



OBSERVE MEDICAL

Company Presentation 2021

CEO Björn Larsson / CFO Per Arne Nygård

May, 2021

Overview



Nordic based medtech company with global reach

Solid platform for growth, commercializing innovative medtech products on a global market -by organic growth and targeted M&A

Nordic direct sales operations and expanding distributor network in Europe

Sippi®

Automated and wireless connected digital urine meter for ICUs and wards

Strong market opportunity - strengthened by Covid-19



Broad product portfolio in the Nordic market

Devices and disposables products within urine measurement, anesthesia/ICU and wound care

Strong sales growth and market opportunities in the Nordics

Highly synergistic products and customers to Sippi®, enabling Sippi® customer access in the Nordic

Sippi® sales enabled through synergistic product portfolio utilizing a combination of direct sales and distributors

Sippi® global sales operations

Direct sales in Nordics

Sippi® sales by direct team with established portfolio relevant to Sippi® target customers

Distributors in Europe

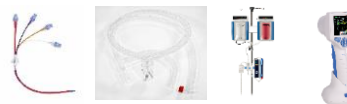
with synergistic portfolio

Nordic direct sales operations with portfolio including Sippi®

Urine measurement



Anaesthesia / ICU



Wound Care



Sippi® - the first automated digital urine meter with biofilm control and wireless connectivity







Hourly urine monitoring of patients is one of the last remaining manual monitoring procedures in the ICU

with significant clinical implications

- ✓ Inaccurate patient data for clinical decisions
- 👤 Time-consuming for staff and compromised ergonomics - reducing clinical capacity
- ⊕ Risk of infections - risk for patient suffering and prolonged hospital stay

... and Sippi® addresses the clinical challenges

Only **automated, digital urine meter** with **wireless** data transfer (Siplink®) to the hospital patient data management system and which **detects** (Sippsense®) and **hinders** (Sippcoat®) **bacterial biofilm formation** – that can lead to urinary infections

- ✓ Improved quality of patient data for clinical decisions
- 👤 Reduced time spent by staff and improved ease of use - enhancing clinical capacity
- ⊕ Hindering risk factors for hospital acquired infections



Sippi® clinical value demonstrated and supported by advisory board

New study at Nya Karolinska

Sjukhuset, led by Professor Jan van der Linden, has in May 2021 submitted applications for ethical approval for new studies, with the aim of broadening the clinical scope of use for Sippi®

“The unique technology of the Sippi capacitance based digital urine volume measurement system, allows for identifying new clinical diagnostic parameters, **for example for acute kidney injury**, based on more detailed urine flow measurements”

Prof. Jan van Der Linden MD

Recent doctoral dissertation further demonstrates clinical benefits of Sippi®

“...staff consistently appraised the AU significantly higher than the MU in terms of user-friendliness, reliability, safety and efficacy”



Advisory Board supports Sippi® clinical and commercial opportunity



Ass. Prof. Anders Ternhag MD
Karolinska Sjukhuset
Infectious Diseases Specialist



Prof. Jan van Der Linden MD
Karolinska Sjukhuset,
Department of Thoracic
Intensive Care

Addressing a substantial market supported by key market drivers and COVID-related impact

Current market

CURRENT MARKET POTENTIAL

4 bn NOK

~0,5M

Sippi® base units

+30M

Sippi® disposable
units/bags per year

- ~400.000 ICU beds
- 24M annually admitted patients to ICU

Sippi® value and potential accentuated by market trends and pandemic

ICU CAPABILITIES VOLUME GROWTH


+20-30%

- 10-15% expected increase in number of ICU beds and annual patient admissions
- Expected significant increase of contingency capacity
- Expanded into intermediary wards – need for similar automation devices

SIPPI® VALUE FURTHER ACCENTUATED



- Automation necessary to meet ICU demand due to shortage of staff
- Digital patient data monitoring to avoid human errors
- Remote patient monitoring to reduce staff exposure
- Infection control for patients in long-term hospitalization



Sippi commercial rollout plan

Current focus:

Clinical roll-out

- in Nordics and selected European markets

Preparing for accelerated rollout -with key insights from customer interactions & feedback

