

A doctor in a white lab coat and stethoscope is holding a tablet. The background is dark blue with various futuristic medical data overlays, including a human silhouette with internal organs, a pulse line, and various charts and graphs. The text is overlaid on the right side of the image.

Q3 2022 Results

Observe Medical ASA

3 November 2022

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Management team



Rune Nystad
Chief Executive Officer
Observe Medical

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



Per Arne Nygård
Chief Financial Officer
Observe Medical

20+ years of experience from finance and accounting in various sectors with leadership roles in several publicly listed companies.

Today's agenda

Biim



Nordic portfolio



Sippi®



Unometer portfolio*



Nordic medtech company with global reach

Commercializing proprietary innovative medtech products on a global market
International distributor and partner network and Nordic direct sales operations
Solid platform for further organic growth and through targeted M&A

Fundamental drivers



Health economics



Patient welfare



Data accuracy

Long-term ambition

To become a

NOK 1 billion

company

What will take us there?

THE FUNDAMENT OF OUR BUSINESS AND VALUE CREATION

1

Significant growth targets supported by a powerful and scalable medtech platform

With proprietary products on the market

2

Portfolio with synergy opportunities, which allows for accelerated commercial roll-out

Complementary distribution networks and market insights to accelerate US entry for Sippi® and EU re-entry for Biim

3

Proven clinical benefits for patients and professionals

Medtech portfolio improving patient welfare with highly positive health economics and improved data accuracy

4

Deep management bench with extensive international medtech experience

Combined management team consisting of industry experts with complementary skill sets

Portfolio and corporate update

- Sippi®
 - Locate new manufacturing partner
 - Arrange for production
 - Product verification testing
 - Expanding distribution network
 - Organization readiness
 - MDR readiness

- Biim
 - Biim roll-out with Fresenius continues as planned across 260 educational centres throughout the USA
 - Educational video production has continued to optimize training
 - KPI study for Fresenius (on going) with OM support for final clinical confirmation.
 - Biim ultrasound continues to be intended for all Fresenius clinics



Portfolio and corporate update continues

- Nordic sales and distribution platform
 - Continually chasing new tenders and potential new products
 - Ongoing preparations of Unometer and Sippi distribution and sale in the Nordic countries
- Chief Technology Officer appointed
 - Carsten Trygve Bøgh appointed CTO
 - Prev. SVP Global Product Development, Fresenius Medical Care Glo



Financial highlights Q3 2022

Revenues

NOK 3.4 million

Gross margin

41%

EBITDA

NOK -10.7 million

Cash

NOK 24.8 million

Equity

NOK 160.8 million

Equity ratio

70.8%

Intention to acquire Unometer urine measurement portfolio from Convatec

- Entered into an exclusivity agreement with the intention to acquire the rights to own, produce and sell the market leading Unometer product range
- Product portfolio represents annual revenues of around EUR 18 million - adding significantly to the company's gross profit
- Agreed purchase price of USD 4.2 million



The Unometer opportunity and portfolio

- Distribution through more than 600 distributors
- Sales in more than 50 countries
- 80-90% market position
- Patented and well established brand names

UnoMeter™ 500



UnoMeter™ Safeti™ Plus



UnoMeter™ Abdo-Pressure™



The deal rationale



Fast-track to revenue growth and cash flow

- EUR 18 million in sales



Strong market position

- Market-leading brand names in Europe and other countries
- Large market share in Europe in the range of 80-90%



Expanding product portfolio

- Far less risk compared to traditional product development route
- Fast-tracking go-to-market strategy for Sippi®



Extending distribution network

- Access to more than 600 distributors across over 50 countries

Outlook, priorities and next steps

- **Sippi® and Biim**

- Observe Medical continues to support Fresenius' multi-clinic training efforts with the Biim ultrasound system
- New manufacturing partner identified for Sippi®

- **The Unometer process**

- Production readiness: Set-up tools and assembly
- Regulatory: Audit and continue Convatec's work
- Resources: Access to people and resources that have significant Unometer product knowledge
- Sales: Distribution network follow-up
- Company: Prepare for growth, also for Sippi®

- **Outlook**

- Fundamental drivers unchanged, NOK 1bn long-term ambition maintained



Q&A



Q3 2022 Financials Appendix

Consolidated Statement of Comprehensive Income

(Amounts in NOK thousand)

