

## **Gentian Diagnostics AS – Share option program**

On 14 May 2018, The Board of Directors of Gentian Diagnostics AS has decided to launch a share option program under which key personnel can be granted options in Gentian on the terms and conditions applicable under the program. The Board of Directors' statement on remuneration to key personnel is provided below.

Under the share option program, a total of up to 559,852 options may be granted to key personnel. The options will be granted without consideration. The strike price will be set at a fair market price at the time of the grant. Each option, when exercised, will give the right to acquire one share in the Company, however, the Company may resolve settlement in cash. Settlement in shares is subject to seeking an authorization from the general meeting for a share issue and/or share buy-back. Pursuant to the vesting schedule, 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). If all share options under the option program would be granted, the total number of outstanding options in Gentian would be 559,852.

### **The Board of Directors' statement on remuneration to key personnel**

The Board of Gentian Diagnostics AS has prepared a statement of guidelines for determining salary and other remuneration to key personnel.

The remuneration scheme for key personnel includes a base salary as well as standard pension and insurance schemes. In addition to the base salary, key personnel can receive other variable salaries that are suitable to motivate, retain and reward individuals. Variable salary consists of bonus arrangements and share-based incentives. The Company resolved a share-based option program for key personnel on 14 May 2018.

Main principles regarding remuneration to key personnel

- The Company should not be a wage leader, but the key personnel shall be offered competitive salary
- The compensation arrangements should 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 remuneration consists of the following elements:

#### Base salary

Key personnel shall be offered base salary at a level that considered competitive and is comparable to similar positions and companies.

#### Bonus arrangements

The criteria for bonus payment shall be defined in relation to overall and personal goals. Annual bonuses shall amount to a maximum of 30% of base salary. Bonus payment is only triggered if the Company as a whole achieves approved EBITDA targets.

#### Share-based compensation

The Company has decided to launch a new performance based share option program for key personnel, as further described below.

### **Guidelines for share-based compensation**

The long-term incentives of Gentian («LTI») consist of a share price-related option program for key personnel. Under the share option program, options may be allocated to the 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 authorization from the general meeting for a share issue. The exercise will normally lead to a gain. Compensation related to LTI are structured with limitations in order to ensure superior objectives.

The board will determine the detailed criteria of the share option program and agreements.

The board and the Compensation Committee will ensure that the grant and management of the share option program are in accordance with the intentions and guidelines.

#### Basis for the share option program

- Ensure that key employees have access to a compensation scheme that contributes to a long-term employment relationship in the Company.
- Contribute to the expectation that key employees hold a portfolio of Gentian shares that can make a significant contribution to total compensation.
- Create a common ownership perspective between shareholders and key personnel when the value development in the Company is an essential part of total compensation.

#### Allocation criteria

Key employees at selected levels of positions where the goal is a long-term connection of key resources:

- CEO and other members of the management team, key employees and specialist in accordance with the following requirements:
  - The employee is of superior importance for the achievement of goals in relation to the Company's strategic and operational activities.
  - The employee possesses an important role in representing the Company's culture and value base.
  - The employee is difficult to replace and is an attractive resource for other companies.

The rights of the scheme are valid only as long as the resource is employed in the Company. The scheme is independent of position and is not automatically repetitive.

#### Annual and total allocation

Annual allocation of options is to be resolved by the board of the Company in order to optimize the effect of the allocation(s). The total number of outstanding options cannot exceed 4.0% of the outstanding shares of the Company.

#### Gain limits

The option shall have a pre-defined "strike price". The strike price shall be adjusted for dividends and other relevant share capital ratios (eg issues).

#### Time limits

Vesting period over three years, with 1/3 of the options vesting by the end of each year, 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

The above will apply to all individual grants.

#### Purchase of shares

Each employee will be encouraged to use part of the gain to buy shares in the Company.

#### **Share savings program**

The Company is in process of establishing a new long-term share saving program for Gentian's employees, in order to motivate the employees to invest in the Company's shares and to own shares, and thus align the interests and commitment of the employees and management to work for a positive development of the value of the Company. The shares in the program will be offered at a 20 percent discount, with a maximum discount of NOK 3000.

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