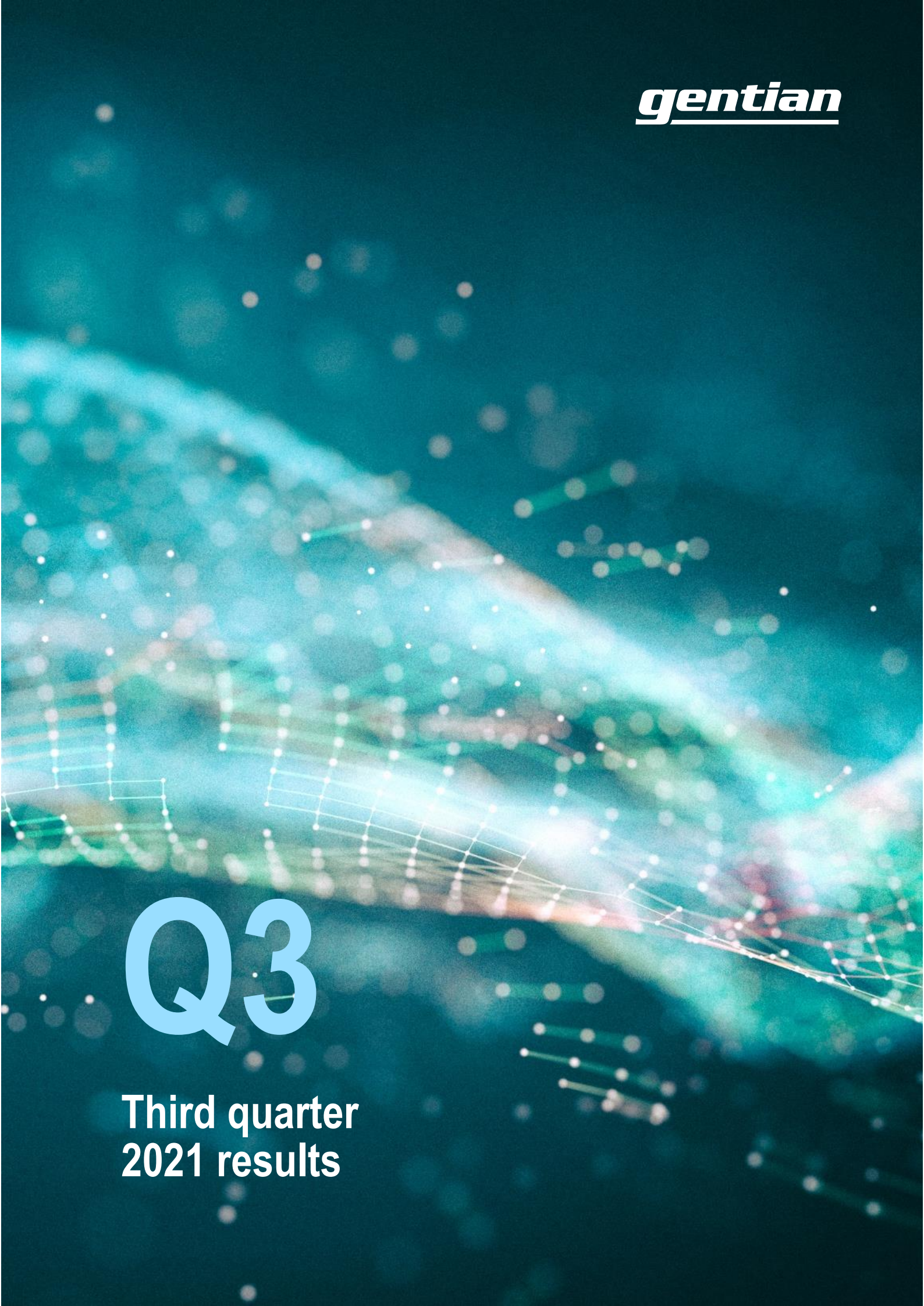

gentian
Q3
Third quarter
2021 results

Efficient diagnostics for better treatment decisions

www.gentian.com

Gentian Diagnostics

Third quarter 2021 highlights

- Total operating revenue of MNOK 19.4 in 3Q21, up 20% from 3Q20. EBITDA was MNOK -4.2 compared to MNOK -5.5 in the corresponding quarter in 2020.
- Sales revenue of MNOK 17.2, a 30% growth compared to 3Q20. Organic growth in 3Q21 was 37%.
- Reached final stage of negotiations of a commercial collaboration contract with a leading global diagnostics provider for GCAL®; ambition to start commercial roll-out in 1H22.
- Achieved development of an independent reference method for NT-proBNP with preliminary results confirming viability of calibration to existing measurement ranges, which, if proven, will positively impact commercial rollout.
- Development of the SARS COV-2 assay is on track for launch towards the end of 4Q21 and the company is encouraged by the increased governmental interest for such a high throughput test.

About Gentian

Gentian Diagnostics (OSE: GENT), founded in 2001, develops and manufactures high-quality, in vitro diagnostic reagents. Gentian's expertise and focus lies within immunochemistry, specifically infections, inflammations, kidney failures and congestive heart failures. By converting existing and clinically relevant biomarkers to the most efficient automated, high-throughput analysers, the company contributes to saving costs and protecting life. Gentian is based in Moss, Norway, serving the global human and veterinary diagnostics markets through sales and representative offices in Sweden, USA and China. For more information, please visit www.gentian.com.

Gentian's strategy for long-term growth and value creation

Gentian Diagnostic's purpose is to deliver efficient diagnostics for better treatment decisions.