Broader EU launch

Global launch



Sippi commercial rollout plan



▶ **Accelerating Sippi® rollout
when customer access
regained H2 2021**

2021 Covid business impact to date

Q1	Q2 to date	▶ Outlook / Next period
<p data-bbox="446 463 807 543">Covid policies in place, business operations as normal, digital team interactions</p> <p data-bbox="446 618 807 729">Several clinical sites started evaluation of Sippi[®], customer interactions generates feedback on Sippi[®]</p> <p data-bbox="446 803 807 915">Value of Nordic sales portfolio/team demonstrated, - access to Sippi[®] customers & generating portfolio sales</p>	<p data-bbox="942 508 1224 620">Tougher restrictions with lockdown on f2f access to customers, digital communication possible</p> <p data-bbox="962 731 1205 816">Nordic direct sales of established portfolio performing well</p>	<p data-bbox="1433 537 1761 620">Customer access expected to be regained gradually during H2 2021</p> <p data-bbox="1418 690 1777 773">Sippi[®] customers highly positive to resume implementation when situation improves</p>

The 2021 year to date journey



Further strengthening of Nordic sales organization

Sippi®



~15 new Sippi® systems delivered to clinical sites



Expanded and strengthened global patent protection



Increased customer interactions and feedback



New scientific evidence published

Broad product portfolio in the Nordic market



Significant orders of disposables to Nordic hospital region - total value MSEK 10



Break-through order for blood warmer systems to three hospitals in the Nordic

Summary



Nordic based medtech company with global reach

Solid platform for growth, commercializing innovative medtech products on a global market -by organic growth and targeted M&A

Nordic direct sales, distributor network in Europe

Sippi®

Automated and wireless connected digital urine meter for ICUs and wards

Strong market opportunity - accentuated by Covid-19



Broad product portfolio in the Nordic market

within urine measurement, anesthesia /ICU, wound care

Strong sales growth and market opportunities

Enabling Sippi® customer access in the Nordic

Outlook

Continuous roll-out of Sippi® systems for clinical use

Expanding the distributor network in Europe

Further building the Nordic sales operations

Q&A



Thank **you!**



Appendix



Experienced management team and board

Management team



Björn Larsson
Chief Executive Officer



Per Arne Nygård
Chief Financial Officer



Mikael Löfgren
CTO/COO



Anders Nachtweij
Sales Director

Board of directors



Terje Bakken
Chairman of the Board



Kristin Nyberg
Board Member



Kathrine Gamborg Andreassen
Board Member



Thomas Grünfeld
Board Member

Finance calendar

20 August
Presentation of
Q2 and first half year 2021

21 May
Annual General Meeting

3 November
Presentation of
Q3 2021

(UNAUDITED FOR THE PERIOD ENDED 31 MARCH)

Condensed Consolidated Statement of Comprehensive Income

(Amounts in NOK)

	Q1 2021	Q1 2020	FY 2020
Operating revenues	3 109 505	32 220	2 961 334
Cost of materials	2 265 385	59 320	1 975 121
Gross result	844 121	-27 100	986 212
Employee benefit expenses	4 124 031	2 244 393	10 891 324
Other operating expenses	4 734 982	2 138 753	15 018 206
Operating expenses	8 859 012	4 383 146	25 909 530
Operating result before depreciation and amortisation (EBITDA)	-8 014 892	-4 410 246	-24 923 317
Depreciation and amortisation	797 637	778 578	3 163 304
Operating result (EBIT)	-8 812 528	-5 188 824	-28 086 622
Financial income and expenses			
Financial income	4 770 254	5 872 752	3 852 756
Financial expenses	776 525	1 107 872	12 634 604
Net financial items	3 993 729	4 764 880	-8 781 848
Result before tax	-4 818 799	-423 943	-36 868 470
Income tax expense			
Result for the period	-4 818 799	-423 943	-36 868 470
Other comprehensive income that may be reclassified subsequently to profit or loss			
Currency translations differences	-8 910 543	-416 465	1 131 206
Total comprehensive income/loss for the period	-13 729 342	-840 408	-35 737 264

(UNAUDITED FOR THE PERIOD ENDED 31 MARCH 2021)

Condensed Consolidated Statement of Financial Position

<i>(Amounts in NOK)</i>	At 31 March 2021	At 31 March 2020	At 31 December 2020
ASSETS			
Non-current assets			
Goodwill	33 932 687	33 430 414	36 268 318
Intangible assets	19 520 998	22 641 708	20 965 076
Tangible assets	1 189 344	252 440	702 757
Total non-current assets	54 643 029	56 324 563	57 936 151
Current assets			
Trade receivables	1 601 768	0	1 460 179
Inventories	6 273 579	3 861 879	7 661 072
Other receivables and prepaid expenses	3 604 383	596 181	1 729 950
Bank deposits	7 235 431	459 967	18 945 476
Total current assets	18 715 161	4 918 027	29 796 676
Total assets	73 358 188	61 242 590	87 732 826

(UNAUDITED FOR THE PERIOD ENDED 31 MARCH 2021)

