

Observe Medical ASA

# Q2 AND HALF YEAR REPORT 2022





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## Highlights first half 2022

### **Successful acquisition of Biim Ultrasound AS**

On March 8, 2022, Observe Medical announced the completion of the acquisition of Biim Ultrasound AS, an international medical ultrasound technology company, and its unique, wireless, and pocketable ultrasound probe, Biim.

The transaction added another innovative product to the company's portfolio. With this acquisition, Observe Medical significantly strengthens and broadens its distribution network into the US.

### **Completed delivery phase 1 of ultrasound probes to Fresenius Kidney Care in US and partnership for next step on track**

In March and April 2022, the Group delivered 115 Biim ultrasound probes to Fresenius Kidney Care in the US, completing the delivery of a total of 260 ultrasound probes in the first phase of the delivery as planned. The roll-out with Fresenius continuing to go as planned, with strong engagement from the Fresenius c-level team.

### **Completed a Rights Issue of NOK 180 million**

In February 2022, the board of directors approved a fully underwritten Rights Issue in connection with the company's acquisition of Biim Ultrasound AS. The total gross proceeds from the Rights Issue were NOK 180 million.

### **Rune Nystad appointed Chief Executive Officer of Observe Medical**

Bringing broad experience from the US medtech industry, Rune Nystad was appointed CEO in March 2022. Mr Nystad was previously the CEO of Biim Ultrasound.

### **Observe Medical received MDR certification under the new European Medical Device Regulation**

On April 1, 2022, the company announced that the Sippi® Disposable Unit had received Medical Device Regulation Certification (MDR-Certificate), ensuring continued market access for the unit in Europe after 2024.

## Key figures <sup>1)</sup>

### Q2 2022

- Operating revenues of TNOK 4,296 (TNOK 9,737) and gross result of TNOK 1,405 (TNOK 3,938). The changes are due to the second quarter 2021 being significantly impacted by the delivery of EasyPoint needles to the Covid-19 vaccination program.
- EBITDA before non-recurring items of negative TNOK 11,399 (negative TNOK 4,772). The change in operating expenses is mainly due to Biim Ultrasound being included from March 2022 and higher employee benefit expenses.
- Net finance income of TNOK 8,238 (TNOK 6,926). The increased net finance income is due to increased currency gain and change in the contingent consideration. See note 7 in the financial statement for information about the contingent consideration.
- Result before tax of negative TNOK 8,140 (TNOK 1,335)
- Earnings per share of negative NOK0.15 (NOK 0.07)

### H1 2022

- Operating revenues of TNOK 12,009 (TNOK 12,846) and gross result of TNOK 4,772 (TNOK 4,782). Decreased revenues due to a major order of delivery of EasyPoint needles to COVID-19 vaccination program in 2021 that more than offset revenues from the sale of Biim probes in H1 2022.
- EBITDA before non-recurring items of negative TNOK 18,807 (negative TNOK 12,787). Increased operating expenses due to the inclusion of Biim Ultrasound from March 2022 and higher employee benefit expenses.
- Net finance income of TNOK 8,947 (TNOK 10,920)
- Result before tax of negative TNOK 17,149 (negative TNOK 3,484).
- Earnings per share of negative NOK 0.42 (negative NOK 0.18).
- At 30 June 2022, Observe Medical had an equity at TNOK 174,064 (TNOK 11,800) and an equity ratio of 72% (14.4%).

<sup>1)</sup> Figures in brackets = same period prior year.

Amounts in NOK thousand (excl. earnings per share)	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Operating revenues	4 296	9 737	12 009	12 846	24 042
<b>Gross result</b>	<b>1 405</b>	<b>3 938</b>	<b>4 772</b>	<b>4 782</b>	<b>9 519</b>
Operating expenses	12 804	8 710	23 579	17 569	37 981
<b>EBITDA before non-recurring items</b>	<b>-11 399</b>	<b>-4 772</b>	<b>-18 807</b>	<b>-12 787</b>	<b>-28 462</b>
Non-recurring expenses	1 576		2 173		4 619
<b>EBITDA</b>	<b>-12 974</b>	<b>-4 772</b>	<b>-20 980</b>	<b>-12 787</b>	<b>-33 081</b>
Depreciation and amortization	3 404	819	5 116	1 616	3 463
<b>EBIT</b>	<b>-16 378</b>	<b>-5 591</b>	<b>-26 096</b>	<b>-14 403</b>	<b>-36 543</b>
Net finance	8 238	6 926	8 947	10 920	10 223
<b>Result before tax</b>	<b>-8 140</b>	<b>1 335</b>	<b>-17 149</b>	<b>-3 484</b>	<b>-26 321</b>
<b>Earnings per share (NOK per share)</b>	<b>-0.15</b>	<b>0.07</b>	<b>-0.42</b>	<b>-0.18</b>	<b>-1.34</b>
Total balance	241 662	81 925	241 662	81 925	71 738
Equity	174 064	11 800	174 064	11 800	-14 122
Equity ratio	72.0 %	14.4 %	72.0 %	14.4 %	-19.7 %
Net interest-bearing deb	7 535	45 726	7 535	45 726	65 681

## Letter from the CEO

**Looking back at the first half of 2022, the most significant development has been the acquisition and integration of Biim Ultrasound, which placed us on the map of Nordic medtech companies to watch. Over the last few months, we have worked diligently to integrate and extract operational synergies, and I am pleased to say that the work has gone according to plan and that we are ready to take on the second half of 2022. Now, part of our commercial focus will be advancing our existing partnership with Fresenius Kidney Care in the US whilst we reinforce the marketing efforts for Sippi®.**

In August we selected an Italian production and manufacturing partner for part of the Sippi® product, replacing the previous supplier that closed down production in Belarus caused by the Ukraine crisis. With this new partnership in place, we are ready to reinforce our marketing efforts for this product in Europe.

We also enjoyed seeing increased international interest for Sippi® as a product solving one of the last manual monitoring procedures in intensive care units (ICUs) and supporting the growing nursing gap seen worldwide. Our regulatory team was also pleased to see the Sippi® Disposable Unit receiving MDR Certification under the new European Medical Device Regulation. This certification confirms that the unit complies with the latest requirements for medical devices in Europe, which will support ongoing preparations for scale-up.

Following our agreement with Fresenius Kidney Care in the US earlier in the year, we have successfully delivered a total of 260 Biim probes to Fresenius educational centers across the USA. With the rollout with Fresenius continuing to go as planned, we are also experiencing strong engagement from the Fresenius c-level team, ensuring implementation and success.

