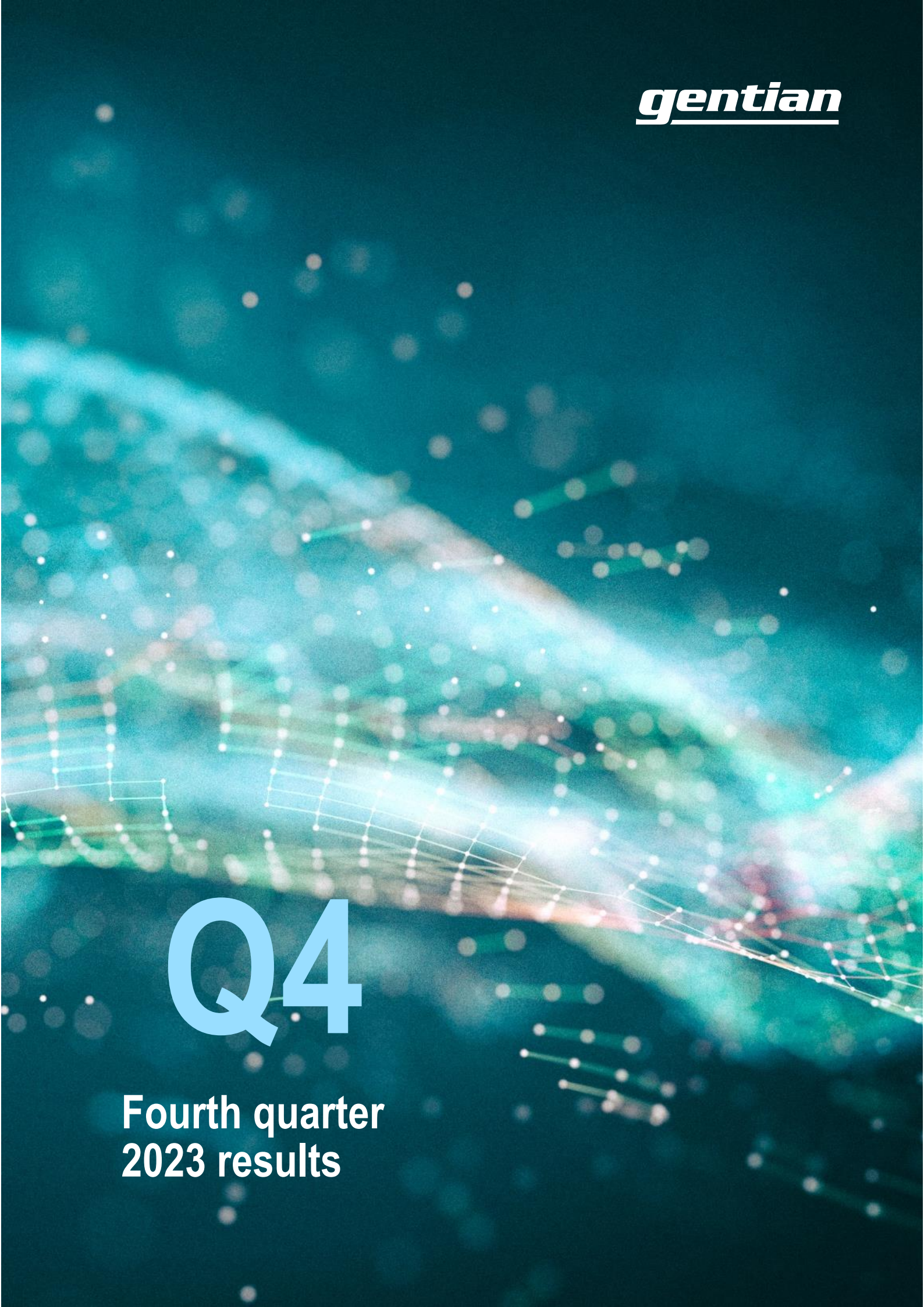

gentian
Q4
Fourth quarter
2023 results

Efficient diagnostics for better treatment decisions

www.gentian.com

Gentian Diagnostics

Fourth quarter 2023 highlights

- Sales of MNOK 37.5 in 4Q23, up 34% vs 4Q22 (23% organic growth). Full year sales of MNOK 135.2 in 2023, up 33% vs 2022 (21% organic growth)
- EBITDA of NOK -1.0 million in 4Q23 versus NOK -1.5 million in 4Q22. Irregularities related to raw materials resulted in an increased COGS estimated to NOK 1.8 million in 4Q23. EBITDA for the full year 2023 of NOK 3.3 million, compared to NOK -13.0 million in 2022
- Year-end cash position at NOK 87.6 million, up NOK 6.0 million compared to year-end 2022
- Cystatin C sales increased 49% in 4Q23 compared to 4Q22 and 41% in 2023 vs 2022
- Third party sales increased 96% in 4Q23 compared to 4Q22 and 67% in 2023 vs 2022
- Optimisation of the NT-proBNP prototype continues with noteworthy progress in 4Q23 and preparations for production scalability experiments were initiated

