
gentian
Q1
First quarter
2022 results

Efficient diagnostics for better treatment decisions

www.gentian.com

Gentian Diagnostics

First quarter 2022 highlights

- Sales revenue was MNOK 20.6, up 5% from 1Q21, with organic growth of 6%. Total operating revenue was MNOK 23.1 in 1Q22.
- Sales of third-party products increased by 81% versus 1Q21 with record revenues of MNOK 2.8. Positive developments continue into Norway, Finland, and Iceland.
- New customers established for Cystatin C in the US, a key market for continued growth.
- Post quarter the company announced a distribution agreement with a leading global diagnostics company for Cystatin C covering the US.
- The SARS CoV-2 Antibody assay was commercially launched.
- The first GCAL® shipments following the recently initiated commercial partnership with Siemens Healthineers were executed.
- EBITDA was MNOK -4.2 in 1Q22 versus NOK -2.0 in 1Q21.

About Gentian Diagnostics

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 27% annual revenue growth in 2018-2021. In addition, SARS-CoV-2 Ab and GCAL® have been launched and are in market development while NT-proBNP is in the product development phase – with the two latter having potential to become blockbuster products. The company also has three undisclosed projects in exploration and 'proof of concept' phases.

In 2021, Gentian announced a long-term ambition to generate an estimated annual revenue of NOK 1.0 billion in 5-7 years, dependent on the timing of NT-proBNP launch yet to be concluded. In comparison, total revenue was NOK 100 million in 2021. 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 of COVID-19 patients.

Bring a steady stream of new high-impact diagnostic tests to market. NT-proBNP in optimisation with launch date TBD and three projects in exploration and 'proof of concept'.

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

Grow gross margin from ~50% 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 6% organically in 1Q22 versus 1Q21, ending the quarter at MNOK 20.6. The reported growth was 5%. The company remains committed to the overall objective of growing sales revenue with more than 20% year on year. However, for 1Q and 2Q the comparable quarters last year were exceptionally strong with 33% and 65% organic growth respectively. In addition, quarterly sales numbers are sensitive to timing of large orders. Consequently, the company expects that the main part of the growth in 2022 will take place in the second half.

Sales of Cystatin C were MNOK 7.5 for the quarter, a similar level as in 1Q21. However, sales to customers in Asia were lower versus 1Q21 due to the timing of large orders. The company estimates that the negative effect of the timing of large orders for Cystatin C to be between MNOK 2.0 to 3.0. In Europe and the US, sales of Cystatin C developed positively compared to 1Q21. The company also acquired several new customers for Cystatin C in the US during 1Q22.

On 20 April the company announced that it had entered into a distribution agreement for its Cystatin C Immunoassay. The agreement is with one of the world's largest global diagnostics companies and covers the United States, a key growth market for Cystatin C. The distribution agreement for Cystatin C further validates Gentian's ability to establish such commercial partnerships with global industry leaders and follows previously announced agreements with other global diagnostics companies.

Sales of fCAL® turbo reached MNOK 6.8 in 1Q22, a decline of 20% vs 1Q21 due to timing of bulk orders. Kit sales continue to demonstrate positive development with a growth of 23% versus 1Q21. The underlying commercial development for fCAL® turbo continues to be positive, with a general trend to implement selected stool tests on automated core lab instrumentation.

The company's Swedish distribution subsidiary, Gentian Diagnostics AB (GAB), continues to demonstrate a positive sales trend for third party products with revenue totalling MNOK 2.8 in 1Q22. This represents an increase of 81% compared to 1Q21. Continued profitable growth is expected as GAB commences with commercial activities in Norway and Finland from January 2022.

Quarterly variations to sales are expected to continue as sales are affected by the timing of large orders.