On top of this, we are working closely with the Fresenius team to produce educational videos demonstrating how the Biim probe can improve the treatment of dialysis patients by assisting with needle cannulation before dialysis treatment. These videos are also expected to drive further adoption across an additional 2 500 centres in the USA.

The Nordic sales and distribution platform team has also been busy signing an additional four new contracts this year, including an agreement for an anti-bacterial medical honey product used to reduce the overall use of antibiotics in wound care.

Many exciting opportunities lie ahead for our current product portfolio. Moving forward, we are edging closer to the second wave of the Biim rollout in the US and look forward to delivering further updates in due course. We will also continue building the organization for the future and executing operational synergies.

I am confident that we will capitalize on these whenever possible as an agile business.

I would also like to thank the entire team for supporting the seamless integration between Observe Medical and Biim Ultrasound. Our fundamental drivers as a company remain unchanged, and together, I believe we will meet our ambitious growth targets to become a NOK 1 billion company.

A handwritten signature in blue ink, appearing to read "Rune Nystad".

Rune Nystad  
CEO



# Operational Development

Observe Medical is a Nordic medtech company with global reach commercializing proprietary innovative medtech products. The company also has an international distributor and partner network with direct sales operations in the Nordics. With two proprietary products on the market and an expanded portfolio for direct sales, the company has a solid platform for further organic growth through targeted M&A.

## **Proprietary products**

### **Biim ultrasound probe**

- In the first half of 2022, Observe Medical successfully delivered a total of 260 Biim ultrasound probes to Fresenius Kidney Care, the leading provider of kidney care services in the US. This follows the initial partnership agreement whereby Fresenius announced the expanded rollout of the probe after an initial pilot period in 2020.
- The Observe Medical team has worked closely with the Fresenius team to produce educational videos, which are expected to drive adoption amongst an additional 2 500 Fresenius centers in the US.
- The agreement with Fresenius continues as planned and Observe Medical will soon move towards the second phase of the agreement to supply additional Biim ultrasound probes. Additional distribution has also been agreed upon in Costa Rica and Hawaii.

### **Sippi®**

- In the first quarter of 2022, Observe Medical's supplier for the Sippi® Disposable Unit closed down production in Belarus due to the Ukraine crisis. In August 2022, Observe Medical has selected a new production and manufacturing partner in Italy. This agreement will support ongoing preparations for scale-up in Europe.
- There has been increased international interest in Sippi® as a product that can support efficiency in the intensive care unit (ICU). Replacing one of the last manual monitoring procedures in the ICU, Sippi® can also offer efficiency gain concerning the ongoing nursing gap.
- As part of the new Medical Device Regulation (MDR) requirements, the Sippi® Disposable Unit achieved MDR certification in Europe in April, ensuring continued market access for the unit in Europe after 2024. Observe Medical is in the process of obtaining MDR Certification for the Sippi® Base Unit, which is certified under the Medical Device Directive (MDD) until 2024.
- A regulatory pathway has been identified and prepared for the product to become available on the US market

## **Nordic sales and distribution platform**

- In the first half of 2022, Observe Medical signed four new contracts for its sales and distribution platform. These agreements are estimated to deliver a total volume of NOK 5.5 million and include:
  1. Contacts for anesthesia tubes were agreed upon with hospitals in Stockholm, Uppsala, Mora, and Ørebro in Sweden. The total volume for the Stockholm agreement is expected to increase towards the end of the year.
  2. Contracts for anti-bacterial medical honey, which is used to reduce the use of antibiotics in wound care, were agreed upon with hospitals in Uppsala, Mora and Ørebro in Sweden.
- The company currently have an additional five tenders ongoing with an estimated total value of NOK 3 million.
- Observe Medical currently have 35 active contracts with regional health authorities in Sweden in three treatment areas: Urine measurements, anesthesia/ICE and wound management.

## Financial Development

Observe Medical's second quarter and first half of 2022 reflects that the company have done significant strategic steps by the acquisition of Biim Ultrasound AS. With the acquisition of Biim Ultrasound, an international medical ultrasound technology company, the Group adding another innovative product that improves patient welfare and outcome and that promotes positive health economics to its portfolio. With this acquisition, Observe Medical also significantly strengthens and broadens its distribution network into the US.

Biim Ultrasound had entered into a partner agreement with Fresenius Kidney Care, the leading provider of kidney care services in the US, whereby Biim is intended to be used across Fresenius' dialysis centers in the US. In first half year of 2022, Biim Ultrasound delivered 115 probes to Fresenius Kidney Care in the US, completing the delivery of a total of 260 ultrasound probes to all Fresenius Kidney Care's educational centers as planned and completing the first phase in the partner agreement.

The educational centers of Fresenius Kidney Care are supporting more than 2,500 Fresenius dialysis clinics throughout the US.

Sippi<sup>®</sup> is in a clinical rollout phase and the company work closely with the distributors to further strengthen the interactions with end-customers to collect customer feedback and experiences with the use of Sippi<sup>®</sup> in a clinical environment. In first quarter 2022 Observe Medical received MDR-certification for Sippi<sup>®</sup> disposable unit under the new European Medical Device Regulation. The certificate ensuring continued market access for the unit in Europe after 2024.



The company has through the first half year 2022 worked constantly to develop the Nordic portfolio and sales organization. In 2021 the company had a significant non-recurring order that was delivered in second quarter and second half year of 2021. The lapse of this order in 2022 explains the decreased revenues from the Nordic portfolio compared with same period last year.

## Group results second quarter 2022

The Group had **operating revenues** at TNOK 4,296, compared to TNOK 9,737 in the same quarter last year. **Gross result** in the quarter was TNOK 1,405, compared to TNOK 3,938 in the second quarter of 2021. The decrease of both revenues and in gross result is due to one single order for delivery of Safety (EasyPoint) needles for Covid-19 vaccination program in 2021.

Total **operating expenses before non-recurring items** in the quarter was TNOK 12,804, compared to TNOK 8,710 in the same quarter last year. Operating expenses from Biim Ultrasound are included from March 2022 and are together with increased employee benefit expenses the main explanation to increased operating expenses.

**EBITDA before non-recurring items** in the second quarter was negative TNOK 11,399 compared to negative NOK 4,772 in the same period in 2021.

**Non-recurring items** consist of expenses in connection with the Biim Ultrasound acquisition and provision for severance pay to former CEO.

**Depreciation and amortization** were at TNOK 3,404 in the second quarter of 2022, compared to TNOK 819 in second quarter 2021. The increase is related to inclusion of Biim Ultrasound, amortization of added values in connection with the Biim acquisition and increased amortization of capitalized of investments in Sippi.

