Observe Medical

Second half and full year 2023

13 March 2024

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It should in particular be noted that the business case and sale of Unometer products described herein amongst other is conditional upon reaching an agreement with Convatec and securing the financing required to complete such agreement and roll-out the Unometer products. No assurance can at this stage be given that such conditions will be satisfied. Furthermore, the Company may incur material losses in the event that it is unable to sell products already ordered in anticipation of the agreement with Convatec and/or to secure the financing to pay the first instalment to Convatec and/or the final payment to Convatec expected to fall due later in 2023. In the latter event, the first instalment is not expected to be repaid and the right of the Company to sell the Unometer products is expected to lapse.

Today's presenters

Jørgen Mann Nilsen
Interim Chief Executive Officer

20+ years experience from the Medtech industry. Previous experience from senior roles in market leading organizations such as Unomedical, Getinge Group, Smith&Nephew and Fresenius

Johan M. Fagerli
Finance Manager

20 years-experience from various roles within financial management, business controlling and accounting across multiple industries such as real estate, road construction and telecom. Joined Observe Medical in 2021

Rune Nystad
Chief Development Officer

20+ years of experience from global medtech and industrial technology from the Nordics, US, Germany, Ireland and Hong Kong, including Boston Scientific

Terje Bakken
Chairman of the Board

Terje is a partner in the Norwegian investment firm Reiten & Co and has extensive experience as chairman in public listed and private companies, including Navamedic ASA. Organized the spin-off of Observe Medical from Navamedic in 2019

Observe Medical
Nordic medtech company with global reach

Commercializing innovative medtech products on a global market.
Extensive international distributor and partner network.
Solid platform for further organic growth and through targeted M&A.

Strong medtec platform

Urine Measurement

Pocketable Ultrasound

M&A Opportunities

Distribution Opportunities

Fundamental drivers

Patient welfare

Health economics

Data accuracy

Highlights 2023

Mai

UnoMeter™ Abdo-Pressure
First shipment of UnoMeter™ Abdo-Pressure products to customers

Jun

CE certification
Attained CE certification for UnoMeter™ 500 under the EU's Medical Device Regulation

Sep

Convatec transaction
Signing agreement with Convatec to acquire the trademarks and other intellectual property rights relating to the UnoMeter™ portfolio

Oct

UnoMeter™ 500
First shipment of UnoMeter™ 500 products to customers

Secures significant framework agreement: Awarded onto the NHS Supply Chain (NHSSC) Framework with UnoMeter™ 500 in UK

Nov

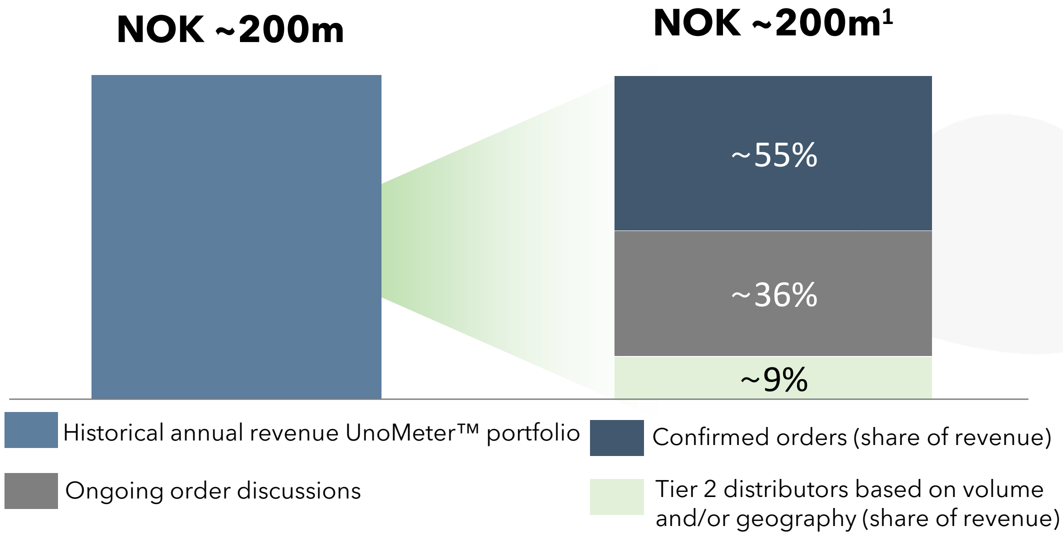
Expanding distribution network
+ 20 countries covering approx. 55% of the historic Convatec sales

