

# Observe Medical

## First half year 2024

**26 August 2024**

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# Today's presenters



**Jørgen Mann**  
CEO

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



**Johan M. Fagerli**  
CFO

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

## Agenda

1. H1 2024 highlights and progress
2. Key financials
3. Outlook
4. Q&A

# Observe Medical

## Nordic medtech company with global reach

Commercializing innovative medtech products on a global market.

Extensive international distributor and partner network.

Solid platform for further organic growth and through targeted M&A.

### Strong medtech platform



### Fundamental drivers



Patient welfare



Health economics



Data accuracy

# Highlights H1 2024

## Reclaiming market position

Continued deliveries of UnoMeter™ 500 and UnoMeter™ Abdo-Pressure to distribution network in Europe and Asia with focus on expanding the network into additional geographies.

We are experiencing a market which is slowly returning to normal after the abrupt discontinuation of Convatec supplies, leading to increased competition in the low-end segment

Q1

## Post market surveillance - UnoMeter™ 500

UnoMeter™ 500 was upgraded to next generation with improved features

Q2

## Biim - Strategic partnership

Contract with Fresenius prolonged - subsequent signing of LOI with renowned US industrial player within medical imaging

## Organisational alignment

New CEO and CFO appointed to support the new strategic focus, the continued commercialisation and cost optimisation and thereby drive the company towards a cash positive situation

## Commercial launch of UnoMeter™ Safeti Plus

The market leading product was relaunched to our distribution network

## Successful private placement

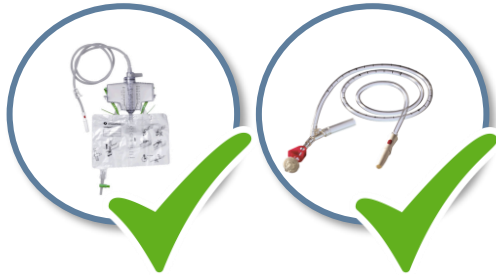
Completed raising a total of gross NOK 22 million in June.

Subsequent repair issue and undertaking from the Company's manufacturer in H2.

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

Recapture the market through UnoMeter™ 500

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



UnoMeter™ 500 Abdo-Pressure



UnoMeter™ Safeti Plus and Precon version with Abdo-Pressure



UnoMeter™ Safeti Max with patented infection control technology



UnoMeter™/Sippi

2023

2024e

2025e

# Biim Strategic partnership journey

## Project status

- ✓ After completion of the Rights issue in December 2023, a new strategic direction was defined which led to the search for a strategic partner within the ultrasound segment
- ✓ Evaluating of various strategic alternatives for the Biim project led to the signing of an LOI with a renowned US industrial player within medical imaging
- ✓ Due Diligence process has commenced and is expected to be completed in Q4 2024



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



# Key financials



# Income statement Observe Medical Group

## H1 2024

Amounts in NOK thousand (excl. earnings per share)	H1 2024	H1 2023	FY 2023	FY 2022
Operating revenues	13 056	11 819	27 942	19 521
Gross result	4 990	4 280	9 287	5 177
Operating expenses	17 599	23 709	43 625	50 310
<b>EBITDA before non-recurring items</b>	<b>-12 609</b>	<b>-19 429</b>	<b>-34 338</b>	<b>-45 133</b>
Non-recurring items	0	3 355	3 355	3 079
<b>EBITDA</b>	<b>-12 609</b>	<b>-22 784</b>	<b>-37 693</b>	<b>-48 212</b>
Depreciation and amortisation	6 660	6 655	13 570	10 931
<b>EBIT</b>	<b>-19 269</b>	<b>-29 439</b>	<b>-51 263</b>	<b>-59 143</b>
Net finance	-3 228	-5 737	-9 082	8 418
<b>Result before tax</b>	<b>-22 497</b>	<b>-35 176</b>	<b>-60 345</b>	<b>-50 725</b>
Income tax expenses	16	18	17	76
<b>Result</b>	<b>-22 513</b>	<b>-35 194</b>	<b>-60 362</b>	<b>-50 801</b>
Earnings per share (NOK per share)	-0,12	-0,63	-1,05	-1,08

### OPERATING REVENUES

**13.1 MNOK**  
+1.2 MNOK YoY

### GROSS PROFIT

**5.0 MNOK**  
+0.7 MNOK YoY

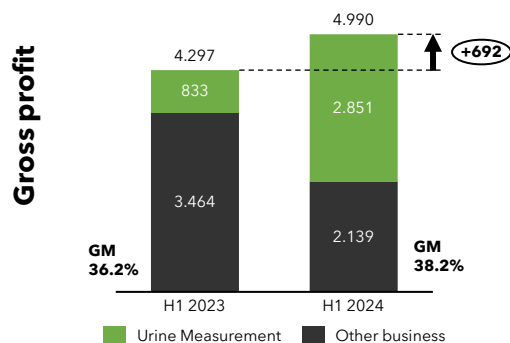
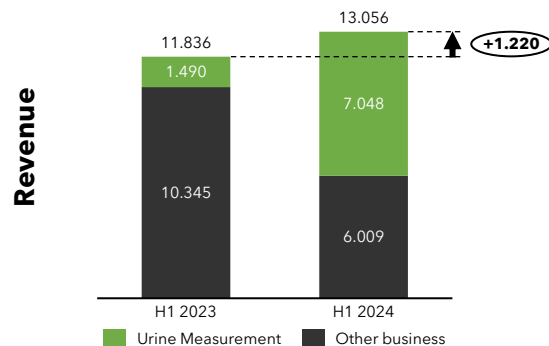
### GROSS MARGIN

