

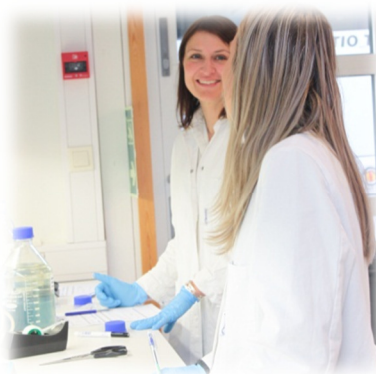


Interim Report

Q4 2016

&

Preliminary Annual Report



4th Quarter & Preliminary Annual Report 2016



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.

The subsidiary Gentian AS designs, develops and markets in vitro diagnostic reagents (IVD) based on its proprietary Nanosense technology. The goal is to offer efficient and accurate reagents for major clinical chemistry platforms with a focus 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 31.0 for 2016**
- **Plasma calprotectin test on track to be launched in the second half of 2017**
- Continued progress in all development projects
- Gentian Diagnostics was listed on Merkur Market in December 2016
- Acquisition of PreTect AS completed in October 2016
- Successful completion of private placement of MNOK 100 after the balance sheet date

FINANCIAL PERFORMANCE

Comparative numbers for Gentian 2015 in ()

Sales and Geographic Split

Total operating revenue ended at MNOK 9.1 (MNOK 6.1) for 4Q16 and MNOK 31.0 (MNOK 25.6) for 2016.

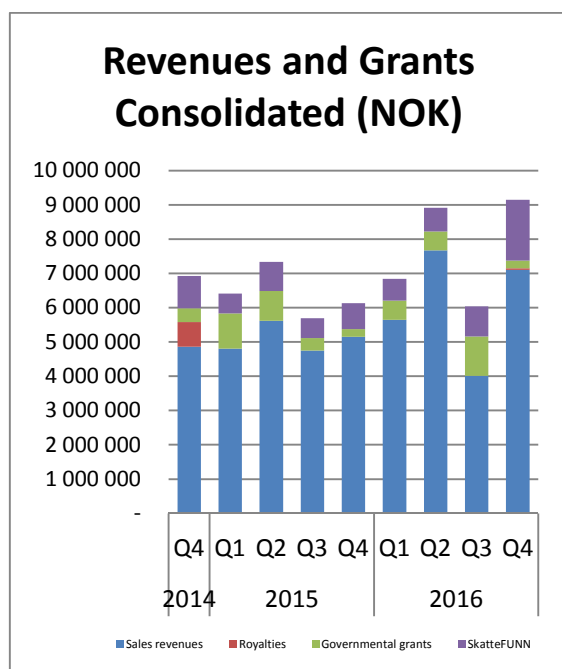
Sales revenue in 4Q16 ended at MNOK 7.1 (MNOK 5.1), of which MNOK 0.9 came from the recently acquired subsidiary. Sales revenue for the year ended at MNOK 24.5 (MNOK 20.3), a 20,4 % increase compared to 2015.

Geographic split:

MNOK	4Q16	4Q15	1-4Q16	1-4Q15
US	0,4	0,1	1,1	0,9
Europe	3,6	1,5	10,4	6,2
Asia	3,1	3,6	12,9	13,2
Total	7,1	5,1	24,5	20,3

Organic growth was 11.4% on a currency neutral basis for the year.

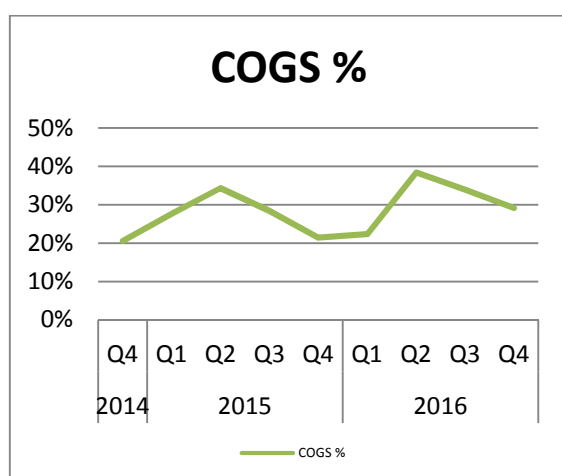
Other operating revenue ended at MNOK 0.2 (MNOK 0.2) for Gentian for 4Q16, and MNOK 2.5 (MNOK 2.5) for 2016. SkatteFUNN funding ended at MNOK 1.8 (MNOK 0.8) for 4Q16 and MNOK 4.0 (MNOK 2.8) for the full year.



