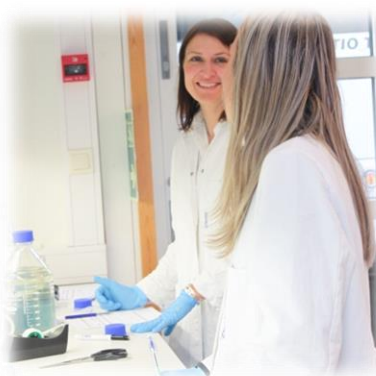




## **Second quarter and first half 2017 results**



## Second quarter and first half 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

- IVD CE marking and commercial launch for GCAL: calprotectin in blood samples
- 81 % growth in revenue q/q and 12 % y/y
- Two more patent applications were filed

### FINANCIAL PERFORMANCE

Comparative numbers for Gentian 2016 in ( )

#### Sales and Geographic Split

Total operating revenue ended at MNOK 10.4 (MNOK 8.9) for 2Q17, and MNOK 16.7 (MNOK 15.8) for the first half year.

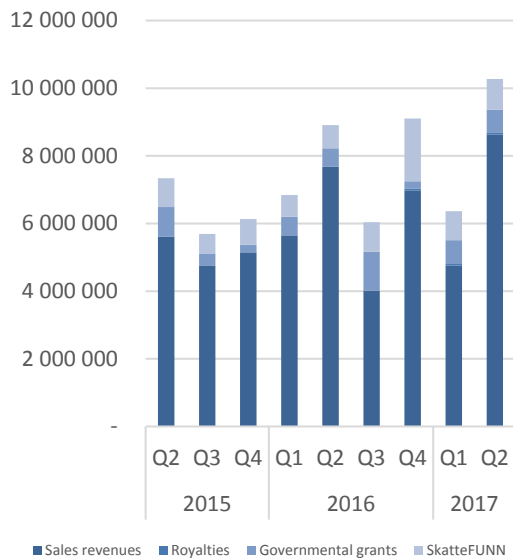
Sales revenue in 2Q17 ended at MNOK 8.6 (MNOK 7.7), a 12 % increase compared to 2Q16. Sales revenue for the half year ended at MNOK 13.4 (MNOK 13.3).

Geographic split:

MNOK	2Q17	2Q16	1H17	1H16
US	0,2	0,3	0,6	0,5
Europe	5,3	2,9	8,7	5,0
Asia	3,1	4,4	4,1	7,8
Total	8,6	7,7	13,4	13,3

Other operating revenue ended at MNOK 0.7 (MNOK 0.5) for 2Q17. SkatteFUNN funding ended at MNOK 0.9 (MNOK 0.7) for 2Q17.

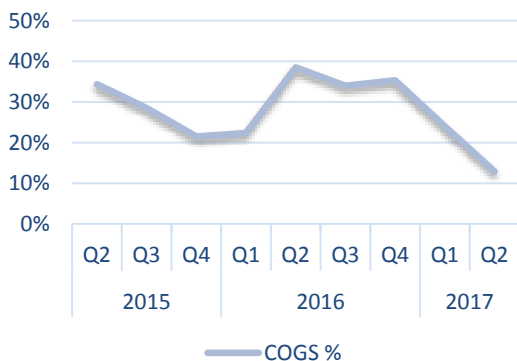
## Revenues and Grants Consolidated (NOK)



### Cost of Goods Sold

COGS ended at MNOK 1.1 (MNOK 3.0) in 2Q17, which represents 13 % (38 %) of sales revenue. Total COGS for the first half year ended at MNOK 2.3 (MNOK 4.2), which represents 17 % (32%) of sales revenue.

## COGS %



The COGS were variable in 1H due to conditions at a vendor's location. This caused COGS in Q1 to be higher and COGS in Q2 to be lower than what has been the historical average.

### Total Operating Expenses

Total operating expenses before capitalization of R&D expenses ended at MNOK 10.0 (MNOK

6.1) in 2Q17, and MNOK 22.3 (MNOK 13.1) for the first half year.

Operating costs include total salary and social expenses of MNOK 5.9 (MNOK 3.4) and other expenses of MNOK 4.1 (MNOK 2.7) for 2Q17. For the first half year, total salary and social expenses ended at MNOK 13.1 (MNOK 7.6) and other expenses ended at MNOK 9.2 (MNOK 5.5). The increase is according to planned acceleration of activities.