The growing diagnostics market puts increasing pressure on clinical laboratory efficiency. However, many of the existing, clinically relevant biomarkers are available only on slow and inefficient platforms. Gentian's solution is to utilize PETIA (particle-enhanced turbidimetric immunoassays), based on proprietary nanoparticle technology and knowhow, to convert existing biomarkers to the most efficient automated, high-throughput analysers.

Gentian's portfolio of high-impact diagnostic tests targets several large and growing disease areas such as infections and inflammation, kidney failure and congestive heart failure. The company has four established products – Cystatin C, fCAL® turbo, Canine CRP and fPELA – that contributed to 31% annual revenue growth in 2017-2020. In addition, GCAL® has been launched and is in market development while NT-proBNP and SARS-COV-2 Ab are in the product development phase – of which the two former have the potential to become blockbuster products. The company also has three undisclosed biomarkers in exploration and 'proof of concept' phases.

Gentian has a long-term ambition to generate an estimated annual revenue of BNOK 1.0 in 5-7 years, dependent on the timing of NT-proBNP launch yet to be concluded. In comparison, total revenue was MNOK 79 in 2020. The company's roadmap for long-term growth and value creation is founded on six strategic pillars:

Grow annual revenue from the company's four established products by 20%+ annually – by expanding market access through additional commercial partners and regulatory approvals

Demonstrate clinical relevance of GCAL® for the early detection of severe infections, which supports the avoidance of sepsis and the severity assessment COVID-19 patients

Launch one new product per year; SARS-COV-2 Ab scheduled for 4Q21, NT-proBNP in optimisation with launch date TBD and three biomarkers in exploration and 'proof of concept'.

Secure one new contract with a global commercial partner every year, building on already established partnerships with Beckmann Coulter for Cystatin C and Bühlmann / Roche for fCAL® turbo through Bühlmann Laboratories

Grow gross margin from ~50% in 2021 to 60%+ at volume production through economies of scale

Deliver long-term EBITDA margins of 40% through operational leverage and cost discipline

Illustration of product categories

Operational summary

Sales

Sales revenue grew 37% organically in 3Q21 versus 3Q20, ending the quarter at MNOK 17.2. Reported growth was 30%. Sales YTD21 was MNOK 61.4, representing an organic growth of 46% from the corresponding period in 2020. Quarterly variations are expected to continue as sales are affected by timing of large orders.

Sales of Cystatin C were MNOK 7.3 for the quarter, an increase of 97% compared to 3Q20, with growth across all regions, as the company experiences increased adoption of Cystatin C as a routine marker for chronic kidney disease (CKD) monitoring. In September a task force from the The American Society of Nephrology (ASN) and the National Kidney Fund (NKF) published a report recommending increased use of Cystatin C combined with serum creatinine, as a confirmatory assessment of glomerular filtration rate (GFR) or kidney function. Gentian experiences a higher level of interest in bringing the assay into routine laboratory use in institutions across North America, supported by the company's direct commercial efforts there. Gentian's partners in China as well as South Korea contributed to a sales growth in Asia of 231% compared to 3Q20. Increased demand is driven by further Cystatin C implementation on instrument placements achieved by our partners prior to and during the COVID-19 pandemic.

Sales of fCAL® turbo for 3Q21 reached MNOK 5.4, a decline of 3.6% vs 3Q20. 3Q20 was a particularly strong quarter due to the catch-up effect after COVID-19. Growth YTD21 was 50%, and the underlying commercial development for fCAL® turbo continues to be positive.

The company's Swedish distribution subsidiary, Gentian Diagnostics AB (GAB), continues to show a strong positive sales trend for third party

products totalling MNOK 5.9 YTD21, a 28% increase compared to YTD20. Continued profitable growth is anticipated near-term by extending activities to other Scandinavian countries.

While certain restrictions in terms of customer facing activities remain, the possibility to directly interact with both potential customers as well as partners developed positively in the quarter, with live congress activity and visits at customer premises. Laboratories continue to be challenged by the varying challenges of COVID-19 related testing needs, also impacting implementation of novel biomarkers. Despite the pandemic, Gentian's ability to serve customers in a timely and high-quality manner has been maintained, supported by pro-active measures taken by the company.

Market development

GCAL®

A multi-centre COVID-19 study performed in collaboration with four hospitals in Spain is being finalized. The study evaluated the value of calprotectin in estimation of disease severity and identification of patients in need for invasive respiratory support. Results from this study, which included 395 COVID-19 patients, have been submitted for publication in a scientific journal and will also be presented at the IFCC EuroMedlab meeting in December 2021. Two additional studies, in Norway and in the UK, are close to be finalized.

A prospective study, in collaboration with a university hospital in the United Kingdom, was started in 2Q21. The aim of the study is to prove the role of calprotectin in early detection of infections and evaluate the performance of GCAL® in prediction of deterioration in severely ill patients.

A paediatric prospective study is initiated in collaboration with a paediatric hospital in Canada with the aim to investigate the performance of GCAL® in detection of severe infections which could result in sepsis in neonates. The study will also provide data about reference values for calprotectin in a healthy paediatric population.

A prospective study aiming to prove the ability of calprotectin to detect infections and differentiate between viral and bacterial infections is progressing according to the study plan. The study is done in collaboration with a German research group at one of the large university hospital groups.

GCAL® sales continue to evolve positively from both existing and new routine customers as well as from increased paid study activity.

The company is in the final stage of negotiating a commercial collaboration contract for GCAL® with a leading global diagnostics provider. The goal is to start the commercial roll-out during 1H 2022. In addition, Gentian has entered into promising commercial collaboration agreements with specialised distributors in several countries so far this year, most recently in South Korea.