**38.2%**  
+2.0 p.p. YoY

### EBITDA\*

**-12.6 MNOK**  
+6.8 MNOK YoY

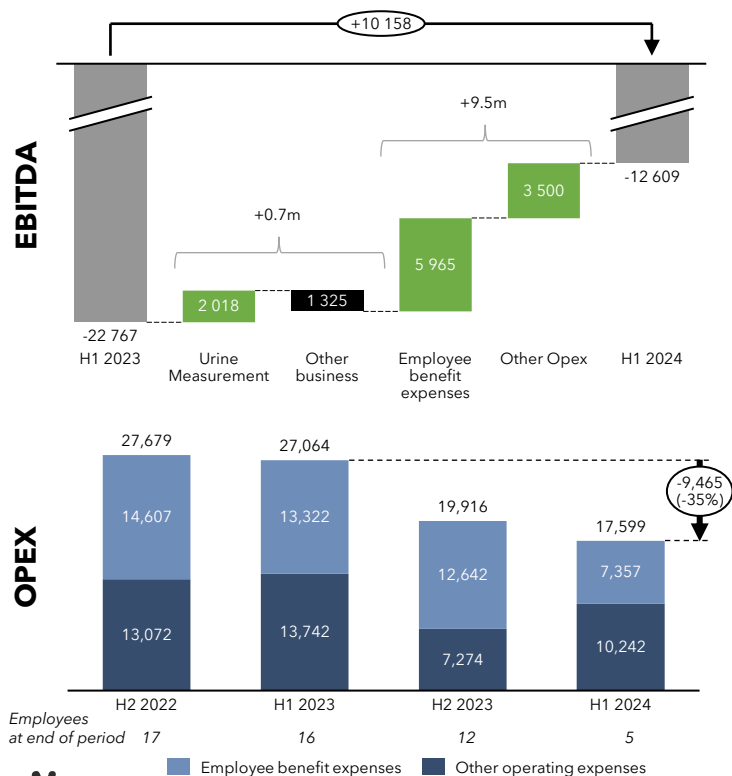
# Revenue growth H1 YoY driven by UnoMeter™ portfolio (+5.6m/+378%) partly offset by lower sales in the Nordic distribution business



## Comments

- Revenues of NOK 13.1 million in H1 (+10% YoY).
- Significant revenue growth in the urine measurement segment, driven by increased sales of UnoMeter™ 500 and Abdo-Pressure™ of NOK 7.0 million compared to NOK 1.5 million LY
- Year-over-year sales from the Nordic distribution portfolio were lower due to the transfer of the business to Vingmed during the first half of the year
- There were no Biim Ultrasound sales in H1 2024 as the company is in the process of exploring strategic alternatives for the ultrasound business
- The gross margin improved to 38.2% (+2 pp), driven by UnoMeter™ sales, though partially offset by sales of stock in the Nordic distribution