Biim
Delivery of 20 new Biim ultrasound probes to Fresenius

Dec

Rights Issue
Completed raising total of MNOK 35.7, of which MNOK 21.5 in cash

Confirmed UnoMeter™ orders of total NOK ~20m received as of Dec'23, representing repetitive expected sales of NOK ~110m per year[1]



1. ***Expanding distributor network***
   - Received UnoMeter orders from total +20 countries in 2023
   - During 2024 this has grown to +25 countries covering approx. 75% of the historic sales (Nordics, Germany, CH, Ireland)
2. ***Securing recurrent business:***
   - First deliveries of UnoMeter 500 in Nov/Dec 2023
   - Repetitive orders received for UnoMeter Abdo-Pressure during 2023
   - Focus on securing recurring business by supporting distributors with their market entries
3. ***Additional geographies:***
   - Further geographical expansion into France, AUZ, Belgium and Argentina are in progress

[1]Annual repetitive sales is based on historical UnoMeter™ sales in the respective country

Product launch planning 2024-2025 - taking the position as global leader in Urine Measurement

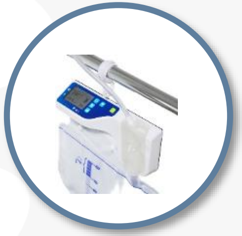
Recapture the market through UnoMeter™ 500

Upsell Sippi and Safeti Max to existing clients at higher price points and better margins

UnoMeter™ 500

Abdo-Pressure

UnoMeter™ Safeti Plus and Precon version with Abdo-Pressure



UnoMeter™ Safeti Max with patented infection control technology

UnoMeter™/ Sippi

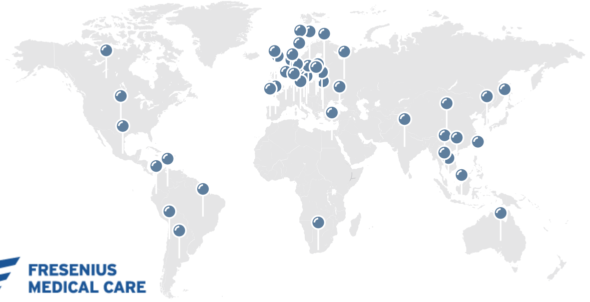
2023

2024e

2025e

Fresenius Partnership opens extensive growth opportunities

- Fresenius Medical Care is the world's largest provider of dialysis, dialysis product and other services
- Potential of 6,200 Biim probes for dialysis centers with a revenue potential of 218 mill NOK
- Business opportunity from dialysis tower integration



~150
Countries

4,151
Dialysis centres globally

2,683
Dialysis centres in the US

FRESENIUS MEDICAL CARE

Project status

- ✓ 285 Probes delivered to various dialysis clinics in 2021-2023, whereof 20 in Q4 2023
- ✓ Fresenius continues the implementation process enhancing training and usage
- ✓ Experience positive progress with KPI-study leading to a documented cost reduction effect

As previously communicated, the Company is evaluating various strategic alternatives for the Biim project

