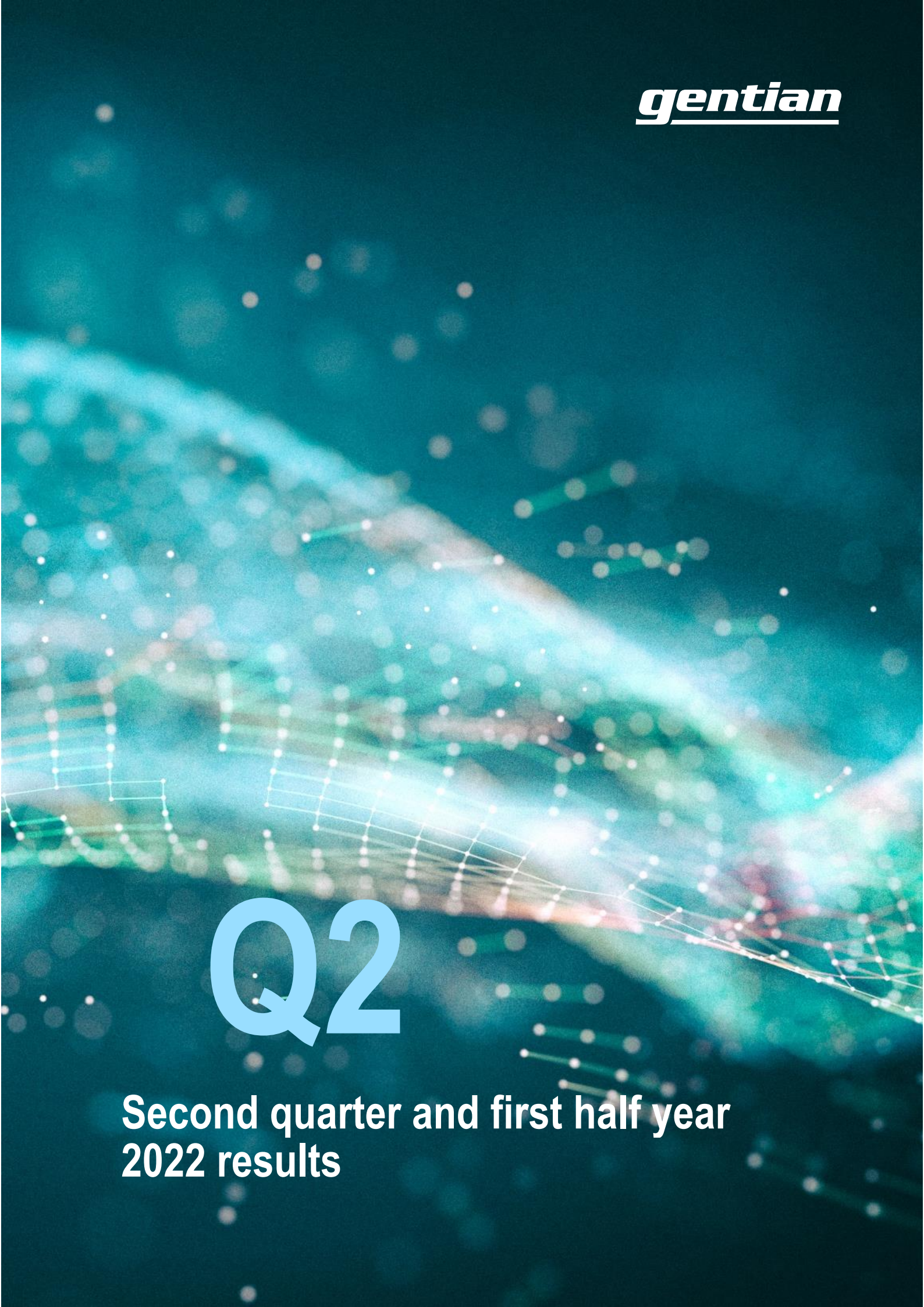

gentian
Q2
Second quarter and first half year
2022 results

Efficient diagnostics for better treatment decisions

www.gentian.com

Gentian Diagnostics

Second quarter 2022 highlights

- Record sales of MNOK 30.1 in 2Q22, up 22% (19% organic growth) vs 2Q21 despite COVID-19 related logistics challenges in China
- An additional distribution agreement with a global diagnostics company for Cystatin C announced post quarter
- Established a Scientific Advisory Board for GCAL® with Key Opinion Leaders from Europe and participation from Siemens Healthineers to further accelerate market development
- Good progress made on NT-proBNP, promising new immunoparticle candidate identified
- Successfully completed extension of the lab and production facilities in Moss designed to support long-term revenue ambition
- Current demand and commercial progress support the ambition of 20% annual sales growth from established products, with further potential upside from products in market development

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's four established products – Cystatin C, fCAL® turbo, Canine CRP and fPELA – contributed to 27% annual revenue growth in 2018-2021. In addition, SARS-CoV-2 Ab and GCAL® are in market development while NT-proBNP is in product development, with the two latter having potential to become blockbuster products. Further three undisclosed projects are in exploration and 'proof of concept'.

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 per year, building on 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%+ 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 grew 22% in 2Q22 versus 2Q21 to an all-time-high level of MNOK 30.1. Organic growth was 19% in the period. This contributed to a reported growth of 14% for 1H22 and an organic growth of 13% compared to 1H21 following 1Q that was negatively impacted by the timing of large orders. The company saw some favourable purchasing patterns in 2Q and considers the current demand and the commercial progress made so far this year to be supportive of the overall growth ambition.

2Q Cystatin C sales were MNOK 14.4, up 30% compared to 2Q21, with 1H22 sales of MNOK 21.8, an increase of 18% compared to 1H21. While continued covid-related regional lockdowns contributed to a negative impact on bulk sales to China, Gentian experienced positive direct and distributor kit sales momentum in the US and Europe. The company also continued to acquire several new customers for Cystatin C in the US during 2Q22. In addition to the agreement entered into with a large global IVD company, announced on April 20, the company concluded a distribution agreement with another global IVD company for Cystatin C in August. The agreement covers the US, with a shared ambition of expanding to additional territories globally in the future.

