currency adjustment	-3	-64	-29	-1
Net Cash and Cash Equivalents	194 835	194 835	148 905	148 905

3rd 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				-6 770	-6 770
Other comprehensive income					
Proceeds from share issue	140	69 841			69 981
Cost of share issue		-1 462			-1 462
Other changes in equity				-52	-52
Equity at 30.09.2018	1 540	292 522	1 467	-37 356	258 173

3. Quarter Statement of Changes in Equity is not audited

NOTES

Accounting Principles

The interim report for Q3 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.