**Net financial income** was TNOK 8,238 compared to net financial income of TNOK 6,926 in the second quarter of 2021. The change is mainly related to currency gain and change in the contingent consideration liability. For more information about the contingent consideration, see note 7 in the financial statement.

**Profit before tax** was negative TNOK 8,140 compared to TNOK 1,335 in same quarter in 2021. The Group had TNOK 24 in calculated income tax expenses and the **profit after tax** was negative TNOK 8,164.

**Earnings per share** was in the second quarter 2022 negative NOK 0.15 compared to NOK 0.07 in the same quarter 2021.

## Group results first half year 2022

The Group had **operating revenues** of TNOK 12,009, compared to TNOK 12,846 in the same period last year. In first half year of 2021 the main revenues comes from sales of Biim probes at TNOK 5,003 and sales from the Nordic portfolio with TNOK 6,736. In first

half year of 2021 the main revenues came from Nordic portfolio with TNOK 6,633 and sales revenues of TNOK 6,169 from the Safety needles order.

**Gross result** in the first half year of 2022 was TNOK 4,772, compared to TNOK 4,782 in the same period last year.

Total **operating expenses before non-recurring items** in the period were TNOK 23,579, compared to TNOK 17,569 in the first half year of 2021. The increase is mainly caused by that Biim Ultrasound is included from March 2022 and higher employee benefit expenses.

**EBITDA before non-recurring items** in the first half year of 2022 was negative TNOK 18,807 compared to negative TNOK 12,787 in the same period last year.

**Non-recurring items** consist of expenses in connection with the Biim Ultrasound acquisition and provision for severance pay to former CEO.

**Depreciation and amortization** were TNOK 5,116 in the first half year of 2022, compared to TNOK 1,616 in first half year of 2021. The increase is related to inclusion of Biim Ultrasound from March 2022, amortization of added values in connection with the Biim acquisition and increased amortization of investments in Sippi.

**Net financial income** was TNOK 8,947 compared to TNOK 10,920 in the same period in 2021. The change is mainly related to currency gain and change in the contingent consideration liability. For more information about the contingent consideration, see note 7 in the financial statement.

**Profit before tax** was negative TNOK 17,149 compared to negative TNOK 3,484 in the same period last year. The Group had TNOK 24 in calculated income tax expenses and the **profit after tax** was 17,173

**Earnings per share** was negative NOK 0.42 compared to negative NOK 0.18 in the same period last year.

## Cash flow second quarter 2022

**Net cash flow from operating activities** was in the second quarter of 2022 negative TNOK 17,763 compared to negative TNOK 2,335 at second quarter 2021. The change is mainly affected by the decreased result, adjusted for finance items without cash effect. In second quarter 2022 cash flow from operating activities in Biim Ultrasound are included.

**Net cash flow used in investing activities** was TNOK 5,790 compared to TNOK 864 in the second quarter of 2021. The investment in the quarter was related to the Biim acquisition and ordinary investments in Sippi and tangible assets.

**Net cash flow used in financing activities** was TNOK 9,672, compared to cash flow from financing activities of TNOK 9,865 in the second quarter of 2021. In June 2021 the company entered into a loan agreement with Ingerø Reiten Investment Company (owns 20.09% of all outstanding shares in Observe Medical ASA) and borrowed TNOK 10,000.

The loan included interests was repaid in second quarter 2022.

Cash deposits at the end of second quarter were TNOK 40,478.

## Cash flow first half year 2022

**Net cash flow from operating activities** was in the first half year of 2022 negative TNOK 27,542, compared to negative TNOK 13,116 in the first half year of 2021. The change is mainly affected by the result before tax, adjusted for finance items without cash effect. **Net cash flow used in investing activities** was TNOK 56,450, compared to TNOK 1,429 in the first half year of 2021. Cash flow used in investment activities are related to the cash settlement in connection with the acquisition of Biim Ultrasound AS, of TNOK 54,185, in addition to investments in intangible and tangible assets.

**Net cash flow from financing activities** was TNOK 121,356, compared to TNOK 9,796 in the first half year of 2021. In first half year of 2022 the company carried out a Rights Issue with a net proceeds of TNOK 155,597 and repaid interest-bearing debt of TNOK 33,664. In first half of 2021 the company entered into a loan agreement with Ingerø Reiten Investment Company for a total of TNOK 10,000. This loan was repaid in first half year of 2022.

Cash deposits at June 30, 2022 were at TNOK 40,478.

## Financial position at 30 June 2022

As of 30 June 2022, the Group had total **non-current assets** of TNOK 190,106, compared to TNOK 57,080 at 30 June 2021. Non-current assets mainly consist of goodwill TNOK 86,697 (TNOK 34,965 at 30 June 2021) and intangible assets related to Sippi® and Biim ultrasound probe of TNOK 99,753 (TNOK 20,265 at 30 June 2021).

At 30 June 2022 the Group had **bank deposits** of TNOK 40,478, at 30 June 2021 the bank deposits was TNOK 14,032. The increase of bank deposits are mainly related to the completed Rights Issue in Q1 2021.

At 30 June 2022 the Group had **total assets** amounting to TNOK 241,662, compared to TNOK 81,925 at 30 June 2021.

At 30 June 2021 the Group had **equity** of TNOK 174,064 compared to TNOK 11,800 at 30 June 2021. The equity ratio was 72% at 30 June 2022, compared to 14.4% at 30 June 2021. The change is related to the completed Rights Issue in Q1 2022, deducted for the negative result and currency effects in the period. At the end of second quarter the Group had **interest bearing debt**, current and non-current, at TNOK 46,480, compared to TNOK 59,758 at 30 June 2021.

## Events After the Reporting Date

There were no events after the reporting date that affected the financial statement significantly.

## Outlook

Observe Medical's long-term ambition is to become a NOK 1 billion company. To achieve this, the company will continue to build the organization for the future and identify additional operational synergies across its product portfolio. The company will also continue to identify and explore M&A opportunities to support organic growth.

In the period, the company has taken steps to capitalize on its scalable medtech platform and is now well positioned to take on new opportunities as they arise.

### **Biim ultrasound probe**

After completing the first phase of delivery of total 260 ultrasound probes to all of Fresenius Kidney Care's educational centers in the USA, the Company now focus on preparing for the next phase together with the customer. The educational centers are responsible for supporting more than 2 500 dialysis clinics throughout the USA, which are targeted to introduce the Biim ultrasound product.