Total operating expenses after capitalization of R&D expenses ended at MNOK 8.3 (MNOK 5.9) in 2Q17, and MNOK 18.3 (MNOK 12.4) for the first half year.

### R&D Expenses

R&D expenses amounted to 36 % (36 %) of total operating expenses before capitalization for 2Q17, and 35 % (34 %) for the first half year.

### Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK 0.9 (MNOK 0.0) for 2Q17, and MNOK -3.9 (MNOK -0.8) for the first half year.

Net financial income/expense ended at MNOK 0.3 (MNOK 0.2) for 2Q17, and MNOK 0.5 (MNOK 0.5) for the first half year.

Net profit ended at MNOK 0.4 (MNOK -0.4) for 2Q17, and MNOK -4.9 (MNOK -1.4) for the first half year.

### Balance Sheet

Cash and cash equivalents as of 30.06.2017 were MNOK 156.0 (MNOK 62.0). 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 154.1, is in current financial assets.

Capitalization of R&D expenses in 2Q17 amounted to MNOK 1.7 (MNOK 0.2), which

gives a total capitalization of MNOK 4.0 (MNOK 0.7) for the first half year.

Accounts receivables as of 30.06.2017 were MNOK 4.7 (MNOK 2.0).

### Cash Flow

Cash flow from operating activities ended at MNOK -11.8 (MNOK -1.9) for the first half year and MNOK -3.9 (MNOK -2.1) for 2Q17.

Cash flow from investment activities ended at MNOK -4.3 (MNOK -4.4) for the first half year and MNOK -1.0 (MNOK -1.9) for 2Q17.

Cash flow from financial activities ended at MNOK 96.1 (MNOK 0.4) for the first half year and MNOK 0 (MNOK 0.4) for 2Q17.

## OPERATIONAL STATUS

### Product Sales

Sales revenue in Q2 was strong with a record-high sales level of MNOK 8.7. Growth in 2Q17 amounted to 12 % compared to 2Q16 and 81 % compared to 1Q17. The main drivers behind the strong performance are related to increased demand for our fecal calprotectin test, fCAL® turbo, marketed internationally by Bühlmann Laboratories. Sales were also driven by a one-off order for Cystatin C from our previous distributor in China.

### R&D

Verification Design review of the Gentian Serum/Plasma Calprotectin test (GCAL) was achieved in March, and the product was commercially launched in July.

Furthermore, a new patent application was submitted on 3<sup>rd</sup> April covering the calibration method in use for GCAL.

Another new patent application in the area for ultra sensitive turbidimetric products (Nanosense II) was filed on 26<sup>th</sup> May.

## LAUNCH OF GCAL

The Gentian Calprotectin Immunoassay (GCAL) is the first homogenous assay for quantitative analysis of total calprotectin in plasma. The test can be applied on a wide range of automated clinical chemistry analyzers in the diagnosis of inflammation.

Sepsis continues to be a major cause of death in the ICU, antibiotic resistance is an increasing problem and chronic inflammatory diseases like rheumatoid arthritis are a huge burden both to patients and the health budgets worldwide. GCAL is expected to help healthcare professionals treat these patients more efficiently, thereby improving patient outcomes.



## DIRECT DISTRIBUTION IN THE NORDIC REGION

The recently established Gentian Diagnostics AB in Stockholm will gradually build a direct sales and marketing organization for Gentian's own as well as for third party products. The company will also conduct clinical studies to support our marketing activities, starting with GCAL. On 8<sup>th</sup> March Gentian announced the appointment of Dr. Aleksandra Mandic Havelka as Managing Director for Gentian Diagnostics AB and following the hiring, activities have started to ramp-up during Q2.

## OUTLOOK 2017

As previously communicated, Gentian expects revenues for 2017 to be on par with 2016.

Furthermore, Gentian expects results from ongoing and new clinical studies on GCAL to be published, and the first marketing initiatives will be initiated during 2017. The results from these activities will be important for the acceptance and sales revenue in 2018.

Within R&D, Gentian expects news from the progress on research on the ultra-sensitive technology platform. Gentian's R&D department has started product development for the first test based on the ultra-sensitive technology as announced on 22<sup>nd</sup> March. Gentian also expects to deliver proof-of-concept on a new diagnostic test during 2017.

## EVENTS AFTER THE BALANCE SHEET DATE

Other than the GCAL launch 14<sup>th</sup> July, there are no specific events to report after the balance sheet date.