Cost of Goods Sold

COGS ended at MNOK 1.9 for 4Q16 (MNOK 1.1), which represents 27 % (22 %) of sales revenue. As stated in the 3Q16 report, our move to in-house production of key components has been a challenge from an efficiency point of view. However, the gross margin improved from 66 % in 3Q16 to 73 % in 4Q16, which demonstrates that we are on the right path.

For the full year, COGS ended at MNOK 7.5 (MNOK 5.7), which represents 31 % (28 %) of sales revenue.



Immaterial correction of less than 1% in 2Q16.

Total operating expenses

Total operating expenses before capitalization of R&D expenses ended at MNOK 12.1 (MNOK 6.6) for 4Q16 and MNOK 34.4 (MNOK 23.7) for 2016.

Operating costs include total salary and social expenses of MNOK 7.1 (MNOK 4.3) and other expenses of MNOK 5.0 (MNOK 2.3) for 4Q16. For the full year, total salary and social expenses were MNOK 20.1 (MNOK 14.2) and other expenses were MNOK 14.3 (MNOK 9.5). The increase in costs is a planned development as the company is ramping up its R&D- and marketing activities.

Total operating expenses after capitalization of R&D expenses ended at MNOK 9.9 (MNOK 5.9) for 4Q16 and MNOK 31.2 (MNOK 20.5) for the full year.

R&D Expenses

R&D expenses amounted to 34 % (48 %) of total operating expenses before capitalization for 4Q16 and 34 % (57 %) for the full year.

The R&D expenses are not comparable y/y due to reallocation between operating expenses and R&D expenses in 2016.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK -2.7 (MNOK -0.9) for 4Q16, and at MNOK -7.8 (MNOK -0.7) for the year.

Net financial income/expense ended at MNOK 0.6 (MNOK -0.1) for 4Q16, and MNOK 1.1 (MNOK -1.3) for the year.

Net profit ended at MNOK -2.8 (MNOK -1.3) for 4Q16 and MNOK -9.0 (MNOK -3.2) for 2016.

Balance Sheet

Cash and cash equivalents as of 31.12.2016 was MNOK 76.0 (MNOK 67.9). Of this, MNOK 1.6 is placed in a collateral account for currency contracts and customs credit, and MNOK 1.3 is

currently held in a deposit account and a tax withholding account. The remaining cash balance, a total of MNOK 73.0, is in current financial assets.

Capitalization of R&D expenses in 4Q16 amounted to MNOK 2.2 (MNOK 0.7), which gives a total capitalization of MNOK 3.2 (MNOK 3.2) for the year.

Accounts receivables as of 31.12.2016 was MNOK 2.9 (MNOK 3.7).

The total value of all currency contracts in 2016 (as of 31.12.2016) was zero. No new currency contracts (neither FX Outright nor NDF) have been entered into during 3Q16.

Cash Flow

Cash flow from operating activities ended at MNOK -8.1 (MNOK -4.6) for the year. The cash flow from operating activities in 4Q16 was MNOK -1.1.

Cash flow from investment activities ended at MNOK -4.3 (MNOK -4.6) for the year and includes the cost of renovation of new and old facilities as well as the acquisition of the new subsidiary in 4Q16. The cash flow from investment activities in 4Q16 was MNOK -2.4.

Cash flow from financial activities ended at MNOK 20.4 (MNOK 75.3).

Net cash and cash equivalents ended at MNOK 76.0 (MNOK 67.9).