Market development

GCAL®

In January 2022, Gentian announced the signing of a global distribution agreement for GCAL® with Siemens Healthineers, one of the global leaders in clinical diagnostics. The GCAL® assay is initially being made available in Europe, and the first shipments to customers under the partnership with Siemens Healthineers were executed during the first quarter. Expansion to additional countries or regions will follow depending on regulatory clearance.

GCAL® sales on already established platforms continue to evolve positively from both existing and new routine customers as well as from increased paid study activities.

The company has established new commercial agreements with distribution partners in France and Germany.

GCAL® validation was successfully completed on the new mid/high throughput clinical chemistry platform Roche Cobas c503 during 1Q22 and additional platforms are scheduled to be added to the list during 2022.

Further clinical documentation of the benefits of GCAL ® for early detection of infections and inflammations continues to build. Several prospective studies in collaboration with reputable hospitals in Europe and Canada are ongoing and progressing according to plan.

SARS-CoV-2 Total Antibody Immunoassay

In an effort to contain the COVID-19 pandemic, serological testing to detect SARS-CoV-2 specific antibodies is likely to be crucial for disease and community management.

During the first quarter, the company launched SARS-CoV-2 in Europe. Currently, sales initiatives are focused on the Scandinavian market to selective institutions and private laboratories.

Product development

NT-proBNP

The optimisation of the Gentian NT-proBNP Immunoassay continued during the first quarter.

Gentian's NT-proBNP assay is the first turbidimetric in vitro diagnostic test for the quantitative measurement of NT-proBNP. Gentian's proprietary antibody and nanoparticle-based technology aims to allow for comparable, consistent and biotin interference-free measurement of clinically relevant concentrations of NT-proBNP on high volume and easily accessible clinical chemistry analysers.

An aging population and lifestyle choices increase demand for NT-proBNP testing and thereby the cost burden in healthcare systems. Gentian's NT-proBNP assay aims to fulfil the need for accurate and rapid diagnosis of congestive heart failure (CHF), while allowing for easier standardisation of test results. Making NT-proBNP testing accessible on high volume, clinical chemistry analysers is also expected to increased laboratory productivity.

As communicated in the 4Q 2021 report the optimisation phase of the NT-proBNP assay has been more challenging than anticipated. The measurement of clinical plasma material showed low correlation to the reference method over a large concentration range. The hypothesis is that this is related to interference between components in plasma and our immunoparticles. The development team has worked intensively on identifying sources of interference during the last few months. Testing has so far revealed interference from two sources. While this is a promising start, further mapping of potential causes of interference is needed.

In parallel to screening for sources of interference, the team has been working on potential solutions to overcome this issue. Currently, the most promising method is to modify the immunoparticles using a well-known procedure. Preliminary results indicate that interference between the two identified components and the modified immunoparticles has been significantly reduced. In addition, the correlation coefficient with both the reference method and the market leading commercial assay have been improved. A stronger signal is needed to establish a calibration curve and reach the level of quantification needed to launch a competitive product. Consequently, more optimisation and testing is required. If additional sources of interference are identified, it will also be necessary to run additional tests.

The application of the independent reference method has progressed over the past months, and additional trial sites have been recruited to test the reference method and confirm the results from the first site.

If a product in development makes it through optimisation, the following phases are typically characterized by lower risk. Gentian estimates the remaining development period for NT-proBNP after completion of optimisation to be 6-9 months. In addition, the product will now fall under the new IVDR regulatory regime which will add another 6-9 months before commercial launch.

Interest from potential partners has been increasing over the last months, which indicate that the commercial value of this product is high given that it can make it through the development phase.

The company has interacted with its external scientific advisory board on the challenges in the optimisation phase several times during the quarter. The project has also been reviewed twice by a sub-committee of the board of directors; the science and strategy committee (SSC). The scientific advisory board agrees with the development team that that the main remaining challenge is most likely related to interference which is a common issue in assay development. The SSC and the board of directors agree that additional sources of interference need to be investigated and that the current solution to modify the immunoparticles has shown promising, early results. However, in line with established practice, should the current effort of optimisation not prove to be successful the

company will consider returning the project to the exploration phase.