## SHAREHOLDER INFORMATION

20 largest shareholders in Gentian Diagnostics AS as of 30.06.2017 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	1 251 130	8,94 %
Silvercoin Industries AS	563 086	4,02 %
Vingulmork Predictor AS	535 710	3,83 %
Verdipapirfondet DNB SMB	484 900	3,46 %
Arctic Funds PLC	461 945	3,30 %
Statoil Pensjon	396 700	2,83 %
Vatne Equity AS	394 051	2,82 %
Portia AS	375 000	2,68 %
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	203 552	1,45 %
Other Shareholders	2 358 567	16,85 %
<b>Total Shares</b>	<b>13 996 293</b>	<b>100,00 %</b>

## Statement of Comprehensive Income Gentian Group

	2017	2017	2016	2016
<i>(figures in NOK thousands)</i>	Q2	01.01-30.06	Q2	01.01-30.06
<b>Operating Revenue</b>				
Sales revenue	8 629	13 384	7 691	13 344
Royalties	48	96	-	-
Other operating revenue	686	1 390	547	1 101
SkatteFUNN - tax deduction	910	1 764	687	1 327
<b>Total Operating Revenue</b>	<b>10 273</b>	<b>16 635</b>	<b>8 926</b>	<b>15 772</b>
<b>Operating Expenses/Costs</b>				
Cost of goods sold	-1 112	-2 251	-2 954	-4 218
Operating costs	-10 031	-22 277	-6 145	-13 108
Capitalization	1 727	4 008	204	725
<b>Total Operating Expenses/Costs</b>	<b>-9 416</b>	<b>-20 521</b>	<b>-8 895</b>	<b>-16 601</b>
<b>EBITDA</b>	<b>857</b>	<b>-3 885</b>	<b>31</b>	<b>-829</b>
Depreciation	-708	-1 492	-578	-1 076
<b>EBIT</b>	<b>149</b>	<b>-5 377</b>	<b>-547</b>	<b>-1 905</b>
Financial income/expense	263	460	191	483
<b>Net Profit</b>	<b>412</b>	<b>-4 917</b>	<b>-356</b>	<b>-1 421</b>

2. 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>	30.06	31.12	30.06
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plants and equipment	4 497	4 743	3 664
Capitalized development costs	15 586	12 333	10 219
Other intangible assets	13 883	14 126	9 281
Loan to other companies	-	-	-
Financial assets	1 874	1 870	2 452
<b>Total Non-Current Assets</b>	<b>35 840</b>	<b>33 071</b>	<b>25 616</b>
<b>Current Assets</b>			
Inventory	11 050	7 546	4 999
Accounts receivables	4 749	2 855	2 005
Other receivables	8 231	5 399	6 213
Cash and cash equivalents	154 118	74 088	59 585
Derivatives	-	-	27
<b>Total Currents Assets</b>	<b>178 148</b>	<b>89 889</b>	<b>72 828</b>
<b>Total Assets</b>	<b>213 988</b>	<b>122 960</b>	<b>98 445</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Net profit (Loss)	4 917	8 927	1 440
Other equity	-211 629	-124 468	-95 461
<b>Equity</b>	<b>-206 712</b>	<b>-115 541</b>	<b>-94 021</b>
<b>Non-Current Liabilities</b>			
Interest-bearing loans and debt	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>			
Accounts payable	-3 183	-3 519	-2 660
Public debt	-2 664	-1 610	-1 152
Accrued expenses	-1 429	-2 289	-611
Derivatives	-	-	-
Bank overdraft	-	-	-
<b>Total Current Liabilities</b>	<b>-7 276</b>	<b>-7 419</b>	<b>-4 424</b>
<b>Total Equity and Liabilities</b>	<b>-213 988</b>	<b>-122 960</b>	<b>-98 445</b>