Source: Company information

Financials

Income statement Observe Medical Group

H2 and FY 2023

Amounts in NOK thousand (excl. earnings per share)	H2 2023	H2 2022	FY 2023	FY 2022
Operating revenues	**16 123**	**7 512**	**27 942**	**19 521**
Gross result	5 007	406	9 287	5 177
Operating expenses	19 907	27 638	43 617	50 310
EBITDA before non-recurring items	***-14 901***	***-27 232***	***-34 330***	***-45 133***
Non-recurring items	0	0	3 355	3 079
EBITDA	**-14 901**	**-27 232**	**-37 684**	**-48 212**
Depreciation and amortisation	6 915	5 815	13 570	10 931
EBIT	**-21 815**	**-33 047**	**-51 254**	**-59 143**
Net finance	-3 345	-529	-9 082	8 418
Result before tax	**-25 160**	**-33 576**	**-60 336**	**-50 725**
Income tax expenses	-1	52	17	76
Result	**-25 159**	**-33 628**	**-60 354**	**-50 801**
Earnings per share (NOK per share)	**-0,41**	**-0,63**	**-1,05**	**-1,08**

OPERATING REVENUES

H2 2023 — **16.1 MNOK** +8.6 MNOK YoY

FY 2023 — **27.9 MNOK** +8.4 MNOK YoY

GROSS PROFIT

H2 2023 — **5.0 MNOK** +4.6 MNOK YoY

FY 2023 — **9.3 MNOK** +4.1 MNOK YoY

GROSS MARGIN

H2 2023 — **31.1%** +25.7 p.p. YoY

FY 2023 — **33.2%** +6.7 p.p. YoY

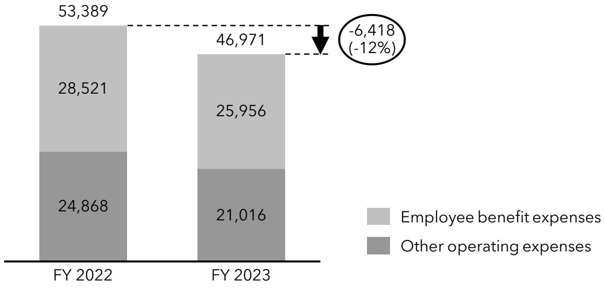
EBITDA*

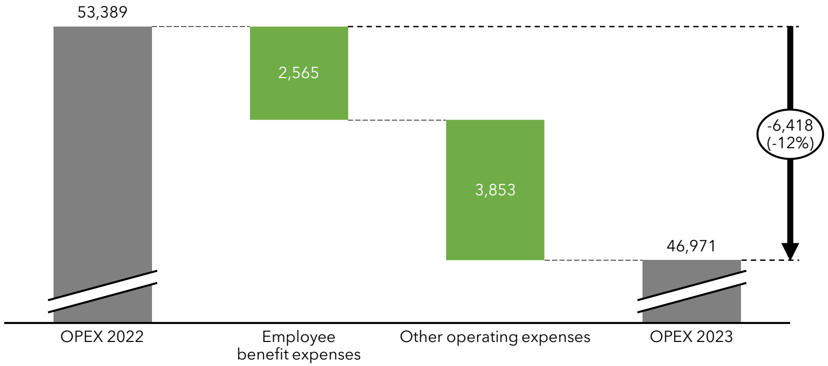
H2 2023 — **-14.9 MNOK** +12.3 MNOK YoY

FY 2023 — **-34.3 MNOK** +10.8 MNOK YoY

**EBITDA before non-recurring items. Non-recurring OPEX in 2023 primarily related to UnoMeter™ tooling project that was discontinued and the Ferrari L. acquisition process*

OPEX decrease by **6.4** MNOK (-12%) YoY mainly driven by cost initiatives, further reductions to take effect in 2024 reducing cash burn and risk





- Temporary lay-offs and downsizing in second half
- Reduced use of consultants
- Reduced lease expenses from cars and offices
- Lower cost is partly offset by FY effect of Biim cost base (acquired in March 2022)
- OPEX 2024 expected to be further reduced with ~35% YoY driven by full year effect of 2023 cost initiatives and additional cost initiatives in 2024
- Rebuilding the organization again in 2025 to enable sustainable growth