Pipeline

In the exploration phase, the company is investigating a wider section of biomarkers. Several projects are in the pipeline to be further evaluated for their acceptability to move from the exploration phase into the proof-of-concept phase.

Recently, one of the pipeline projects has been moved into the proof-of-concept phase. The technical feasibility experiments are progressing well and an in-depth market sensing project with external experts has been kicked-off.

Long-term outlook

Gentian targets disease groups that represent a total addressable market of around BUSD 7.1 globally and an estimated growth rate of 5-6% annually over the next 4-6 years, according to leading market data provider Kalorama (2020). From a macro perspective, key growth drivers include a growing and ageing population contributing 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 in the serviceable market is Gentian's selective approach to target attractive segments – particularly 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 will vary across products but remain 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 that enable improved treatment decisions and a 3-10x increase in volume throughput that saves costs and makes Gentian's offering an attractive solution to the increasing pressure on laboratory productivity.

The 5–7-year revenue ambition of NOK 1 billion Gentian announced last year, and the long-term EBITDA margin target of 40%, are set to be de-risked through several key milestones for the company's product portfolio in 2022. The revenue ambition is dependent on the timing of NT-proBNP launch, which was estimated to contribute with MNOK 200-400 five to seven years after the product has been launched.

The key milestones are:

Established products

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

Products in market development

GCAL

- Securing additional global commercial partnerships and continue EU rollout
- Continue clinical study program confirming relevance for the early detection of infections, which supports the avoidance of sepsis and the severity assessment of COVID-19 patients
- Securing additional endorsements from key opinion leaders

SARS-CoV-2 AB

- Commercial launch
- Initiating rollout in the EU with focus on the Nordics
- Entering commercial partnerships for the Nordics

New products

NT-proBNP

- Progress on remaining challenges in optimisation phase
- Publication on the reference method for standardisation
- Securing endorsements from key opinion leaders and global commercial partnerships

Pipeline

- Finalize proof-of-concept of one new pipeline project

Financial performance

Comparative numbers for Gentian in 2021 in ().

Revenue, geographic split and product split

Total operating revenue amounted to MNOK 23.1 (MNOK 24.4) for 1Q22.

Sales revenue increased 5% to MNOK 20.6 in 1Q22 (MNOK 19.6), with organic revenue growth of 6%.