### **Sippi®**

In near term the company's key focus is to finalize the process of choosing a new manufacturer for the Sippi® bag and to executing the Sippi® go-to-market strategy.

In the Nordic market, the company will continue with a direct sales organization, whereas in the rest of Europe, the company will further develop a strong distributor and partner network within prioritized markets. The company has also identified a regulatory pathway for the product to become available on the US market. The company follows market developments closely and will continuously assess opportunities and risks that any changed market conditions may entail.

The company will also continuously improve the Sippi® solution providing clinical benefits to patients, driven by insights from healthcare providers and key stakeholders.

### **Nordic sales and distribution platform**

The Nordic sales and distribution portfolio is an important part of the company's market strategy. The company is constantly working to expand its product portfolio with high-quality products. Through an expanded product portfolio and ambitions to enter new geographical markets in the Nordics, the company aims to grow the Nordic distribution business onwards.

Value creating M&A and corporate development remains an important part of Observe Medical's strategy.

## Risks and uncertainties

Observe Medical faces risks both of operational and financial nature, which are described in Note 3 in the consolidated financial statements 2021 and in the Risk Factors section in the Board of Directors report in the annual report 2021.

Observe Medical operates in the market for medical technology and is exposed to the risk factors which are considered common in this market. As a result of the acquisition of Sylak AB in 2020, and the acquisition of Biim Ultrasound AS in March 2022, Observe Medical has a broad product portfolio within medtech products.

The increased uncertainty related to the ongoing Russian invasion of Ukraine are disrupting global supply chains which can impact our suppliers' ability to access material in time. This could in turn lead to lack of electronic components and delay the production of devices and revenues from sales.

Management performs on a regular basis cash-flow projections to evaluate whether it will be in a position to cover the liquidity needs for the next 12-month period. In developing estimates of future cash flows, the management makes assumptions about revenue and revenue growth, cost of materials, payroll and operating expenses, capital expenditure, loan repayments and interest charges. The assumptions applied are based on historical experience and future expectations.

Based on updated cash flow forecasts for next 12 months, the Group expect that the Group will require additional funding in order to execute and complete its commercialization and growth strategy. In addition, the management and the board of directors have identified initiatives to reduce spending and to improve the efficiency of the Group's operations. There is a risk that adequate sources of funds may not be available, or available at acceptable terms and conditions, when needed.

### Forward looking statements

This report contains statements regarding the future in connection with the Group's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section "Outlook" contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual results and developments deviating substantially from what has been expressed or implied in such statements. These factors include the risk factors relating to the Group's activities described in the section "Risks and Uncertainties" above and in Observe Medical's Annual Report for 2021, including the section Risk Factors in the Board of Directors' Report.

## Declaration in Accordance with §5-5 of the Securities Trading Act

We confirm that the financial statements for the period 1 January to 30 June 2022 have, to the best of our knowledge, been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the Group as a whole. The Board of Directors' report includes a fair review of the development and performance of the business and the position of the company and the Group as a whole, together with a description of the principal risks and uncertainties that they face.

The Board of Directors and CEO of Observe Medical ASA

Oslo, August 24, 2022

A handwritten signature in blue ink, appearing to read "Terje Bakken".

Terje Bakken  
Chairman

A handwritten signature in blue ink, appearing to read "Sanna Rydberg".

Sanna Rydberg  
Director

A handwritten signature in blue ink, appearing to read "Kathrine G. Andreassen".

Kathrine Gamborg Andreassen  
Director

A handwritten signature in blue ink, appearing to read "Line Tønnessen".

Line Tønnessen  
Director

A handwritten signature in blue ink, appearing to read "Eskild Endrerud".

Eskild Endrerud  
Director

A handwritten signature in blue ink, appearing to read "Rune Nystad".

Rune Nystad  
CEO

# Consolidated Financial Statements

Observe Medical Group

## Consolidated Statement of Comprehensive Income

<i>(Amounts in NOK thousand)</i>	Note	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Operating revenues	5	4 296	9 737	12 009	12 846	24 042
Cost of materials		2 891	5 799	7 237	8 064	14 524
<b>Gross result</b>		<b>1 405</b>	<b>3 938</b>	<b>4 772</b>	<b>4 782</b>	<b>9 519</b>
Employee benefit expenses	8	8 089	4 297	13 915	8 421	19 013
Other operating expenses		6 290	4 413	11 837	9 148	23 586
<b>Operating expenses</b>		<b>14 379</b>	<b>8 710</b>	<b>25 752</b>	<b>17 569</b>	<b>42 599</b>
<b>Operating result before depreciation and amortization (EBITDA)</b>		<b>-12 974</b>	<b>-4 772</b>	<b>-20 980</b>	<b>-12 787</b>	<b>-33 081</b>
Depreciation and amortization	6	3 404	819	5 116	1 616	3 463
<b>Operating result (EBIT)</b>		<b>-16 378</b>	<b>-5 591</b>	<b>-26 096</b>	<b>-14 403</b>	<b>-36 543</b>
<b>Financial income and expenses</b>						
Financial income		11 611	8 381	14 046	13 151	9 858
Financial expenses	7	3 373	1 455	5 099	2 231	-365
<b>Net financial items</b>		<b>8 238</b>	<b>6 926</b>	<b>8 947</b>	<b>10 920</b>	<b>10 223</b>
<b>Result before tax</b>		<b>-8 140</b>	<b>1 335</b>	<b>-17 149</b>	<b>-3 484</b>	<b>-26 321</b>
Income tax expense		-24	0	-24	0	0
<b>Result for the period</b>		<b>-8 164</b>	<b>1 335</b>	<b>-17 173</b>	<b>-3 484</b>	<b>-26 321</b>
<b>Other comprehensive income that may be reclassified subsequently to profit or loss</b>						
Currency translations differences		4 392	3 822	-137	-5 089	-9 064
<b>Total comprehensive income/loss for the period</b>		<b>-3 772</b>	<b>5 157</b>	<b>-17 310</b>	<b>-8 573</b>	<b>-35 385</b>
<b>Earnings per share (NOK per share)</b>	8	<b>-0.15</b>	<b>0.07</b>	<b>-0.42</b>	<b>-0.18</b>	<b>-1.34</b>