** OPEX included non-recurring expenses*

Statement of financial position

Amounts in NOK thousand	At 31 December 2023	At 30 June 2023	At 31 December 2022
ASSETS			
Non-current assets			
Goodwill	102 314	101 563	99 961
Intangible assets	121 262	82 753	82 767
Tangible assets	1 989	3 469	4 152
Total non-current assets	**225 565**	**187 785**	**186 880**
Current assets			
Trade receivables	3 117	1 160	4 731
Inventories	6 890	9 556	8 117
Other receivables and prepaid expenses	3 539	3 493	2 443
Cash and cash equivalents	13 676	1 735	13 641
Total current assets	**27 221**	**15 944**	**28 932**
Total assets	**252 787**	**203 730**	**215 812**

Comments:

Acquisition of UnoMeter™ portfolio included in **intangible assets** per 31 December 2023

Cash and cash equivalents of NOK 13.7 million

Total assets of NOK 252.8 million

Changes in goodwill due to currency fluctuations

Statement of financial position

EQUITY AND LIABILITIES *Amounts in NOK thousand*	At 31 December 2023	At 30 June 2023	At 31 December 2022
Total equity	**116 343**	**109 228**	**138 306**
Non-current liabilities			
Non-current lease liabilities	136	367	965
Contingent consideration	1 560	3 405	3 365
Non-current liabilities	25 325	0	0
Non-current interest bearing liabilities	878	909	946
Total non-current liabilities	**27 900**	**4 680**	**5 276**
Current liabilities			
Trade payables	17 846	10 503	8 610
Current tax liabilities		0	51
VAT and other public taxes and duties payables	10 574	9 470	6 074
Interest bearing current liabilities	53 626	56 787	44 802
Current lease liabilities	656	1 427	1 528
Other current liabilities	25 842	11 635	11 165
Total current liabilities	**108 543**	**89 822**	**72 230**
Total liabilities	**136 443**	**94 502**	**77 506**
Total equity and liabilities	**252 787**	**203 730**	**215 812**

Net interest bearing debt *(Amounts in TNOK)*	At 31 December 2023	At 30 June 2023	At 31 December 2022
Current and Non-current lease liability	792	1 794	2 493
Non-current interest bearing liabilities	878	909	946
Contingent consideration	1 560	3 405	3 365
Interest bearing current liabilities	53 626	56 787	44 802
Total interest bearing debt	56 856	62 894	51 606
Cash and cash equivalents	13 676	1 735	13 641
Net interest bearing debt	**43 181**	**61 159**	**37 965**

Comments:

Total Equity as of 31 December 2023 of NOK 116.3 million. Equity ratio of 46%

Non-current liabilities consisting of last UnoMeter™ instalment to Convatec of USD 2.395 million due in September 2025

Increased **trade payables** is a result of payment deferral arrangements with a majority of 12 months agreements and 10% annual interest