Sales of fCAL® turbo reached MNOK 8.8 in 2Q22, a growth of 7% vs 2Q21, driven mainly by continued kit sales growth. For 1H22, sales were MNOK 15.6, a decline of 7% versus 1H21. Kit sales remained strong with 19% growth for 1H22 versus 1H22.

The company's Swedish distribution subsidiary, Gentian Diagnostics AB (GAB), started its commercial activities in Norway and Finland in January 2022. Due to initial orders from the new geographies and continued sales success in Sweden, Gentian AB grew its third-party product revenues to MNOK 5.5 in 1H22, up 41% compared to 1H21 and MNOK 2.7 for 2Q22 vs MNOK 2.38 and 14% growth. The positive sales trend is expected to continue.

Sales momentum for both cCRP and GCAL® continued to develop positively. With increased focus on improved standards in veterinary diagnostics, the Gentian cCRP assay has shown superior performance compared to other assays promoted in the veterinary diagnostics market. A key differentiator is that Gentian's

assay uses a canine specific antibody. Due to this, and additional marketing initiatives, adoption of the company's assay in veterinary labs is increasing.

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

Market development

GCAL®

The company's efforts in marketing development of serum and plasma calprotectin, including results from several clinical studies highlighting the benefit of this biomarker, are leading to increased routine use and promising interest in the GCAL® assay. The number of independently published articles covering serum and plasma calprotectin is increasing.

An evaluation of the GCAL® assay and an establishment of a reference interval in the paediatric population has taken place in collaboration with the Hospital for Sick Children, Toronto, Canada. Data from the study have been presented as a poster at the AACC (American Association of Clinical Chemistry) congress, which took place in Chicago from July 24 to July 28, 2022. The data confirmed significantly higher concentrations of calprotectin in children with obesity and neonates with suspected bacterial infection relative to healthy subjects indicating the value of the GCAL® assay in detection of bacterial infections in the paediatric population.