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 turbo – that contributed to 30% annual revenue growth in 2019-2023. The most recent launch in 3Q 2023 of Retinol Binding Protein (RBP) will support growth for this category. In addition, GCAL® has been launched and is in market development while NT-proBNP is in the product development phase – both having potential to become growth accelerators. The company also has 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 revenues were NOK 142.3 million in 2023. The company's roadmap for long-term growth and value creation is founded on six strategic pillars:

Grow annual revenue from the company's 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.

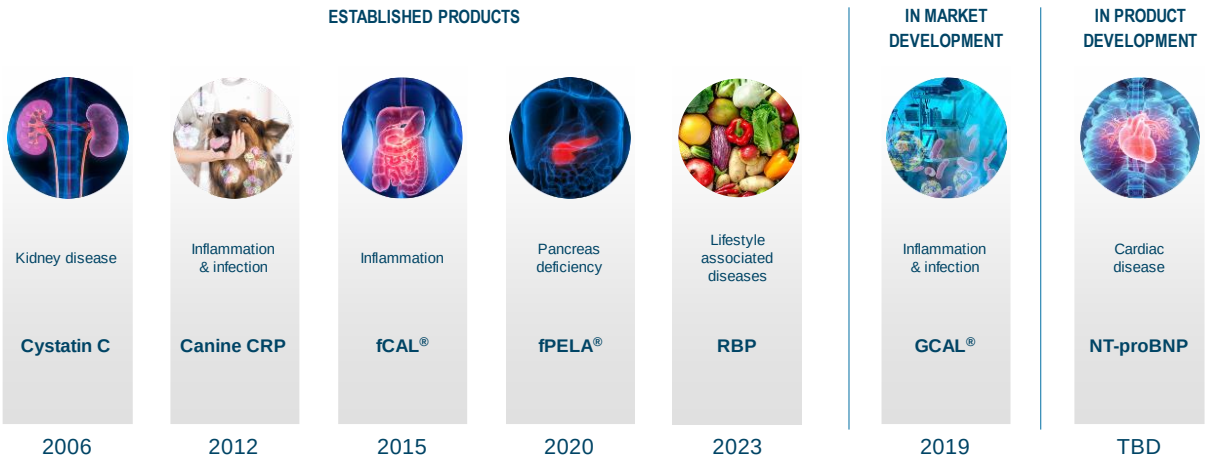
Bring a steady stream of new high-impact diagnostic tests to market.

Secure one new contract with a global commercial partner every year, building on already established partnerships with major diagnostic companies across products.

Grow gross margin from ~50% to 60%+ through economies of scale.

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

Illustration of product categories



Operational summary

Sales

In the fourth quarter of 2023, the company recorded a significant increase in sales revenue, marking a 34% growth compared to the fourth quarter of 2022. This growth trend was consistent throughout the year, with a 33% increase in annual sales revenue compared to 2022. The organic growth rates were notable at 23% for the quarter and 21% for the full year. These figures demonstrate a robust performance and signify the achievement of the company's annual sales growth objectives.

Sales in 4Q23 were primarily driven by strong growth in Europe with Cystatin C and third-party products as significant contributors. GCAL® also demonstrated strong sales growth from a relatively low base.

Sales of Cystatin C, which supports early detection of reduced kidney function, were MNOK 56.3 in 2023 versus MNOK 40.0 in 2022, an increase of 41%. Sales for the quarter were MNOK 14.0 versus MNOK 9.4 in 4Q22, corresponding to a 49% increase. The growth for Cystatin C is driven by continuously higher adoption in clinical routine as well as increased commercial activities of the existing Gentian partners with some competitive gains within the marketplace. Cystatin C sales in Asia grew 43% during the quarter. US sales returned to strong growth associated to further commercial focus by Gentian, with the main contribution from Cystatin C sales.

Sales of fCAL® turbo, which supports fast diagnosis of inflammatory bowel disease, reached MNOK 43.2 in 2023 compared to MNOK 36.3 in 2022, recording a 19% increase in sales. The 4Q23 sales were MNOK 13.6 compared to MNOK 11.7 in 4Q 2022, a 16% increase vs 4Q22. Record quarterly sales for fCAL® turbo are well in line with the overall trend of continued implementation in routine core lab testing, but also due to deliveries from a 3Q order backlog. The Calprotectin fecal testing market growth is also attracting new players in the market. Gentian's strategic collaboration with Bühlmann Labs, which enables a fully

automated solution, is a key factor to secure a strong market position going forward.