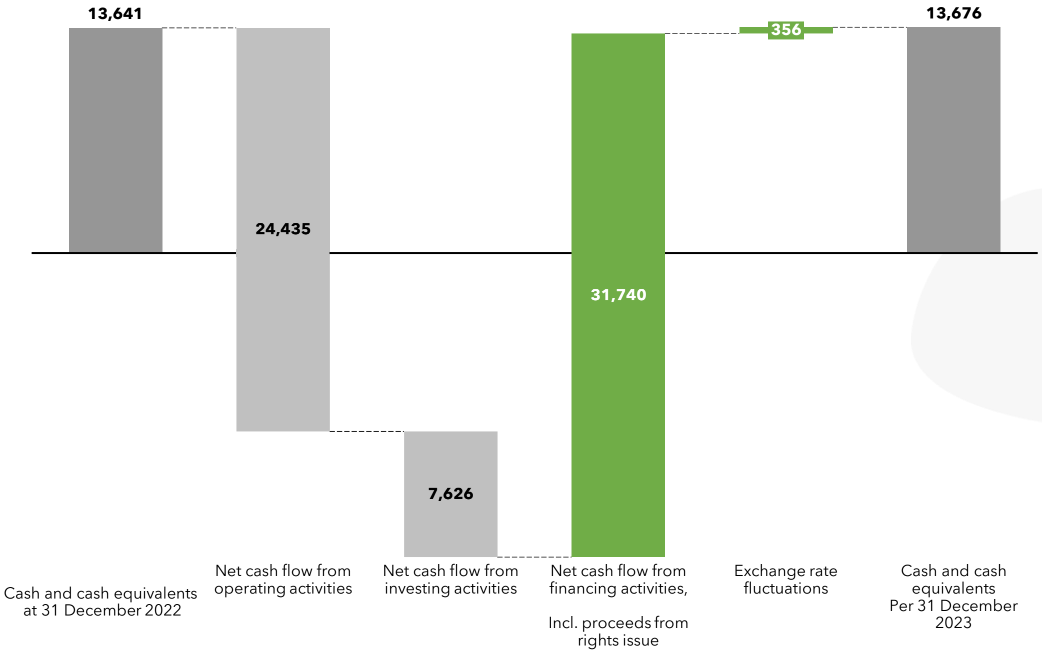
Interest bearing **current liabilities** consisting of loan from Navamedic ASA and Business Finland (Biim)

Other current liabilities increase from UnoMeter™ instalment to Convatec of USD 1.5 million due by end of 2024

Net interest-bearing debt of NOK 43.2 million, decrease of NOK 18 million since 30 June 2023 due to the cash settlement and conversion of debt in the Rights Issue

Consolidated Cash Flow FY 2023

Amounts in NOK thousand



Comments:

Cash flow used in **operating activities** is mainly the result before tax in 2023, deducted for items without cash effect and change in working capital

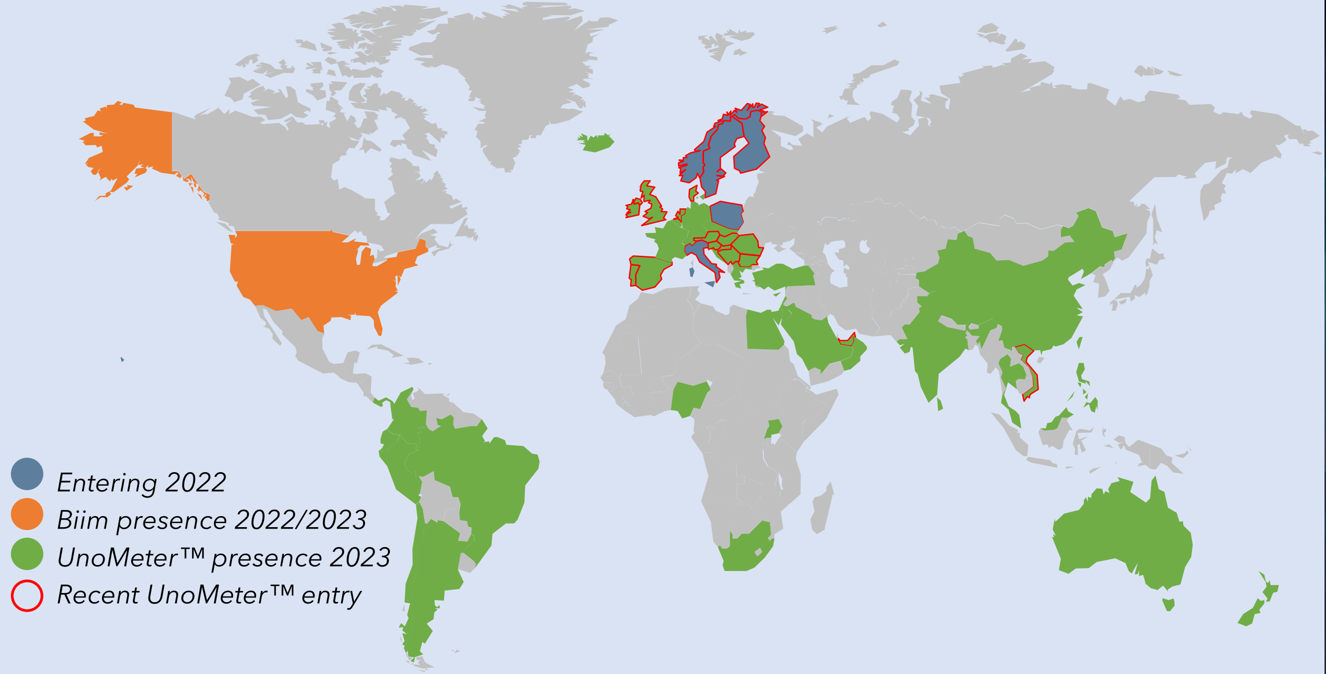
Cash flow from **investing activities** is driven by product/production setup of the UnoMeter™ portfolio and a cash settlement of USD 0.3 million with Convatec