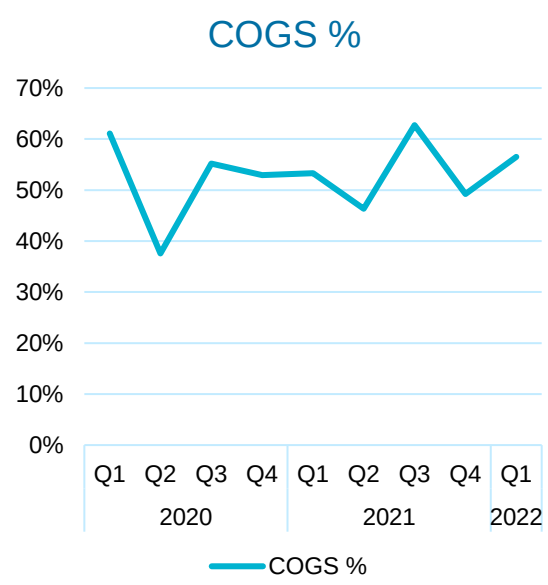
Geographical split

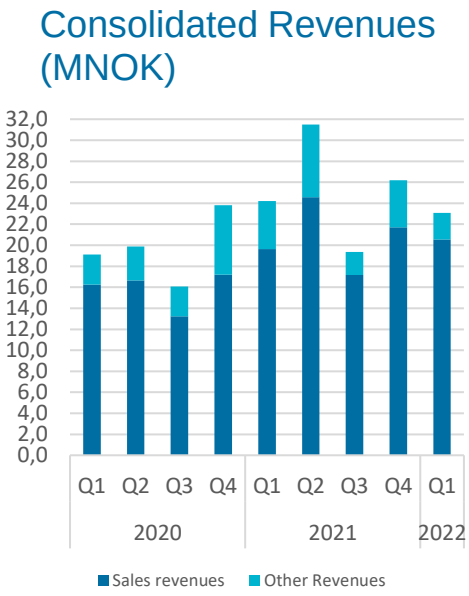
MNOK	1Q22	1Q21
US	1.3	0.4
Europe	15.1	14.0
Asia	4.1	5.2
Total	20.6	19.6

Product split

MNOK	1Q22	1Q21
Cystatin C	7.5	7.4
fCAL®turbo	6.8	8.5
Other	6.3	3.7
Total	20.6	19.6

Other operating revenue ended at MNOK 2.5 (MNOK 4.6) for 1Q22 and consists of public grants related to the company's R&D projects.





Cost of goods sold

Cost of goods sold (COGS) was 56% (53%) of sales revenue in 1Q22. Gentian experienced a negative effect related to product mix in the quarter. With continued sales growth and further optimisation of production processes, Gentian expects 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 17.9 (MNOK 17.2) in 1Q22.

R&D expenses amounted to 37% (44%) of total other operating expenses before capitalization for 1Q22. Capitalisation of R&D expenses was MNOK 2.2 (MNOK 1.5) in 1Q22.

Total other operating expenses after capitalisation of R&D expenses ended at MNOK 15.7 (MNOK 15.7) in 1Q22.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK -4.2 (MNOK -2.0) for 1Q22. Net profit ended at MNOK -6.6 (MNOK -4.9).

Balance sheet

Cash and cash equivalents as of 31 March 2022 were MNOK 100.2 (MNOK 146.1). The cash is placed in both savings accounts and current accounts.

Accounts receivables as of 31 March 2022 were MNOK 10.3 (MNOK 7.9), and inventory MNOK 31.4 (MNOK 21.5). The inventory increase is partly due to the company taking measures to mitigate potential shortages from a congested supply chain.

The equity ratio was 83.3% as of 31 March 2022

Events after the balance sheet date

There are no events after the balance sheet date.

Statement of Profit and Loss Gentian Diagnostics Group

	Note	2022	2021	2021
(NOK 1000)		**Q1**	**Q1**	**01.01-31.12**
Revenue				
Revenue from contracts with customers	3	20 558	19 641	83 122
Other operating revenue	4	2 532	4 560	16 887
Total revenue		**23 090**	**24 201**	**100 009**
Operating expenses				
Cost of goods sold	6	-11 613	-10 475	-43 176
Employee benefit expenses	7,13	-8 542	-9 634	-39 539
Depreciation and amortisation		-2 062	-1 985	-7 351
Impairment		-	-	-
Other operating expenses		-7 120	-6 042	-32 790
Total operating expenses		**-29 336**	**-28 138**	**-122 856**
Operating result		-6 246	-3 937	-22 847
Finance income		1 071	65	2 084
Finance cost		-1 450	-1 050	-4 031
Net financial items		**-379**	**-985**	**-1 947**
Profit before tax		**-6 625**	**-4 922**	**-24 794**
Income tax expense		-	-	-
Profit for the period		**-6 625**	**-4 922**	**-24 794**
Other comprehensive income				
Exchange differences		20	-133	-222
Total other comprehensive income		**20**	**-133**	**-222**
Total comprehensive income for the period		**-6 605**	**-5 054**	**-25 016**

