

## REPORT ON SALARIES AND OTHER REMUNERATION TO LEADING PERSONNEL IN OBSERVE MEDICAL ASA YEAR 2024

### Introduction

This report on salaries and other remuneration to leading personnel (the "**Report**") of Observe Medical ASA (the "**Company**") is based on the guidelines for the determination of salaries and other remuneration of leading personnel in the Company which were approved by the Company's general meeting on June 3, 2022 ("**Guidelines**").

The report is based on the requirements set out in the Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (the "**Companies Act**") section 6-16 and 6-16 b, as well as Regulation on guidelines and report on remuneration for leading personnel of 11 December 2021 No. 2730 (the "**Regulation**"). The report is formulated in line with the European Commission's template for remuneration reports.

Information required by the Norwegian Act relating to Annual Accounts of 17 July 1998 no. 56 ("**Accounting Act**") section 7-31 b is included in the notes to the Company's 2024 annual financial statements.

Remuneration to board members is not covered by this Report. None of the board members are employed by the Company.

### The Company

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 and ultrasound, in combination with targeted M&A and distribution. Observe Medical is working with a network of leading distributors to provide outstanding solutions for healthcare professionals globally. The Company is headquartered in Oslo, Norway. Further information is available

at [www.observemedical.com](http://www.observemedical.com) and in the Annual Report for 2024.

### Guidelines for remuneration

The main principle for Observe Medical's remuneration policy is that the Senior Executives shall be offered competitive terms when their total remuneration package is taken into account. Such package may consist of elements such as base salary, bonus, investment and option programmes, benefits in kind and pension arrangements. The Company shall seek to offer a remuneration level that is considered competitive and on market terms, compared to the level offered by similar companies, and which contribute to satisfy the Company's need to recruit and keep highly qualified personnel.

The remuneration for senior executives consists of a number of elements. The fixed salary constitutes the main element of the total consideration for senior executives. The salary is determined by taking into account the individual's position, experience and performance, the competitiveness in the market and the Company's salary budget shall be taken into account. In addition, senior executives are offered contribution in kind in the form of cost coverage for reasonable and documented business expenses related to the performance of required functions, including for phone and phone expenses, private broadband, company health services, insurances, car allowance and coverage of travel expenses. Furthermore, senior executives participate in the Company's insurance schemes and defined contribution pension schemes in accordance with mandatory law and market practice.

The Senior Executives may choose between disposing a company car or receive a fixed car allowance.

Senior executives may also receive variable remuneration. Performance-based bonus is based on both the Company's and the senior executives' individual performance. The targets to be reached by the chief executive officer are to be determined by the Company's board, and the chief executive officer will set relevant

targets for the other members of the management, based on principles defined by the Company's board.

In order to further align the interests of the Senior Executives by those of the Company, share options in the Company may be granted to the Senior Executives as a part of their total remuneration package. The Company may also implement share purchase programmes. Such alignment of interests is considered important to fulfil the Company's goals and business strategy. The board of directors may grant share options both in connection with individual grants and in connection with implementation of new share option programs or investment programs for the Company's employees, including the Senior Executives, or only to the Senior Executives. Any new options granted shall vest over a period of 0 - 3 year and shall be subject to a 12 to 24 months lock-up period upon issuance, at the board of directors' discretion. Any shares issued or sold under a share purchase program shall be subject to a 12 to 24 months lock-up period upon issuance, at the board of directors' discretion.

The Company's Guidelines on Salary and Other Remuneration to Leading Personnel were approved by the General Meeting on 3 June 2022. These guidelines must be reviewed and reapproved by the general meeting if significant changes occur or at least every four years. Since no significant changes are proposed for 2025, the company does not seek an update to these guidelines at the upcoming Annual General Meeting.

### Company performance in 2024<sup>1</sup>

2024 marked a pivotal transition toward the launch of UnoMeter Safeti Plus, historically the most revenue- and profit-generating product in the Convatec portfolio. Observe Medical is now focused on executing its strategy to reclaim UnoMeter's market position. In 2021, the UnoMeter product portfolio generated approximately NOK 220 million in annual revenue. With an estimated global market potential of NOK 700 million per year, this presents a substantial growth opportunity for the Company.