The launch of the RBP assay in 3Q23 sparked interest among distributors and IVD partners, leading to increased engagement in 4Q23 with the aim of generating initial revenues in the first half of 2024.

The company's Swedish distribution subsidiary, Gentian Diagnostics AB (GAB), continues to demonstrate a strong positive sales trend for third-party products and for the Gentian portfolio. Revenue from third-party distribution amounted to MNOK 17.0 in 2023 versus MNOK 10.2 in 2022 and MNOK 4.8 in 4Q23 representing an increase of 96% compared to 4Q22. The sales growth is a result of an increasing number of customers, including recently acquired large customers in Norway and Sweden and their routine implementation of products offered by GAB.

Gentian is being recognised by its customers and partners for providing web-based digital documentation services as it enables them a faster and more productive test implementation into clinical routine. In addition, educational content for the Gentian product portfolio was provided via Gentian's Website to support clinicians and laboratory professionals in the best possible use of Gentian's products.

Market development

GCAL®

Results from clinical studies continue to support the value of GCAL® in early diagnosis of bacterial infections and prediction of clinical deterioration. Data analysis from two studies performed in adult and paediatric patients are finalised and submitted for publication.

There is an increased interest in the GCAL® immunoassay and growing evidence for use of the calprotectin biomarker in autoimmune diseases, including rheumatic diseases in children and adults. Several studies have confirmed the role of GCAL® in estimation of disease activity and inflammatory response. Gentian has, in collaboration with a leading expert in the field, initiated a study to explore the role of GCAL® in assessment of disease activity and prediction of severe inflammatory response in Hidradenitis suppurativa, a chronic, inflammatory skin disease. The aim of the study is to explore if GCAL® can be used as an indicator for early start of biological treatment and monitoring of treatment response.

Gentian attended a seminar in Slovakia to present and discuss the use of GCAL® in autoimmune diseases, including rheumatoid arthritis in adults and juvenile idiopathic arthritis in children. The value of the assay in estimation of disease severity and early detection of inflammation has been confirmed by several speakers and routine users attending the seminar.

Product development

NT-proBNP

Gentian's NT-proBNP assay is currently in the optimization phase of development and aims to be the first turbidimetric in vitro diagnostic test for the quantitative measurement of NT-proBNP. The goal is to make NT-proBNP testing more accessible on high-volume clinical chemistry analysers, which will increase laboratory productivity and reduce overall costs. The growing cost burden in healthcare systems due to an aging population and lifestyle choices is driving an increase in the demand for NT-proBNP testing.

In the fourth quarter, Gentian continued the noteworthy progress on the technical front. The current prototype has successfully reproduced the results from earlier investigations, which is the basis for the finalization of the optimization phase.

Simultaneously, preparations for production scalability experiments were initiated during the quarter. These experiments aim to evaluate the efficiency of the preferred manufacturing process at elevated volumes.

On the clinical side, the team tested the initial clinical performance of the prototype by using blood samples from patients with confirmed heart failure. As described in earlier reports, the NT- proBNP assay is a tool to assist in the diagnosis of heart failure, including fast and accurate exclusion of congestive heart failure. While the preliminary results show promise, Gentian acknowledges the need for more extensive testing to confirm these findings. Furthermore, additional clinical data is deemed essential to meet regulatory requirements ahead of the anticipated product launch.

Notwithstanding the continuous progress, the company is still unable to provide a specific timeline for the completion of the remaining optimization phase. However, if the product successfully completes this phase, subsequent phases are typically characterized by lower risk. We estimate that the development period for NT-proBNP after completion of optimization will be between 6 and 9 months.

It is important to note that the product will fall under the new IVDR regulatory regime, which will add an additional 6-9 months before commercial launch.

Pipeline

The company is currently overseeing two projects in the proof-of-concept stage where one project is in close collaboration with a major IVD player. Gentian's ongoing pipeline activities are progressing through various stages, with decisions to advance into proof-of-concept phases being influenced by both business and technology considerations.

Additionally, Gentian is actively exploring external technologies that will enable it to fulfill its strategic objectives.

Gentian is continuously considering possibilities related to insourcing of products developed by partners which could be manufactured and sold by Gentian.

Long-term outlook

Gentian targets disease groups that represent a total addressable market of around BUSD 6.1 globally and an estimated growth rate of 4-5% annually over the next 4-6 years, according to leading market data provider Kalorama (2022). 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 1.8 (2022), with an estimated annual growth rate of 5-10% over the next 4-6 years. The key driver for the higher expected growth rate in the serviceable market is Gentian's selective approach to target attractive 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 clinically relevant 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, which Gentian announced in 2021, 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 over the coming 12 months. 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 and medium size commercial partners globally.
- Additional regulatory approvals to allow for geographical expansion.