# EBITDA H1 YOY growth of +10.2m primarily driven by lower Opex (+9.5m) and increased gross profit (+0.7m)

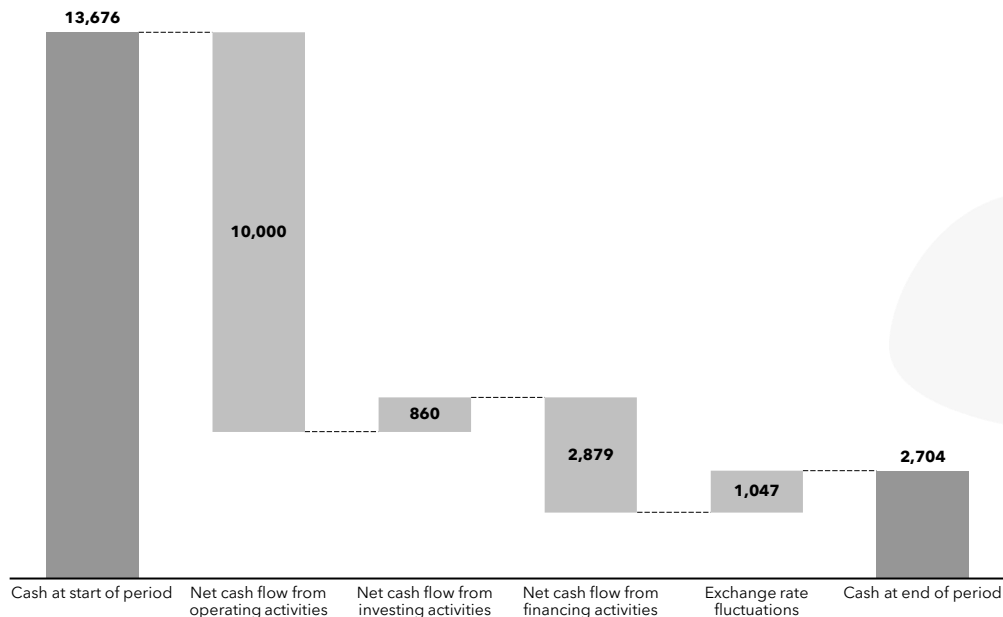


## Comments

- The increased gross profit is primarily driven by UnoMeter™ portfolio sales with higher margin. This is partly offset by lower sales from the Nordic portfolio due to the business is being transferred to Vingmed during H1
- Significant lower Opex by +NOK 9.5 million (-35%) YoY mainly driven by lower employee benefit expenses of +NOK 6.0 million. Number of employees reduced by 7 to 5 since end of year. Average number of FTE in H1 2024 was 8.5 vs 16.8 LY
- Other opex of NOK 10.2 million vs NOK 13.7 million in the same period LY driven by cost initiatives and i.e. closed offices in Narvik, Seattle and Oulu. Higher non-recurring costs in H1 2023. Consultant costs saw an increase in H1 2024, driven by need for regulatory and quality expertise, and enhanced sales management in the UK.
- Continuous evaluation of OPEX scaling, strengthening the organization with key competences to right size the company for additional growth in 2025

# Consolidated Cash Flow H1 2024

Amounts in NOK thousand



- Cash flow used in **operating activities** is mainly the result before tax, deducted for items without cash effect and change in working capital
- Positive cash flow from **investing activities** is driven by sale of a company car
- Cash flow from **financing activities** is primarily driven by changes in interest bearing debt and lease liabilities
- Net change in cash in H1 2024 of negative TNOK 10,972 with a **cash balance** at 30 June 2024 of TNOK 2,704

# Outlook

## 2024 H2 Deliverables

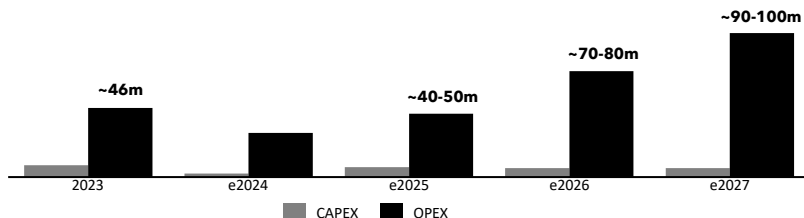
- Start deliveries of UnoMeter™ Safeti Plus and continue the increase in market share
- Continue development of the distribution network to enable geographical coverage of 85-90% of the historic UnoMeter™ sales
- Continue exploring opportunities for distribution products
- Successfully complete Due Diligence process on Biim
- Ramp up preparations for 2025 launch plans for UnoMeter™ Safeti Max
- Complete repair issue and private placement from manufacturing partner
- Managing increased logistical complexity and transportation cost



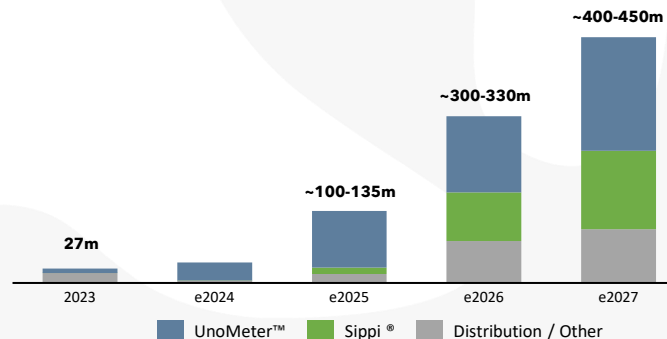
# Ramp-up from a diversified revenue stream

- ✓ Diversified revenue stream going forward from UnoMeter™ product family, Sippi® and distribution business ambition
- ✓ Gross margin currently under pressure on commoditized products, differentiated products within urine measurement to compensate for margin squeeze
- ✓ Following a challenging 2023 with delayed commercialization and trimming of costs, the company is strengthening the organization with key competences to right size the company for additional growth in 2025. Continuous evaluation of OPEX scaling

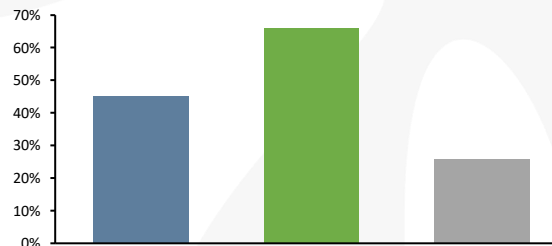
## Estimated annual OPEX / CAPEX



## Strong revenue outlook in the medium term



## Estimated gross margins



# Q&A