- **Revenue decline due to restructuring:** NOK 18.5 million (-NOK 9.5 million YoY). Decline was mainly due

to a strategic restructuring of the Nordic distribution portfolio, transferring certain customer contracts and inventory to a new distributor. However, UnoMeter™ sales increased by 39% YoY (NOK 3.2 million), partially offsetting the revenue decline.

- **Gross profit impacted by inventory write down:** Full-year adjusted gross profit of NOK 6.2 million (-NOK 3.4 million YoY), adjusted for a NOK 3.1 million inventory write-down.
- **Cost reduction and EBITDA improvement:** Full-year operational expenses of NOK 33.1 million (-37% YoY). Adjusted EBITDA of negative NOK 26.9 million (improved by NOK 15.7 million YoY).
- **Increased financial costs and large net loss:** Full-year net finance of negative NOK 11.7 million (vs. negative NOK 10.9 million LY). Net result for the year of negative NOK 58.7 million (NOK +76.4 million YoY). The change is impacted by a NOK 67.1 million write-down of goodwill related to Biim Ultrasound in 2023 (restated).

Based on current forecasts and working plans, the Group's working capital is not sufficient to fund operations and payment of financial obligations for the next 12 months from 31 December 2024. The Group continues talks with potential financial providers and investors to support further operations and growth with equity and debt funding, in addition to working with alternatives to reduce funding need.

### Changes in Executive Management

29 February 2024 Rune Nystad stepped down from his position as CEO, and Jørgen Mann was appointed CEO effective immediately.

21 March 2024 Per Arne Nygård resigned from his position as CFO, and Johan M. Fagerli was appointed CFO effective immediately. The CFO had the right to resign with a notice period of zero days, whereas termination by the company remained subject to a three-month notice period.

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<sup>1</sup> The result for 2023 has been restated in the 2024 financial statements due to corrections identified after the final conclusions by the NFSA.

## Remuneration to leading personnel

Table 1 and 2 below shows total remuneration The Company's leading persons have been paid or have benefited from being paid by the Company in 2024, 2023, 2022, 2021 and 2020.

(Amounts in NOK thousand)

Table 1 - Current members									
Name of Director	Financial year	Fixed remuneration		Variable remuneration		Option expenses	Pension expense	Total remuneration	Proportion of fixed and variable remuneration, (excl options and pension expenses)
		Base salary	Other benefits	One-year variable	Multi-year variable				
Jørgen Mann, CEO (from 29.02.24) <sup>1)</sup>	2024	2 151	215	1 021	0	99	215	3 701	70/30
Johan M. Fagerli, CFO (from 21.03.24) <sup>1)</sup>	2024	1 081	70	150	0	4	125	1 430	88/12

<sup>1)</sup> Jørgen Mann was appointed as CEO in Observe Medical from February 29, 2024, and amounts included above are remuneration in the period 1 March – 31 December 2024. The amount is converted from DKK to NOK at an exch. rate of 1,56. As of 1 October, Mr. Manns annual base salary was according to contract increased to DKK 1,740,000 from 1 October 2024, but it is agreed that the payment of the salary is postponed until the Company has secured sufficient liquidity. Variable remuneration awarded in 2024 earned in 2023.

Table 2 - Former members									
Name of Director	Financial year	Fixed remuneration		Variable remuneration		Option expenses	Pension expense	Total remuneration	Proportion of fixed and variable remuneration, (excl options and pension expenses)
		Base salary	Other benefits	One-year variable	Multi-year variable				
Rune Nystad CEO <sup>2)</sup> (until 29.02.24)	2024	441	2	350	0	43	31	866	56/44
	2023	2 324	6	100	0	452	172	3 054	96/4
	2022	1 781	118	800	0	67	124	2 890	70/30
Per Arne Nygård CFO <sup>2)</sup> (until 21.03.24)	2024	867	49	0	0	0	46	961	100/0
	2023	1 640	96	500	0	26	172	2 434	78/22
	2022	1 636	95	810	0	256	158	2 955	68/32
	2021	1 588	104	750	0	867	182	3 491	69/31
	2020	1 272	88	0	0	0	119	1 479	100/0