GCAL® (in market development)

- Clinical studies confirming improved patient outcomes and relevance for the early detection of infections, which supports the avoidance of sepsis as well as diagnosis of inflammatory diseases.
- Securing endorsements from key opinion leaders and inclusion in clinical guidelines.
- Securing global commercial partnerships with phased regional rollout.

New products

NT-proBNP

- Successful optimization of the assay.
- Securing endorsements from key opinion leaders.
- Obtain progress on global commercial partnerships.

Pipeline

- Finalize proof-of-concept for two new pipeline projects.

Financial performance

Comparative numbers for Gentian in 2022 in ().

Revenue, geographic split and product split

Total operating revenue amounted to a quarterly record of MNOK 37.8 (MNOK 30.9) for 4Q23. Total operating revenue for the full year of 2023 amounted to MNOK 142.3 (MNOK 111.9).

Sales revenue increased by 34% to MNOK 37.5 in 4Q23 (MNOK 27.9), with organic revenue growth of 23%. Sales revenue in 2023 increased 33% with organic revenue growth of 21%.

Revenue from the US market was MNOK 2.0 for 4Q23 (MNOK 1.1), and MNOK 8.7 in 2023 (MNOK 6.5). Europe recorded strong growth in revenues compared to the same quarter last year, increasing 36% to MNOK 26.5 in the quarter (MNOK 19.6) and grew 30% to MNOK 92.8 (MNOK 71.2) in total in 2023. Sales to Asia grew 22% in 4Q23 compared to the fourth quarter last year and demonstrated strong growth of 43% for the full year 2023 versus 2022.

Geographic split

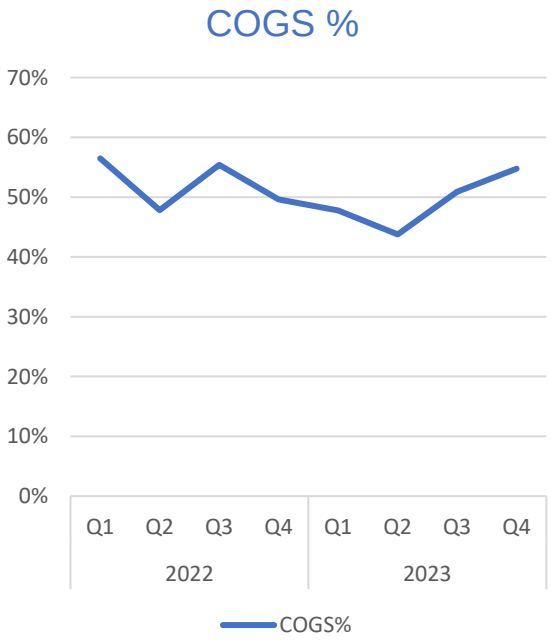
MNOK	4Q23	4Q22	2023	2022
US	2.0	1.1	8.7	6.5
Europe	26.5	19.6	92.8	71.6
Asia	8.9	7.3	33.7	23.6
Total	37.5	27.9	135.2	101.6

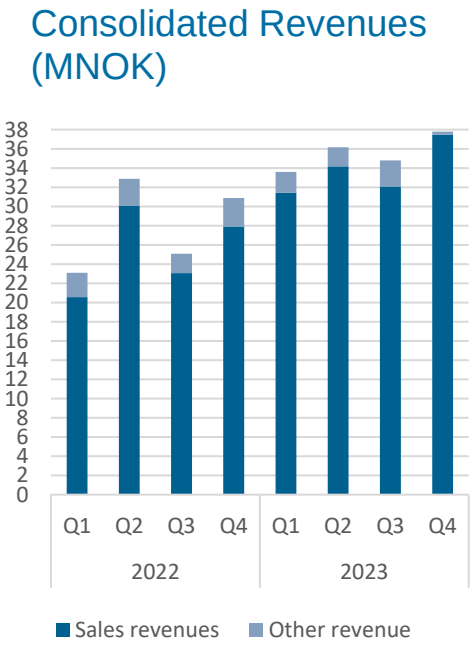
The portfolio overall continues to grow according to Gentian's strategy and long-term growth plan. The sales of Cystatin C grew by 49% in the fourth quarter of 2023. Strong growth was achieved in all geographies. Sales of fCAL turbo experienced a 16% increase in sales for 4Q23 compared to 4Q22. The distribution of third-party products conducted by the Swedish subsidiary Gentian Diagnostics AB (GAB), continues to expand its activities in the Nordic region. Sales increased by 100% in 4Q23 compared to 4Q22 and full year growth of 67% in 2023 versus 2022.