The validation process of GCAL® on additional instrument platforms is on track to be completed before the end of 2021.

Product development

NT-proBNP

The development of a platform independent NT-proBNP turbidimetric assay is expected to represent ground-breaking advances in the field of high throughput diagnostics. Gentian Diagnostics aims to push the boundaries regarding measurement of low concentrations and a successful development of NT-proBNP will represent a significant advance for the PETIA technology.

To enable the harmonisation and standardisation of NT-proBNP assays, the development of an independent reference method, based on a method different from turbidimetry, has been achieved. Preliminary results provide for the possibility of calibrating the Gentian NT-proBNP assay to existing measurement ranges. However, to fully qualify this independent reference method, more tests are required, and the company has therefore initiated further trials to substantiate the method.

As communicated on 5 October 2020, the optimisation of the NT-proBNP assay has proven to be more complex than first assumed. Although several milestones have been achieved, it is now apparent that the technical development will have to continue further before the assay optimisation phase can be concluded. The remaining challenges are related to particle aggregation, differences in measurement of NT-proBNP in plasma and serum samples, and reaching an even lower level of quantification to ensure a competitive product. The earlier set launch date in 1Q22 will hence not be met, and the company aims to revert with more information regarding a new launch date in connection with the 4Q21 report.

SARS-CoV-2 Total Antibody Immunoassay

In an effort to contain the COVID-19 pandemic, serological testing to detect SARS-CoV-2 specific antibodies will be crucial for disease and community management. Gentian is developing a turbidimetric SARS-CoV-2 Total Antibody Immunoassay in collaboration with the University in Tromsø (UiT). The quantitative antibody test captures the full immune response detecting antibodies with high sensitivity and specificity and will be calibrated against the international WHO standard enabling harmonisation between results across laboratories and serological assays. The standardisation allows scientist, health care workers and laboratories to directly compare results, minimising variation and calibration correction. Gentian will bring SARS-CoV-2 serology testing to automated, open-access clinical chemistry platforms, increasing the testing capacity to up to 2000 tests/hour while positively impacting laboratory efficiency. Since the Gentian assay is platform agnostic it can be seamlessly integrated in daily laboratory routine without additional infrastructure or workflow cost. The test will follow a standard testing protocol utilising existing logistic structure, from the routine blood test at the GP office to the clinical chemistry platforms with an assay time to result of only 10 minutes. The Gentian assay will provide a tool to achieve documented data about protection status for individuals and society. It will provide a powerful high-throughput test fitted to international standards for community management of COVID-19 through long-term monitoring of natural and vaccine-related immune response.

The SARS-CoV-2 Total Antibody Immunoassay project is in the final development phase. The project aims for launch towards the end of 4Q21, and the company is encouraged by the increasing governmental interest for antibody testing as a tool to manage immunisation status.

Regulatory update

On Thursday 14 October, the European Commission announced a proposed progressive rollout of the new In Vitro Medical Devices Regulation (IVDR) to prevent disruption in the supply chain of these devices.

The proposal does not change any requirements in the IVDR, but the length of the proposed transition periods depends on the type of device: high risk devices (class D) will have a transition period until May 2025 while low risk devices (Class B) will have transition period until May 2027.

For Gentian, this will mainly impact products in the final stage of development, including SARS-CoV-2, which will have a longer transition period for IVDR when made available for the market under IVD Directive, 98/79 EC prior to 26 of May 2022. The SARS-CoV-2 test will be classified as Class D according to IVDR and will have a transition period until May 2025.

New products to be made available for the market after 26 May 2022 will have to be launched according to the IVDR as no transitional period applies for new products.

For Gentian's existing products, Cystatin C and GCAL, the IVDR certification is on track to be finalised prior to 26th of May 2022.

Long-term outlook

Gentian targets disease groups that account for a Total Addressable Market of BUSD 7.1 globally (2020), which is estimated to grow by 5-6% annually over the next 5-7 years according to leading market data provider Kalorama (2020). From a macro perspective, key growth drivers include a growing and ageing population that contribute to an increase in chronic and infectious diseases globally.

The specific segments targeted by Gentian's products add up to a Total Serviceable Market of BUSD 1.3 (2020), with an estimated annual growth rate of 8-9% over the next 5-7 years. The key driver for the higher expected growth rate versus the addressable market is Gentian's selective approach, targeting attractive segments – in particular the early detection of severe infections, including sepsis, one of the diagnostic industry's highest growing segments.

Overall, Gentian targets a market share of 15-20% for its product portfolio which is offered through commercial partners. With a commercial strategy to serve the market through OEM and distribution agreements it is expected that the revenue take varies across products but is expected within the 30-50% range for the product portfolio as a whole.

The company's strategy for growing its market share is founded on innovative biomarkers based on PETIA technology and proprietary know-how, offering high value benefits, supported by an effective go-to-market strategy. The benefits include early diagnostic results enabling improved treatment decisions and a 3-10x increase in volume throughput which saves costs and makes Gentian's offering an attractive solution to the increasing pressure on laboratory productivity.