2. Quarter Statement of Financial Position is not audited

## Cash Flow Statement

	2017	2017	2016	2016
<i>(figures in NOK thousands)</i>	Q2	Q1	31.12	30.06
<b>Cash Flow from Operating Activities</b>				
Net profit (loss)	412	-5 329	-8 927	-1 440
	-	-	-	-
Depreciation	708	784	2 304	1 076
Change Inventory	-1 841	-1 663	-3 671	-1 851
Change Accounts Receivables	-1 464	-430	1 137	1 732
Change Accounts Payables	-503	167	1 234	987
Change in other short-term receivables/ liabilities	-1 236	-1 406	21	-2 396
<b>Net Cash Flow from Operating Activities</b>	<b>-3 924</b>	<b>-7 877</b>	<b>-7 902</b>	<b>-1 893</b>
<b>Cash Flows from Investment Activities</b>				
Acquisition of Property, plant and equipment	-30	-224	-3 684	-2 942
Investment in intangible assets	-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
<b>Net Cash Flow from Investment Activities</b>	<b>-1 032</b>	<b>-3 230</b>	<b>-4 479</b>	<b>-4 396</b>
<b>Cash Flow from Financial Activities</b>				
New debt	-	-	-	-
Downpayment of loans	-	-	-	-
Change in Bankoverdraft	-	-	-	-
Cash flows from share issues	-	96 069	20 400	400
Dividend payment	-	-	-	-
<b>Net Cash Flow from Financial Activities</b>	<b>-</b>	<b>96 069</b>	<b>20 400</b>	<b>400</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>-4 955</b>	<b>84 961</b>	<b>8 019</b>	<b>-5 890</b>
Cash flow from last period	160 947	75 958	67 934	67 934
Currency adjustment	-	28	5	-7
<b>Net Cash and Cash Equivalents</b>	<b>155 991</b>	<b>160 947</b>	<b>75 958</b>	<b>62 036</b>

2. Quarter Cash Flow Statement is not audited

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

Note: 31.03.2016 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
<b>As of 31st December 2015</b>	<b>957 883</b>	<b>99 115 443</b>	<b>1 467 131</b>	<b>-6 478 973</b>	<b>95 061 484</b>
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
<b>As of 30th June 2016</b>	<b>961 283</b>	<b>99 511 883</b>	<b>1 467 131</b>	<b>-7 919 553</b>	<b>94 020 744</b>
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
<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)				-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
<b>As of 30th June 2017</b>	<b>1 399 629</b>	<b>224 142 533</b>	<b>1 467 131</b>	<b>-20 335 055</b>	<b>206 711 844</b>

2. Quarter Statement of Changes in Equity is not audited

## Gentian Diagnostics AS

### Statement of Comprehensive Income Gentian Diagnostics AS

	2017	2017	2016	2016
<i>(figures in NOK thousands)</i>	Q2	01.01-30.06	Q2	01.01-30.06
<b>Operating Revenue</b>				
Sales revenue	-	-	-	-
Royalties	-	-	-	-
Other operating revenue	13	25	98	454
SkatteFUNN - tax deduction	-	-	144	341
<b>Total Operating Revenue</b>	<b>13</b>	<b>25</b>	<b>242</b>	<b>795</b>
<b>Operating Expenses/Costs</b>				
Cost of goods sold	-	-	-	-
Operating costs	-310	-960	-460	-2 716
Capitalization	-	-	-	-
<b>Total Operating Expenses/Costs</b>	<b>-310</b>	<b>-960</b>	<b>-460</b>	<b>-2 716</b>
<b>EBIDTA</b>	<b>-298</b>	<b>-935</b>	<b>-218</b>	<b>-1 922</b>
Depreciation	-414	-828	-434	-867
<b>EBIT</b>	<b>-712</b>	<b>-1 763</b>	<b>-651</b>	<b>-2 789</b>
Financial income/expense	230	401	-	-
<b>Net Profit</b>	<b>-482</b>	<b>-1 362</b>	<b>-651</b>	<b>-2 789</b>