A Scientific Advisory Board for GCAL® was established during the quarter with the overall objective of engaging key opinion leaders in expanding the market awareness of the assay, its benefits and relevant applications. The first meeting was held on June 3rd in Frankfurt. Members of the board include Dr Camille Chenevier-Gobeaux, Hôpital Cochin, APHP. Centre – Université de Paris, Prof. Dr. Michael Bauer, Center for Sepsis Control and Care (CSCC) University Hospital Jena, Germany, Dr. Lenard Mueller, Senior Marketing Manager, Siemens Healthineers. The key topic of this first meeting was patient centred benefits and biomarker guided therapy of severe infections and sepsis in context of GCAL®.

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 aid in disease and community management.

The company's efforts for the commercialisation of the SARS-CoV-2 antibody assay are currently focused on establishing reference testing sites in Scandinavia.

Product development

NT-proBNP

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

Gentian's NT-proBNP assay aims to be 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 the cost burden in healthcare systems and thereby demand for NT-proBNP testing.

Gentian's NT-proBNP assay aims to fulfil the need for accurate and rapid diagnosis of congestive heart failure, while allowing for easier standardisation of test results. Making NT-proBNP testing accessible on high volume, clinical chemistry analysers is also expected to increase laboratory productivity.

As communicated earlier, the optimisation phase of the NT-proBNP assay has proven more challenging than anticipated. During the second quarter, the development team has produced a modified immunoparticle-candidate that has displayed better overall performance compared to earlier candidates. The number of samples tested is still at a low level, but initial data indicate that earlier issues related to interference and weak signal strength appear to be less pronounced with the modified candidate. Consequently, an improved correlation between the turbidimetric immunoassay results and the clinical reference method results has been obtained. Based on the promising results, this will be the lead candidate going forward. More investigations must be done to further improve the signal strength, and more clinical samples need to be tested to reproduce the early findings. In addition, the calibration of this new assay towards established products in the market needs to be achieved. Finally, more investigations will be performed to establish a commercially competitive product. The establishment and application of the reference method at the first trial site is expected to be accomplished during 3Q22. When successful, this will enable Gentian to gather more clinical reference method data in a shorter amount of time, which will support finalisation of the immunoassay optimisation phase.

If a product in development makes it through optimisation, the following phases are typically characterised 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 continued to increase during 2Q, which indicate significant commercial value if the assay can make it through the development phase.

The project has been reviewed during the quarter by a sub-committee of the board of directors, the science and strategy committee (SSC). The SSC and the board of directors concluded that the current solution to modify the immunoparticles has shown promising 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 selection 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.

The development of the pipeline project in proof-of-concept is progressing well. A market sensing project has been finalized and a market opportunity has been identified, providing the company with a set of recommendations regarding product development priorities and target markets for the product.

Risks and uncertainty

As described in the Annual Report for 2021, the company has a structured approach to identifying and mitigating risks. Some of these risks are outside of Gentian's control, including increased risks related to cost inflation, potential supply chain issues, currency volatility and access to growth capital given the recently observed impact on general investor sentiment and investors' required rate of return.

As a response to the Russian invasion of Ukraine in February 2022, many governments imposed targeted sanctions and restrictive export control measures to Russia and regions of Ukraine. Gentian has not supplied products and services to targeted areas, nor scoured any

raw materials from these areas. At the time of publication of the quarterly report, there is no indication of notable impact to revenue nor raw material supply. The company continues to monitor the situation to early detect possible causes for concern going forward.

Although restrictions related to COVID-19 have been lifted in most countries, the pandemic continues to affect the availability and the supply chain for a variety of components and products, particularly for shipments into Chinese ports. The company has also noticed a reduction in demand in China which is believed to be linked to the lock-down observed in several parts of the country during 1H22. Gentian's main suppliers and distributors are fully operational, although local restrictions and lockdowns temporarily have affected and can in the future affect production and shipments in some areas.