Observe Medical Group

## Consolidated Statement of Financial Position

<i>(Amounts in NOK thousand)</i>	Note	At 30 June 2022	At 30 June 2021	At 31 December 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	10,12	86 697	34 965	33 870
Intangible assets	12	99 753	20 265	21 328
Tangible assets	6	3 656	1 849	1 381
<b>Total non-current assets</b>		<b>190 106</b>	<b>57 080</b>	<b>56 579</b>
<b>Current assets</b>				
Trade receivables		1 439	1 307	1 348
Inventories		8 585	6 511	7 013
Other receivables and prepaid expenses		1 054	2 996	3 933
Bank deposits		40 478	14 032	2 864
<b>Total current assets</b>		<b>51 556</b>	<b>24 846</b>	<b>15 158</b>
<b>Total assets</b>		<b>241 662</b>	<b>81 925</b>	<b>71 737</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Total equity</b>		<b>174 064</b>	<b>11 800</b>	<b>-14 122</b>
<b>Non-current liabilities</b>				
Non-current lease liabilities	6	1 307	1 033	550
Contingent consideration	7	1 616	12 509	13 031
Non-current interest bearing liabilities	11	43 557	36 213	0
<b>Total non-current liabilities</b>		<b>46 480</b>	<b>49 756</b>	<b>13 581</b>
<b>Current liabilities</b>				
Trade payables		1 712	3 004	6 163
VAT and other public taxes and duties		7 387	4 464	3 747
Interest bearing current liabilities	11	0	10 002	54 521
Current lease liabilities	6	1 534	567	443
Other current liabilities		10 486	2 334	7 405
<b>Total current liabilities</b>		<b>21 119</b>	<b>20 370</b>	<b>72 278</b>
<b>Total liabilities</b>		<b>67 598</b>	<b>70 125</b>	<b>85 860</b>
<b>Total equity and liabilities</b>		<b>241 662</b>	<b>81 925</b>	<b>71 737</b>



The Board of Directors and CEO of Observe Medical ASA

Oslo, August 24, 2022

A handwritten signature in blue ink, appearing to read "Terje Bakken".

Terje Bakken  
Chairman

A handwritten signature in blue ink, appearing to read "Sanna Rydberg".

Sanna Rydberg  
Director

A handwritten signature in blue ink, appearing to read "Kathrine G. Andreassen".

Kathrine Gamborg Andreassen  
Director

A handwritten signature in blue ink, appearing to read "Line Tønnessen".

Line Tønnessen  
Director

A handwritten signature in blue ink, appearing to read "Eskild Endrerud".

Eskild Endrerud  
Director

A handwritten signature in blue ink, appearing to read "Rune Nystad".

Rune Nystad  
CEO

Observe Medical Group

## Consolidated Statement of Changes in Equity

<i>Amounts in NOK thousand</i>	Share capital	Share premium	Other paid-in equity	Total paid-in capital	Retained earnings	Translation differences	Total
<b>Balance at January 1, 2021</b>	<b>5 097</b>	<b>87 065</b>	<b>11 800</b>	<b>103 963</b>	<b>-83 284</b>	<b>-330</b>	<b>20 349</b>
Share issue							<b>0</b>
Share options					23		<b>23</b>
Net loss of the period					-3 484		<b>-3484</b>
Translation differences						-5089	<b>-5089</b>
<b>Balance at June 30, 2021</b>	<b>5 097</b>	<b>87 065</b>	<b>11 800</b>	<b>103 963</b>	<b>-86 745</b>	<b>-5 419</b>	<b>11 800</b>
<b>Balance at January 1, 2021</b>	<b>5 097</b>	<b>87 065</b>	<b>11 800</b>	<b>103 963</b>	<b>-83 284</b>	<b>-330</b>	<b>20 349</b>
Share issue							<b>0</b>
Share options					913		<b>913</b>
Net loss of the period					-26 321		<b>-26 321</b>
Translation differences						-9 064	<b>-9 064</b>
<b>Balance at December 31, 2021</b>	<b>5 097</b>	<b>87 065</b>	<b>11 800</b>	<b>103 963</b>	<b>-108 692</b>	<b>-9 394</b>	<b>-14 122</b>
Rights issue	6 686	148 911		<b>155 597</b>			<b>155 597</b>
Consideration shares	2 125	47 724		<b>49 849</b>			<b>49 849</b>
Share options					185		<b>185</b>
Net loss of the period					-17 173		<b>-17 173</b>
Translation differences						-271	<b>-271</b>
<b>Balance at June 30, 2022</b>	<b>13 907</b>	<b>283 700</b>	<b>11 800</b>	<b>309 408</b>	<b>-125 680</b>	<b>-9 665</b>	<b>174 064</b>

Observe Medical Group

## Consolidated Cash Flow Statement

<i>(Amounts in NOK thousand)</i>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>FY 2021</b>
<b>Cash flow from operating activities</b>					
Result before tax	-8 142	1 335	-17 149	-3 484	-8 142
Tax paid	-234	0	-148	0	-234
Depreciation and amortization	3 403	819	5 116	1 616	3 403
Gain(-)/Loss(+) from sale of fixed assets	0	0	0	0	0
Change in net finance, no cash effect	-10 474	-7 087	-10 160	-11 152	-10 474
Change in inventories	-261	-20	-834	875	-261
Change in trade receivables and other receivables	3 704	918	2 880	-1 270	3 704
Change trade payables and other current liabilities	-5 760	1 699	-7 246	298	-5 760
<b>Net cash flow from operating activities</b>	<b>-17 763</b>	<b>-2 335</b>	<b>-27 542</b>	<b>-13 116</b>	<b>-17 763</b>
<b>Cash flow used in investing activities</b>					
Purchase / disposal of tangible and intangible assets	-866	-864	-2 264	-1 429	-866
Net cash effect of business combination	-4 924	0	-54 185	0	-4 924
<b>Net cash flow used in investing activities</b>	<b>-5 790</b>	<b>-864</b>	<b>-56 450</b>	<b>-1 429</b>	<b>-5 790</b>
<b>Cash flow from financing activities</b>					
Change in net interest bearing debt	-10 405	10 000	-33 664	10 000	-10 405
Net proceeds from share issue	0	0	155 597	0	0
Repayment share capital	0	0	0	0	0
Payments of lease liabilities	733	-135	-576	-204	733
<b>Net cash flow from financing activities</b>	<b>-9 672</b>	<b>9 865</b>	<b>121 356</b>	<b>9 796</b>	<b>-9 672</b>
<b>Exchange rate fluctuations</b>	<b>2 712</b>	<b>131</b>	<b>249</b>	<b>-165</b>	<b>2 712</b>
Change in cash	-30 514	6 796	37 614	-4 914	-30 514
Bank deposits start of period	70 992	7 235	2 864	18 945	70 992
<b>Bank deposits end of period</b>	<b>40 478</b>	<b>14 032</b>	<b>40 478</b>	<b>14 032</b>	<b>40 478</b>

# Explanatory Notes to the Consolidated Financial Statements

## Note 1 – General information

Observe Medical ASA is a Norwegian public listed company listed on Euronext Expand, Oslo. The Company and its subsidiaries (together the Group) is a growing medtech group which has developed the next generation digital urine meter, Sippi® and the unique, wireless and pocketable ultrasound probe, Biim. The Group is also through its subsidiary Observe Medical Nordic AB a Nordic distributor of medtech devices and disposables.