*2. Quarter Statement of Comprehensive Income is not audited*

## Statement of Financial Position Gentian Diagnostics AS

	2017	2016	2016
<i>(figures in NOK thousands)</i>	30.06	31.12	30.06
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plants and equipment	1	5	14
Capitalized development costs	8 327	8 910	9 494
Other intangible assets	8 794	9 034	9 274
Shares in subsidiaries	46 900	47 010	19 065
Receivables from subsidiaries	37 057	18 989	14 130
Financial assets	1 874	1 870	1 859
<b>Total Non-Current Assets</b>	<b>102 953</b>	<b>85 819</b>	<b>53 837</b>
<b>Current Assets</b>			
Inventory	-	-	-
Accounts receivables	-	-	-
Other receivables	952	923	1 677
Cash and cash equivalents	146 552	69 260	55 810
Derivatives	-	-	-
<b>Total Currents Assets</b>	<b>147 504</b>	<b>70 183</b>	<b>57 487</b>
<b>Total Assets</b>	<b>250 457</b>	<b>156 001</b>	<b>111 324</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Net profit (Loss)	1 362	4 931	2 789
Other equity	-232 669	-141 641	-112 641
<b>Equity</b>	<b>-231 306</b>	<b>-136 710</b>	<b>-109 852</b>
<b>Non-Current Liabilities</b>			
Interest-bearing loans and dept	-	-	-
Loan subsidiaries	-18 945	-18 945	-
<b>Total Non-Current Liabilities</b>	<b>-18 945</b>	<b>-18 945</b>	<b>-</b>
<b>Current liabilities</b>			
Accounts payable	-206	-347	-90
Public dept	-	-	-171
Accrued expenses	-	-	-1 211
Derivatives	-	-	-
<b>Total Current Liabilities</b>	<b>-206</b>	<b>-347</b>	<b>-1 472</b>
<b>Total Equity and Liabilities</b>	<b>-250 457</b>	<b>-156 001</b>	<b>-111 324</b>

2. Quarter Statement of Financial Position is not audited

## Cash Flow Statement Gentian Diagnostics AS

	2017	2017	2016	2016
<i>(figures in NOK thousands)</i>	Q2	Q1	31.12	30.06
<b>Cash Flow from Operating Activities</b>				
Net profit (loss)	-482	-881	-4 931	-2 789
	-	-	-	-
Depreciation	414	414	1 700	867
Change Inventory	-	-	-	-
Change Accounts Receivables	-	-	45	45
Change Accounts Payables	-12	-129	20	-237
Change in other short-term receivables/ liabilities	-13	-16	-1 624	-996
Change in Receivables from subsidiaries	-8 008	-10 060	-11 065	-6 206
<b>Net Cash Flow from Operating Activities</b>	<b>-8 101</b>	<b>-10 672</b>	<b>-15 855</b>	<b>-9 316</b>
<b>Cash Flows from Investment Activities</b>				
Acquisition of Property, plant and equipment	-	-	-	-
Investment in intangible assets	-	-	-	-
Investment in other companies	-	-	-	-
Loan to other companies	-	-	-	-
Other changes in financial items	-	-	-	-
<b>Net Cash Flow from Investment Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flow from Financial Activities</b>				
New debt	-	-	-	-
Downpayment of loans	-	-	-	-
Change in Bankoverdraft	-	-	-	-
Cash flows from share issues	-	96 069	20 400	400
Dividend payment	-	-	-	-
<b>Net Cash Flow from Financial Activities</b>	<b>-</b>	<b>96 069</b>	<b>20 400</b>	<b>400</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>-8 101</b>	<b>85 397</b>	<b>4 545</b>	<b>-8 916</b>
Cash flow from last period	156 527	71 130	66 585	66 585
Currency adjustment	0	-0	0	0
<b>Net Cash and Cash Equivalents</b>	<b>148 426</b>	<b>156 527</b>	<b>71 130</b>	<b>57 669</b>

2. Quarter Cash Flow Statement is not audited

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

## **NOTES**

### **Accounting Principles**

The interim report for Q2 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.

**GENTIAN DIAGNOSTICS AS**  
**SEMI-ANNUAL REPORT AND DECLARATION**  
**2017**

**Declaration by the Board and the CEO**

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We declare to the best of our knowledge that the interim financial statements for the period 1 January to 30 June 2017 have been prepared in accordance with IAS 34 - Interim Financial Reporting and that the disclosures in the accounts provide a true and fair view of the company's and the Group's assets, liabilities, financial position and overall results.

We also declare, to the best of our knowledge, that the interim report provides a true and fair overview of key events in the accounting period and their influence on the interim financial statements, the most important risk and uncertainty factors the Group faces during the next accounting period and significant transactions with closely related parties.

Moss, 22. August 2017

On behalf of Gentian Diagnostics AS:

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Tomas Settevik  
(sign.)  
Chairman of the board

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Espen Tidemann Jørgensen  
(sign.)  
Board member

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Bendik Sundrehagen  
(sign.)  
Board member

---

Ingrid Teigland Akay  
(sign.)  
Board member

---

Kari E. Krogstad  
(sign.)  
Board member

---

Bård Henrik Sundrehagen  
(sign.)  
CEO