So far, Gentian has experienced limited impact from increased inflation, but the company expects some inflationary effects on its cost base to materialise in the coming quarters although at a moderate level. There is a risk that increased costs cannot be fully transferred to customers in the form of higher prices without negatively impacting demand.

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 over the coming twelve 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 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 32.9 (MNOK 31.5) for 2Q22. Total operating revenue for 1H22 amounted to MNOK 56.0 (MNOK 55.7).

Sales revenue increased 22% to MNOK 30.1 (MNOK 24.6) in 2Q22, with organic revenue growth of 19%.

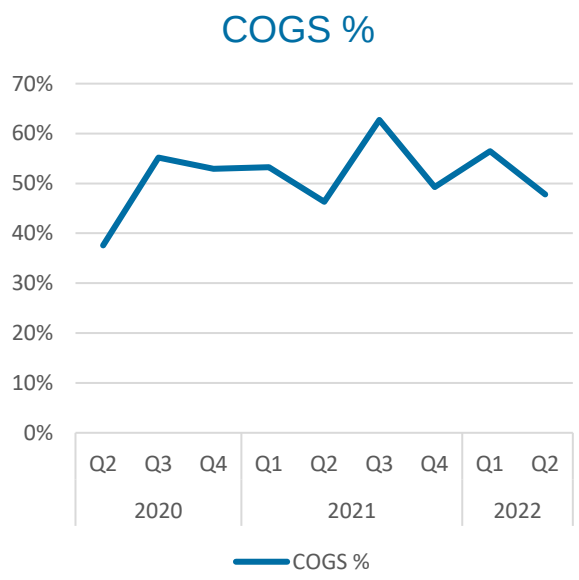
Geographic split

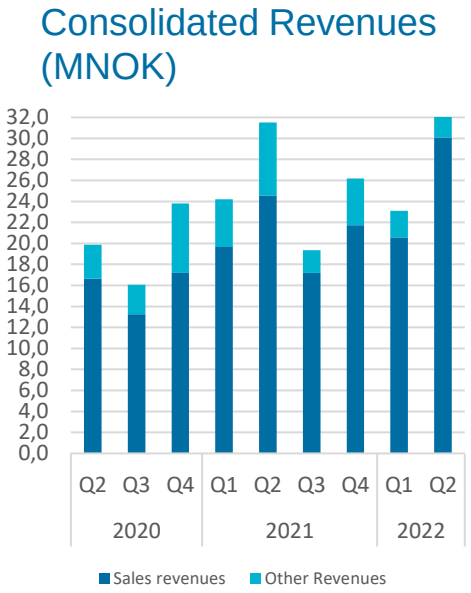
MNOK	**2Q22**	**2Q21**	**1H22**	**1H21**
Europe	19.2	15.7	34.3	29.7
Asia	9.4	7.9	13.5	13.1
USA	1.5	1.0	2.8	1.4
Total	30.1	24.6	50.7	44.2

Product Split

MNOK	**2Q22**	**2Q21**	**1H22**	**1H21**
Cystatin C	14.4	11.1	21.9	18.5
fCAL®turbo	8.8	8.3	15.6	16.7
Other	6.9	5.2	13.2	9.0
Total	30.1	24.6	50.7	44.2

Other operating revenue ended at MNOK 2.8 (MNOK 6.9) for 2Q22 and MNOK 5.3 (MNOK 11.5) for 1H22. Other operating revenue consists of public grants related to the company's R&D projects.





Cost of goods sold

Cost of goods sold (COGS) was 48% (46%) of sales revenue in 2Q22 and 50% (49%) in 1H22. 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 20.7 (MNOK 23.3) in 2Q22.

R&D expenses amounted to 30% (46%) of total other operating expenses before capitalization for 2Q22. Capitalisation of R&D expenses was MNOK 1.0 (MNOK 2.3) in 2Q22.

Total other operating expenses after capitalisation of R&D expenses ended at MNOK 19.7 (MNOK 21.0) in 2Q22.