Further, Gentian's 5–7-year ambition of NOK 1 billion revenue, dependent on the timing of NT-proBNP launch, and a long-term EBITDA margin of 40% is set to be de-risked through several key milestones related to the company's product portfolio:

Established products

- Targeting additional large commercial partners
- Additional regulatory approvals, including IVDR

GCAL (in market development)

- Clinical studies confirming relevance for the early detection of infections, which supports the avoidance of sepsis and the severity assessment of COVID-19 patients – 6 studies ongoing
- Securing endorsements from key opinion leaders
- Securing global commercial partnerships and initiating EU rollout

New products

SARS-CoV-2 AB

- Initiating rollout of SARS-CoV-2 AB in the EU with focus on the Nordics
- Successful validation and launch, scheduled for 4Q21
- Entering commercial partnerships for the Nordics

NT-proBNP

- Successful optimisation
- Publication on the reference method for standardisation
- Securing endorsements from key opinion leaders and global commercial partnerships

Financial performance

Comparative numbers for Gentian in 2020 in ()

Revenue, geographic split and product split

Total operating revenue ended at MNOK 19.4 (MNOK 16.1) for 3Q21. Total operating revenue YTD21 was MNOK 75.1 (MNOK 55.1), an increase of 36% compared to YTD20.

Sales revenue in 3Q21 ended at MNOK 17.2 (MNOK 13.2), a 30% increase compared to 3Q20. Organic revenue growth compared to 3Q20 was 37%.

Geographic split

MNOK	3Q21	3Q20	YTD21	YTD20
US	0.6	0.6	2.0	2.3
Europe	12.4	11.4	42.0	32.5
Asia	4.3	1.3	17.4	11.4
Total	17.2	13.2	61.4	46.1

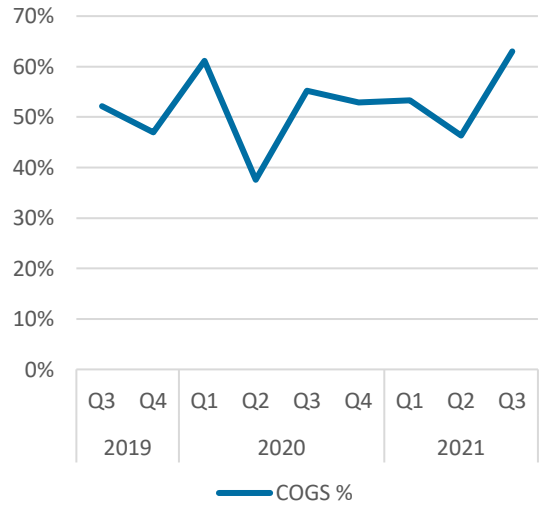
Product split

MNOK	3Q21	3Q20	YTD21	YTD20
Cystatin C	7.3	3.7	25.7	18.7
fCAL®turbo	5.4	5.6	22.2	14.8
Other*	4.5	4.0	13.5	12.8
Total	17.2	13.2	61.4	46.1

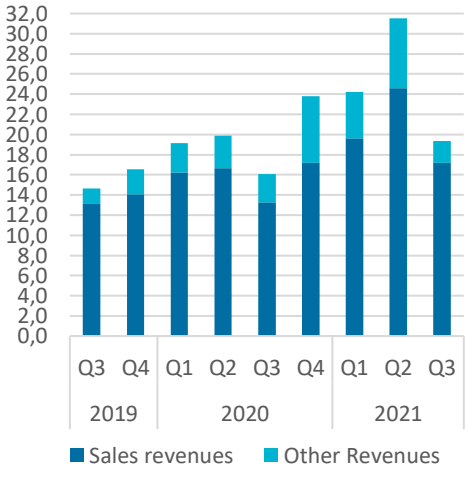
*"Other" under Product Split include sales from the subsidiary Pretect that was successfully divested at the end of 3Q20.

Other operating revenue ended at MNOK 2.2 (MNOK 2.8) for 3Q21, and MNOK 13.7 (MNOK 8.9) YTD. The increase in other operating revenue YTD21 is a result of an increase in spending on Research and Development (R&D) projects which triggers higher amounts received from associated research grants and tax incentives.

COGS %



Consolidated Revenues (MNOK)



Cost of goods sold

Cost of goods sold (COGS) was 63% (55%) of sales revenue in 3Q21. The increase in the COGS ratio is due to a relatively low level of sales combined with stable fixed production costs in the quarter. We have also experienced a negative effect related to product mix in the quarter. With continued sales growth and further optimisation of our production processes, we expect COGS as a percentage of sales to decline over time.

Total other operating expenses

Total other operating expenses before capitalisation of R&D expenses ended at MNOK 16.7 (MNOK 14.5) in 3Q21. The increase is a result of higher spending on research and development projects related to both NT-proBNP and SARS CoV-2 AB.

R&D expenses amounted to 50% (46%) of total other operating expenses before capitalization for 3Q21. Capitalisation of R&D expenses was MNOK 3.9 (MNOK 0.3) in 3Q21.

Total other operating expenses after capitalisation of R&D expenses ended at MNOK 12.8 (MNOK 14.2) in 3Q21.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK -4.2 (MNOK -5,5) for 3Q21. Net profit ended at MNOK -6.8 (MNOK -7.0) for 3Q21.

Balance sheet

Cash and cash equivalents as of 30.09.2021 were MNOK 131.3 (MNOK 152.3). The cash is placed in both savings accounts and current accounts.

Accounts receivables as of 30.09.2021 were MNOK 6.1 (MNOK 9.6). Inventory as of 30.09.2021 was MNOK 26.0 (MNOK 20.9).

The equity ratio was 83.4% as of 30.09.2021.

Events after the balance sheet date

The company provided a product and market developments update in a stock exchange release on 5 October 2021. The information disclosed in this release is covered under the relevant sections in this report.