	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Operating revenues	3 380	7 606	15 389	20 452	24 042
Cost of materials	1 994	3 940	9 231	12 004	14 524
Gross result	1 386	3 665	6 158	8 448	9 519
Employee benefit expenses	6 235	5 914	20 149	14 336	19 013
Other operating expenses	5 877	4 439	17 714	13 587	23 586
Operating expenses	12 112	10 354	37 863	27 923	42 599
Operating result before depreciation and amortisation (EBITDA)	-10 726	-6 688	-31 706	-19 475	-33 081
Depreciation and amortisation	3 412	847	8 528	2 463	3 463
Operating result (EBIT)	-14 137	-7 535	-40 233	-21 939	-36 543
Financial income and expenses					
Financial income	3 223	347	17 269	13 498	15 711
Financial expenses	3 843	1 256	8 941	3 487	5 488
Net financial items	-620	-909	8 328	10 011	10 223
Result before tax	-14 757	-8 444	-31 906	-11 928	-26 321
Income tax expense	28	0	52	0	0
Result for the period	-14 785	-8 444	-31 958	-11 928	-26 321
Other comprehensive income that may be reclassified subsequently to profit or loss					
Currency translations differences	1 555	-759	1 284	-5 848	-9 064
Total comprehensive income/loss for the period	-13 230	-9 203	-30 674	-17 776	-35 385
Earnings per share (NOK per share)	-0.28	-0.43	-0.71	-0.61	-1.34

Statement of financial position

<i>Amounts in NOK thousand</i>	At 30 September 2022	At 30 September 2021	At 31 December 2021
ASSETS			
Non-current assets			
Goodwill	87 676	34 746	33 870
Intangible assets	97 191	19 531	21 328
Tangible assets	4 547	1 669	1 381
Total non-current assets	189 415	55 946	56 579
Current assets			
Trade receivables	1 608	4 718	1 348
Inventories	10 150	7 275	7 013
Other receivables and prepaid expenses	1 111	983	3 933
Bank deposits	24 776	6 884	2 864
Total current assets	37 645	19 860	15 158
Total assets	227 060	75 806	71 737

Statement of financial position

<i>Amounts in NOK thousand</i>	At 30 September 2022	At 30 September 2021	At 31 December 2021
EQUITY AND LIABILITIES			
Total equity	160 828	2 608	-14 122
Non-current liabilities			
Non-current lease liabilities	1 092	882	550
Contingent consideration	190	12 794	13 031
Non-current interest bearing liabilities	45 050	36 910	0
Total non-current liabilities	46 332	50 586	13 581
Current liabilities			
Trade payables	2 058	2 810	6 163
VAT and other public taxes and duties payables	5 888	4 344	3 747
Interest bearing current liabilities	0	10 204	54 521
Current lease liabilities	1 652	570	443
Other current liabilities	10 302	4 684	7 405
Total current liabilities	19 900	22 612	72 278
Total liabilities	66 231	73 198	85 860
Total equity and liabilities	227 060	75 806	71 737