Earnings

Operating profit before depreciation and amortization (EBITDA) ended at MNOK -1.2 (MNOK -0.9) for 2Q22. Net profit ended at MNOK -3.0 (MNOK -3.5).

Balance sheet

Cash and cash equivalents as of 30 June 2022 were MNOK 92.1 (MNOK 138.6). The cash is placed in both savings accounts and current accounts.

Accounts receivables as of 30 June 2022 were MNOK 14.7 (MNOK 12.2), and inventory MNOK 34.6 (MNOK 24.9). The inventory increase is due to the company taking measures to mitigate potential shortages from a congested supply chain, and also related to an inventory increase in the US in order to serve the increased demand in this region.

The equity ratio was 83% as of 30 June 2022

Events after the balance sheet date

There are no events after the balance sheet date.

Declaration by the board and the CEO

We confirm, to the best of our knowledge, that the unaudited interim financial statements for the period 1 January to 30 June 2022 have been prepared in accordance with IAS 34 - Interim Financial Reporting and that the disclosures in the accounts provide a true and fair view of the company's and the Group's assets, liabilities, financial position and overall results, and that the half-year report provides a fair overview of the information specified in section 5-6, fourth paragraph, of the Norwegian Securities Trading Act.

We also declare, to the best of our knowledge, that the interim report provides a true and fair overview of key events in the accounting period and their influence on the interim financial statements, the most important risk and uncertainty factors the Group faces during the next accounting period and significant transactions with closely related parties.

Moss, 24. August 2022

On behalf of Gentian Diagnostics ASA,

_____	_____
Tomas Settevik Chairperson of the board *(sign.)*	Espen Tidemann Jørgensen Board member *(sign.)*
_____	_____
Susanne Stuffers Board member *(sign.)*	Kari E. Krogstad Board member *(sign.)*
_____	_____
Tomas Kramar Board member *(sign.)*	Monica Neumann Board member *(sign.)*
_____	_____
Fredrik Thoresen Board member *(sign.)*	Frank Frantzen Board member *(sign.)*

_____

Hilja Ibert
CEO *(sign.)*

Statement of Profit and Loss Gentian Group

Note	2022	2021	2022	2021	2021
(NOK 1000)	**Q2**	**Q2**	**01.01-30.06**	**01.01-30.06**	
Revenue					
Revenue from contracts with customers	30 095	24 568	50 653	44 210	83 122
Other operating revenue	2 781	6 936	5 313	11 496	16 887
Total revenue	**32 876**	**31 504**	**55 966**	**55 705**	**100 009**
Operating expenses					
Cost of goods sold	-14 392	-11 379	-26 005	-21 844	-43 176
Employee benefit expenses	-11 606	-8 654	-20 148	-18 362	-39 539
Depreciation and amortisation	-2 740	-1 982	-4 802	-3 954	-7 351
Impairment	-	-	-	-	-
Other operating expenses	-8 119	-12 326	-15 239	-18 300	-32 790
Total operating expenses	**-36 857**	**-34 341**	**-66 193**	**-62 459**	**-122 856**
Operating result	**-3 981**	**-2 837**	**-10 227**	**-6 754**	-22 847
Finance income	2 835	55	3 906	161	2 084
Finance cost	-1 844	-732	-3 294	-1 843	-4 031
Net financial items	**991**	**-677**	**612**	**-1 682**	**-1 947**
Profit before tax	**-2 990**	**-3 514**	**-9 615**	**-8 436**	**-24 794**
Income tax expense	-	-	-	-	-
Profit for the period	**-2 990**	**-3 514**	**-9 615**	-8 436	**-24 794**
Other comprehensive income					
Exchange differences	-2	46	18	-87	-222
Total other comprehensive income	**-2**	**46**	**18**	**-87**	**-222**
Total comprehensive income for the period	**-2 992**	**-3 468**	**-9 597**	**-8 523**	**-25 016**

