



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	822 907 822
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	OBSERVE MEDICAL ASA
Forretningsadresse:	Dronning Eufemias gate 16 0191 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2024 - 31.12.2024
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Johan M. Fagerli
Dato for fastsettelse av årsregnskapet:	29.05.2025

Grunnlag for avgivelse

År 2024: Årsregnskapet er elektronisk innlevert
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 12.08.2025



Resultatregnskap

Beløp i: NOK	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	2 771 000	2 514 000
Annen driftsinntekt	5	1 203 000	77 000
Sum inntekter		3 974 000	2 591 000
Kostnader			
Lønnskostnad	3	8 898 000	9 004 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	14	396 000	589 000
Annen driftskostnad	11	9 298 000	12 122 000
Sum kostnader		18 592 000	21 715 000
Driftsresultat		-14 618 000	-19 124 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		3 889 000	2 916 000
Annen finansinntekt	10	3 409 000	1 979 000
Sum finansinntekter		7 298 000	4 895 000
Rentekostnad til foretak i samme konsern		3 523 000	3 718 000
Annen rentekostnad	10	5 997 000	5 986 000
Annen finanskostnad	10	1 777 000	4 408 000
Impairment of long-term assets	6,9,10	4 355 000	0
Impairment of financial investments	12	171 244 000	189 001 000
Sum finanskostnader		186 896 000	203 113 000
Netto finans	10,13	-179 598 000	-198 218 000
Ordinært resultat før skattekostnad		-194 216 000	-217 342 000
Skattekostnad på ordinært resultat	15		
Ordinært resultat etter skattekostnad		-194 216 000	-217 342 000
Årsresultat		-194 216 000	-217 342 000



Balanse

Beløp i: NOK	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	14	250 000	1 380 000
Sum varige driftsmidler		250 000	1 380 000
Finansielle anleggsmidler			
Investering i datterselskap	12,13	40 793 000	212 037 000
Lån til foretak i samme konsern	9,13	53 992 000	50 118 000
Sum finansielle anleggsmidler		94 785 000	262 155 000
Sum anleggsmidler		95 035 000	263 535 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		467 000	591 000
Konsernfordringer	13	1 738 000	971 000
Sum fordringer		2 205 000	1 562 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	4	843 000	12 297 000
Sum bankinnskudd, kontanter og lignende		843 000	12 297 000
Sum omløpsmidler		3 048 000	13 859 000
SUM EIENDELER		98 083 000	277 394 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2024	2023
Selskapskapital		75 108 000	49 578 000
Overkurs		345 222 000	331 475 000
Annen innskutt egenkapital		-3 284 000	
Sum innskutt egenkapital		417 046 000	381 053 000
Opptjent egenkapital			
Annen egenkapital		2 465 000	1 830 000
Udekket tap		411 559 000	217 342 000
Sum opptjent egenkapital		-409 094 000	-215 512 000
Sum egenkapital		7 952 000	165 541 000
Gjeld			
Langsiktig gjeld			
Andre avsetninger for forpliktelser	6	0	1 560 000
Sum avsetninger for forpliktelser		0	1 560 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	6	0	878 000
Langsiktig konserngjeld	6,9	41 905 000	49 876 000
Langsiktig rentebærende gjeld	6	38 376 000	49 912 000
Sum annen langsiktig gjeld		80 281 000	100 666 000
Sum langsiktig gjeld		80 281 000	102 226 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner		0	0
Leverandørgjeld	7	5 166 000	5 330 000
Skyldige offentlige avgifter	7	319 000	707 000
Annen kortsiktig gjeld	7	4 364 000	3 590 000
Kortsiktig rentebærende gjeld		0	0
Sum kortsiktig gjeld		9 849 000	9 627 000
Sum gjeld		90 130 000	111 853 000
SUM EGENKAPITAL OG GJELD		98 082 000	277 394 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	7	17 228 000	27 942 000
Annen driftsinntekt	7	1 255 000	
Sum inntekter		18 483 000	27 942 000
Kostnader			
Varekostnad	13	15 409 000	18 655 000
Lønnskostnad	8,9	16 138 000	25 964 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	16,17	14 380 000	14 156 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	17	2 675 000	67 106 000
Annen driftskostnad	11	16 955 000	26 270 000
Sum kostnader		65 557 000	152 151 000
Driftsresultat		-47 074 000	-124 209 000
Finansinntekter og finanskostnader			
Annen finansinntekt	12	5 677 000	7 523 000
Sum finansinntekter		5 677 000	7 523 000
Annen finanskostnad	12	17 329 000	18 397 000
Sum finanskostnader		17 329 000	18 397 000
Netto finans		-11 652 000	-10 874 000
Ordinært resultat før skattekostnad		-58 726 000	-135 083 000
Skattekostnad på ordinært resultat	22	0	17 000
Ordinært resultat etter skattekostnad		-58 726 000	-135 100 000
Årsresultat		-58 726 000	-135 100 000
Andre resultatkomponenter for IFRS-foretak		2 367 000	7 244 000
Sum resultatkomponenter for IFRS-foretak		2 367 000	7 244 000
Totalresultat		-56 359 000	-127 856 000



Konsernets balanse

Beløp i: NOK	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utvikling	17	97 658 000	109 191 000
Goodwill	17	33 067 000	35 208 000
Sum immaterielle eiendeler		130 725 000	144 399 000
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	16	196 000	1 957 000
Sum varige driftsmidler		196 000	1 957 000
Sum anleggsmidler		130 921 000	146 356 000
Omløpsmidler			
Varer			
Varer	11	5 327 000	6 890 000
Sum varer		5 327 000	6 890 000
Fordringer			
Kundefordringer	10,12	2 759 000	3 117 000
Andre fordringer	10	1 661 000	3 571 000
Sum fordringer		4 420 000	6 688 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	12	1 978 000	13 676 000
Sum bankinnskudd, kontanter og lignende		1 978 000	13 676 000
Sum omløpsmidler		11 725 000	27 254 000
SUM EIENDELER		142 646 000	173 610 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Konsernets balanse

Beløp i: NOK	Note	2024	2023
Selskapskapital	24	75 108 000	49 578 000
Overkurs	24	288 433 000	277 970 000
Annen innskutt egenkapital		11 800 000	11 800 000
Sum innskutt egenkapital		375 341 000	339 348 000
Opptjent egenkapital			
Udekket tap		354 206 000	298 480 000
Sum opptjent egenkapital		-354 206 000	-298 480 000
Sum egenkapital		21 135 000	40 868 000
Gjeld			
Langsiktig gjeld			
Contingent Consideration	21	0	1 560 000
Other non-current liabilities	20	0	19 509 000
Sum avsetninger for forpliktelser			21 069 000
Annen langsiktig gjeld			
Non-current interest bearing liabilities	20	61 642 000	50 790 000
Sum annen langsiktig gjeld		61 642 000	50 790 000
Sum langsiktig gjeld		61 642 000	71 859 000
Kortsiktig gjeld			
Bankoverdraft			
Leverandørgjeld	12	18 120 000	17 847 000
Betalbar skatt		0	0
Skyldige offentlige avgifter		7 698 000	10 574 000
Kortsiktig rentebærende gjeld	20	21 728 000	4 477 000
Other current liabilities		12 324 000	27 985 000
Sum kortsiktig gjeld		59 870 000	60 883 000
Sum gjeld		121 512 000	132 742 000
SUM EGENKAPITAL OG GJELD		142 647 000	173 610 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Journalnummer: 2025 701454