Statement of Profit and Loss Gentian Group

	Note	2021	2020	2021	2020	2020
(NOK 1000)		**Q3**	**Q3**	**01.01-30.09**	**01.01-30.09**	
Revenue						
Revenue from contracts with customers	3	17 178	13 249	61 388	46 131	63 327
Other operating revenue	4	2 184	2 812	13 680	8 940	15 554
Total revenue		**19 362**	**16 061**	**75 067**	**55 071**	**78 881**
Operating expenses						
Cost of goods sold	6	-10 774	-7 313	-32 618	-23 489	-32 586
Employee benefit expenses	7,13	-8 896	-9 714	-27 258	-28 144	-37 231
Depreciation and amortisation		-2 376	-1 539	-6 330	-4 672	-6 630
Impairment		-	-	-	-	-
Other operating expenses		-3 884	-4 485	-22 185	-13 539	-20 258
Total operating expenses		**-25 931**	**-23 051**	**-88 390**	**-69 844**	**-96 705**
Operating result		-6 569	-6 990	-13 323	-14 773	-17 824
Finance income		685	105	845	1 430	1 840
Finance cost		-898	-96	-2 740	-589	-1 484
Net financial items		**-213**	**9**	**-1 895**	**841**	**356**
Profit before tax		**-6 782**	**-6 981**	**-15 218**	**-13 932**	**-17 469**
Income tax expense		-	-	-	-	-
Profit for the period		**-6 782**	**-6 981**	**-15 218**	**-13 932**	**-17 469**
Other comprehensive income						
Exchange differences		-43	14	-130	217	68
Total other comprehensive income		**-43**	**14**	**-130**	**217**	**68**
Total comprehensive income for the period		**-6 825**	**-6 967**	**-15 348**	**-13 715**	**-17 401**

3rd quarter Statement of Profit and Loss is not audited

Statement of Financial Position - Gentian Group

	Note	2021	2020	2020
(figures in NOK thousands)		30.09	30.09	31.12
Assets				
Non-Current Assets				
Intangible assets	9	24 622	13 722	15 610
Property, plants and equipment		3 006	3 961	3 865
Right-of-use assets		17 471	1 497	21 689
Other Financial Assets		334	336	337
Total Non-Current Assets		**45 432**	**19 515**	**41 501**
Current Assets				
Inventory		26 039	20 935	20 876
Accounts receivables and other receivables		15 856	21 754	15 241
Cash and cash equivalents		130 981	151 928	157 648
Total Currents Assets		**172 876**	**194 617**	**193 764**
Total Assets		**218 308**	**214 132**	**235 265**
Equity and liabilities				
Paid-in equity				
Share capital	11	1 541	1 540	1 541
Share premium		293 241	292 780	293 241
Other paid-in equity		10 169	5 735	7 309
Total paid-in equity		**304 044**	**300 055**	**302 091**
Retained earning				
Retained earning		-122 860	-103 074	-107 512
Total retained equity		**-122 860**	**-103 074**	**-107 512**
Total equity		**182 091**	**196 981**	**194 579**
Liabilities				
Financial leasing	10	1 032	879	928
Operational leasing (Right-of-Use)	10	19 882	1 663	17 173
Total non-current liabilities		**20 914**	**2 542**	**18 101**
Current liabilities				
Accounts payable and other current liabilities		15 304	14 609	22 585
Total current liabilities		**15 304**	**14 609**	**22 585**
Total liabilities		**36 217**	**17 151**	**40 686**
Total equity and liabilities		**218 308**	**214 132**	**235 265**

3rd quarter Statement of Financial Position 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 01.01.2020	**1 540**	**292 780**	**4 031**	**-90 112**	**208 240**
Net result for the year				-13 932	-13 932
Other comprehensive income					
Proceeds from share issue					
Cost of share issue					
Share based payments			2 456		2 456
Other changes in equity				217	217
Equity at 30.09.2020	**1 540**	**292 780**	**6 487**	**-103 827**	**196 981**
Equity at 01.01.2020	**1 540**	**292 780**	**4 031**	**-90 112**	**208 240**
Net result for the year				-17 468	-17 468
Other comprehensive income					
Proceeds from share issue	1	461			462
Cost of share issue					
Share based payments			3 278		3 278
Other changes in equity				68	68
Equity at 31.12.2020	**1 541**	**293 241**	**7 309**	**-107 512**	**194 579**
Equity at 01.01.2021	**1 541**	**293 241**	**7 309**	**-107 512**	**194 579**
Net result for the year				-15 218	-15 218
Other comprehensive income					
Proceeds from share issue					
Cost of share issue					
Share based payments			2 860		2 860
Other changes in equity				-130	-130
Equity at 30.09.2021	**1 541**	**293 241**	**10 169**	**-122 860**	**182 091**