1st quarter Statement of Profit and Loss is not audited

Statement of Financial Position –Gentian Diagnostics Group

	Note	2022	2021
(figures in NOK thousands)		31.3	31.3
Assets			
Non-Current Assets			
Intangible assets	9	26 401	19 467
Property, plants and equipment		3 826	5 421
Right-of-use assets		14 465	16 514
Total Non-Current Assets		**44 691**	**41 403**
Current Assets			
Inventory		31 447	21 541
Accounts receivables and other receivables		25 838	17 843
Cash and cash equivalents		100 237	146 055
Total Currents Assets		**157 522**	**185 438**
Total Assets		**202 213**	**226 841**
Equity and liabilities			
Paid-in equity			
Share capital	11	1 542	1 541
Share premium		293 810	293 241
Other paid-in equity		12 184	8 280
Total paid-in equity		**307 537**	**303 062**
Retained earning			
Retained earning		-139 133	-112 566
Total retained equity		**-139 133**	**-112 566**
Total equity		**168 404**	**190 496**
Liabilities			
Lease liabilities	10	17 844	22 027
Total non-current liabilities		**17 844**	**22 027**
Current liabilities			
Accounts payable and other current liabilities		15 966	14 318
Total current liabilities		**15 966**	**14 318**
Total liabilities		**33 810**	**36 345**
Total equity and liabilities		**202 213**	**226 841**

1st 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 01.01.2021	**1 541**	**293 241**	**7 309**	**-107 512**	**194 579**
Net result for the year				-4 922	-4 922
Other comprehensive income					
Proceeds from share issue					
Cost of share issue					
Share based payments			971		971
Other changes in equity				-133	-133
Equity at 31.03.2021	**1 541**	**293 241**	**8 280**	**-112 566**	**190 496**
Equity at 01.01.2021	**1 541**	**293 241**	**7 309**	**-107 512**	**194 579**
Net result for the year				-24 794	-24 794
Other comprehensive income					
Proceeds from share issue	1	569			570
Cost of share issue					
Share based payments			4 633		4 633
Other changes in equity				-222	-222
Equity at 31.12.2021	**1 542**	**293 810**	**11 941**	**-132 528**	**174 766**
Equity at 01.01.2022	**1 542**	**293 810**	**11 941**	**-132 528**	**174 766**
Net result for the year				-6 625	-6 625
Other comprehensive income					
Proceeds from share issue					
Cost of share issue					
Share based payments			243		243
Other changes in equity				20	20
Equity at 31.03.2022	**1 542**	**293 810**	**12 184**	**-139 133**	**168 404**

1st quarter Statement of changes in equity is not audited

Cash Flow Statement

	2022	2021	2021
(NOK 1000)	Q1	Q1	01.01-31.12
Operating activities			
Net profit (loss)	-6 625	-4 922	-24 794
Depreciation and amortisation	2 062	1 971	7 351
Change Inventory	-1 668	-665	-8 904
Change Accounts Receivables	-3 796	-250	1 120
Change Accounts Payables	-3 509	-1 770	-833
Accrued cost of options	243	971	4 633
Change in other assets and liabilities	1 901	-4 776	-6 215
Net cash flow from operating activities	**-11 392**	**-9 439**	**-27 642**
Investing activities			
Payments of property, plant and equipment	-	-738	-1 816
Investment in intangible assets	-2 230	-1 489	-11 791
Investments in other companies	-	-	-
Net cash flow from investing activities	**-2 230**	**-2 227**	**-13 607**
Financing activities	-	-	-
New debt	-	-	-
Loan instalments	-1 127	-98	-2 310
Proceeds from issue of share capital	-	-	570
Net cash flow from financing activities	**-1 127**	**-98**	**-1 740**
Net change in cash and cash equivalent	-14 750	-11 763	-42 989
Cash and cash equivalents at beginning of period	114 936	157 985	157 985
Effect of currency translation of cash and cash equivalents	50	-167	-60
Net Cash and cash equivalents at period end	**100 237**	**146 055**	**114 936**

1st quarter Cash Flow Statement is not audited

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 2021 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 published 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 2022.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries. As at 31 March 2022, Gentian AS, located in Moss, Norway is a 100% owned and controlled subsidiary.