Product split

MNOK	4Q23	4Q22	2023	2022
Cystatin C	14.0	9.4	56.3	40.0
fCAL®turbo	13.6	11.7	43.2	36.3
Third party products	4.8	2.4	17.0	10.2
Other	5.1	4.3	18.6	15.2
Total	37.5	27.9	135.2	101.6

Approximately 78% (85%) of the sales revenue in the quarter come from long-term contracts with established customers.





Other operating revenue ended at MNOK 0.3 (MNOK 3.0) for 4Q23, and MNOK 7.2 (MNOK 10.3) for 2023. This consists of public grants related to the company's R&D projects and bad will related to the acquisition of the shares in Getica AB.

Cost of goods sold

Cost of goods sold (COGS) was 55% (50%) of sales revenue in 4Q23, and 49% (52%) in 2023. Although the trend over the last year has been positive, the increase in 4Q23 compared to the previous quarters is due to irregularities in some raw materials which resulted in products not reaching the quality specifications and subsequently had to be scrapped. The estimated effect of these quality issues is estimated to MNOK 1.8 on COGS in 4Q 2023. Gentian expects further increases in raw material prices and labour cost, but maintains its ambition that over time, COGS as a percentage of sales revenue will decline with increasing sales.

Total other operating expenses

Total other operating expenses before capitalisation of R&D expenses ended at MNOK 19.6 (MNOK 20.2) in 4Q23.

R&D expenses amounted to 43% (40%) of total other operating expenses before capitalization in 4Q23. Capitalisation of R&D expenses was MNOK 1.3 (MNOK 1.7) in the quarter.

Total other operating expenses after capitalisation of R&D expenses was MNOK 18.3 (MNOK 18.5) in 4Q23.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK -1.0 (MNOK -1.5) for 4Q23 and MNOK 3.3 (MNOK -13.0) for the full year 2023. Net profit was MNOK -9.8 (MNOK -4.6), and MNOK -10.4 (MNOK -23.6) for 2023.

During the quarter, the company decided to discontinue the sales of the SARS Cov-2 AB assay. At this point the company does not foresee a positive change in the current market environment and considers sales opportunities of this assay to be limited. As a result of the decision to discontinue the sale of the assay, the company has written down intangible assets by MNOK 6.5.

The impairment does not have a cash effect.

Balance sheet

Cash and cash equivalents as of 31 December 2023 were MNOK 87.6 (MNOK 81.6). The cash is placed in both savings accounts and current accounts.

Accounts receivables as of 31 December 2023 were MNOK 11.5 (MNOK 10.1), and inventory MNOK 37.1 (MNOK 38.5).

The equity ratio was 81.4% as of 31 December 2023.

Events after the balance sheet date

There are no events after the balance sheet date.

Statement of Profit and Loss – Gentian Diagnostics Group

	Note	2023	2022	2023	2022
(NOK 1000)		Q4	Q4	01.01-31.12	01.01-31.12
Revenue					
Revenue from contracts with customers	3	37 466	27 911	135 153	101 636
Other operating revenue	4,14	334	2 959	7 193	10 287
Total revenue		**37 800**	**30 870**	**142 347**	**111 922**
Operating expenses					
Cost of goods sold	6	-20 501	-13 849	-66 750	-52 635
Employee benefit expenses	7,13	-11 902	-10 324	-47 352	-40 910
Depreciation and amortisation		-2 419	-2 767	-9 566	-10 243
Impairment	9	-6 469	-	-6 469	-
Other operating expenses		-6 383	-8 201	-24 972	-31 369
Total operating expenses	**5**	**-47 674**	**-35 141**	**-155 109**	**-135 158**
Operating result		**-9 875**	**-4 271**	**-12 762**	**-23 235**
Finance income		1 081	-911	5 807	3 831
Finance cost		-998	557	-3 402	-4 213
Net financial items		**83**	**-354**	**2 405**	**-382**
Profit before tax		**-9 791**	**-4 625**	**-10 357**	**-23 618**
Income tax expense		-	-	-	-
Profit for the period		**-9 791**	**-4 625**	**-10 357**	**-23 618**
Other comprehensive income					
Exchange differences		299	114	81	-331
Total other comprehensive income		**299**	**114**	**81**	**-331**
Total comprehensive income for the period		**-9 492**	**-4 512**	**-10 276**	**-23 949**