OPERATIONAL STATUS

The acquisition of PreTect AS on October 10th 2016 allowed Gentian access to a broader technology platform for medical diagnostics. Gentian now owns a molecular diagnostic technology utilizing mRNA for controlling negative samples from cervix cancer screening. In addition to increasing the revenue base, this technology also contributes to ongoing

development projects addressing the market for diagnosis of infectious diseases.

There has been continued progress in our ongoing R&D programs during the fourth quarter. Our development of a homogenous test measuring calprotectin in blood was signed off as optimized on December 19th 2016, and verification and validation has commenced. These are the last steps before receiving a CE mark and the European launch in 2017. Moreover, we have had good progress in all of our three proof-of-concept projects, although none has yet been published as complete.

LISTING ON MERKUR MARKET

Gentian Diagnostics AS got listed on Merkur Market at Oslo Stock Exchange on 14th December 14th 2016 under the ticker "GENT-ME".

OUTLOOK

The company expects launch of gCAL, a turbidimetric test for calprotectin in blood samples (serum and plasma), in the second half of 2017. We also expect to publish results from ongoing and new clinical demonstrations, and to start sales, distribution and regulatory activities. The results from these initiatives will be important for the acceptance in 2018.

Furthermore, we expect that Gentian's R&D department will deliver at least two proofs-of-concept in 2017. The company will also initiate proof-of-concept work on a new test.

We have previously announced that our largest distributor in the Chinese market is challenged by new Chinese import regulations for human material. The distributor has put an order due for delivery in March 2017 on hold while waiting for the approval

EVENTS AFTER THE BALANCE SHEET DATE

Gentian Diagnostics AS successfully completed a private placement of MNOK 100.0 in January 2017. The net proceeds from the Private Placement will be used to further develop the Company's distribution platform, pursue selected identified M&A opportunities, as well as for general corporate purposes.

SHAREHOLDER INFORMATION

20 largest shareholders in Gentian Diagnostics AS as of 30.12.2016 according to VPS:

Shareholder	Number of Shares	%
Holta Life Sciences AS	1 928 496	17,31 %
Salix AS	1 368 630	12,29 %
Safrino AS	1 350 000	12,12 %
Storebrand Vekst	1 030 420	9,25 %
Vingulmork Predictor AS	535 710	4,81 %
Cognitio Invest AS	496 430	4,46 %
Kristianro AS	493 910	4,43 %
Cressida AS	385 000	3,46 %
Silvercoin Industries AS	381 695	3,43 %
Portia AS	375 000	3,37 %
Bård Sundrehagen	357 010	3,21 %
Viola AS	319 990	2,87 %
Statoil Pensjon	313 900	2,82 %
Strawberry Capital AS	300 300	2,70 %
Spar Kapital Investor AS	184 000	1,65 %
Mutus AS	147 210	1,32 %
Fougner Invest AS	110 410	0,99 %
Carpe Diem Afseth AS	92 320	0,83 %
Statoil Forsikring A.S	83 900	0,75 %
Fjelljakt AS	75 000	0,67 %
Employee Shareholders	169 654	1,52 %
Other Shareholders	640 165	5,75 %
Total Shares	11 139 150	100,00 %

Statement of Comprehensive Income Gentian Group

	2016	2016	2015	2015
<i>(figures in NOK thousands)</i>	Q4	01.01-31.12	Q4	01.01-31.12
Operating Revenue				
Sales revenue	7 105	24 470	5 149	20 332
Royalties	48	48	-	-
Other operating revenue	224	2 471	228	2 496
SkatteFUNN - tax deduction	1 767	3 970	754	2 759
Total Operating Revenue	9 144	30 958	6 130	25 587
Operating Expenses/Costs				
Cost of goods sold	-1 929	-7 529	-1 106	-5 736
Operating costs	-12 073	-34 406	-6 611	-23 709
Capitalization	2 155	3 198	735	3 188
Total Operating Expenses/Costs	-11 847	-38 738	-6 982	-26 258
EBIDTA	-2 703	-7 779	-852	-671
Depreciation	-637	-2 304	-369	-1 219
EBIT	-3 340	-10 083	-1 221	-1 890
Financial income/expense	563	1 129	-76	-1 332
Net Profit	-2 777	-8 955	-1 297	-3 222