The Group contains of following companies:

Observe Medical ASA, located in Oslo, Norway (headquarter)

Observe Medical AB, located in Gothenburg, Sweden

Observe Medical Nordic AB, located in Gothenburg, Sweden

Observe Medical aps, located in Sørum, Denmark

Biim Ultrasound AS, located in Narvik, Norway

Biim Ultrasound Oy, located in Oulu, Finland

Biim Ultrasound Inc., located in Seattle, the US

## Note 2 – Basis of preparation and statements

The financial statements are presented in NOK, unless otherwise is stated.

These interim condensed consolidated financial statement for the second quarter and first half 2022 have been prepared in accordance with the requirements of the International Accounting Standard 34 Interim Financial Reporting.

The interim report do not include all of the information required for full annual financial statements of the group and should be read in conjunction with the consolidated financial statements for 2021. The accounting policies applied are consistent with those applied and described in the consolidated annual financial statements for 2021, which are available upon request from the company's registered office at Dronning Eufemias gate 16, 0191 Oslo, Norway and at [www.observemedical.com](http://www.observemedical.com).

These interim condensed consolidated financial statements for the second quarter and first half 2022 were approved by the Board of Directors and the CEO on 24 August 2022.

### Note 3 – Accounting policies

The group prepares its consolidated annual financial statements in accordance with IFRS as adopted by the EU (International Financial Reporting Standards - IFRS). The accounting policies adopted in the financial statement for second quarter and first half 2022 are consistent with accounting policies in the annual report 2021. Refer to note 2 in the annual financial statement 2021 for description of the most important accounting policies.

References to IFRS in these financial statements refer to IFRS as approved by the EU.

### Note 4 – Significant judgements and accounting estimates

The preparation of financial statements in accordance with IFRS requires that management make assessments, estimates and assumptions that impact reported amounts for revenues, expenses, assets and liabilities and presentation of contingent liabilities at the end of the reporting period. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, significant judgements made by management and the key sources of estimation uncertainty were the same as those applied to the annual consolidated financial statements for 2021 (see especially note 4).

### Note 5 – Revenues

*Amounts in NOK thousand*

<b>Revenue per product group</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>FY 2021</b>
Urine Measurement - Sippi®	0	11	118	26	122
Urine Measurement - Other products	127	153	301	351	700
Biim Ultrasound probe	1 283	0	5 004	0	0
Anaesthesia / ICU	2 244	8 359	4 972	10 665	19 835
Wound Care	521	721	1 073	1 216	2 280
Other	120	493	542	589	1 105
<b>Total</b>	<b>4 296</b>	<b>9 737</b>	<b>12 009</b>	<b>12 846</b>	<b>24 042</b>

## Note 6 – Lease

As at June 30, 2022, the Group has lease contracts for five cars and one office location. In addition, the group has short term leases that are not recognized as right-of-use assets related to smaller office equipment's and office buildings in Finland, Sweden, US and Norway.

*Amounts in NOK thousand*

### Right of use assets

Opening cost at 1 January 2021	462
Additions	1 393
Disposal	-357
Currency translation differences	-49
<b>Closing cost at 31 December 2021</b>	<b>1 450</b>

### Right of use assets

Opening cost at 1 January 2022	1 450
Additions	2 411
Disposals	
Currency translation differences	19
<b>Closing cost at 31 December 2022</b>	<b>3 880</b>

Opening depreciation at 1 January 2021	50
Depreciation in the period	446
Disposals	-22
Currency translation differences	-5
<b>Accumulated depreciation at 31 December 2021</b>	<b>469</b>

Opening depreciation at 1 January 2022	469
Depreciation in the period	596
Disposals	
Currency translation differences	6
<b>Accumulated depreciation at 30 June 2022</b>	<b>1 071</b>

<b>Right of use assets at 31 December 2021</b>	<b>981</b>
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<b>Right of use assets at 30 June 2022</b>	<b>2 809</b>
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## Lease Liability

	At 30 June 2022	FY 2021	At 30 June 2021
As at 1 January	993	396	396
Additions	2 411	1 393	1 399
Disposal	0	-323	0
Lease payments in the period	-632	-481	-204
Interest cost	56	52	23
Currency translation differences	13	-44	-15
<b>Closing liability at 31 December</b>	<b>2 841</b>	<b>993</b>	<b>1 600</b>
Due < 1 year	1 534	443	567
Due > 1 year	1 307	550	1 033
	<b>2 841</b>	<b>993</b>	<b>1 600</b>

## Effect of IFRS 16 on Statement of Comprehensive Income

Amounts in NOK thousand	At 30 June 2022	FY 2021	At 30 June 2021
Depreciation expense of right-of-use assets	596	446	182
Interest expense on lease liabilities	56	52	23
Expense relating to short-term leases (included in other operating expenses)	1 152	1 017	408
<b>Total amount recognised in result for the period</b>	<b>1 804</b>	<b>1 515</b>	<b>613</b>

## Undiscounted Lease Liabilities and Maturity of Cash Outflow

Amounts in NOK thousand	At 30 June 2022	FY 2021	At 30 June 2021
Due within 1 year	1 658	564	625
Due between 1 year and 3 years	1 769	724	1 072
<b>Total</b>	<b>3 427</b>	<b>1 288</b>	<b>1 697</b>

## Note 7 – Contingent Consideration

Observe Medical International AB was acquired at 4 August 2015 and the purchase price was NOK 60.6 million including a contingent consideration valued at NOK 25.6 million at the acquisition date. The contingent consideration depends on the revenues from sales of the Sippi® product over a number of years. The fair value of the contingent

consideration involves discounting expected future payments. Discounting has been based on the discount rate (18.3%) that was used for the valuation of the identified intangible assets (fair value adjustments) in the purchase price allocation. Since 2020 the discounting rate has been 9.6%.