3rd quarter Statement of changes in equity is not audited

Cash Flow Statement

	2021	2020	2021	2020	2020
(NOK 1000)	Q3	Q3	01.01-30.09	01.01-30.09	01.01 - 31.12
Operating activities					
Net profit (loss)	-6 782	-6 981	-15 218	-13 932	-17 469
Depreciation and amortisation	2 376	1 539	6 330	4 672	6 630
Change Inventory	-1 183	-1 163	-5 163	-2 711	-2 652
Change Accounts Receivables	6 114	-2 257	1 579	-1 080	860
Change Accounts Payables	-6 978	435	-925	-521	1 202
Accrued cost of options	907	753	2 860	2 456	3 278
Change in other assets and liabilities	3 475	-908	-3 378	-6 061	-4 359
Net cash flow from operating activities	**-2 071**	**-8 581**	**-13 915**	**-17 176**	**-12 509**
Investing activities					
Payments of property, plant and equipment	-175	-37	-2 558	-734	-2 734
Investment in intangible assets	-3 890	-254	-7 694	-1 213	-3 733
Investments in other companies	-	-	-		6 741
Net cash flow from investing activities	**-4 065**	**-291**	**-10 253**	**-1 947**	**274**
Financing activities	-	-	-	-	-
New debt	-	-	-	-	497
Loan instalments	-1 125	-72	-2 312	-214	-2 469
Proceeds from issue of share capital	-	-	-	-	462
Net cash flow from financing activities	**-1 125**	**-72**	**-2 312**	**-214**	**-1 510**
Net change in cash and cash equivalent	-7 261	-8 945	-26 479	-19 337	-13 745
Cash and cash equivalents at beginning of period	138 585	161 221	157 985	171 567	171 567
Effect of currency translation of cash and cash equivalents	-9	-11	-191	35	163
Net Cash and cash equivalents at period end	**131 315**	**152 265**	**131 315**	**152 265**	**157 985**

3rd quarter Cash Flow Statement is not audited

** Note: Gentian Diagnostics divested its subsidiary PreTect AS in 4Q20. The Group has identified an error related to classification of the transaction in the statement of cash flow in the consolidated financial statements for the year ended 31 December 2020. The net cash received in the transaction was TNOK 6,741 and should in its entirety have been classified as cash flow from investing activities, while cash flow from investing activities in the financial statement only contains an amount of TNOK 1,893. The remaining part of net cash received which amounts to the amount of TNOK 4,848 was classified as cash from operating activities.*

Notes

1. General information

Gentian Diagnostics ASA is registered in Norway and listed on the Euronext Oslo Børs. The company's headquarters are in Bjørnåsveien 5, 1596 Moss, Norway. The company is a research and development-based company that develops and manufactures biochemical reagents for use in medical diagnostics and research. The customers are medical laboratories and universities worldwide. The Group consists of the parent company Gentian Diagnostics ASA and the subsidiary Gentian AS.

In addition, Gentian AS has a wholly owned subsidiary, registered in Florida, USA, named Gentian USA Inc, and a wholly owned subsidiary in Sweden, Gentian Diagnostics AB.

2. Accounting principles

The interim condensed consolidated financial statements for the Group are prepared using the same accounting principles and calculation methods as used for the annual financial statements 2020 for Gentian Diagnostics ASA.

The accounting principles used have been consistently applied in all periods presented, unless otherwise stated.

Amounts are in thousand Norwegian kroner unless stated otherwise. The Groups presentation currency is NOK (Norwegian kroner). This is also the parent company's functional currency. The company uses currency rates given by DNB ASA.

2.1. Basis of preparation

The quarterly financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting Standards and interpretations in issue but not yet adopted.

No new accounting standards and interpretations have been published that have been assessed to be of material impact for the Group in 2021.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries. As at 30 June 2021, Gentian AS, located in Moss, Norway is a 100% owned and controlled subsidiary.

3. Sales and revenue

Revenue by classification	3Q21	3Q20	YTD21	YTD20	2020
Sales revenue	17 178	13 249	61 388	46 131	63 327
Public grants	2 184	2 812	13 680	8 940	10 512
Revenue from divestiture	-	-	-	-	4 384
Other revenue	-	-	-	-	657
Total	**19 362**	**16 061**	**75 067**	**55 071**	**78 881**

Geographical split	3Q21	3Q20	YTD21	YTD20	2020
Europe	12 357	11 355	42 044	32 459	45 416
Asia	4 255	1 286	17 389	11 357	14 909
USA	566	608	1 955	2 315	3 002
Total	**17 178**	**13 249**	**61 388**	**46 131**	**63 327**

Sales by product	3Q21	3Q20	YTD21	YTD20	2020
Renal diagnostic products	7 310	3 681	25 943	19 247	25 237
Inflammation diagnostic products	8 421	7 525	30 690	20 025	29 889
Other diagnostic products	1 446	2 044	4 754	6 859	8 201
Total	**17 178**	**13 249**	**61 388**	**46 131**	**63 327**

4. Public Grants

The companies Gentian AS and PreTect AS* receives public grants from the Norwegian Research Council, Innovation Norway, Eurostars and SkatteFUNN.

	3Q21	3Q20	YTD21	YTD20	2020
Norwegian Research Council and Eurostars	629	1 698	8 266	4 848	7 510
Innovation Norway	211	92	1 021	761	1 222
SkatteFUNN	1 344	1 022	4 393	3 331	1 780
Total	**2 184**	**2 812**	**13 680**	**8 940**	**10 512**

**The subsidiary PreTect AS was divested in 2020.*

5. Operating expenses by function

	3Q21	3Q20	YTD21	YTD20	2020
Sales and marketing expenses	3 338	3 117	11 080	9 549	14 193
Administration expenses	5 073	4 666	19 465	15 699	19 408
Research and development expenses	4 369	6 416	18 898	16 435	23 887
Total	**12 781**	**14 199**	**49 443**	**41 683**	**57 488**

6. Cost of goods sold

	3Q21	3Q20	YTD21	YTD20	2020
Change in inventory of goods under manufacture and finished goods	-1 183	-1 163	-5 163	-2 712	-2 014
Purchase of goods	5 817	4 064	21 070	13 508	16 309
Production salary	4 980	4 013	13 431	10 532	14 909
Other production expense	1 160	399	3 280	2 161	3 382
Total	**10 774**	**7 313**	**32 618**	**23 489**	**32 586**

7. Employee benefit expenses

	3Q21	3Q20	YTD21	YTD20	2020
Wages and salaries	10 941	10 541	32 385	30 398	40 551
Payroll tax	1 436	1 787	3 812	4 287	5 907
Pension costs (mandatory occupational pension)	305	271	1 020	795	1 416
Share based payments	907	753	2 739	2 456	3 278
Other expenses	287	376	732	740	988
Transfer to COGS	-4 980	-4 013	-13 431	-10 532	-14 909
Total	**8 896**	**9 714**	**27 258**	**28 144**	**37 231**

8. Research and Development expenses

The Gentian Group has per 30 September 2021 seven ongoing R & D projects. Costs related to the projects consist of salary, external procurement of services, and other operating expenses. One of the projects went over in the development phase in 2016 and the two others in 2021, and consequently the capitalisation of the costs in these projects was started.