3. Sales and revenue

Revenue by classification	1Q22	1Q21	2021	2020
Sales revenue	20 558	19 641	83 122	63 327
Public grants	2 532	4 560	16 887	10 512
Revenue from divestiture	-	-	-	4 384
Other revenue	-	-	-	657
Total	**23 090**	**24 201**	**100 009**	**78 881**

Geographical split	1Q22	1Q21	2021	2020
Europe	15 140	13 041	54 677	45 416
Asia	4 076	5 235	25 002	14 909
USA	1 343	1 366	3 443	3 002
Total	**20 558**	**19 641**	**83 122**	**63 327**

Sales by product category	1Q22	1Q21	2021	2020
Renal diagnostic products	7 510	7 364	36 432	25 237
Inflammation diagnostic products	10 739	10 620	40 478	29 889
Other diagnostic products	2 309	1 658	6 195	8 201
Total	**20 558**	**19 641**	**83 122**	**63 327**

4. Public Grants

Gentian has recognised public grants from the Norwegian Research Council, Innovation Norway, Eurostars and SkatteFUNN.

	1Q22	1Q21	2021	2020
Norwegian Research Council and Eurostars	1 589	2 843	10 943	7 510
Innovation Norway		461	1 194	1 222
SkatteFUNN	942	1 256	4 750	1 780
Total	**2 531**	**4 560**	**16 887**	**10 512**

5. Operating expenses by function

	1Q22	1Q21	2021	2020
Sales and marketing expenses	4 593	4 044	15 145	14 193
Administration expenses	6 701	5 505	32 769	19 408
Research and development expenses	4 368	6 128	24 416	23 887
Total	**15 662**	**15 677**	**72 330**	**57 488**

6. Cost of goods sold

	1Q22	1Q21	2021	2020
Change in inventory of goods under manufacture and finished goods	2 632	1 713	3 727	-2 014
Purchase of goods	2 365	3 102	16 086	16 309
Production salary	5 147	4 878	18 662	14 909
Other production expense	1 468	782	4 702	3 382
Total	**11 613**	**10 475**	**43 176**	**32 586**

7. Employee benefit expenses

	1Q22	1Q21	2021	2020
Wages and salaries	11 343	10 939	43 733	40 551
Payroll tax	1 522	2 021	6 888	5 907
Pension costs (mandatory occupational pension)	388	369	1 733	1 416
Share based payments	243	971	4 633	3 278
Other expenses	194	213	1 214	988
Transfer to COGS	-5 147	-4 878	-18 662	-14 909
Total	**8 542**	**9 634**	**39 539**	**37 231**

8. Research and Development expenses

The Gentian Group has per 31 March 2022 four 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	1Q22	1Q21	2021	2020
Purchase of external services	1 876	2 008	9 023	8 470
Salary and other operating expenses	4 722	5 608	27 051	18 839
Capitalised research and development expenses	-2 230	-1 489	-11 659	-3 421
Total	**4 368**	**6 128**	**24 416**	**23 887**

9. Intangible assets

As of 31 March 2022, the recognised intangible assets in the Group amounts to MNOK 26.4. The intangible assets are derived from capitalisation 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 1Q22.