4th quarter Statement of Profit and Loss is not audited

Statement of Financial Position – Gentian Diagnostics Group

	Note	2023	2022
(Figures in NOK thousands)		31.12	31.12
Assets			
Non-Current Assets			
Intangible assets	9	21 158	26 820
Property, plants and equipment		7 751	9 251
Right-of-use assets		10 294	12 386
Financial assets		149	-
Total Non-Current Assets		**39 352**	**48 458**
Current Assets			
Inventory		37 116	38 544
Accounts receivables and other receivables		16 477	19 188
Cash and cash equivalents		87 642	81 599
Total Currents Assets		**141 235**	**139 332**
Total Assets		**180 587**	**187 790**
Equity and liabilities			
Paid-in equity			
Share capital	11	1 542	1 542
Share premium		302 244	302 244
Other paid-in equity		16 984	13 946
Total paid-in equity		**320 771**	**317 732**
Retained earning			
Retained earning		-173 839	-163 562
Total retained equity		**-173 839**	**-163 562**
Total equity		**146 932**	**154 170**
Liabilities			
Lease liabilities	10	9 006	11 624
Total non-current liabilities		**9 006**	**11 624**
Current liabilities			
Accounts payable and other current liabilities		24 648	21 996
Total current liabilities		**24 648**	**21 996**
Total liabilities		**33 655**	**33 620**
Total equity and liabilities		**180 587**	**187 790**

4th 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	Translation differences	Total equity
Equity at 01.01.2022	**1 542**	**302 244**	**10 593**	**-139 433**	**-180**	**174 766**
Net result for the year				-23 618		-23 618
Other comprehensive income						
Proceeds from share issue						
Cost of share issue						
Share based payments			3 353			3 353
Other comprehensive income					-331	-331
Equity at 31.12.2022	**1 542**	**302 244**	**13 946**	**-163 051**	**-511**	**154 170**
Equity at 01.01.2023	**1 542**	**302 244**	**13 946**	**-163 051**	**-511**	**154 170**
Net result for the year				-10 357		-10 357
Other comprehensive income						
Proceeds from share issue						
Cost of share issue						
Share based payments			3 038			3 038
Other comprehensive income					81	81
Equity at 31.12.2023	**1 542**	**302 244**	**16 984**	**-173 408**	**-430**	**146 932**

4th quarter Statement of changes in equity has been corrected according to the groups actual split in equity. The Statement of changes in equity is not audited.

Cash Flow Statement

	2023	2022	2023	2022
(NOK 1000)	Q4	Q4	01.01-31.12	01.01-31.12
Operating activities				
Net profit (loss)	-9 791	-4 625	-10 357	-23 618
Depreciation and amortisation	2 419	2 767	9 566	10 243
Impairment	6 469	-	6 469	-
Gain on bargain purchase	-	-	-892	-
Change Inventory	4 030	-3 208	2 692	-8 765
Change Accounts Receivables	4 947	-5 567	-1 158	-3 550
Change Accounts Payables	-862	-887	-878	-532
Accrued cost of options	755	894	3 038	3 353
Change in other assets and liabilities	5 716	168	6 971	8 917
Net cash flow from operating activities	**13 684**	**-10 458**	**15 451**	**-13 952**
Investing activities				
Payments of property, plant and equipment	-222	-670	-955	-8 637
Investment in intangible assets	-1 318	-453	-3 532	-6 029
Purchase of shares in other companies net of cash acquired	-	-	-390	-
Net cash flow from investing activities	**-1 541**	**-1 123**	**-4 877**	**-14 666**
Financing activities				
Lease payments	-1 157	-812	-4 598	-4 325
Proceeds from issue of share capital	-	-	-	-
Net cash flow from financing activities	**-1 157**	**-812**	**-4 598**	**-4 325**
Net change in cash and cash equivalent	10 987	-12 394	5 976	-32 943
Cash and cash equivalents at beginning of period	76 393	93 880	81 599	114 936
Effect of currency translation of cash and cash equivalents	262	114	67	-395
Net Cash and cash equivalents at period end	**87 642**	**81 599**	**87 642**	**81 599**

4th 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 subsidiaries Gentian AS and Getica AB, located in Norway and Sweden.

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 2022 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 and the central bank of Norway (Norges Bank).

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 2023.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries. As of 31 December 2023, Gentian AS, located in Moss, Norway and Getica AB, located in Gothenburg, Sweden, are 100% owned and controlled subsidiaries.