### Change in contingent consideration

(Amounts in TNOK)

Estimated fair value 1 January 2016	27 619
Change in estimated fair value in 2016	-4 051
Estimated fair value 31 December 2016	23 568
Change in estimated fair value in 2017	2 618
Estimated fair value 31 December 2017	26 186
Change in estimated fair value in 2018	-14 009
Estimated fair value 31 December 2018	12 177
Change in estimated fair value in 2019	221
Estimated fair value 31 December 2019	12 398
Change in estimated fair value in 2020	9 970
Estimated fair value 31 December 2020	22 368
Change in estimated fair value in 2021	- 9 337
Estimated fair value 31 December 2021	13 031
Change in estimated fair value in 2022	- 11 415
Estimated fair value 30 June 2022	1 616

Change in estimated fair value, which includes calculated interest, is recognized through profit or loss.

The Covid-19 situation and that the manufacturer of Sippi® bags closed down the production in May 2022 has caused delays on the estimated revenues from sales of Sippi® compared to the Group's estimate at year-end 2021. However, the potential revenue and expected realizations remain unchanged and have only been postponed.

## Note 8 – Share options

### Granted Employee Share Options

As part of a long-term incentive plan, Björn Larsson (former CEO) was on January 9, 2020 granted 60,000 series A options and 60,000 series B options. Each option, when exercised, will give the right to acquire one share in Observe Medical ASA. The series B options are granted vest on the date of the option agreement. Series B options was not exercised and lapsed as of 1 January 2021. The options are granted without consideration. The series A options vest over a 3-year period, with 1/3 after 12 months, 1/3 after 24 months and the last third after 36 months. The series A option shares have a 12-month lock-up period tied to them. Options that have not been exercised will lapse 3.5 years



after grant date. The strike price for the options is NOK 11.09 and calculated as the average price the last 10 trading days before signing of the option agreement.

### CFO granted 120,000 share options

Per Arne Nygård, CFO, has been granted 120,000 options with an exercise price of NOK 8.29, which reflects the volume weighted average share trading price of the Company's shares the 10 trading days prior to 1 March 2020. In the event that a rights issue or repair issue is conducted by the Company in the period between 1 March 2020 and exercises date, the Exercise Price shall be reduced to reflect the dilutive effect of the share issue. 4/6 of the options were vested upon grant, while the remaining 2/6 vest with 50% on 1 March 2022 and 1 March 2023, respectively.

The options have been granted without consideration and each option will upon exercise give the right to acquire one share in the Company. Any shares acquired upon exercise will be subject to a 12 months' lock-up period from the date received by the option holder, and all options will expire and lapse if not exercised within 1 March 2024.

### Options at 30 June 2022:

Number of options	Exercise price	Vested / Vesting date	Expiry date	Lock-up
20,000	NOK 11.09	9 January 2021	9 July 2023	12 months
20,000	NOK 11.09	9 January 2022	9 July 2023	12 months
20,000	NOK 11.09	9 January 2023	9 July 2023	12 months
80,000	NOK 8.29	16 November 2021	1 March 2024	12 months
20,000	NOK 8.29	1 March 2022	1 March 2024	12 months
20,000	NOK 8.29	1 March 2023	1 March 2024	12 months

### Note 9 - Earnings per share

For the periods presented there are no dilutive effects on profits or number of shares. Basic and diluted earnings per share are therefore the same.

	Q2 2022	Q2 2021	H1 2022	H1 2021	FY 2021
Profit for the period	-8,164,105	1,335,230	-17,172,758	-3,483,569	-26,320,591
Average no of shares	53,491,656	19,605,457	40,774,173	19,605,457	19,605,457
<b>Earnings per share (NOK)</b>	<b>-0.15</b>	<b>0.07</b>	<b>-0.42</b>	<b>-0.18</b>	<b>-1.34</b>

### Note 10 - Goodwill

Goodwill relates to the acquisition of Observe Medical International AB (OMI AB) in 2015, the acquisition of Sylak AB in 2020, and the acquisition of Biim Ultrasound AS in 2022.

Goodwill is not amortized, but tested at least annually for impairment.

The Group currently has only one cash generating unit, and all goodwill is therefore allocated to the Medtech business. Consequently, through the impairment test of goodwill, the carrying value of the total group is effectively tested for impairment. The share price indicates that the fair value materially exceeded the carrying value of equity at end of the reported period.

As at 31 December 2021, the recoverable amount was also estimated based on value in use. The value in use of the cash generating unit was calculated on the basis of discounted future cash flows. At end of the reporting period, there are no indicators for impairment and the share price indicates that the fair value exceeds the carrying value of the equity. No further impairment test has been carried out as at 30 June 2022.

Refer to note 7 in Annual report 2021 for further information about goodwill and note 12 (below) for further information about allocated goodwill from business combination in 2022.

## Note 11 – Interest bearing liabilities

### Current and non-current interest bearing liabilities as at 31 December 2021

<i>(Amounts in NOK million)</i>	0-3 months	3-12 months	1-2 years	2-3 years	3-4 years	> 4 years	Total	Carrying value
Bank overdraft	0,0	6,5					6,5	6,5
Leasing liabilities	0,1	0,3	0,3	0,2	0,0	0,0	1,0	1,0
Contingent consideration upon acquisitions	0,0	0,0	16,2	0,0	0,0	0,0	16,2	13,0
Payables loan to Ingerø Reiten Invest. Comp	0,0	10,4	0,0	0,0	0,0	0,0	10,4	10,4
Payables loan to Navamedic group	0,0	37,6	0,0	0,0	0,0	0,0	37,6	37,6
<b>Total</b>	<b>0,1</b>	<b>54,8</b>	<b>16,5</b>	<b>0,2</b>	<b>0,0</b>	<b>0,0</b>	<b>71,6</b>	<b>68,4</b>

### Current and non-current interest bearing liabilities as at 30 June 2021

<i>(Amounts in NOK million)</i>	0-3 months	3-12 months	1-2 years	2-3 years	3-4 years	> 4 years	Total	Carrying value
Leasing liabilities	0,0	0,5	0,5	0,5	0,0	0,0	1,6	1,6
Contingent consideration upon acquisitions	0,0	0,0	0,2	16,0	0,0	0,0	16,2	12,5
Payables loan to Ingerø Reiten Investment Company <sup>1)</sup>	0,0	10,0	0,0	0,0	0,0	0,0	10,0	10,0
Payables loan to Navamedic group <sup>1)</sup>	0,0	0,0	39,9	0,0	0,0	0,0	39,9	36,2
<b>Total</b>	<b>0,0</b>	<b>10,0</b>	<b>40,1</b>	<b>16,0</b>	<b>0,0</b>	<b>0,0</b>	<b>66,1</b>	<b>60,3</b>