Enheten

Organisasjonsnummer: 822 907 822
Organisasjonsform: Allmennaksjeselskap
Foretaksnavn: OBSERVE MEDICAL ASA
Forretningsadresse: Dronning Eufemias gate 16
0191 OSLO

Regnskapsår

Årsregnskapets periode: 01.01.2024 - 31.12.2024

Konsern

Morselskap i konsern: Ja
Konsernregnskap lagt ved: Ja

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av
årsregnskapet til selskapet: Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av
årsregnskapet til konsernet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Johan M. Fagerli
Dato for fastsettelse av årsregnskapet: 29.05.2025

Grunnlag for avgivelse

År 2024: Årsregnskap er elektronisk innlevert.
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024.

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 11.08.2025



Organisasjonsnr: 822 907 822
OBSERVE MEDICAL ASA

RESULTATREGNSKAP

Beløp i: NOK	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5	2 771 000	2 514 000
Annen driftsinntekt	5	1 203 000	77 000
Sum inntekter		3 974 000	2 591 000
Kostnader			
Lønnskostnad	3	8 898 000	9 004 000
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Annen driftskostnad	11	9 298 000	12 122 000
Sum kostnader		18 592 000	21 715 000
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Finansinntekter og finanskostnader			
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Annen finanskostnad	10	1 777 000	4 408 000
Impairment of long-term assets	6,9,10	4 355 000	0
Impairment of financial investments	12	171 244 000	189 001 000
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Ordinært resultat før skattekostnad			
Skattekostnad på ordinært resultat	15	-194 216 000	-217 342 000
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Opptjent egenkapital		
Annen egenkapital	2 465 000	1 830 000
Udekket tap	411 559 000	217 342 000
Sum opptjent egenkapital	-409 094 000	-215 512 000
Sum egenkapital	7 952 000	165 541 000
Gjeld		
Langsiktig gjeld		
Andre avsetninger for forpliktelses	6	0
		1 560 000
Sum avsetninger for forpliktelses	0	1 560 000
Annen langsiktig gjeld		
Gjeld til kredittinstitusjoner	6	0
		878 000
Langsiktig konserngjeld	6,9	41 905 000
		49 876 000
Langsiktig rentebærende gjeld	6	38 376 000
		49 912 000
Sum annen langsiktig gjeld	80 281 000	100 666 000
Sum langsiktig gjeld	80 281 000	102 226 000
Kortsiktig gjeld		
Gjeld til kredittinstitusjoner		0
		0
Leverandørgjeld	7	5 166 000
		5 330 000
Skyldige offentlige avgifter	7	319 000
		707 000
Annen kortsiktig gjeld	7	4 364 000
		3 590 000
Kortsiktig rentebærende gjeld		0
		0
Sum kortsiktig gjeld	9 849 000	9 627 000
Sum gjeld	90 130 000	111 853 000
SUM EGENKAPITAL OG GJELD	98 082 000	277 394 000



Organisasjonsnr: 822 907 822
OBSERVE MEDICAL ASA

KONSERNRESULTATREGNSKAP

Beløp i: NOK	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	7	17 228 000	27 942 000
Annen driftsinntekt	7	1 255 000	
Sum inntekter		18 483 000	27 942 000
Kostnader			
Varekostnad	13	15 409 000	18 655 000
Lønnskostnad	8,9	16 138 000	25 964 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	16,17	14 380 000	14 156 000
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Finansinntekter og finanskostnader			
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Sum finansinntekter		5 677 000	7 523 000
Annen finanskostnad	12	17 329 000	18 397 000
Sum finanskostnader		17 329 000	18 397 000
Netto finans		-11 652 000	-10 874 000
Ordinært resultat før skattekostnad			
Skattekostnad på ordinært resultat	22	0	17 000
Ordinært resultat etter skattekostnad		-58 726 000	-135 100 000
Årsresultat		-58 726 000	-135 100 000
Andre resultatkomponenter for IFRS-foretak			
Sum resultatkomponenter for IFRS-foretak		2 367 000	7 244 000
Totalresultat		-56 359 000	-127 856 000



Organisasjonsnr: 822 907 822
OBSERVE MEDICAL ASA

KONSERNBALANSE

Beløp i: NOK	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utvikling	17	97 658 000	109 191 000
Goodwill	17	33 067 000	35 208 000
Sum immaterielle eiendeler		130 725 000	144 399 000
Varige driftsmidler			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	16	196 000	1 957 000
Sum varige driftsmidler		196 000	1 957 000
Sum anleggsmidler		130 921 000	146 356 000
Omløpsmidler			
Varer			
Varer	11	5 327 000	6 890 000
Sum varer		5 327 000	6 890 000
Fordringer			
Kundefordringer	10,12	2 759 000	3 117 000
Andre fordringer	10	1 661 000	3 571 000
Sum fordringer		4 420 000	6 688 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	12	1 978 000	13 676 000
Sum bankinnskudd, kontanter og lignende		1 978 000	13 676 000
Sum omløpsmidler		11 725 000	27 254 000
SUM EIENDELER		142 646 000	173 610 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	24	75 108 000	49 578 000
Overkurs	24	288 433 000	277 970 000
Annen innskutt egenkapital		11 800 000	11 800 000
Sum innskutt egenkapital		375 341 000	339 348 000
Opptjent egenkapital			
Udekket tap		354 206 000	298 480 000



Sum opptjent egenkapital		-354 206 000	-298 480 000
Sum egenkapital		21 135 000	40 868 000
Gjeld			
Langsiktig gjeld			
Contingent Consideration	21	0	1 560 000
Other non-current liabilities	20	0	19 509 000
Sum avsetninger for forpliktelseser			21 069 000
Annen langsiktig gjeld			
Non-current interest bearing liabilities	20	61 642 000	50 790 000
Sum annen langsiktig gjeld		61 642 000	50 790 000
Sum langsiktig gjeld		61 642 000	71 859 000
Kortsiktig gjeld			
Bankoverdrafft			
Leverandørgjeld	12	18 120 000	17 847 000
Betalbar skatt		0	0
Skyldige offentlige avgifter		7 698 000	10 574 000
Kortsiktig rentebærende gjeld	20	21 728 000	4 477 000
Other current liabilities		12 324 000	27 985 000
Sum kortsiktig gjeld		59 870 000	60 883 000
Sum gjeld		121 512 000	132 742 000
SUM EGENKAPITAL OG GJELD		142 647 000	173 610 000