3. Sales and revenue

Revenue by classification	4Q23	4Q22	2023	2022
Sales revenue	37 466	27 911	135 153	101 636
Public grants	186	2 959	6 154	10 287
Other revenue	148	-	1 040	-
Total	**37 800**	**30 870**	**142 347**	**111 922**

Sales revenue Geographical split	4Q23	4Q22	2023	2022
Europe	26 530	19 555	92 757	71 571
Asia	8 893	7 271	33 673	23 609
USA	2 043	1 085	8 722	6 456
Total	**37 466**	**27 911**	**135 153**	**101 636**

Sales revenue by product category	4Q23	4Q22	2023	2022
Renal diagnostic products	14 014	9 417	56 321	39 966
Inflammation diagnostic products	15 881	13 563	51 770	42 886
Other diagnostic products	7 572	4 932	27 062	18 784
Total	**37 466**	**27 911**	**135 153**	**101 636**

4. Public Grants

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

	4Q23	4Q22	2023	2022
Norwegian Research Council and Eurostars	-34	1 652	3 952	6 298
Innovation Norway	-	-	-	-
SkatteFUNN	220	1 307	2 202	3 989
Total	**186**	**2 959**	**6 154**	**10 287**

5. Operating expenses by function

	4Q23	4Q22	2023	2022
Cost of goods sold	20 501	13 849	66 750	52 635
Sales and marketing expenses	5 924	6 324	22 516	21 490
Administration expenses	5 337	5 788	24 796	27 973
Research and development expenses	7 024	6 412	25 012	22 817
Depreciation	2 419	2 767	9 566	10 243
Impairment	6 469	-	6 469	-
Total	**47 674**	**35 141**	**155 109**	**135 158**

6. Cost of goods sold

	4Q23	4Q22	2023	2022
Change in inventory of goods under manufacture and finished goods	-640	969	-2 410	1 368
Purchase of goods	12 455	6 081	39 971	24 412
Production salary	6 697	5 577	23 443	20 978
Other production expense	1 988	1 222	5 746	5 877
Total	**20 501**	**13 849**	**66 750**	**52 635**

7. Employee benefit expenses

	4Q23	4Q22	2023	2022
Wages and salaries	14 064	12 319	54 203	48 456
Payroll tax	2 583	1 777	8 660	5 876
Pension costs (mandatory occupational pension)	650	839	3 075	3 171
Share based payments	755	894	3 038	3 353
Other expenses	547	71	1 819	1 032
Transfer to COGS	-6 697	-5 577	-23 443	-20 978
Total	**11 902**	**10 324**	**47 352**	**40 910**

8. Research and Development (R&D) expenses

The Gentian Group has per 31 December 2023 three 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 2021, and consequently the capitalisation of the costs on this project was started. In addition, the R&D department is responsible for application validation.

Recognised research and development expenses	4Q23	4Q22	2023	2022
Purchase of external services	1 803	2 664	5 700	7 972
Salary and other operating expenses	6 540	5 403	22 843	20 873
Capitalised research and development expenses	-1 318	-1 654	-3 532	-6 029
Total	**7 024**	**6 412**	**25 012**	**22 817**

9. Intangible assets

As of 31 December 2023, the recognised intangible assets in the Group amounts to MNOK 21.1. 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.

As per 31 December 2023, the company has fully impaired the capitalised amounts related to SARS Cov-2 AB (MNOK 6.469).

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 4Q23.

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 December 2023 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 Invest AS	1 228 502	7.97 %
Verdipapirfondet Delphi Nordic	959 272	6.22 %
Safrino AS	749 700	4.86 %
Carpe Diem Afseth AS	548 389	3.56 %
Skandinaviska Enskilda Banken AB	436 251	2.83 %
Verdipapirfondet DNB SMB	361 291	2.34 %
J.P. Morgan SE	350 000	2.27 %
Viola AS	320 916	2.08 %
Verdipapirfondet Storebrand Vekst	311 308	2.02 %
Portia AS	300 000	1.95 %
Krefting, Johan Henrik	292 400	1.90 %
Intertrade Shipping AS	257 716	1.67 %
Cressida AS	235 000	1.52 %
Lioness AS	220 000	1.43 %
Marstal AS	212 407	1.38 %
Mutus AS	210 465	1.36 %
Salix AS	208 954	1.35 %
Verdipapirfondet Delphi Kombinasjon	196 577	1.27 %
Other Shareholders	4 289 610	27.81 %
Total Shares	**15 422 350**	**100.00%**

12. Earnings per share

	4Q23	4Q22	2022
Earnings/ loss (-) for the period	-9 791 372	-4 625 422	-23 617 809
Average number of outstanding shares during the period	15 422 350	15 422 350	15 422 350
Earnings/ loss (-) per share - basic and diluted	-0.64	-0.30	-1.53

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 December 2023, fourteen 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:

For options issued from 2018 and up to 2021,1/3 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. For options issued from 2022 and 2023, 1/2 of the options will vest after 36 months and 1/2 of the options will vest after 48 months. Unvested options will be cancelled if the holder terminates its employment with the group.

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 settled 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.