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 31 March 2022 according to VPS and disclosures from investors:

Shareholder	**No of shares**	**%**
Vatne Equity AS	2 110 224	13.68 %
Kvantia AS	1 623 368	10.53 %
Holta Life Sciences AS	1 214 702	7.88 %
Verdipapirfondet Delphi Nordic	914 782	5.93 %
Safrino AS	800 000	5.19 %
Skandinaviska Enskilda Banken AB	563 500	3.65 %
Salix AS	415 122	2.69 %
Verdipapirfondet DNB SMB	364 866	2.37 %
Verdipapirfondet Storebrand Vekst	339 503	2.20 %
Equinor Pensjon	309 820	2.01 %
Portia AS	300 000	1.95 %
Cressida AS	235 000	1.52 %
Lioness AS	220 000	1.43 %
Marstal AS	212 407	1.38 %
Mutus AS	210 465	1.36 %
Henrik Krefting	201 000	1.30 %
Carpe Diem Afseth AS	187 849	1.22 %
Verdipapirfondet Delphi Kombinasjon	185 949	1.21 %
Vingulmork Predictor AS	184 083	1.19 %
Silvercoin Industries AS	175 257	1.14 %
Other Shareholders	4 654 453	30.18 %
Total Shares	**15 422 350**	**100.00%**

12. Earnings per share

	1Q22	1Q21	2021
Loss for the period	-6 624 894	-4 921 647	-24 790 833
Average number of outstanding shares during the period	15 422 350	15 411 889	15 414 504
Earnings/ loss (-) per share - basic and diluted	-0.430	-0.319	-1.608

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 31 March 2022, 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.

	1Q22	1Q21	2021
Outstanding options at beginning of period	594 916	454 916	594 916
Options granted	155 674	150 000	155 674
Options forfeited	-10 000	-10 000	-10 000
Options exercised	-	-	-
Options expired	-	-	-
Outstanding options at end of period	740 590	594 916	740 590

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	259 962
2025-11	62.88	150 000
2026-11	72.60	155 674
		740 590

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 (44%), expected dividend yield (0%), expected term of 4 years, annual risk-free interest rate (1.2%). The volatility is based on other comparable companies' stock price volatility.

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 1.2 per 31 March 2022 (MNOK 3.2 per 31 March 2021).

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 31 March 2022 is estimated to NOK 180.1 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	**1Q22**	**1Q21**	**2021**	**2020**
(NOK 1000)				
Revenue from contracts with customers	20 558	19 641	83 122	63 327
Revenue growth	917	3 394	19 795	15 375
Impact using exchange rates from last period	265	565	4 399	-5 025
Impact M&A	-	1 017	1 954	1 068
Organic revenue growth	1 183	4 975	26 148	11 418
Organic revenue growth %	6 %	33 %	43 %	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	**1Q22**	**1Q21**	**2021**	**2020**
(NOK 1000)				
Employee benefit expenses	8 542	9 634	39 539	37 231
Other operating expenses	7 120	6 042	32 790	20 258
Total other operating expenses **after** capitalisation of R&D expenses	15 662	15 677	72 330	57 489
Capitalisation	2 230	1 489	11 659	3 421
Total other operating expenses **before** capitalisation of R&D expenses	17 892	17 165	83 988	60 910

Reconciliation	**1Q22**	**1Q21**	**2021**	**2020**
(NOK 1000)				
Other non-salary related operating expenses **after** capitalisation of R&D expenses	7 120	6 042	32 790	20 258
Capitalisation	1 020	860	8 579	2 814
Other non-salary related operating expenses **before** capitalisation of R&D expenses	8 140	6 902	41 370	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	**1Q22**	**1Q21**	**2021**	**2020**
(NOK 1000)				
Total Revenue	23 090	24 201	100 009	78 881
Total Operating Expenses	-29 336	-28 138	-122 854	-96 705
EBIT	-6 246	-3 937	-22 845	-17 824
Depreciation and Amortisation	2 062	1 985	7 349	6 630
EBITDA	-4 184	-1 951	-15 496	-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.

	1Q22	1Q21	2021	2020
(NOK 1000)				
Revenue from contracts with customers	20 558	19 641	83 122	63 327
COGS	11 613	10 475	43 170	32 586
COGS % of Revenue from contracts with customers	56 %	53 %	52 %	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.

	1Q22	1Q21	2021	2020
(NOK 1000)				
Non-cash shared-based compensation	243	971	4 633	3 278