

Remuneration report

1. Introduction

Gentian Diagnostics ASA ("the Company") and its subsidiaries (together "the Group") 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. This 2022 Remuneration Report ("Remuneration Report") has been prepared in accordance with the requirements of the Norwegian Code of Practice for Corporate Governance 2022 and the Public Companies Act §6-16aog 6-16b.

The main principle of Gentian Diagnostic's remuneration policy for the executive management group is that the company should not be a wage leader, but the executive management shall be offered a competitive salary. The compensation arrangements shall be easy to manage and understand, long-term and possess flexibility. The total compensation arrangement should be linked to the company's earnings and performance, and to the individual elements of the personal terms.

The board determines remuneration for the CEO, while the CEO determines remuneration for the management group. Compensation of the executive management is based on market terms and evaluated on a yearly basis.

The executive management remuneration consists of a fixed salary and a variable part linked to the company's achievement. The criteria are reviewed annually and are linked to internal goals and budgets. In addition, the executive management is included in the Group's share option programme. Total remuneration in 2022 was in line with the criteria set for total compensation in 2022.

The executive management is included in the same pension plan as other employees to the extent applicable. Other benefits are of minor financial importance such as free access to communication tools for the management team to be available and compensation for the use of private car for business related travel. The CEO has the right to six month's salary in case the contract is terminated by the company. No other executives have any rights to receive additional compensation when leaving the company.

The board believes that the remuneration policy has been applied as presented and approved by the annual general meeting in 2022 and that it has contributed to retain, motivate and preserve the relevant experience of the executive management. The board also believes that the application of the remuneration policy has stimulated to a culture for remuneration that promotes the Company's business strategy and long-term interests and sustainability.

The remuneration to the executive management has promoted the achievement of results and leadership in accordance with the Company's values and reflect the performance of the individual executive. Considerations have also been given to increase and growth over time in the remuneration and the considerations have formed a part of the board's assessment whether the remuneration to the executive management has been reasonable.

2. Total compensation

In the below table 1 and 2 for total compensation, bonus is achieved bonus for 2020 paid in 2021 and bonus achieved in 2021 paid in 2022. Table 3 shows the achieved bonus for 2022 to be paid in 2023.

Table 1 - Compensation to management in 2022 (NOK 1 000):

		Wages and salaries	Bonus	Pension costs**	Share based payments	Other remuneration	Proportion of remuneration	
							Fixed	Variable
Hilja Ibert	Chief Executive Officer	2 906	404	-	741	153	73 %	27 %
Njaal Kind	Group Chief Financial Officer	2 054	248	60	992	9	63 %	37 %
Erling Sundrehagen	Chief Scientific Officer	1 673	186	52	805	4	64 %	36 %
Markus Jaquemar	Chief Commercial Officer	1 882	221	-	188	-	82 %	18 %
Total salary management		8 514	1 058	112	2 726	166		

Table 2 - Compensation to management in 2021 (NOK 1 000):

		Wages and salaries	Bonus	Pension costs	Share based payments	Other remuneration	Proportion of remuneration	
							Fixed	Variable
Hilja Ibert	Chief Executive Officer	2 787	388	-	1 478	158	61 %	39 %
Njaal Kind	Group Chief Financial Officer	1 846	240	50	765	9	65 %	35 %
Erling Sundrehagen	Chief Scientific Officer	1 644	300	41	735	23	62 %	38 %
Total salary management		6 277	928	91	2 978	190		

Table 3 - Accrued bonus to management based upon 2022 results to be paid in 2023 (NOK 1 000):

		Bonus
Hilja Ibert	Chief Executive Officer	390
Njaal Kind	Group Chief Financial Officer	246
Erling Sundrehagen	Chief Scientific Officer	193
Markus Jaquemar	Chief Commercial Officer	175
Total		1 004

3. Short term incentive programme – bonus arrangements

The short-term incentive programme is defined to incentivise the individual executive for their performance. The executive management are members of the company's bonus program where performance is evaluated, and bonus potentially awarded once per year. The criteria for bonus payments is defined in relation to overall and personal goals. Annual bonuses shall amount to maximum 30% of base salary. Bonus payment is only triggered if the group achieves approved targets pertaining to sales growth and cost development. The tables below specify the performance achievement for the executive management in 2022 and the maximum bonus for each member of the executive management in 2022 and 2023.

Per 2022	Performance Criteria	Weight	Performance	
			Achieved	% of target
Company objectives	Financial goals	30 %	15 %	50 %
	Non-financial goals	70 %	33 %	47 %

	Target bonus in per cent of base salary	
	2022	2023
Hilja Ibert	30 %	30 %
Njaal Kind	30 %	30 %
Erling Sundrehagen	30 %	-
Markus Jaquemar	30 %	30 %

4. Share based compensation Option program to management

In 2018, the company launched a share option programme for the executive management and key personnel. Under the share option programme, options may be allocated to the executive management and key personnel. The options entitle the option holder to purchase a defined number of shares to a pre-defined value after a specific period. The company may decide settlement in cash. Settlement in shares is conditional upon an autorisation from the general meeting for a share issue. The board determines the detailed criteria of the share option programme and related agreements.