Organisasjonsnr: 822 907 822
OBSERVE MEDICAL ASA

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note

Er det usikkerhet om fortsatt drift?: Ja

From the Board of Directors report: The annual accounts are based on the going concern assumption. 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 2023. Going forward, the Group will need to raise more equity, issue debt instruments or divest assets to fund further development of ongoing business. The Group has communicated that there is an ongoing process related to the Biim project where various strategic alternatives are being assessed, including advanced discussions with Fresenius Medical Care about the next step towards a final investment decision. Consequently, no assurance can at this stage be given that the Company will pursue continued product development and ramp up of sales activities for the Biim ultrasound product. 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. There is a risk that adequate sources of funds may not be available, or available at acceptable terms and conditions, when needed. Therefore, there is a material uncertainty with regards of the going concern assumption. In case of a situation where adequate sources of funds may not be available, the value of assets can be lower than presented in the financial statements. However this is not reflected in the valuation of the assets, as the annual accounts are based on the assumption of going concern. Reference is made to note 3 Financial Risk management for further information on liquidity risk.

<u>Sum</u>	<u>Beløp</u>	
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>



Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Organisasjonsnr: 822 907 822
OBSERVE MEDICAL ASA

NOTEOPPLYSNINGER - KONSERN - alle poster oppgitt i hele tall

Note

Er det usikkerhet om fortsatt drift?: Ja

The annual accounts are based on the going concern assumption. Reference is made to the next paragraph and the Board of Directors' report for further details. 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 2023. Going forward, the Group will need to raise more equity, issue debt instruments or divest assets to fund further development of ongoing business. The Group has communicated that the net proceeds from the rights issue were not sufficient to cover the working capital requirements for continued product development and operation of the ultrasound business, Biim Ultrasound AS. There is in an ongoing process where various strategic alternatives are being assessed, including advanced discussions with Fresenius Medical Care about the next step towards a final investment decision. 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. There is a risk that adequate sources of funds may not be available, or available at acceptable terms and conditions, when needed. Therefore, there is a material uncertainty with regards of the going concern assumption Reference is made to note 3 Financial Risk management for further information on liquidity risk.

<u>Sum</u>	<u>Beløp</u>	
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler</u>	<u>Immaterielle eiend.</u>
<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
<u>Pantstillelse</u>	<u>Beløp</u>	



Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Skatteetaten

Vår dato
27.07.2022

Din/Deres dato
27.06.2022

Saksbehandler
Lars Waalorp

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon
90833418

Org.nr
974761076

Vår referanse
2022/5652341

Postadresse
Postboks 9200 Grønland
0134 OSLO

U.off. offl. § 13, sktfvl. § 3-1, sktbl. § 3-2

OBSERVE MEDICAL ASA
Dronning Eufemias gate 16
0191 OSLO

Att. Per Arne Nygård

Vedrørende søknad om tillatelse til å utarbeide årsregnskap og årsberetning på norsk

Vi viser til brev av 27. juni 2022 hvor dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Observe Medical ASA, org.nr. 822 907 822.

Vi gjør oppmerksom på at dere kan fortsette å bruke tillatelsen som vi har gitt i vedtak datert 18. juni 2019. Tillatelsen gjelder så lenge det ikke har skjedd vesentlige endringer etter at tillatelsen ble gitt. Så vidt vi kan se har det ikke skjedd vesentlige endringer, og det tidligere vedtaket kan derfor fortsatt brukes. For ordens skyld sender vi med kopi av det tidligere vedtaket.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Skatteetaten

Vår dato
18.11.2019

Din/Deres dato
10.10.2019

Saksbehandler
Lars Waalorp

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon
32212244

Org.nr
974761076

Vår referanse
2019/6611350

Postadresse
Postboks 9200 Grønland
0134 OSLO

OBSERVE MEDICAL ASA
Henrik Ibsens gate 90
0255 OSLO

Att. Toril Ås

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Observe Medical ASA, org.nr. 822 907 822

Vi viser til deres brev av 10. oktober 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Observe Medical ASA. Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Observe Medical ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Observe Medical ASA ble børsnotert 4. november 2019. På børsnoteringstidspunktet var ca. 14 % av aksjonærene internasjonale, og ca. 78 % av aksjene var eid av institusjonelle og profesjonelle investorer (norske og utenlandske). Selskapet utvikler og markedsfører sykehusprodukter. Selskapets hovedmarked er i Europa, samt at USA er et prioritert geografisk marked. Selskapet har et mål om å kunne tiltrekke seg flere investorer, både norske og utenlandske.

Selskapet har dispensasjon fra kravet i verdipapirhandelloven § 5-13 om å offentliggjøre opplysninger på norsk.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:



"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet hovedsakelig er eid av utenlandske og institusjonelle eiere og at selskapet har dispensasjon fra verdipapirhandelloven § 5-13. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Skattedirektoratet
Postboks 9200, Grønland
0134 OSLO



Seksjon for foretaksskatt

Oslo, 27. juni 2022

Søknad om dispensasjon fra språkkrav iht regnskapsloven §3-4 for Observe Medical ASA, org nr: 822 907 822

Observe Medical ASA søker herved om dispensasjon til utarbeide årsregnskap, årsberetning og erklæringer på engelsk i stedet for på norsk i henhold til regnskapsloven § 3-4, for morselskap og konsern.

Observe Medical ASA er et norsk allmennaksjeselskap med hovedkontor i Norge. For mer informasjon om konsernet se våre hjemmesider på www.observemedical.com.

Selskapet ble notert på Oslo Børs 4. november 2019 og har både norske og internasjonale eiere. Andelen internasjonale aksjonærer er på søknadstidspunktet ca 8,5%.

Selskapet ble stiftet i juni 2019 og har for årene 2019 og 2020 levert årsregnskap, årsberetning og erklæringer kun på engelsk.

Observe Medical ASA har dispensasjon fra kravet i verdipapirhandellovens § 5-13 jf børssirkulær 1/2008 til å offentliggjøre opplysninger på norsk. All rapportering etter verdipapirhandelloven vil foregå kun på engelsk, inkludert kvartals- og årsrapporter. I tillegg til rapportering etter verdipapirhandelloven foregår mye annen kommunikasjon på engelsk. Engelskkunnskaper er således nødvendig for å holde seg løpende oppdatert om selskapet.

