

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 2021 Remuneration Report ("Remuneration Report") has been prepared in accordance with the requirements of the Norwegian Code of Practice for Corporate Governance 2021 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 2021 was in line with the criteria set for total compensation in 2021.

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 that remuneration policy has been applied as presented and approved by the annual general meeting in 2021 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 2019 paid in 2020 and bonus achieved in 2020 paid in 2021. Table 3 shows the achieved bonus for 2021 to be paid in 2022.

Table 1 - Compensation to management in 2021:

		Wages and salaries	Bonus	Pension costs**	Other remuneration	No of Share Options	Proportion of remuneration	
							Fixed	Variable
Hilja Ibert	Chief Executive Officer	2 787	388	-	158	279 925	88 %	12 %
Njaal Kind	Group Chief Financial Officer	1 846	240	50	9	155 665	89 %	11 %
Erling Sundrehagen	Chief Scientific Officer	1 644	300	41	23	120 000	85 %	15 %
Total salary management		6 277	928	91	190	555 590		

Table 2 - Compensation to management in 2020:

							Proportion of remuneration	
		Wages and salaries	Bonus	Pension costs	Other remuneration	No of Share Options	Fixed	Variable
Hilja Ibert	Chief Executive Officer	2 547	311	-	149	279 925	90 %	10 %
Njaal Kind	Group Chief Financial Officer	1 647	139	42	10	114 991	92 %	8 %
Erling Sundrehagen	Chief Scientific Officer	1 633	136	34	4	100 000	92 %	8 %
Total salary management		5 828	586	76	164	494 916		

Table 3 - Accrued bonus to management based upon 2021 results to be paid in 2022

		Bonus
Hilja Ibert	Chief Executive Officer	393
Njaal Kind	Group Chief Financial Officer	278
Erling Sundrehagen	Chief Scientific Officer	208
Total bonus to management to be paid in 2022		879

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 2021 and the maximum bonus for each member of the executive management in 2021 and 2022.

Table - 4		Performance	
Per 2021	Performance Criteria	Weight	Achieved % of target
Company objectives	Financial goals	30 %	15 %
	Non-financial goals	70 %	33 %

Table - 5 Target bonus in per cent of base salary		
	2021	2022
Hilja Ibert	30 %	30 %
Njaal Kind	30 %	30 %
Erling Sundrehagen	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 5.0% 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	2021	2020
Outstanding options 01.01	279 925	279 925
Options granted	0	
Options forfeited	0	
Options exercised	0	
Options expired	0	
Outstanding options 31.12	279 925	279 925

Njaal Kind	2021	2020
Outstanding options 01.01	114 991	74 991
Options granted	40 674	40 000
Options forfeited	0	
Options exercised	0	
Options expired	0	
Outstanding options 31.12	155 665	114 991

Erling Sundrehagen	2021	2020
Outstanding options 01.01	100 000	50 000
Options granted	20 000	50 000
Options forfeited	0	
Options exercised	0	
Options expired	0	
Outstanding options 31.12	120 000	100 000

The options expire five years after issuance. 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

Table - 7

2021					
Expiry date	Average strike price	Number of share options	Hilja Ibert	Njaal Kind	Erling Sundrehagen
2023-8	65.24	174 954	139 963	34 991	
2024-11	47.51	259 962	139 962	40 000	50 000
2025-11	62.88	150 000		40 000	50 000
2026-11	72.6	155 674		40 674	20 000
		740 590	279 925	155 665	120 000

2020					
Expiry date	Average strike price	Number of share options	Hilja Ibert	Njaal Kind	Erling Sundrehagen
2023-8	65.24	174 954	139 963	34 991	
2024-11	47.51	259 962	139 962	40 000	50 000
2025-11	62.88	150 000		40 000	50 000
		584 916	279 925	114 991	100 000

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 2021	Δ 2020	Δ 2019	Δ 2018	Δ 2017	Comment
Salary compensation						
CEO	10,8 %	17,9 %	14,9 %	-	-	New CEO in July 2018*
Former CEO	-	-	-	3,1 %	2,8 %	
Group CFO	16,6 %	-2,1 %	24,5 %	-	-	New position in 2018
CSO	11,1 %	8,8 %	11,6 %	9,6 %	-4,7 %	CSO hired in September 2016*
MCAP - end year (1000 NOK)	1 110 409	839 948	961 130	877 567	607 439	
Company EBIT (1000 NOK)	- 22 847	- 17 824	- 41 241	- 20 686	- 16 202	
Change in average compensation employees	-2 %	22 %	15 %	9 %	45 %	
Total number of employees	52	47	46	44	36	

**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 2021 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
10 065 997 (91%)	0 (0%)	991 684 (9%)	11 057 681 (100%)