4. Quarter Statement of Comprehensive Income is not audited

Statement of Financial Position Gentian Group

	2016	2015
<i>(figures in NOK thousands)</i>	31.12	31.12
Assets		
Non-Current Assets		
Property, plants and equipment	4 743	974
Capitalized development costs	12 108	10 078
Other intangible assets	14 074	9 514
Shares in other companies	2 000	
Financial assets	2 914	22 466
Total Non-Current Assets	35 840	43 032
Current Assets		
Inventory	7 546	3 147
Accounts receivables	2 855	3 737
Other receivables	5 311	4 574
Cash and cash equivalents	73 044	45 468
Derivatives	-	-
Total Currents Assets	88 757	56 926
Total Assets	124 597	99 958
Equity and Liabilities		
Equity		
Net profit (Loss)	8 955	3 222
Other equity	-124 413	-98 284
Equity	-115 458	-95 061
Non-Current Liabilities		
Interest-bearing loans and dept	-	-
Total Non-Current Liabilities	-	-
Current liabilities		
Accounts payables	-3 163	-1 673
Public dept	-1 824	-1 310
Accrued expenses	-4 151	-1 211
Derivatives	-	-702
Bank overdraft	-	-
Total Current Liabilities	-9 138	-4 896
Total Equity and Liabilities	-124 597	-99 958

4. Quarter Statement of Financial Position is not audited

Cash Flow Statement

	2016	2015
<i>(figures in NOK thousands)</i>	31.12	31.12
Cash Flow from Operating Activities		
Net profit (loss)	-8 955	-3 222
Depreciation	2 304	1 219
Change Inventory	-3 671	264
Change Accounts Receivables	1 137	-3 233
Change Accounts Payables	877	-503
Change in other short-term receivables/ liabilities	235	848
Net Cash Flow from Operating Activities	-8 072	-4 626
Cash Flows from Investment Activities		
Acquisition of Property, plant and equipment	-3 725	-935
Investment in intangible assets	-3 198	-3 188
Investment in other companies*	3 329	
Other changes in financial items	-702	-499
Net Cash Flow from Investment Activities	-4 296	-4 621
Cash Flow from Financial Activities		
New debt	-	2 500
Down payment of loans	-	-4 500
Change in Bank overdraft	-	-4 076
Cash flows from share issues	20 400	81 351
Dividend payment	-	-
Net Cash Flow from Financial Activities	20 400	75 276
Net Change in Cash and Cash Equivalents	8 033	66 029
Cash flow from last period	67 934	1 962
Currency adjustment	-9	-56
Net Cash and Cash Equivalents	75 958	67 934

4. Quarter Cash Flow Statement is not audited

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

Note: 31.12.2015 uses 31.12.2014 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 2014	392 122	8 736 175	1 467 131	-3 200 555	7 394 873
Net profit (loss)					-
Proceeds from share issue	18 000	2 475 000			2 493 000
Share Issue Cost					-
Other changes in equity					-
As of 30th June 2015	410 122	11 211 175	1 467 131	-3 200 555	9 887 873
Net profit (loss)				-3 222 155	-3 222 155
Proceeds from share issue	547 761	90 945 087			91 492 848
Share Issue Cost		-3 040 819			-3 040 819
Other changes in equity				-56 263	-56 263
As of 31st December 2015	957 883	99 115 443	1 467 131	-6 478 973	95 061 484
Net profit (loss)					-
Proceeds from share issue	3 400	396 440			399 840
Share Issue Cost					-
Other changes in equity				-6 223	-6 223
As of 30th June 2016	961 283	99 511 883	-	-6 485 196	95 455 101
Net profit (loss)				-8 954 604	-8 954 604
Proceeds from share issue	152 632	28 847 448			29 000 080
Share Issue Cost					-
Other changes in equity				-42 291	-42 291
As of 31st December 2016	1 113 915	128 359 331	-	-15 482 091	115 458 286

4. Quarter Statement of Changes in Equity is not audited

NOTES

Accounting Principles

The interim report for Q4 2016 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 2015.

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.