Annual allocation of options is to be resolved by the board of the company in order to maximise the effect of the allocation(s). Currently, the total number of outstanding options cannot exceed 10.0% of the outstanding shares of the company. The options shall have a pre-defined strike price which can be adjusted for dividends and other relevant share capital ratios.

The following option allocations have been awarded to the executive management:

Table – 6

Hilja Ibert	2022	2021
Outstanding options 01.01	279 925	279 925
Options granted	80 000	0
Options forfeited	0	0
Options exercised	0	0
Options expired	0	0
Outstanding options 31.12	359 925	279 925
Njaal Kind	2022	2021
Outstanding options 01.01	155 665	114 991
Options granted	19 996	40 674
Options forfeited	0	0
Options exercised	0	0
Options expired	0	0
Outstanding options 31.12	175 661	155 665

Erling Sundrehagen	2022	2021
Outstanding options 01.01	120 000	100 000
Options granted	0	20 000
Options forfeited	0	0
Options exercised	0	0
Options expired	0	0
Outstanding options 31.12	120 000	120 000

Markus Jaquemar	2022	2021
Outstanding options 01.01	22 500	20 000
Options granted	25 000	2 500
Options forfeited	0	0
Options exercised	0	0
Options expired	0	0
Outstanding options 31.12	47 500	22 500

For options issued in 2018 - 2021, the vesting period is over three years as follows:

- 1/3 of the options granted no earlier than 2 years after allocation
- 1/3 of the options granted no earlier than 3 years after allocation
- 1/3 of the options granted no earlier than 4 years after allocation

For options issued in 2022, the vesting period is over two years as follows:

- 1/2 of the options granted no earlier than 3 years after allocation
- 1/2 of the options granted no earlier than 4 years after allocation

The options expire five years after issuance.

Table - 7

2022						
Expiry date	Average strike price	Number of share options	Hilja Ibert	Njaal Kind	Erling Sundrehagen	Markus Jaquemar
2023-08	65.24	174 954	139 963	34 991	0	0
2024-11	47.51	259 962	139 962	40 000	50 000	0
2025-11	62.88	150 000	0	40 000	50 000	20 000
2026-11	72.60	155 674	0	40 674	20 000	2 500
2027-12	46.67	219 996	80 000	19 996	0	25 000
		960 586	359 925	175 661	120 000	47 500

2021					
Expiry date	Average strike price	Number of share options	Hilja Ibert	Njaal Kind	Erling Sundrehagen
2023-08	65.24	174 954	139 963	34 991	0
2024-11	47.51	259 962	139 962	40 000	50 000
2025-11	62.88	150 000	0	40 000	50 000
2026-11	72.60	155 674	0	40 674	20 000
		740 590	279 925	155 665	120 000

5. Use of right to reclaim

Not applicable in Gentian Diagnostics ASA.

6. Deviation from the remuneration policy.

Nothing to report.

7. Comparative information on change on remuneration.

Table - 8

Comparative information on change in remuneration						
Yearly Change	Δ 2022	Δ 2021	Δ 2020	Δ 2019	Δ 2018	Comment
Salary compensation						
CEO	-12,6 %	-4,4 %	26,2 %	43,6 %	-	New CEO in July 2018*
Former CEO	-	-	-	-	3,1 %	
Group CFO	15,5 %	20,6 %	7,7 %	36,0 %	-	New position in 2018
CSO	-0,8 %	25,9 %	28,4 %	14,0 %	9,6 %	
CCO	-	-	-	-	-	New position in 2022
<hr/>						
MCAP - end year (1000 NOK)	632 316	1 110 409	839 948	961 130	877 567	
Company EBIT (1000 NOK)	- 23 235	- 22 847	- 17 824	- 41 241	- 20 686	
Change in average compensation employees	5 %	-2 %	20 %	9 %	7 %	
Total number of employees	55	52	47	46	44	

* For the instances where an employee was hired during the year, the salary has been grossed up to full year amount for comparison.

8. Information on shareholder vote

At the General meeting in 2022 the following items were voted on in relation to remuneration:

Item 5 – Guidelines for remuneration of management and key personnel.

The presented guidelines were approved with the following votes:

For	Against	Abstain	Total
8 325 233 (100 %)	0 (0%)	0 (0%)	8 325 233 (100%)

To the General Meeting of Gentian Diagnostics ASA

Independent auditor's assurance report on report on salary and other remuneration to directors

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Gentian Diagnostics ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31. December 2022 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Management 1 (ISQM 1) and International Standard on Engagement Quality Reviews (ISQM 2) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 - "Assurance engagements other than audits or reviews of historical financial information".



We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Moss, 29 March 2023
BDA AS

Per Harald Eskedal
State Authorised Public Accountant
(This document is signed electronically)

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Per Harald Eskedal

Partner

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