2nd quarter Statement of Profit and Loss is not audited

Statement of Financial Position - Group as of 31.12

	Note	2022	2021	2021
(NOK 1000)		**30.06**	**30.06**	
Assets				
Non-current assets				
Intangible assets		26 415	18 267	25 006
Property, plant and equipment		10 160	6 627	3 363
Right-of-use assets		13 760	18 518	16 125
Total non-current assets		**50 335**	**43 411**	**44 495**
Current assets				
Inventory		34 558	24 856	29 779
Accounts receivables and other receivables		24 673	26 795	22 580
Cash and cash equivalents		92 113	138 585	114 936
Total current assets		**151 344**	**190 235**	**167 295**
Total assets		**201 678**	**233 645**	**211 790**
Equity and Liabilities				
Paid-in equity				
Share capital		1 542	1 541	1 542
Share premium		293 810	293 241	293 810
Other paid-in equity		13 315	9 262	11 941
Retained earnings		-142 125	-116 036	-132 528
Total equity		**166 543**	**188 008**	**174 766**
Liabilities				
Lease liabilities		12 273	17 646	14 470
Total non-current liabilities		**12 273**	**17 646**	**14 470**
Current liabilities				
Current lease liabilities		4 497	4 114	4 114
Account payables		7 105	11 861	4 975
Public taxes, duties etc.		4 361	4 555	3 598
Other short-term liabilities		6 899	7 460	9 868
Total current liabilities		**22 862**	**27 990**	**22 554**
Total liabilities		**35 135**	**45 637**	**37 024**
Total equity and liabilities		**201 678**	**233 645**	**211 790**

2nd quarter Statement of Financial Position is not audited

Statement of changes in equity

(NOK 1000)

	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 period				-8 436	-8 436
Other comprehensive income					
Proceeds from share issue					
Cost of share issue					
Share based payments			1 953		1 953
Other changes in equity				-87	-87
Equity at 30.06.2021	**1 541**	**293 241**	**9 262**	**-116 036**	**188 009**
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 period				-9 615	-9 615
Other comprehensive income					
Proceeds from share issue					
Cost of share issue					
Share based payments			1 374		1 374
Other changes in equity				18	18
Equity at 30.06.2022	**1 542**	**293 810**	**13 315**	**-141 125**	**166 543**

2nd quarter Statement of changes in equity is not audited

Cash Flow Statement

	2022	2021	2022	2021	2021
(NOK 1000)	Q2	Q2	01.01-30.06	01.01-30.06	01.01 - 31.12
Operating activities					
Net profit (loss)	-2 990	-3 514	-9 617	-8 436	-24 794
Depreciation and amortisation	2 739	1 982	4 801	3 954	7 351
Change Inventory	- 3 110	-3 315	-4 778	-3 980	-8 904
Change Accounts Receivables	-4 347	-4 285	-8 143	-4 535	1 120
Change Accounts Payables	5 639	7 823	2 130	6 054	-833
Accrued cost of options	1 130	982	1 374	1 953	4 633
Change in other assets and liabilities	1 945	-2 563	3 847	-6 853	-5 626
Net cash flow from operating activities	**1 006**	**-2 890**	**-10 386**	**-11 844**	**-27 053**
Investing activities					
Payments of property, plant and equipment	-7 321	-1 645	-7 321	-2 383	-1 024
Investment in intangible assets	- 1 054	-2 316	-3 284	-3 804	-11 791
Investments in other companies		-		-	-
Net cash flow from investing activities	**-8 375**	**-3 961**	**-10 605**	**-6 187**	**-12 815**
Financing activities	-	-		-	-
New debt	-	-		-	-
Loan instalments	-755	-604	-1 882	-1 187	-3 691
Proceeds from issue of share capital	-	-		-	570
Net cash flow from financing activities	**-755**	**-604**	**-1 882**	**-1 187**	**-3 121**
Net change in cash and cash equivalent	-8 124	-7 455	-22 873	-19 218	-42 989
Cash and cash equivalents at beginning of period	100 237	146 055	114 936	157 985	157 985
Effect of currency translation of cash and cash equivalents		-16	50	-182	-60
Net Cash and cash equivalents at period end	**92 113**	**138 585**	**92 113**	**138 585**	**114 936**

2nd 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 30 June 2022, Gentian AS, located in Moss, Norway is a 100% owned and controlled subsidiary.