	4Q23	4Q22	2023	2022
Outstanding options at beginning of period	785 632	740 590	960 586	740 590
Options granted	339 962	219 996	339 962	219 996
Options forfeited	-	-	-	-
Options terminated	-10 000	-	-10 000	-
Options expired	-	-	-174 954	-
Outstanding options at end of period	1 115 594	960 586	1 115 594	960 586

The outstanding options are subject to the following conditions:

Expiry date	Average strike price	Number of share options
2024-11	47.51	259 962
2025-11	62.88	150 000
2026-11	72.60	155 674
2027-12	46.67	209 996
2028-11	40.17	339 962
		1 115 594

The fair value of the options has been calculated using Black - Scholes - Merton Option Pricing Model. The most important parameters are share price at the grant date, exercise prices shown above, volatility (42.21%), expected dividend yield (0%), an expected term of 5 years, and annual risk-free interest rate (3.681%). The volatility is based on other comparable companies' stock price volatility.

14. Business combinations

On 3 July 2023 Gentian Diagnostics ASA acquired 100 % of the shares in Getica AB for a cash consideration of NOK 2.78 million. Getica AB, located in Gothenburg Sweden, has been providing Gentian with antibody purification services through many years in addition to providing diagnostics research and development services. Through this acquisition, Gentian secures critical production competence in an essential step in the manufacturing process. Gentian will also gain access to unique R&D capabilities.

Getica AB was owned by Erling Sundrehagen, who also is the sole owner of Vingulmork Predictor AS.

The acquisition was financed in cash. The fair values of the identifiable assets and liabilities of the business as at the acquisition date are as follows.

	Getica AB
(Figures in NOK thousands)	
Assets	
Non-Current Assets	
Property, plants and equipment	399
Financial assets	146
Total Non-Current Assets	**545**
Current Assets	
Inventory	1 264
Accounts receivables and other receivables	508
Cash and cash equivalents	2 388
Total Currents Assets	**4 160**
Total Assets	**4 705**

Current liabilities	
Accounts payable and other current liabilities	1 035
Total current liabilities	**1 035**
Net identifiable assets and liabilities at fair value	**3 670**
Badwill	-892
Total consideration for the shares	**2 778**
Paid in cash	**-2 778**
Cash received	**2 388**
Net decrease in cash	**-390**

For the fourth quarter of 2023, Getica AB have contributed with 0 NOK to the group's sales revenues and NOK -3.0 million to profit before tax. If the business combination had taken place at the beginning of the year, the group's revenues would have been NOK 135.2 million and profit before tax for the group would have been NOK -7.4 million.

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 December 2023 is estimated to NOK 211 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	**4Q23**	**4Q22**	**2023**	**2022**
(NOK 1000)				
Revenue from contracts with customers	37 466	27 911	135 153	101 636
Revenue growth	9 554	6 194	33 517	18 538
Impact using exchange rates from last period	-3 266	-1 254	-11 887	-1 750
Impact M&A	-	-	-	-
Organic revenue growth	6 289	4 940	21 630	16 788
Organic revenue growth %	23 %	23 %	21 %	20 %

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	**4Q23**	**4Q22**	**2023**	**2022**
(NOK 1000)				
Employee benefit expenses	11 902	10 324	47 352	40 910
Other operating expenses	6 383	8 201	24 972	31 369
Total other operating expenses **after** capitalisation of R&D expenses	18 285	18 525	72 323	72 279
Capitalisation	1 318	1 654	3 532	6 029
Total other operating expenses **before** capitalisation of R&D expenses	19 603	20 179	75 855	78 308

Reconciliation	**4Q23**	**4Q22**	**2023**	**2022**
(NOK 1000)				
Other non-salary related operating expenses **after** capitalisation of R&D expenses	6 383	8 201	24 972	31 369
Capitalisation	371	414	1 348	2 336
Other non-salary related operating expenses **before** capitalisation of R&D expenses	6 754	8 614	26 320	33 705

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	**4Q23**	**4Q22**	**2023**	**2022**
(NOK 1000)				
Total Revenue	37 800	30 870	142 347	111 922
Total Operating Expenses	-47 674	-35 141	-155 109	-135 158
EBIT	-9 875	-4 271	-12 762	-23 235
Depreciation and Amortisation	2 419	2 767	9 566	10 243
Impairment	6 469	-	6 469	-
EBITDA	-986	-1 504	3 273	-12 992

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.

	4Q23	4Q22	2023	2022
(NOK 1000)				
Revenue from contracts with customers	37 466	27 911	135 153	101 636
COGS	20 501	13 849	66 750	52 635
COGS % of Revenue from contracts with customers	55 %	50 %	49 %	52 %

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.

	4Q23	4Q22	2023	2022
(NOK 1000)				
Non-cash shared-based compensation	755	894	3 038	3 353