<sup>2)</sup> Rune Nystad stepped down from his position as CEO 29. February 2024, and amounts included above are remuneration in the period 1 January – 29 February 2024. Variable remuneration awarded in 2024 earned in 2023. Per Arne Nygård stepped down from his position as CFO 21 March 2024 and amounts included above are remuneration in the period 1 January – 11 April 2024.

Senior Executives participate in the Company's insurance scheme as well as in the Company's defined contribution pension scheme, which currently is 7% of salary from 0G to 7.1G and 13% from 7.1G to 12G. The CEO has a defined contribution pension scheme within the requirement of the law in Denmark, currently 10% of the Executive's salary. The pension contribution payable by the Executive amounts to 5% of the Executive's salary.

### Option-based remuneration to leading personnel in the Company

Table 3 below shows the number of options, warrants and other forms of remuneration related to shares or developments in the Company or other companies within the same group of companies that have been granted or offered, as well as the most important conditions for exercising the options, including subscription price, subscription deadline and any changes of these.

The company have no share options subject to performance conditions or share options subject to holding period.

Table 3 - Share options at 31 December 2024 <sup>2</sup>										
Name and position	Specific ation of plan	Award date	Vesting date	End of holding period	Exercise period	Exercise price of the share and date	Share options held at the beginning of the year	Share options awarded	Share options vested	Share options awardee and unvested
Rune Nystad (former CEO)	ESOP 2022	11.11.2022	11.11.2023	11.11.2023	11.11.23 – 11.11.26	67.5	22 222		22 222	
		11.11.2022	11.11.2024	11.11.2024	11.11.24 – 11.11.26	67.5	22 222		22 222	
		11.11.2022	11.11.2025	11.11.2025	11.11.25 – 11.11.26	67.5	22 222			22 222
<b>Total</b>							<b>66 667</b>	<b>0</b>	<b>44 444</b>	<b>22 222</b>
Jørgen Mann (CEO)	CEO award	26.08.2024	26.08.2024	26.08.2024	26.08.24-25.08.25	6.60		22 222	22 222	
		26.08.2024	26.08.2025	26.08.2025	26.08.25-25.08.26	6.60		22 222		22 222
		26.08.2024	26.08.2026	26.08.2026	26.08.26-25.08.27	6.60		22 222		22 222
<b>Total</b>							<b>0</b>	<b>66 667</b>	<b>22 222</b>	<b>44 444</b>
Johan Fagerli (CFO)	2024	12.12.2024	12.12.2025	12.12.2025	12.12.24-12.12.25	6.00		11 111		11 111
		12.12.2024	12.12.2026	12.12.2026	12.12.25-12.12.26	6.00		11 111		11 111
		12.12.2024	12.12.2027	12.12.2027	12.12.27-12.12.28	6.00		11 111		11 111
<b>Total</b>							<b>0</b>	<b>33 333</b>		<b>33 333</b>
<b>Total for the Company</b>							<b>66 667</b>	<b>100 000</b>	<b>66 667</b>	<b>100 000</b>

As part of a long-term incentive plan, senior management has in 2024 been awarded share options. CEO Jørgen Mann was granted 1 000 000 options with an exercise price of NOK 0.44. CFO Johan Fagerli was granted 500 000 share options with an exercise price of NOK 0.40. The options will be vested in three tranches, whereby each tranche comprising 1/3 of the options will vest on the first, second and third anniversary of the grant date, 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 the expiry date. FV of 0.22 and volatility of 110. Total option expenses for the company in 2024 are NOK 634 thousand.