### Current and non-current interest bearing liabilities as at 30 June 2022

<i>(Amounts in NOK million)</i>	0-3 months	3-12 months	1-2 years	2-3 years	3-4 years	> 4 years	Total	Carrying value
Leasing liabilities	0,4	1,1	1,2	0,1	0,0	0,0	2,8	2,8
Contingent consideration upon acquisitions	0,0	0,0	1,9	0,0	0,0	0,0	1,9	1,6
Payables innovation loan in Finland	0,0	0,0	4,1	0,0	0,0	0,0	4,1	4,1
Payables loan to credit institution	0,0	0,0	0,6	0,0	0,0	0,0	0,6	0,6
Payables loan to Navamedic group <sup>1)</sup>	0,0	0,0	43,2	0,0	0,0	0,0	43,2	38,9
<b>Total</b>	<b>0,4</b>	<b>1,1</b>	<b>51,0</b>	<b>0,1</b>	<b>0,0</b>	<b>0,0</b>	<b>52,6</b>	<b>48,0</b>

1) Refer to note 13 in Annual report 2021 for further information about the loan agreement with Navamedic ASA (owns 7.89% of all outstanding shares in Observe Medical ASA).

## Note 12 – Business combination

On March 8, 2022, Observe Medical ASA acquired 100 per cent of the shares in Biim Ultrasound AS. The transaction valued Biim Ultrasound at approximately NOK 185 million, representing an enterprise value of approximately NOK 209 million, financed through a combination of 8,171,913 consideration shares issued by the Company at a price of NOK 16.52 per share, and cash settlement of approximately NOK 54.2 million. Fair value of the 8,171,913 consideration shares at NOK 49.8 million.

External transaction related costs at NOK 5.6 million have been expensed as part of other operating expenses.

Biim Ultrasound is an international medical ultrasound technology company. Biim Ultrasound has developed a unique, wireless and pocketable ultrasound probe, Biim, that can scan patients and review images in seconds. The objective of Biim is to enhance healthcare personnel decision-making and improve patient outcomes. Biim's technology is patented, and the device received 510 (k) clearance from the US Food and Drug Administration (FDA) in 2018. Biim is approved for ultrasound imaging of the human body and is specifically used to guide needle and catheter insertions for dialysis and vascular access procedures.

A partner agreement with Fresenius Kidney Care, the leading provider of kidney care services in the US, is in place, whereby Biim is intended to be used across Fresenius' dialysis centres in the US.

Biim Ultrasound AS had total revenues at NOK 6.8 million in 2021.

The company has been consolidated as part of Observe Medical Group from 1 March 2022 and has generated operating revenues of NOK 5.1 million and EBIT of negative NOK 4.4 million since the acquisition. If the company had been owned 100 per cent from 1 January 2022 it would have had an additional impact on the operating revenue of NOK 0.1 million and EBIT of negative NOK 5.4 million. Recognized goodwill of NOK 53.2 million.

<i>Amounts in NOK thousand</i>	<b>Carrying amount</b>	<b>Excess value</b>	<b>Fair value</b>
Fixed assets	2 707	0	2 707
Inventories	810	0	810
Other receivables	221	0	221
Cash	0	0	0
Long term liabilities	-15 154	0	-15 154
Current liabilities	-18 571	0	-18 571
<b>Total indentifiable net assets</b>	<b>-29 988</b>	<b>0</b>	<b>-29 988</b>
Technology and customer relationships	51 701	29 143	80 844
Goodwill		53 178	53 178
<b>Total recognized</b>	<b>21 713</b>	<b>82 321</b>	<b>104 034</b>
Shares issued, at fair value			49 849
Cash			54 185
<b>Total consideration</b>			<b>104 034</b>
Paid in cash			54 185
Cash received			0
<b>Net decrease/(increase) in cash</b>			<b>54 185</b>

## Alternative Performance Measures (APMs)

Observe Medical uses alternative performance measures for periodic and annual financial reporting in order to provide a better understanding of the Group's underlying financial performance

<b>Gross result</b>	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.
<b>EBIT</b>	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.
<b>EBIT margin (%):</b>	EBIT as a percentage of revenues.
<b>EBITDA before non-recurring items</b>	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
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization. EBITDA is a sub-total in the condensed consolidated statement of comprehensive income.
<b>EBITDA margin (%)</b>	EBITDA as a percentage of revenues.
<b>Operating expenses</b>	Employee benefit expenses plus other operating expenses.
<b>Earnings per Share (EPS):</b>	Profit divided by number of outstanding shares
<b>Net interest-bearing debt</b>	Non-current and current interest bearing liabilities deducted bank deposits
<b>Equity ratio</b>	Total equity divided by total assets

## Net interest bearing debt

<i>(Amounts in TNOK)</i>	<b>At 30 June 2022</b>	<b>At 30 June 2021</b>	<b>At 31 December 2021</b>
Current and Non-current lease liability	2 841	1 600	993
Non-current interest bearing liabilities	43 557	36 213	0
Contingent consideration	1 616	12 509	13 031
Interest bearing current liabilities	0	10 002	54 521
<b>Total interest bearing debt</b>	<b>48 014</b>	<b>59 758</b>	<b>68 545</b>
Bank deposits	40 478	14 032	2 864
<b>Net interest bearing debt</b>	<b>7 535</b>	<b>45 726</b>	<b>65 681</b>

## Equity ratio

<i>(Amounts in TNOK)</i>	<b>At 30 June 2022</b>	<b>At 30 June 2021</b>	<b>At 31 December 2021</b>
Equity	174 064	11 800	-14 122
Total assets	241 662	81 925	71 737
<b>Equity ratio</b>	<b>72.0 %</b>	<b>14.4 %</b>	<b>-19.7 %</b>

## About Observe Medical

Observe Medical is a Nordic medtech company that develops, markets and sells innovative medtech products for the global market. The Company is committed to improving patient welfare and patient outcomes, improving clinical data accuracy and promoting positive health economics.

The Company seeks to drive growth by leveraging its expertise in sales and commercialization of its broad portfolio of medical technology products, mainly in urine measurement, ultrasound, anesthesiology/ICUs, surgery and wound care, in combination with targeted M&A.

The Company is headquartered in Oslo, Norway, with additional offices in Narvik (Norway), Gothenburg (Sweden), Oulu (Finland), and Seattle (the US). In addition, Observe Medical has a direct sale organization in the Nordics and a distributor network internationally.

Further information is available at [www.observemedical.com](http://www.observemedical.com).

## Copyright and Disclaimer

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