Observe Medical sitt hovedmarked er i Europa og USA. Ved å ha sin hovedvirksomhet utenfor Norge er det viktig å kunne legge frem finansiell informasjon på engelsk. Dette er viktig både i godkjenningprosesser for våre produkter, tilbudsfasen, samt i prosesser for å bli klarert som leverandør både til offentlig og privat sektor. Kundene vil i stor grad både kreve og forvente at selskapet kan legge frem finansiell informasjon på engelsk. Slik det er redegjort for over benytter Observe Medical engelsk som språk for informasjonspliktige opplysninger. Dersom årsregnskap og styrets årsberetning må utarbeides på norsk i tillegg til engelsk vil det kreve omfattende intern ressursbruk for å utarbeide og kvalitetssikre materialet på norsk. Med 2 ansatte i Observe Medical ASA pr. 31.12.2021 (10 totalt i konsernet) vil et slikt ekstra krav være lite hensiktsmessig ressursbruk for en liten organisasjon.

I forbindelse med den videre utvikling av konsernet er det et mål å kunne tiltrekke seg både norske og utenlandske investorer og å ha tilgang til finansiering i utenlandske kapitalmarkeder. De norske investorene og det norske kapitalmarkedet er vant til å benytte engelsk som språk, mens de utenlandske investorene og kapitalmarked vil være avhengig av å få all informasjon på engelsk.

I forbindelse med kapitalinnhentingsprosesser vil dokumentasjon som blant annet prospekt og børssøknad kun utarbeides på engelsk. Pharma og Medtech bransjene er internasjonale bransjer og mange av de naturlige sammelignbare virksomhetene vil være utenlandske aktører.

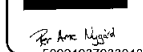


Vår vurdering er at Observe Medical har sin virksomhet i en utpreget internasjonal bransje der de ulike interessenter er vant til å benytte engelsk som språk. Det er derfor grunn til å anta at disse også vil være komfortabel med at årsregnskap og styretsberetning utarbeides på engelsk og dermed samme språk som øvrig finansiell informasjon fra selskapet.

Observe Medical ASA er tilgjengelig for ytterligere informasjon ved behov.

Vennlig hilsen

DocuSigned by:



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About Observe Medical

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

The Group 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 Group 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.



ANNUAL REPORT

2024

Observe Medical ASA



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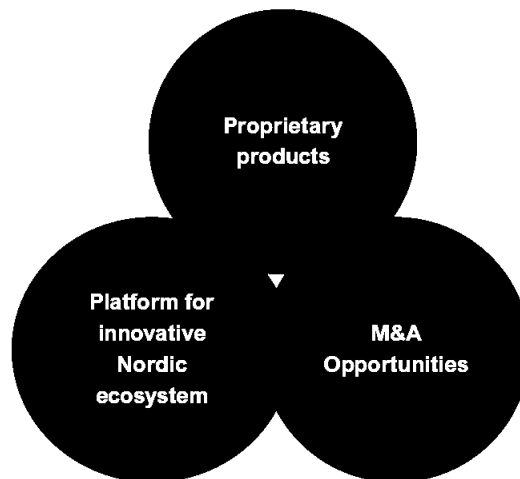
OBSERVE MEDICAL IN BRIEF

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

Observe Medical seeks to drive growth by leveraging its expertise in sales and commercialization of its broad portfolio of medical technology products, mainly within urine output measurement. The strategic vision is to be a Nordic medtech platform for scalable and profitable growth, product development, regulatory performance and effective manufacturing.

The Group is headquartered in Oslo, Norway, with R&D, regulatory and distribution operations in Gothenburg, Sweden. In addition, Observe Medical has established a distributor and partner network globally.

The current portfolio of proprietary products consists of Sippi®, a CE marked digitalized system for urine output measurement, the UnoMeter™ portfolio consisting of manual urine output measurement products and solutions for measuring intra-abdominal pressure, and the Biim ultrasound probe, which is a wireless, pocketable imaging solution designed for quick and efficient point-of-care diagnostics, offering high-quality imaging, seamless connectivity, and user-friendly operation.



Patient welfare



Health economics



Data accuracy



2024 HIGHLIGHTS

UNOMETER™ 500 POST MARKET UPGRADE

Post market upgrade finalized in August. After input from several markets, it was decided to upgrade the specifications of the product to improve the effectiveness of the product. This process led to postponed sales of UnoMeter™ 500. Market validation and confirmation during second half of the year with sales catching up in Q4.

UNOMETER™ SAFETI PLUS DEVELOPMENT AND LAUNCH

In November 2024 UnoMeter™ Safeti™ Plus was re-launched as the final product in the portfolio of mechanical urimeters included in the Convatec portfolio. In 2021 this product alone was selling at a level of 121 mNOK annually (more than 200 mNOK adjusted for today's currency and market pricing). With this launch the full portfolio of previous Convatec products was brought back to the market giving access to a market with annual sales of approx. 700 mNOK and specifically the 220 mNOK annual sales that Convatec had in 2021 from this portfolio (360 mNOK adjusted for today's currency and market pricing).

CONTINUED EXPANSION OF SALES DISTRIBUTION NETWORK The Group has been making progress in gradually re-establishing the historical sales distribution network globally, as of December 31 Observe Medical is present in countries mainly covering Europe, Middle East, Asia and South America.

PRIVATE PLACEMENT, SUBSEQUENT OFFERING AND DEBT CONVERSION

In July 2024, the Group completed a private placement of a gross amount of NOK 22.0 million, followed by a subsequent offering raising NOK 0.9 million in gross proceeds. Navamedic ASA converted NOK 16.4 million of the loan to shares in December 2024

EVENTS AFTER THE BALANCE SHEET DATE

The first major invoiceable supplies of UnoMeter™ Safeti™ Plus was received in our warehouse in Gothenburg in January and shipped to distributors in Europe, the Middle East and Asia.

The extraordinary general meeting was held on January 7, 2025, amongst other, to adopt a consolidation of the Company's shares (reverse share split) in the ratio 15:1 to meet the Oslo Stock Exchange's requirement of a minimum market value of NOK 1 per share. The new number of outstanding shares is 19 258 412.

Agreements in principle reached with two senior creditors to reduce their debt position with 50%, a total reduction of approximately NOK 40 million, with an adjusted payment plan for the remaining debt. Such debt reduction is conditional upon injection of new equity in the minimum amount of NOK 25 million.



KEY FIGURES

(Amounts in NOK thousand, except EPS, equity ratio and number of FTE)

	FY 2024	FY 2023 <i>restated</i>
Total income	18 483	27 942
Gross result adjusted*	6 159	9 632
Gross result	3 074	9 287
Operating expenses	33 093	52 234
EBITDA adjusted*	-26 934	-42 602
EBITDA	-30 019	-42 947
Depreciation and amortization	14 380	14 156
Write-down of goodwill	2 675	67 106
EBIT	-47 074	-124 209
Net finance	-11 652	-10 874
Result	-58 727	-135 099
EPS	-0.26	-2.34
Equity	21 136	40 868
Total balance	142 647	173 610
Equity ratio	14.8%	26.6%
Number of FTE's at end of period	5	9

REVENUE & OTHER INCOME

18.5 MNOK

-9.5 MNOK

YoY

GROSS PROFIT*

6.2 MNOK

-3.4 MNOK

YoY

GROSS MARGIN*

33.3%

-1.2 p.p.