At 26 August, 2024 the CEO was granted 1 000 000 options (66 667 adjusted for reverse share split). Each share option gives the right to purchase one share in the Company. The share options will vest over a period of two years. 1/3 of the share options vested today on the award date, 1/3 of the share options will vest on the first anniversary of the award date and 1/3 of the share options will vest on the second anniversary of the award date. The share options will be exercisable during specific exercise periods from their vesting date and until 26 August 2027 and will lapse if not exercised within this date. The exercise price is NOK 0.44 per share (NOK 6.60 adjusted for the reverse share split) based on the last trading price for the Company's shares on 23 August 2024. Shares acquired through exercise of options will be subject to a lock-up period of 12 months, subject to customary exceptions.

<sup>2</sup> The share option table has been adjusted to reflect the reverse share split adopted on the extraordinary general meeting January 7, 2025. The reverse share split was in the ratio of 15:1.

At 12 December, 2024 the CFO was granted 500 000 options (33 333 adjusted for the reverse share split). Each share option gives the right to purchase one share in the Company. The share options will vest over a period of two years. 1/3 of the share options vested today on the award date, 1/3 of the share options will vest on the first anniversary of the award date and 1/3 of the share options will vest on the second anniversary of the award date. The share options will be exercisable during specific exercise periods from their vesting date and until 12 December 2027 and will lapse if not exercised within this date. The exercise price is NOK 0.40 per share (NOK 6.00 adjusted for the reverse share split) based on the last trading price for the Company's shares on 11 December 2024. Shares acquired through exercise of options will be subject to a lock-up period of 12 months, subject to customary exceptions.

Options that have not been exercised will lapse 3.5 years after grant date.

The option agreements regulate the adjustments in strike price in the event that a share issue or repurchase is conducted by the Company. If such events the exercise price shall be reduced to reflect the dilutive effect of the share issue.

#### **The company's use of access to recover variable remuneration**

The Company may not require repayment of variable remuneration, except in the event of obvious errors in the calculation or the payment process.

#### **Total remuneration paid compared to the Guidelines**

Total remuneration to leading personnel during 2024 has complied with the Company's Guidelines. The main principle is for the Guidelines to ensure that the Company can retain and recruit qualified and competent senior executives, so that the company's business strategy and, as such, long term interests can be achieved. The board believes that the remuneration paid and outlined in this Report has ensured that the Company is able to retain key personnel and therefore contributed to the Company's long-term results and strategies.

#### **Performance-based remuneration**

The Senior Executives may be offered bonuses in addition to their base salary. Such bonus shall be agreed on an individual basis if applicable.

The Company aims to implement its growth strategy, among other things through:

- Expand global sales channels through expanding distribution network
- Successful completion of share issue
- Successful production set-up and launch of the UnoMeter™ portfolio
- Execute on the commercial potential in the agreement with Fresenius Medical Care for the Biim ultrasound probe

The company's most important drivers for growth are innovative products with great market potential, high competence within the various phases of commercialization of medtech products, as well as strong customer and supplier relationships. When determining bonuses for senior executives, the board of directors shall consider fulfilment of the company's growth strategy.

The variable remuneration is earned over a period of one year and the maximum achievable payment is 50% of annual base salary for the members of the executive management team.

For the variable remuneration paid to the executive management team in 2024, the board of directors has emphasized the following important steps in the execution of the company's strategy:

- Successful production set-up and commercialization of UnoMeter™ products
- Successful completion of share issue

Based on these achievements, the Board of Directors decided to award variable remuneration to the company's management. The new CEO who assumed the new role 29 February 2024 was granted a bonus equivalent to 50% of the 2023 base salary, in recognition of significant contributions to the company's strategic objectives. The former CEO was awarded a bonus of 15% of the 2023 base salary for his contribution to the strategic objectives. The new CFO who assumed the role in March 2024, was awarded variable remuneration of NOK 150,000, reflecting

his contributions to the company's financial management and financial planning.

These payments are in line with the company's Guidelines for remuneration, and contribute to the company's long-term strategy by incentivizing performance aligned with key growth objectives

#### Derogations and deviations from the remuneration guidelines and from the procedure for implementation of the guidelines

The Company has not made any exception from the decision-making process when establishing the Guidelines or deviated from the Guidelines due to special circumstances as mentioned in section 4 (4) of the Regulation.