Cash flow from **financing activities** is primarily driven by net proceeds from the Rights Issue and a NOK 5.0 million loan from Navamedic ASA, partly offset by interest from converted loans and other lease liabilities

Cash and cash equivalents per 31 December 2023 at TNOK 13,676

Outlook

Our view of the future as we enter 2024



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2024 Deliverables

Global Launch of UnoMeter™ Safeti Plus and UnoMeter™ Safeti Plus Preconnected to complete the UnoMeter™ family

Support existing distribution network to enable a continued positive development in market share

Continue development of the distribution network to enable geographical coverage of 85-90% of the historic UnoMeter sales

Explore opportunities for distribution products

Appendix

Definitions of Alternative Performance Measures (APM)

The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance. APMs presented may be determined or calculated differently by other companies.

Gross result
Operating revenues less direct cost of materials as cost price, transportation and warehouse cost of materials for sale. Gross result is a sub-total in the condensed consolidated statement of income.

EBIT
Earnings before net financial items, results from associates and joint ventures and income tax. EBIT is a sub-total in the condensed consolidated statement of income.

EBITDA before non-recurring items
EBITDA of the Company before any extraordinary or unusual one-time non-recurring expenses or other charges as reflected in the Company's audited consolidated financial statements for the year

EBITDA
Earnings before interest, tax, depreciation and amortization. EBITDA is a sub-total in the condensed consolidated statement of comprehensive income.

Operating expenses
Employee benefit expenses plus other operating expenses.

Earnings per share
Result after tax divided at average number of outstanding shares over the period.

Consolidated Statement of Comprehensive Income

(Amounts in NOK thousand)	H2 2023	H2 2022	FY 2023	FY 2022
Operating revenues	16 123	7 512	27 942	19 521
Cost of materials	11 116	7 107	18 655	14 344
Gross result	**5 007**	**406**	**9 287**	**5 177**
	0			
Employee benefit expenses	12 634	14 607	25 956	28 521
Other operating expenses	7 274	13 031	21 016	24 868
Operating expenses	**19 907**	**27 638**	**46 971**	**53 389**
Operating result before depreciation and amortisation (EBITDA)	**-14 901**	**-27 232**	**-37 684**	**-48 212**
Depreciation and amortisation	6 915	5 815	13 570	10 931
Operating result (EBIT)	**-21 815**	**-33 047**	**-51 254**	**-59 143**
Financial income and expenses	**0**			
Financial income	4 757	5 076	7 523	19 122
Financial expenses	8 102	5 605	16 605	10 704
Net financial items	**-3 345**	**-529**	**-9 082**	**8 418**
	0			
Result before tax	**-25 160**	**-33 576**	**-60 336**	**-50 725**
Income tax expense	-1	52	17	76
Result for the period	**-25 159**	**-33 628**	**-60 354**	**-50 801**
Earnings per share (NOK per share)	**-0,41**	**-0,63**	**-1,05**	**-1,08**