3. Sales and revenue

Revenue by classification	2Q22	2Q21	1H22	1H21	2021
Sales revenue	30 095	24 568	50 654	44 210	83 122
Public grants	2 781	6 936	5 313	11 496	16 887
Revenue from divestiture	-	-	-	-	-
Other revenue	-	-	-	-	-
Total	**32 876**	**31 504**	**55 967**	**55 705**	**100 009**

Geographical split	2Q22	2Q21	1H22	1H21	2021
Europe	19 205	15 654	34 345	29 687	55 676
Asia	9 433	7 899	13 509	13 134	25 008
USA	1 457	1 105	2 800	1 389	2 438
Total	**30 095**	**24 568**	**50 654**	**44 210**	**83 122**

Sales by product category	2Q22	2Q21	1H22	1H21	2021
Renal diagnostic products	14 417	11 121	21 883	18 485	36 450
Inflammation diagnostic products	10 716	11 648	18 639	22 268	40 478
Other diagnostic products	4 962	1 799	10 132	3 457	6 194
Total	**30 095**	**24 568**	**50 654**	**44 210**	**83 122**

4. Public Grants

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

	2Q22	2Q21	1H22	1H21	2021
Norwegian Research Council and Eurostars	1 977	4 798	3 567	7 637	10 943
Innovation Norway	-	345	-	810	1 194
SkatteFUNN	804	1 793	1 746	3 049	4 750
Total	**2 781**	**6 936**	**5 313**	**11 496**	**16 887**

5. Operating expenses by function

	2Q22	2Q21	1H22	1H21	2021
Cost of goods sold	14 392	11 379	26 005	21 844	43 176
Sales and marketing expenses	6 812	3 671	11 406	7 742	15 145
Administration expenses	7 611	8 949	14 311	14 392	32 769
Research and development expenses	5 302	10 676	9 670	18 333	24 416
Depreciation	2 740	1 982	4 801	3 954	7 351
Total	**36 857**	**36 657**	**66 193**	**66 265**	**122 856**

6. Cost of goods sold

	2Q22	2Q21	1H22	1H21	2021
Change in inventory of goods under manufacture and finished goods	-2 764	-3 315	132	-3 980	3 727
Purchase of goods	10 893	9 815	13 257	15 252	16 086
Production salary	3 683	2 565	8 830	8 451	18 662
Other production expense	2 581	1 289	4 049	2 120	4 702
Total	**14 392**	**11 379**	**26 005**	**21 844**	**43 176**

7. Employee benefit expenses

	2Q22	2Q21	1H22	1H21	2021
Wages and salaries	11 434	10 095	22 777	21 445	43 733
Payroll tax	1 572	577	3 093	2 376	6 888
Pension costs (mandatory occupational pension)	930	348	1 318	715	1 733
Share based payments	1 130	982	1 374	1 832	4 633
Other expenses	223	243	417	445	1 214
Transfer to COGS	-3 683	-3 590	-8 830	-8 451	-18 662
Total	**11 606**	**9 443**	**20 148**	**18 362**	**39 539**

8. Research and Development expenses

The Gentian Group has per 30 June 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 two others in 2021, and consequently the capitalisation of the costs in these projects was started.

Recognised research and development expenses	2Q22	2Q21	1H22	1H21	2021
Purchase of external services	1 027	1 481	2 902	3 378	9 023
Salary and other operating expenses	5 245	11 511	9 281	18 759	27 051
Capitalised research and development expenses	-970	-2 316	-3 200	-3 804	-11 659
Total	**5 302**	**10 676**	**8 983**	**18 333**	**24 416**

9. Intangible assets

As of 30 June 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 2Q22.