Cash flow statement

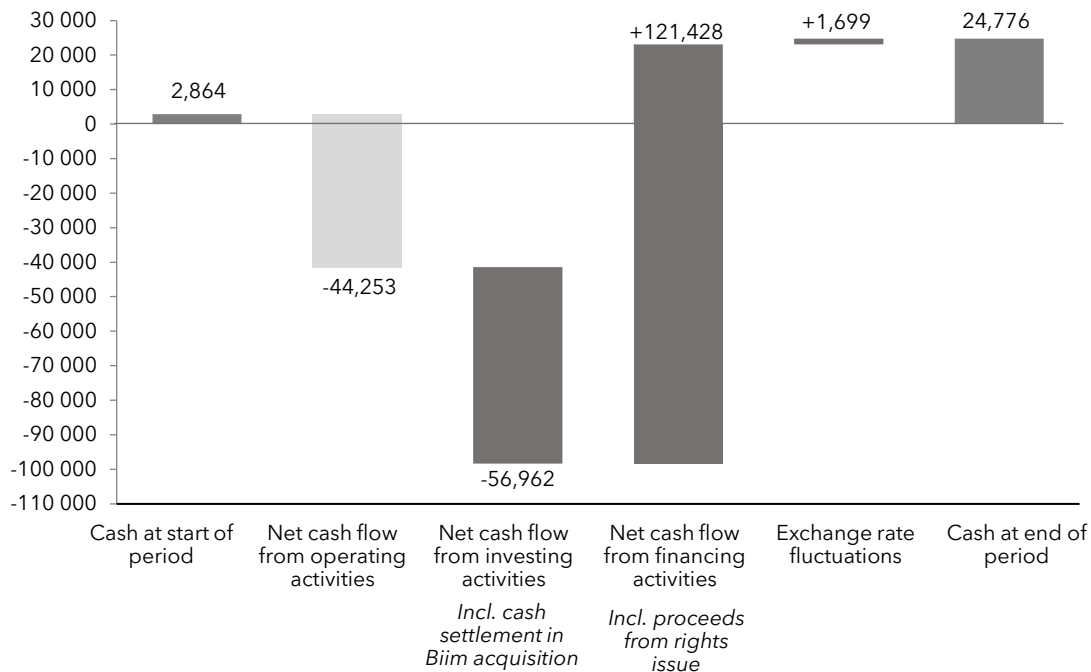
Amounts in NOK thousand

	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Cash flow from operating activities					
Result before tax	-14 757	-8 444	-31 906	-11 928	-26 321
Tax paid	-297	0	-445	0	-192
Depreciation and impairment	3 412	847	8 528	2 463	3 463
Gain(-)/Loss(+) from sale of fixed assets	-314	0	-314	0	-6
Change in net finance, no cash effect	-424	870	-10 584	-10 282	-6 144
Change in inventories	-1 492	-810	-2 326	64	145
Change in trade receivables and other receivables	-533	-1 404	2 347	-2 674	-2 103
Change trade account payables and other current liabilities	-2 307	2 087	-9 553	2 385	9 031
Net cash flow from operating activities	-16 713	-6 844	-44 253	-19 960	-22 126
Cash flow used in investing activities					
Purchase / disposal of tangible and intangible assets	-697	-119	-2 961	0	-4 886
Net cash effect of business combination	183	0	-54 002	-1 548	0
Net cash flow used in investing activities	-513	-119	-56 962	-1 548	-4 886
Cash flow from financing activities					
Change in net interest bearing debt	454	0	-33 210	10 000	10 000
Net proceeds from share issue	0	0	155 597	0	6 509
Payments of lease liabilities	-382	-157	-958	-361	-429
Net cash flow from financing activities	71	-157	121 428	9 639	16 079
Exchange rate fluctuations	1 453	-27	1 699	-193	-5 149
Change in cash	-15 702	-7 148	21 912	-12 062	-16 081
Bank deposits start of period	40 478	14 032	2 864	18 945	18 945
Bank deposits end of period	24 776	6 884	24 776	6 884	2 864

Key figures

Cash flow statement YTD Q3 2022

Amounts in NOK thousand



Top 20 shareholders

Rank	Name	Number of shares	% of top 20	% of total	Country
1	INGERØ REITEN INVESTMENT COMPANY AS	9 653 680	28.07 %	18.05 %	Norway
2	NAVAMEDIC ASA	4 222 727	12.28 %	7.89 %	Norway
3	RO, LARS	3 033 303	8.82 %	5.67 %	Norway
4	JPB AS	2 830 209	8.23 %	5.29 %	Norway
5	ELI AS	2 178 078	6.33 %	4.07 %	Norway
6	NORDA ASA	1 874 917	5.45 %	3.51 %	Norway
7	MP PENJON PK	1 701 188	4.95 %	3.18 %	Norway
8	UBS Switzerland AG	1 445 547	4.20 %	2.70 %	Switzerland
9	DNB BANK ASA	1 180 400	3.43 %	2.21 %	Norway
10	LAPAS AS	805 185	2.34 %	1.51 %	Norway
11	BJØRNTVEDT, VEGARD	686 238	2.00 %	1.28 %	Norway
12	SOLEGLAD INVEST AS	586 668	1.71 %	1.10 %	Norway
13	SILVERCOIN INDUSTRIES AS	574 464	1.67 %	1.07 %	Norway
14	Nordnet Bank AB	554 499	1.61 %	1.04 %	Sweden
15	HIMALAYA TANDORI AS	550 000	1.60 %	1.03 %	Norway
16	NORDNET LIVSFORSIKRING AS	534 128	1.55 %	1.00 %	Norway
17	TAJ HOLDING AS	500 847	1.46 %	0.94 %	Norway
18	GINNY INVEST AS	500 000	1.45 %	0.93 %	Norway
19	TRANBERGKOLLEN INVEST AS	500 000	1.45 %	0.93 %	Norway
20	BRØDRENE KARLSEN HOLDING AS	479 868	1.40 %	0.90 %	Norway
Total number owned by top 20		34 391 946	100.00 %	64.29 %	
Total number of shares		53 491 656			

Total number of shareholders: 2 040

* ELI AS owns 1,744,260 shares in Observe Medical ASA. In addition, ELI AS keep 433,818 shares owned by other former owners of Biim Ultrasound shares pending transfer to their VPS accounts.

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.