YoY

EBITDA*

-26.9 MNOK

+15.7 MNOK

YoY

*Adjusted items:

- Inventory write-down 3 085 TNOK
- Impairment of goodwill 69 781 TNOK



LETTER FROM THE CEO

Dear shareholders,

2024 marked a pivotal year for Observe Medical, as we successfully completed the re-launch of the UnoMeter™ portfolio — a product line that in 2021 represented a sales-to-market value of NOK 360 million*. The most significant milestone was achieved in November 2024 with the establishment of high-volume production capacity, regulatory approval, and the commercial launch of UnoMeter™ Safeti™ Plus. This product alone accounted for more than NOK 200 million* in 2021 sales-to-market.


Throughout the year, our commercial presence has expanded significantly. We now have an established distribution network covering over 35 countries across Europe, Asia, and South America — a clear testament to our global ambition.


Our pipeline remains strong, with several product launches planned for 2025. These include UnoMeter™ Safeti™ MAX, featuring advanced patented infection control technology, and the launch preparations for UnoMeter™ Sippi — both key additions to our growing portfolio. With these developments, we have laid a solid foundation for our ambition to become a global leader in urine output measurement.

In the second half of 2024, Fresenius Medical Care, under new leadership, extended its agreement and conducted a renewed evaluation of the Biim ultrasound's value contribution in its U.S. clinics. Initial findings were positive but also highlighted the need for additional work before scaling to more clinics. Due to the deferral of future cash flows from the Biim probe, we have reassessed and recognized an impairment of goodwill related to Biim.

As part of our focus on execution and commercial growth, the Board decided to restructure the management team which led to myself taking on the role as, and Johan Fagerli assumed the role of CFO. We have since implemented several measures to right-size the organisation. Combined with increasing commercial traction, these initiatives position us to build a financially robust company.

Looking ahead, 2025 will be the year we capitalise on our investments — in product innovation, a scalable operational platform, and a global distribution network. We will continue to invest in product development and organizational capabilities, without losing a firm grip on maintaining a “lean and mean”, cost-efficient approach. We expect these efforts to result in positive operational cash flow by Q4 2025.