#### Information on changes in remuneration and company performance

Table 4 below shows the change in remuneration paid to leading personnel last five years. Observe Medical ASA was incorporated on June 13, 2019.

(Amounts in NOK thousand)

Year / Annual change		2024	2023	2022	2021	2020
Jørgen Mann, (CEO) <sup>1)</sup>	Total NOK	3 603	N/A	N/A	N/A	N/A
	Change NOK	N/A	N/A	N/A	N/A	N/A
	Change %	N/A	N/A	N/A	N/A	N/A
Johan M. Fagerli, (CEO) <sup>1)</sup>	Total NOK	1 426	N/A	N/A	N/A	N/A
	Change NOK	N/A	N/A	N/A	N/A	N/A
	Change %	N/A	N/A	N/A	N/A	N/A
Rune Nystad, (CEO) <sup>1)</sup>	Total NOK	823	2602	2 823	N/A	N/A
	Change NOK	N/A	-221	N/A	N/A	N/A
	Change %	N/A	-7,8 %	N/A	N/A	N/A
Per Arne Nygård (CFO) <sup>2)</sup>	Total NOK	961	2 408	2 699	2 624	1 479
	Change NOK	N/A	-294	75	1 145	N/A
	Change %	N/A	-10,9 %	2,9 %	77,4 %	N/A
Avg. remuneration on a FTE of the Company *	Total NOK	1871	1 910	2 192	2 624	1 479
	Change NOK	-39	-282	-432	N/A	N/A
	Change %	-2,0 %	-12,9 %	-16,5 %	N/A	N/A
Avg. remuneration on a FTE of the Group **	Total NOK	1 829	1 333	1 525	N/A	N/A
	Change NOK	496	-192	N/A	N/A	N/A
	Change %	37,2 %	-12,6 %	N/A	N/A	N/A
Total revenue (Group)	Total NOK	18 483	27 942	19 521	24 042	2 961
	Change NOK	-9 459	8 421	-4 521	21 081	2 784
	Change %	-33,9 %	43.1%	-18.8%	712 %	1 572.9%
Net Loss (Group) <sup>3</sup>	Total NOK	-58 727	-135 099	-50 725	-26 321	-36 868
	Change NOK	76 372	-9 620	-24 404	10 547	-19 951
	Change %	56,5 %	-18.9%	-92.7%	28.6%	-117.9%

\*Avg. remuneration of 2.25 FTE, \*\*Avg. remuneration of 6.5 FTE in the group companies

<sup>3</sup> The result for 2023 has been restated in the 2024 financial statements due to corrections identified after the final conclusions by the NFSAs.



*<sup>1)</sup>Jøgen Mann was appointed as CEO in Observe Medical from February 29, 2024, Johan Fagerli was appointed CFO from March 21, 2024.*

*Please note that the 'total remuneration' in the table above not includes share option expenses.*

**Consideration at general meeting.**

This report was approved by the Company's Chairman of the Board and Head of Remuneration Committee, Terje Bakken, on behalf of the Board of directors on 21 May and was subsequently submitted for final approval by the Company's annual general meeting on 27 June, 2025.

**Observe Medical ASA**  
**Oslo, 21 May, 2025**

A handwritten signature in blue ink, appearing to read "T. Bakken", with a stylized flourish at the end.

Terje Bakken

Chair of the Board

To the General Meeting of Observe Medical ASA

## **INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REPORT ON SALARIES AND OTHER REMUNERATION TO LEADING PERSONNEL**

### **Opinion**

We have performed an assurance engagement to obtain reasonable assurance that Observe Medical ASA's report on salaries and other remuneration to leading personnel (the remuneration report) for the financial year ended 31. December 2024 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

### **Board of directors' responsibilities**

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

### **Our independence and quality control**

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. The firm applies International Standard on Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



## Auditor's responsibilities

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Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 30 May 2025  
Ernst & Young AS

Anja Maan  
State Authorised Public Accountant  
(This document is signed electronically)