Condensed Consolidated Statement of Financial Positions

<i>(Amounts in NOK)</i>	At 31 March 2021	At 31 March 2020	At 31 December 2020
EQUITY AND LIABILITIES			
Total equity	6 631 933	14 640 759	20 349 125
Non-current liabilities			
Non-current lease liabilities	609 660	44 928	260 356
Contingent consideration	22 367 995	12 965 226	22 367 995
Non-current interest bearing liabilities	35 517 054	29 352 855	34 820 640
Total non-current liabilities	58 494 709	42 363 009	57 448 990
Current liabilities			
Trade payables	2 667 311	2 623 641	3 842 906
VAT and other public taxes and duties payables	2 618 167	471 896	2 348 302
Interest bearing current liabilities	0	0	0
Current lease liabilities	310 192	151 521	135 912
Other current liabilities	2 635 874	991 764	3 607 590
Total current liabilities	8 231 545	4 238 822	9 934 710
Total liabilities	66 726 254	46 601 831	67 383 701
Total equity and liabilities	73 358 188	61 242 590	87 732 826

(UNAUDITED FOR THE PERIOD ENDED 31 MARCH 2021)

Cash Flow Statement

<i>(Amounts in NOK)</i>	Q1 2021	Q1 2020	FY 2020
Cash flow from operating activities			
Result before tax	-4 818 799	-423 943	-36 868 470
Depreciation and impairment	797 637	778 578	3 163 304
Change in net finance, no cash effect	-4 065 382	-5 047 036	8 683 650
Change in inventories	894 130	-1 102 746	-1 844 015
Change in trade receivables and other receivables	-2 187 199	123 187	-829 286
Change trade account payables and other current liabilities	-1 400 930	1 263 483	6 053 473
Net cash flow from operating activities	-10 780 544	-4 408 477	-21 641 344
Cash flow used in investing activities			
Net cash effect of business combination			-6 838 103
Purchase / disposal of tangible and intangible assets	-565 072	-404 442	-1 238 513
Net cash flow used in investing activities	-565 072	-404 442	-8 076 616
Cash flow from financing activities			
Change in net interest bearing debt		3 939 657	6 901 271
Net proceeds from share issue		858 000	41 392 194
Repayment share capital			
Payments of lease liabilities	-68 515	-45 778	-124 232
Net cash flow from financing activities	-68 515	4 751 879	48 169 232
Exchange rate fluctuations	-295 914	35 799	8 998
Change in cash	-11 710 045	-25 241	18 460 269
Bank deposits start of period	18 945 476	485 208	485 207
Bank deposits end of period	7 235 432	459 967	18 945 475

Top 20 Shareholders

Rank	Name	Number of shares	% of top 20	% of total	Country
1	NAVAMEDIC ASA	4 222 727	25,14 %	21,54 %	Norway
2	INGERØ REITEN INVESTMENT COMPANY	3 939 394	23,45 %	20,09 %	Norway
3	RO, LARS	1 500 051	8,93 %	7,65 %	Norway
4	UBS Switzerland AG	1 417 522	8,44 %	7,23 %	Switzerland
5	ARTAL AS	1 007 807	6,00 %	5,14 %	Norway
6	ALPINE CAPITAL AS	685 770	4,08 %	3,50 %	Norway
7	NORDA ASA	664 570	3,96 %	3,39 %	Norway
8	SOLEGLAD INVEST AS	586 668	3,49 %	2,99 %	Norway
9	TRANBERGKOLLEN INVEST AS	500 000	2,98 %	2,55 %	Norway
10	LEIKERANE AS	373 439	2,22 %	1,90 %	Norway
11	LAPAS AS	348 326	2,07 %	1,78 %	Norway
12	GINNY INVEST AS	255 030	1,52 %	1,30 %	Norway
13	PHILIP HOLDING AS	245 000	1,46 %	1,25 %	Norway
14	KRAEBER Verwaltung GMBH	214 850	1,28 %	1,10 %	Germany
15	MP PENSJON PK	187 684	1,12 %	0,96 %	Norway
16	CAM AS	181 000	1,08 %	0,92 %	Norway
17	Nordnet Bank AB	132 881	0,79 %	0,68 %	Sweden
18	ABC INVEST AS	120 000	0,71 %	0,61 %	Norway
19	PETTERSEN, GUNERIUS	109 313	0,65 %	0,56 %	Norway
20	EILERAAS, KARL ANSKAR	104 490	0,62 %	0,53 %	Norway
Total number owned by top 20		16 796 522	100,00 %	85,67 %	
Total number of shares		19 605 457			

Total number of shareholders: 1101

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: 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

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