Recognised research and development expenses	3Q21	3Q20	YTD21	YTD20	2020
Purchase of external services	1 315	1 125	4 693	3 820	8 470
Salary and other operating expenses	6 945	5 546	21 899	13 515	18 839
Capitalised research and development expenses	-3 890	-254	-7 694	-900	-3 421
Total	**4 369**	**6 416**	**18 898**	**16 435**	**23 887**

9. Intangible assets

As of 30 September 2021, the recognized intangible assets in the Group amounts to MNOK 24.6. The intangible assets are derived from capitalization of R&D expenses.

Intangible assets are tested for impairment at least annually, or when there are indications of impairment.

The impairment test is based on an approach of discounted cash flows. The valuation is sensitive to several assumptions and uncertainties, and the result from the valuation is thus limited to ensure sufficient certainty for the recognised amount in the financial statement.

10. Interest bearing debt

Loan and loan expenses is recorded in the balance sheet and expensed in the Statement of Profit and Loss at amortised cost. If a loan and loan expenses is related to an asset, and the real value of the asset is lower, the asset is written down to its real value. There was no value adjustment of assets in 3Q21.

Interest bearing debt for Gentian is relating to instrument leases and calculated leases based on contracts according to IFRS 16.

11. Share capital and number of shares

20 largest shareholders in Gentian Diagnostics ASA as of 30.09.2021 according to VPS and disclosures from investors:

Shareholder	**No of shares**	**%**
Vatne Equity AS	2 110 224	13.69 %
Norda ASA	1 336 721	8.67 %
Holta Life Sciences AS	1 213 702	7.88 %
Safrino AS	900 000	5.84 %
Verdipapirfondet Delphi Nordic	868 175	5.63 %
Salix AS	639 191	4.15 %
Skandinaviska Enskilda Banken AB	521 231	3.38 %
Verdipapirfondet Storebrand Vekst	385 221	2.50 %
Verdipapirfondet DNB SMB	373 329	2.42 %
Equinor Pensjon	337 320	2.19 %
Portia AS	300 000	1.95 %
Kvantia AS	246 500	1.60 %
Cressida AS	235 000	1.52 %
Lioness AS	220 000	1.43 %
Silvercoin Industries AS	214 692	1.39 %
Marstal AS	212 407	1.38 %
Mutus AS	210 465	1.37 %
Vingulmork Predictor AS	184 083	1.19 %
OM Holding AS	179 000	1.16 %
Verdipapirfondet Delphi Kombinasjon	175 042	1.14 %
Other Shareholders	4 549 586	29.52 %
Total Shares	**15 411 889**	**100.00%**

12. Earnings per share

	3Q21	3Q20	2020
Loss for the period	-6 781 586	-6 981 187	-17 468 742
Average number of outstanding shares during the period	15 411 889	15 402 718	15 402 718
Earnings/ loss (-) per share - basic and diluted	-0.440	-0.453	-1.134

Share options issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognized as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Group is currently loss-making, an increase in the average number of shares would have anti-dilutive effects.

13. Share-based compensation

The company has a share option program covering certain key employees. Per 30 September 2021, eleven employees were included in the option program.

The share option program for key personnel is settled in shares, however, the company may resolve settlement in cash. The fair value of the issued options is expensed over the vesting period.

1/3 of the options will vest 24 months after the day of grant, 1/3 will vest 36 months after the day of grant and 1/3 will vest 48 months (as long as the option holder is still employed). The cost of the employee share-based transaction is expensed over the average vesting period. The value of the issued options of the transactions that are settled with equity instruments (settled with the company's own shares) is recognised as salary and personnel cost in profit and loss and in other paid-in capital.

The value of the issued options of the programs that are settles in cash (cash-based programs) is recognised as salary and personnel cost in profit and loss and as a liability in the balance sheet. The liability is measured at fair value at each balance sheet date until settlement, and changes in the fair value are recognised in profit and loss.

Social security tax on options is recorded as a liability and is recognised over the estimated vesting period.

	3Q21	3Q20	2020
Outstanding options at beginning of period	594 916	444 916	454 916
Options granted	-	-	150 000
Options forfeited	-	-	-10 000
Options exercised	-	-	-
Options expired	-	-	-
Outstanding options at end of period	594 916	444 916	594 916

The outstanding options are subject to the following conditions:

Expiry date	Average strike price	Number of share options
2023-8	65,24	174 954
2024-11	47,51	269 962
2025-11	62,88	150 000
		594 916

The fair value of the options has been calculated using Black - Scholes - Merton Option Pricing Model. The most important parameters are share price at grant date, exercise prices shown above, volatility (50 %), expected dividend yield (0 %), expected term of 4 years, annual risk-free interest rate (1.1 %). The volatility is based on other comparable companies' stock price volatility. No new options have been granted in 3Q21.