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 30 June 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	931 217	6.04 %
Safrino AS	800 000	5.19 %
Skandinaviska Enskilda Banken AB	474 870	3.08 %
Salix AS	407 121	2.64 %
Verdipapirfondet DNB SMB	361 291	2.34 %
Verdipapirfondet Storebrand Vekst	339 503	2.20 %
Equinor Pensjon	305 465	1.98 %
Portia AS	300 000	1.95 %
Cressida AS	235 000	1.52 %
J.P. Morgan SE	232 922	1.51%
Lioness AS	220 000	1.43 %
Marstal AS	212 407	1.38 %
Mutus AS	210 465	1.36 %
Carpe Diem Afseth AS	208 797	1,35 %
Henrik Krefting	205 700	1.33 %
Verdipapirfondet Delphi Kombinasjon	185 949	1.21 %
Vingulmork Predictor AS	184 083	1.19 %
Other Shareholders	4 659 266	30.21 %
Total Shares	**15 422 350**	**100.00%**

12. Earnings per share

	2Q22	2Q21	2021
Loss for the period	-2 992 303	-3 514 417	-24 793 992
Average number of outstanding shares during the period	15 422 350	15 411 889	15 414 504
Earnings/ loss (-) per share - basic and diluted	-0.19	-0.23	-1.61

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 30 June 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.

	2Q22	2Q21	2021
Outstanding options at beginning of period	740 590	594 916	594 916
Options granted	-	-	155 674
Options forfeited	-	-	-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. Erling Sundrehagen, Chief Scientific Officer of Gentian Diagnostinc ASA, indirectly owns 76% of Getica AB. The amount invoiced from Getica AB was MNOK 3.2 per 30 June 2022 (MNOK 7.1 per 30 June 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 30 June 2022 is estimated to approximately MNOK 183. 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	**2Q22**	**2Q21**	**1H22**	**1H21**	**2021**
(NOK 1000)					
Revenue from contracts with customers	30 095	24 568	50 654	44 210	83 122
Revenue growth	5 534	7 934	6 451	11 329	19 795
Impact using exchange rates from last period	(821)	2 399	(555)	2 798	4 399
Impact M&A	--	405	--	1 422	1 954
Organic revenue growth	4 713	10 738	5 896	15 549	26 148
Organic revenue growth %	19 %	65 %	13 %	47 %	43 %

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	**2Q22**	**2Q21**	**1H22**	**1H21**	**2021**
(NOK 1000)					
Employee benefit expenses	11 606	8 654	20 148	18 362	39 539
Other operating expenses	8 119	12 326	15 238	18 300	32 790
Total other operating expenses **after** capitalisation of R&D expenses	19 725	20 980	35 387	36 662	72 330
Capitalisation	970	2 316	3 200	3 804	11 659
Total other operating expenses **before** capitalisation of R&D expenses	20 695	23 296	38 587	40 466	83 988

Reconciliation	**2Q22**	**2Q21**	**1H22**	**1H21**	**2021**
(NOK 1000)					
Other non-salary related operating expenses **after** capitalisation of R&D expenses	8 119	12 326	15 238	18 300	32 790
Capitalisation	479	1 650	1 499	2 510	8 579
Other non-salary related operating expenses **before** capitalisation of R&D expenses	8 597	13 976	16 737	20 810	41 370

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	**2Q22**	**2Q21**	**1H22**	**1H21**	**2021**
(NOK 1000)					
Total Revenue	32 876	31 504	55 967	55 706	100 009
Total Operating Expenses	-36 857	-34 341	-66 193	-62 458	-122 854
EBIT	-3 980	-2 837	-10 226	-6 753	-22 845
Depreciation and Amortisation	2 740	1 982	4 801	3 953	7 349
EBITDA	-1 241	-855	-5 425	-9 552	-15 496

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.

	2Q22	2Q21	1H22	1H21	2021
(NOK 1000)					
Revenue from contracts with customers	30 095	24 568	50 654	44 210	83 122
COGS	14 392	11 379	26 005	21 843	43 176
COGS % of Revenue from contracts with customers	48%	46 %	51%	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.

	2Q22	2Q21	1H22	1H21	2021
(NOK 1000)					
Non-cash shared-based compensation	1 130	982	1374	1 832	4 633