Revenue growth of 43% in 2023 compared to last year, mainly driven UnoMeter™ sales in second half. Positive YoY development in the Nordic portfolio of 13%. YoY growth is partly offset by lower sales of Biim Ultrasound, but an additional 20 probes to Fresenius still contributed with 1 MNOK in revenues last quarter.

Gross margin of 31.1% in second half and 33.2% for the full year. The underlying YoY margin development is stable when we exclude inventory write-down in second half 2022

Operating expenses is lower mainly driven by cost initiatives in second half of 2023

Net financial items in second half was higher by 2.8 MNOK compared to last year, mainly due to interest expenses from converted loans

Result for H2 of negative MNOK -25.2 and MNOK -60.4 for the year

Consolidated Statement of Financial Position

Amounts in NOK thousand	At 31 December 2023	At 30 June 2023	At 31 December 2022
ASSETS			
Non-current assets			
Goodwill	102 314	101 563	99 961
Intangible assets	121 262	82 753	82 767
Tangible assets	1 989	3 469	4 152
Total non-current assets	**225 565**	**187 785**	**186 880**
Current assets			
Trade receivables	3 117	1 160	4 731
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Cash and cash equivalents	13 676	1 735	13 641
Total current assets	**27 221**	**15 944**	**28 932**
Total assets	**252 787**	**203 730**	**215 812**

Acquisition of UnoMeter™ portfolio included in **intangible assets** at 31 December 2023

Cash and cash equivalents of NOK 13.7 million

Total assets of NOK 252.8 million

Changes in goodwill due to currency fluctuations

Consolidated Statement of Financial Position

EQUITY AND LIABILITIES *Amounts in NOK thousand*	At 31 December 2023	At 30 June 2023	At 31 December 2022
Total equity	**116 343**	**109 228**	**138 306**
Non-current liabilities			
Non-current lease liabilities	136	367	965
Contingent consideration	1 560	3 405	3 365
Non-current liabilities	25 325	0	0
Non-current interest bearing liabilities	878	909	946
Total non-current liabilities	**27 900**	**4 680**	**5 276**
Current liabilities			
Trade payables	17 846	10 503	8 610
Current tax liabilities		0	51
VAT and other public taxes and duties payables	10 574	9 470	6 074
Interest bearing current liabilities	53 626	56 787	44 802
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Other current liabilities	25 842	11 635	11 165
Total current liabilities	**108 543**	**89 822**	**72 230**
Total liabilities	**136 443**	**94 502**	**77 506**
Total equity and liabilities	**252 787**	**203 730**	**215 812**

Total Equity at 31 December 2023 of NOK 117.2 million. Equity ratio of 46.4%

Non-current liabilities consisting of last UnoMeter™ instalment to Convatec of USD 2.395 million due in September 2025

Increased **trade payables** is a result of payment deferral arrangements with a majority of 12 months agreements and 10% annual interest

Interest bearing **current liabilities** consisting of loan from Navamedic ASA and Business Finland (Biim)

Other current liabilities increase from UnoMeter™ instalment to Convatec of USD 1.5 million due by end of 2024