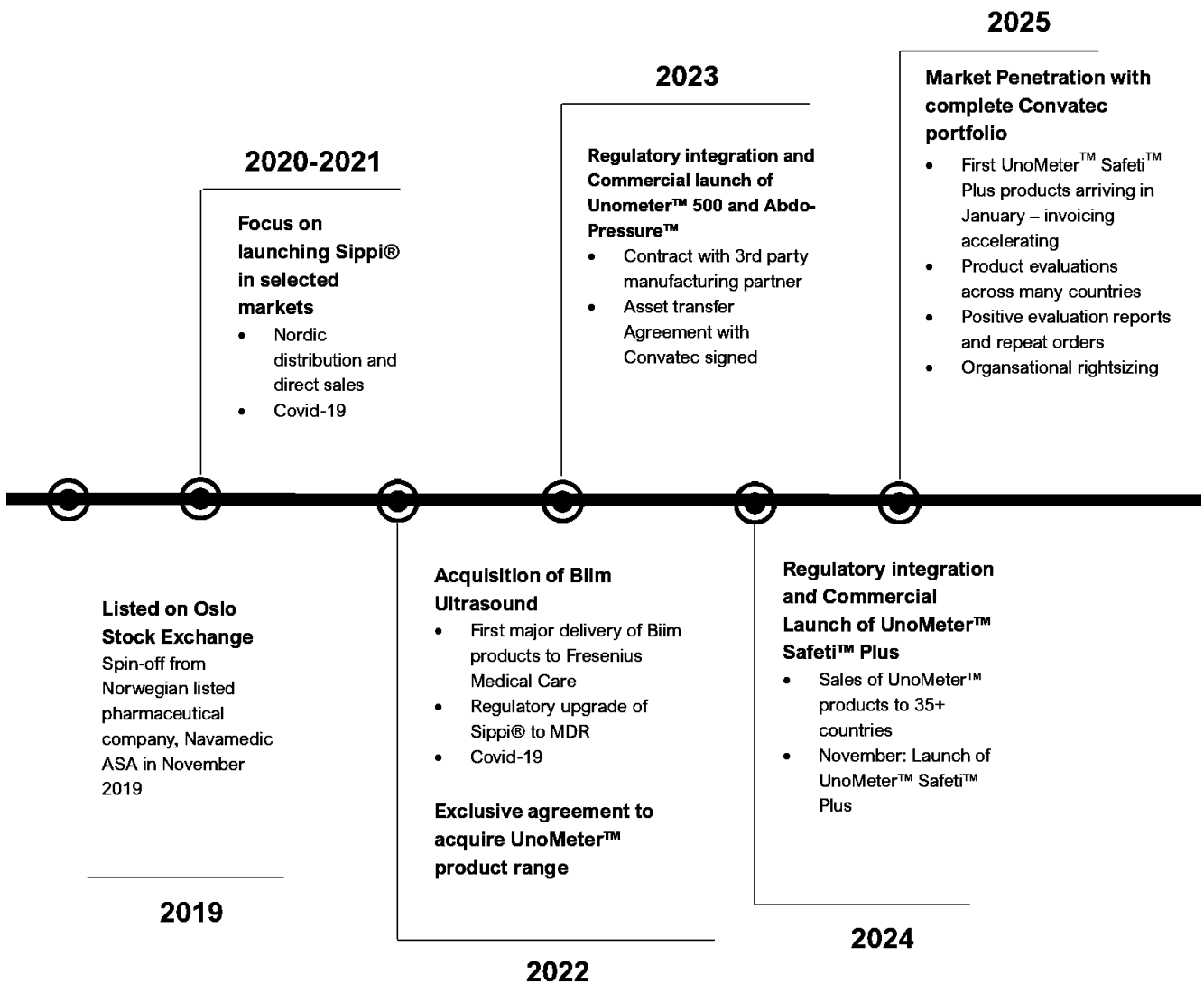

Jørgen Mann
CEO

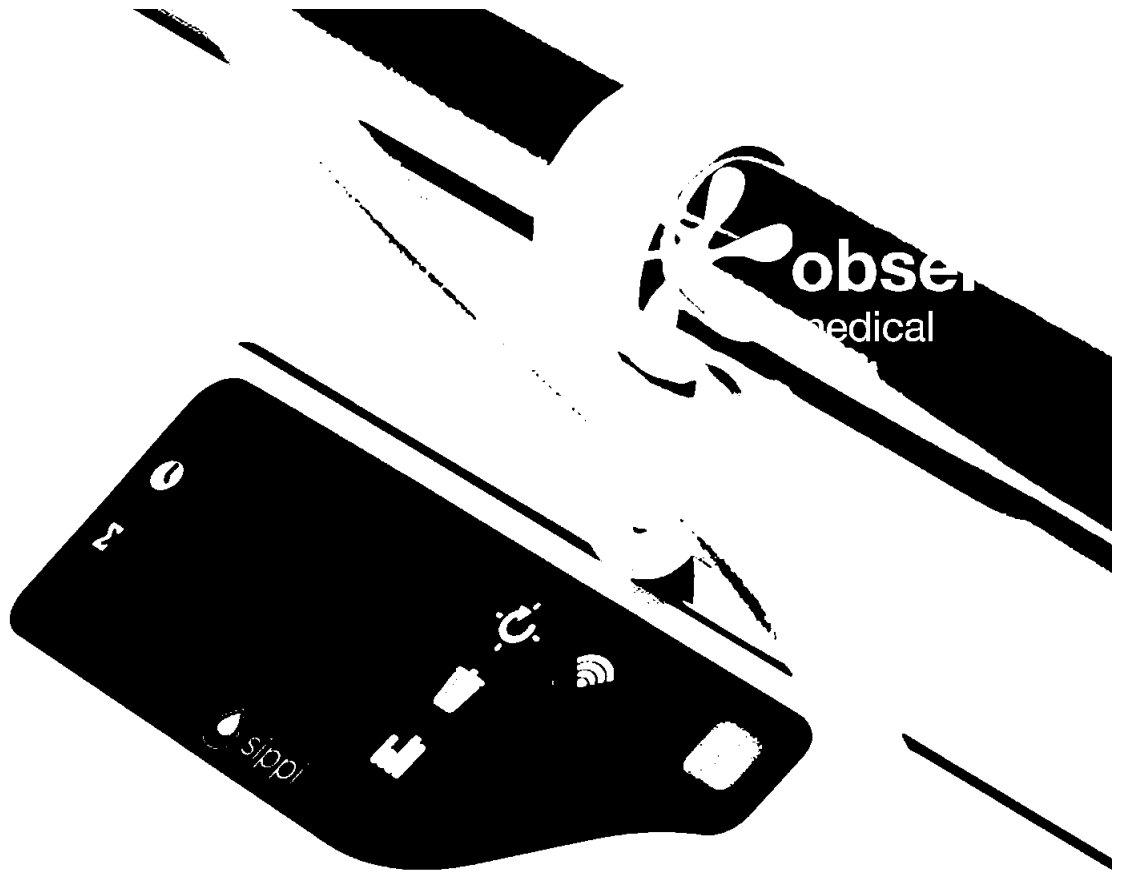


* Based on sales statistics from Convatec, adjusted for today's currency and market pricing



TRULY TRANSFORMATIVE YEARS





BOARD OF DIRECTOR'S REPORT



INTRODUCTION

Observe Medical (the Group) is a medtech group developing and commercializing medical technology products on a global market through a global distributor and partner's network. The Group aims to add value to the benefit of patients, healthcare professionals and hospitals through improved patient welfare, health economics and data accuracy. Observe Medical ASA is the parent company of its wholly owned subsidiaries, Observe Medical AB, Observe Medical ApS, Observe Medical Nordic AB, Observe Medical AS and Biim Ultrasound AS. Biim Ultrasound Oy and Biim Ultrasound Inc are fully owned subsidiaries of Biim Ultrasound AS.

With headquarters in Oslo, Norway, Observe Medical is building a portfolio of medtech products through M&A as well as organic growth.

Sippi® is a CE marked system for urine measurement, which offers a unique, effective, and innovative solution for automated and connected urine monitoring and infection management at the hospital intensive care units (ICUs), wards and home care. The system incorporates SippSense® and SippCoat®, technologies that alert for and hinder biofilm formation, which can lead to urinary infections.

In 2023, the Group acquired the trademarks and other intellectual property rights of the UnoMeter™ portfolio from Convatec Group Plc. The portfolio consists of products such as UnoMeter™ Safeti™ Plus, UnoMeter™ 500 and UnoMeter™ Abdo-Pressure™, which are market leading products within routine or post-operative drainage, collection and measurement of urine output from patients.

In 2024, the Board appointed Jørgen Mann as the CEO of Observe Medical to lead the company through this next phase of focused growth and scaling of the business. Throughout the year, the development and regulatory journey of UnoMeter™ Safeti™ Plus has been

the main focus, as the historically largest and most profitable product in the portfolio.

The Company has as at the end of the year, presence of the UnoMeter™ product family in 35 countries.

The Company transferred certain customer contracts and inventory from its Nordic distribution portfolio to Vingmed in 2024 as part of a strategic restructuring initiative. This strategic divestiture aligns with Observe Medical's broader objective to streamline our operations and concentrate on expanding our international market presence, thereby enhancing shareholder value and strengthening our competitive position in the global market.

This pivotal year has laid a strong foundation for 2025 and beyond, as we strive to reclaim UnoMeter™'s market leadership with the launch of UnoMeter™ Safeti™ Plus and to further solidify our position as a global leader in urine output measurement through continued innovation through infection control and digitalization.

In March 2022, the Group acquired Biim Ultrasound AS (Biim or Biim Ultrasound), which has developed and commercialized a wireless pocketable ultrasound device approved by the Food and Drug Administration (FDA). Observe Medical has an agreement with Fresenius Medical Care with an aim to fully roll-out of the Biim ultrasound probe in their approximately 2,700 dialysis clinics in the US. Until now a total of 285 ultrasound probes has been delivered to Fresenius' dialyses clinics. The investment decision process has been a more time-consuming process than anticipated.

As of 31 December 2024, a three-month pilot project with Biim was conducted in selected clinics, including staff retraining and re-engagement with physicians. Despite the benefits of the technology, Fresenius are not ready to scale up the use to all clinics but will continue to assess the utilization of Biim machines across their clinics over the next 6



months to monitor the engagement with the device.

As the Company has limited resources, following a new path with alternative partners to commercialize the Biim probe with different customers lays some time ahead. Further deferral of the estimated future cash flows was therefore necessary. This new information has prompted management to review the current estimates for the Ultrasound CGU. Revenue recognition has been deferred in line with

feedback from Fresenius and lead time. Given the limited internal resources, the company will not actively pursue new customers within this business segment at this time. In sum, the estimate changes indicated the need for impairment.

As a result of the impairment test, the Group has as per 31 December 2023, recognized an impairment loss of NOK 67.1 million in the Ultrasound CGU.

FINANCIAL REVIEW

The 2023 comparable figures have been restated following the Financial Supervisory Authority's review. For further details, please refer to Note 2 in the consolidated financial statements.

COMMENTS ON THE GROUP'S RESULTS

The Group's consolidated revenues in 2024 totalled NOK 17.2 million (NOK 27.9 million). The decrease is primarily driven by the transfer of agreements in the Nordic distribution business and other business activities (NOK -12.7 million), partly offset by UnoMeter™ sales of NOK 11.5 million, reflecting an increase of NOK 3.2 million / +39% year-over-year. Other income of 1.2 million originating from an adjustment settlement related to the Biim acquisition (ISA).