14. Transactions with related parties

The Group uses Getica AB as a supplier for one of its production steps and has outsourced some R&D project elements to the same supplier. The supplier is owned by Erling Sundrehagen, who also is the sole owner of Vingulmork Predictor AS. The amount invoiced from Getica AB was MNOK 8.6 per 30.09 2021 (MNOK 4.1 per 30.09 2020).

15. Tax

The Group has carried forward losses which are not capitalised as it is uncertain when the Group will be in a tax position. The loss carried forward per 30.09.2021 is estimated to NOK 157 million. The Group will continuously assess the probability of when it will be in a tax position and when to consider a capitalisation of the loss carried forward.

Alternative performance measures

Non-IFRS financial measures / alternative performance measures

In this quarterly report, the Group presents certain alternative performance measures ("APMs"). An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specific in the applicable financial reporting framework (IFRS). The APMs presented herein are not measurements of financial performance or liquidity under IFRS or other generally accepted accounting principles, are not audited and investors should not consider any such measures to be an alternative to (a) operating revenues or operating profit (as determined in accordance with generally accepted accounting principles), (b) as a measure of the Group's operating performance; or (c) any other measures of performance under generally accepted accounting principles. The APMs presented herein may not be indicative of the Group's historical operating results, nor are such measures meant to be predictive of the Group's future results.

The company uses APMs to measure operating performance and is of the view that the APMs provide investors with relevant and specific operating figures which may enhance their understanding of the Group's performance. Because companies calculate APMs differently, the APMs presented herein may not be comparable to similarly titled measures used by other companies.

Below is an overview of APMs presented, including an overview of reconciliation and calculation of the relevant APMs.

Organic revenue growth

Organic revenue growth is defined as revenue adjusted for currency effects and effects from M&A. Organic revenue growth measurement provides useful information to investors and other stakeholders on underlying growth of the business without the effect of certain factors unrelated to its operating performance.

Reconciliation	**3Q21**	**3Q20**	**YTD21**	**YTD20**	**2020**
(NOK 1000)					
Revenue from contracts with customers	17 178	13 249	61 388	46 131	63 327
Revenue growth	3 929	147	15 257	12 246	15 372
Impact using exchange rates from last period	300	-1 011	3 263	-4 151	-5 025
Impact M&A	532	-	1 954	-	1 068
Organic revenue growth	4 760	-863	20 473	8 095	11 418
Organic revenue growth %	37 %	-7 %	46 %	24 %	25 %

Total other operating expenses

Total other operating expenses is a key financial parameter for the Group and consists of salaries and personnel costs and other operating expenses. Total other operating expenses before capitalisation of R&D expenses consists of Employee benefit expenses and other non-salary related operating expenses before capitalisation of R&D expenses. The performance indicator is provided for the purpose of monitoring the evolution of non-production related costs without the effect of capitalisation of costs.

Reconciliation	**3Q21**	**3Q20**	**YTD21**	**YTD20**	**2020**
(NOK 1000)					
Employee benefit expenses	8 896	9 714	27 258	28 144	37 231
Other operating expenses	3 884	4 485	22 185	13 539	20 258
Total other operating expenses **after** capitalisation of R&D expenses	12 781	14 199	49 443	41 683	57 489
Capitalisation	3 890	254	7 694	900	3 421
Total other operating expenses **before** capitalisation of R&D expenses	16 671	14 454	57 137	42 583	60 910

Reconciliation	**3Q21**	**3Q20**	**YTD21**	**YTD20**	**2020**
(NOK 1000)					
Other non-salary related operating expenses **after** capitalisation of R&D expenses	3 884	4 485	22 185	13 539	20 258
Capitalisation	3 071	216	5 581	676	2 814
Other non-salary related operating expenses **before** capitalisation of R&D expenses	6 956	4 700	27 766	14 215	23 072

EBITDA/EBIT

EBITDA is a measurement of operating earnings before depreciation and amortisation of tangible and intangible assets and impairment charges, and EBIT is the operating result. EBITDA and EBIT are used for providing information of operating performance which is relative to other companies and frequently used by other stakeholders.

Reconciliation	**3Q21**	**3Q20**	**YTD21**	**YTD20**	**2020**
(NOK 1000)					
Total Revenue	19 362	16 061	75 067	55 071	78 881
Total Operating Expenses	-25 931	-23 051	-88 390	-69 844	-96 705
EBIT	-6 569	-6 990	-13 323	-14 773	-17 824
Depreciation and Amortisation	2 376	1 539	6 330	4 672	6 630
EBITDA	-4 193	-5 452	-6 993	-10 102	-11 194

COGS

Cost of goods sold (COGS) refers to the total cost of producing goods for product sales. The key figure COGS % is calculated in relation to revenue from contracts with customers. COGS % is used for providing consistent information of performance related to the production of goods which is relative to other companies and frequently used by other stakeholders.

	3Q21	3Q20	YTD21	YTD20	2020
(NOK 1000)					
Revenue from contracts with customers	17 178	13 249	61 388	46 131	63 327
COGS	10 774	7 313	32 618	23 489	32 586
COGS % of Revenue from contracts with customers	63 %	55 %	53 %	51 %	51 %

Non-cash share-based compensation

Non-cash share-based compensation expense is the share-based compensation recognised in the income statement (employee benefit expenses). Information on the non-cash share-based compensation expense is provided to give information on the no-cash components of the employee benefit expenses.

	3Q21	3Q20	YTD21	YTD20	2020
(NOK 1000)					
Non-cash shared-based compensation	907	753	2 739	2 456	3 278