Consolidated Cash Flow statement

Amounts in NOK thousand	H2 2023	H2 2022	FY 2023	FY 2022
Cash flow from operating activities				
Result before tax	-25 160	-33 576	-60 336	-50 725
Tax paid	445	6	36	-142
Depreciation and impairment	6 915	5 815	13 570	10 931
Gain(-)/ loss from sale of fixed asset	0	-320	0	-320
Lease liability interest	0	0	0	
Interest expenses and change FV contingent consideration with no cash effect	5 272	3 532	7 374	-6 628
Change in inventories	2 665	540	1 227	-294
Change in trade receivables and other receivables	-590	-4 788	515	-1 908
Change trade account payables and other current liabilities	5 465	4 997	13 179	-2 249
Net cash flow from operating activities	**-4 989**	**-23 792**	**-24 435**	**-51 334**
Cash flow from investing activities				
Sale of tangible and intangible assets	266	2 823	392	559
Purchase of tangible and intangible assets	-3 287	49 258	-8 018	-4 927
Net cash effect of business combination	0	-54 002	0	-54 002
Net cash flow from investing activities	**-3 020**	**-1 920**	**-7 626**	**-58 370**
	0	0		
Cash flow from financing activities	0	0		
Net proceeds from share issue	28 451	0	28 451	155 597
Net change interest bearing debt	-4 493	397	4 932	-33 267
Payments of lease liabilities	-782	-814	-1 643	-1 390
Net cash flow from financing activities	**23 175**	**-417**	**31 740**	**120 940**
	0	0		
Currency translation differences	-3 226	-709	356	-460
	0			
Changes in cash	11 941	-26 837	35	10 777
Bank deposits start of the period	1 735	40 478	13 641	2 864
Bank deposits end of period	**13 676**	**13 641**	**13 676**	**13 641**

Cash flow used in **operating activities** is mainly the result before tax in 2023, deducted for items without cash effect and change in working capital

Cash flow from **investing activities** is driven by product/production setup of the UnoMeter™ portfolio and a cash settlement of USD 0.3 million with Convatec

Cash flow from **financing activities** is primarily driven by net proceeds from the Rights Issue and a NOK 5.0 million loan from Navamedic ASA, partly offset by interest from converted loans and other lease liabilities

Cash and cash equivalents at 31 December 2023 at TNOK 13,676

Consolidated Statement of Financial Position

Net interest bearing debt

(Amounts in TNOK)	**At 31 December 2023**	**At 30 June 2023**	**At 31 December 2022**
Current and Non-current lease liability	792	1 794	2 493
Non-current interest bearing liabilities	878	909	946
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Net interest bearing debt	**43 181**	**61 159**	**37 965**

Net interest-bearing debt of NOK 43.2 million, decrease of NOK 18 million since 30 June 2023 due to the cash settlement and conversion of debt in the Rights Issue

Equity ratio

(Amounts in TNOK)	**At 31 December 2023**	**At 30 June 2023**	**At 31 December 2022**
Equity	116 343	109 228	138 306
Total assets	252 787	203 730	215 812
Equity ratio	**46,0 %**	**53,6 %**	**64,1 %**

Consolidated Statement of Changes in Equity

(Amounts in NOK thousand)	Share capital	Share premium	Other paid-in equity	Total paid-in capital	Retained earnings	Translation differences	Total
Equity as of 1 January 2022	**5 097**	**87 065**	**11 800**	**103 963**	**-108 692**	**-9 394**	**-14 122**
Share issue	8 811	196 635		**205 446**			**205 446**
Share options					287		**287**
Net loss of the period					-50 801		**-50 801**
Translation differences						-2 504	**-2 504**
Equity as of 31 December 2022	**13 907**	**283 700**	**11 800**	**309 408**	**-159 206**	**-11 898**	**138 306**

Equity as of 1 January 2023	**13 907**	**283 700**	**11 800**	**309 408**	**-159 206**	**-11 898**	**138 304**
Share issue				30 690			**30 690**
Share options					478		**478**
Net loss of the period					-60 354		**-60 354**
Translation differences						7 224	**7 224**
Equity as of 31 December 2023	**13 907**	**283 700**	**11 800**	**340 098**	**-219 081**	**-4 674**	**116 343**

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