The Group recorded a gross profit of NOK 3.1 million, NOK -6.2 million lower than last year, driven by inventory write-down of NOK 3.1 million. Increased gross profit from higher volume of UnoMeter™ partly offset by product mix with lower margin.

Normalized for write-down, the urine measurement category had a gross profit of NOK 3.7 million / 32.2%. Nordic distribution had a gross profit of NOK 1.1 million / 19.4% excl. write-down.

The Group had operating expenses of NOK 33.1 million, a decrease of NOK 19.1 million /

36.7% year-over-year, mainly driven by the reduction of employees in second half of 2023 and first half of 2024. The Group initiated in second half of 2023 several cost reduction activities where downsizing of the workforce was one of the necessary measures.

The average number of FTE in 2024 was 6.6, compared to 16 last year. The Company is committed to optimizing costs and has consolidated operations by closing offices in Narvik, Seattle, and Oulu during the first half of 2024, centralizing key functions in Gothenburg. To enable scaling and sustainable growth, the Group plans to rebuild a lean organization gradually.

The Group's EBITDA amounted to negative NOK 30.0 million compared to negative NOK 42.9 million in the same period last year. EBITDA adjusted for write-down was in 2024 negative NOK 26.9 million.

Depreciation, amortization and impairment were NOK 17.0 million compared to NOK 81.3 million in 2023. Whereof impairment of goodwill was in NOK 2.7 million in 2024 and 67.1 million in 2023. Please refer to note 17 in the explanatory notes to the consolidated financial statements for details.

Net financial items was negative NOK 11.7 million compared to negative NOK 10.9 million in the same period in 2023. The increase is mainly driven by transactions with no cash effects as calculated interests on the



discounted seller credit for the UnoMeter™ portfolio acquired in 2023, change in contingent consideration and currency.

The result for the year was negative NOK 58.7 million compared to negative NOK 135.1 million in the same period last year.

Earnings per share was negative NOK 0.26 compared to negative NOK 2.34 in 2023.

FINANCIAL POSITION AND CASH FLOW

Net cash flow from operating activities was for the year 2024 negative NOK 27.4 million, compared to negative NOK 24.5 million in the year of 2023.

Net cash flow from investing activities was negative NOK 1.0 million, compared to negative NOK 7.6 million in the year 2023. Cash flow from investment activities consisting of capital expenditures related to development of UnoMeter™ Safeti™ Plus, partly offset by sale of a company car.

Net cash flow from financing activities was 16.8 million compared to NOK 31.7 million in the year 2023.

The Group has carried out impairment tests to test the value of goodwill and intangible assets identifying the need for impairment of booked values of the CGU Ultrasound. The carrying amount of the Group's assets decreased by NOK 31 million, to NOK 142.6 million. The decrease is mainly related to change in cash, impairment of intangible assets of NOK 2.7 million, depreciation of intangible assets and write-down of inventory of NOK 3.1 million.

Non-current assets of NOK 130.9 million mainly consisting of goodwill NOK 33.1 million (NOK 35.2 million at 31 December 2023) and intangible assets associated with the technologies and patents for the Sippi® system and the Biim ultrasound probe, as well as the trademark and other assets related to UnoMeter™ of NOK 97.7 million (NOK 109.2 million at 31 December 2023).

As of 31 December 2024, the Group had bank deposits of NOK 2.0 million, at 31 December 2023 the bank deposits were NOK 13.7 million.

The Group's equity was NOK 21.1 million compared to 40.9 million at the end of 2023 (restated). The equity ratio was 14.8% compared to 26.6% last year. The change is mainly related to the negative result, currency effects and expenses related to share capital increase.

As of the end of 2024, the Group had interest bearing debt, current and non-current, at NOK 81.4 million, compared to NOK 55.4 million at 31 December 2023¹. Total liabilities amounted to NOK 121.5 million, a reduction from NOK 132.7 million at 31 December 2023.

In July 2024, the Group completed a private placement of a gross amount of NOK 22.0 million. 55,000,000 shares were allocated. In December 2024, the Group completed a subsequent offer raising gross NOK 0.9 million. 2,303,933 shares were subscribed for. In December 2024, Navamedic ASA converted NOK 16.4 million of the convertible loan to 40,887,038 new shares in the Company.

The Group's principal source of liquidity will be net cash flows generated from sales in addition to cash generated from financing, including both equity and debt. Consequently, any shortfall of cash generated from operations will have to be covered through additional financing. See further details under sections "Financial Risk" and "Going concern". The Group has ongoing 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. There is a risk that adequate sources of funds may not be available, or available at acceptable terms and conditions, when needed. Therefore, there is a material uncertainty with regards to the going concern assumption. In case of a situation where adequate sources of funds may not be available, the value of assets can be lower than presented in the financial statements. However, this is not reflected in the valuation of the assets, as the annual accounts are based on the assumption of going concern.

¹ The seller credit was in 2023 not classified as interest-bearing debt



SHAREHOLDER INFORMATION

As of April 10, 2025, Observe Medical ASA had 1,878 shareholders and a total of 19 258 412 shares with a par value of 2.90. The 20 largest shareholders control 71.54 percent of total shares outstanding.

Rank	Shareholder	Number of shares	% of top 20 Ownership %	Country
1	NAVAMEDIC ASA	3 007 317	21.83 %	Norway
2	R INVESTMENT COMPANY AS	2 103 571	15.27 %	Norway
3	JPB AS	1 170 996	8.50 %	Norway
4	ELI AS	884 219	6.42 %	Norway
5	SKØYEN INVEST AS	671 610	4.88 %	Norway
6	GINNY INVEST AS	616 666	4.48 %	Norway
7	F2 FUNDS AS	600 000	4.36 %	Norway
8	BJØRNTVEDT	543 633	3.95 %	Norway
9	RO, LARS	498 370	3.62 %	Norway
10	SILVERCOIN INDUSTRIES AS	468 864	3.40 %	Norway
11	CAM AS	442 210	3.21 %	Norway
12	PHILIP HOLDING AS	429 071	3.11 %	Norway
13	KING KONG INVEST AS	366 666	2.66 %	Norway
14	QUICK ISLAND INVEST AS	333 333	2.42 %	Norway
15	JOHANSSON, ERIC	314 355	2.28 %	Norway
16	WANGESTAD	302 584	2.20 %	Norway
17	LIVERMORE INVEST AS	273 666	1.99 %	Norway
18	ALPINE CAPITAL AS	269 216	1.95 %	Norway
19	GUNERIUS PETTERSEN AS	248 333	1.80 %	Norway
20	LAPAS AS	231 220	1.68 %	Norway
	Other	5 481 614		28.46 %
Total number owned by top 20		13 775 900	100.00 %	71.54 %
Total number of shares		19 258 412		100.00 %

RISK FACTORS

Effective risk management remains a priority for the Board of Directors in supporting long-term value creation. The Group faces risks both of operational and financial nature. A summary of the main risks follows below and is further described in Note 5 in the consolidated financial statements 2024 and comprehensively described in the prospectus published on 19 November 2024 and can be viewed here; <https://observemedical.com/prospectus-check/>.

FINANCIAL RISK

The Group faces a risk regarding its ability to continue as a going concern and requires additional capital to sustain operations at the planned scale. Despite raising NOK 22.9 million in gross proceeds, further funding is necessary to support product development, production, and sales. The Company does not have sufficient working capital for the next 12 months, and there is material uncertainty regarding its ongoing funding.

The Group's financial obligations have significantly increased, particularly due to the Convatec Asset Transfer Agreement, with upcoming payments totaling USD 3.9 million by September 2026. Additionally, it has NOK 38.3 million in subordinated loans from Navamedic,



due in December 2027. The agreement allows conversion of part of the debt to equity. NOK 16.4 million of the loan was successfully converted to share capital in December 2024.

Further financing options, including new loans, investors, or supplier credit extensions, are being explored.

If the required capital is not secured, the Company may struggle to meet liabilities in 2025.

Even if short-term funding is secured, the Group faces liquidity challenges due to its early commercialization phase. Revenue growth, particularly from the UnoMeter™ Portfolio, is critical, but uncertainty remains. Fresenius, Biim's only customer, is evaluating further investment in its ultrasound probe, and an unfavorable outcome could lead to Biim's bankruptcy, negatively impacting the Group's equity.

The Group's high debt level could restrict financial flexibility, increase borrowing costs, and limit growth opportunities. If it fails to generate sufficient revenue or secure financing on favorable terms, its ability to meet obligations and continue operations is at risk, potentially leading to bankruptcy.

MARKET RISK

Observe Medical operates in the medical technology market and faces common industry risks, including competition from new products with better features or market penetration. Increased competition may also reduce pricing potential.

After Convatec/Unomedical exited the urimeter market in 2022, new and existing competitors have introduced alternative products to fill the gap. Competing products may launch before Observe Medical secures a viable market share, increasing price pressure and slowing market entry.

OPERATIONAL RISK

The Group relies on distributors for international sales and is dependent on their performance. Distributor failures or production issues could delay commercialization and impact product quality.

Protecting intellectual property is crucial to the Group's success. Failure to do so, or infringement by third parties, could harm its brand value and business.

Global instability, including ongoing conflicts, is disrupting raw material supply, logistics, and financial markets, driving inflation. The company is vulnerable of fluctuating freight cost from China.

Management regularly evaluates cash flow projections, considering revenue, expenses, capital expenditures, and loan repayments. Failure to meet financial targets may impact liquidity, especially as the UnoMeter™ portfolio is still ramping up. If the Group does not achieve projected market share or pricing, revenue shortfalls could hinder its ability to meet obligations. If it cannot meet contractual obligations for UnoMeter™ purchases from Convatec, sales under the UnoMeter™ brand may be suspended.

Ensuring compliance with applicable laws and regulations is a key priority for Observe Medical. Non-compliance can result in financial penalties, operational disruptions, and reputational damage.

Observe Medical is conscious of the increased risk exposure that can arise from operating with limited resources and current liquidity constraints. The Company acknowledges that such conditions may impact operational flexibility and the ability to respond swiftly to unforeseen challenges. As a result, risk management remains a key area of focus for both management and the Board of Directors. Ongoing efforts are being made to prioritize resources, strengthen financial discipline, and ensure robust internal controls.

Research and development expenditures being managed across the product portfolio in accordance with our strategic priorities. Investment decisions about whether to proceed with development projects is done on a project-by-project basis. Limited financial resources may delay planned developments, hence risk of delayed launch of UnoMeter™ Safeti™ Max and Sippi® resulting in lower revenues in the short term.



CORPORATE SOCIAL RESPON- SIBILITY

Corporate social responsibility (CSR) means to run the business in a responsible and sustainable manner over time and in a way that contributes to a positive, trust-based relationship between the Group, the Group's stakeholders, and society as a whole.

The Transparency Act shall promote companies' respect for basic human rights and decent working conditions, and ensure the public's access to information. The Act imposes, among other things, a duty for Observe Medical to inform and carry out due diligence assessments which must be explained and made public. Observe Medical has established routines and Code of Conduct that covers such due diligences on suppliers and business relationships as part of our Quality Management System. This work is led by the QA/RA department and is based on a risk based approach. The obligation to provide information came into effect from 1 July 2022.

The Company is small and operates with limited resources, but our commitment to the values of transparency, responsibility, and respect for human rights makes the Norwegian Transparency Act a natural focus area for us. This legislation supports our ambition to operate ethically by helping us identify and reduce risks related to labor conditions and human rights across our supply chain.

By embedding these principles into our business practices, we aim to build trust with customers, investors, and partners — not just as a matter of compliance, but because it reflects who we are and how we want to grow. This approach also supports our long-term goal of contributing to a more sustainable and responsible business environment.

In line with this commitment, the Company will publish its due diligence report by June 30, 2025.

For further information about corporate social responsibility, see the Sustainability report as part of this Annual Report.

ORGANISATION

The Group had 5 employees at the end of 2024, At the end of the year 2 employees are employed in Sweden, 2 in Norway and 1 in Denmark.

At February 29, 2024 Jørgen Mann was appointed CEO as Rune Nystad stepped down as CEO and into the role as Chief Development Officer (CDO). At March 21, 2024 CFO Per Arne Nygård left the company and Johan M. Fagerli was appointed CFO.

Due to the Group's financial situation, the Group has taken necessary steps to reduce costs.

In accordance with the Public Limited Companies Act, the board has prepared a statement of salary and other remuneration to senior executive employees, as well as included the information in Note 9.

WORK ENVIRONMENT, GENDER EQUALITY AND DISCRIMINATION

The working environment is generally satisfactory but have naturally been impacted by the Group's downsizing to reduce costs, and employees working remote. The Group works continuously to protect and improve health and safety. Observe Medical is committed to being a responsible employer who does not discriminate and who considers all employees equal in terms of career opportunities and rights, regardless of gender, ethnicity, ability to function, religion, sexual orientation, or other similar characteristics of a person. The Group follows the Norwegian Equality and Anti-discrimination Act, which aims to promote gender equality and prevent discrimination.

The Group has a zero-tolerance for discrimination and employees are encouraged to report discriminating practices or other



concerns regarding the working environment to the nearest line manager or to the CEO.

The Group's leadership consisted of three members end of 2024, three men. The Company focuses on gender equality and diversity in the organization and will work to ensure that this is also reflected in the management team in the future. In total, there were five employees in the Group at December 31, 2024, one woman and four men. At December 31 2023, there was twelve employees in the Group, three women and nine men.

The Group aims to strengthen the competence of its employees to maintain a position as an attractive employer and an innovative and trusted supplier of medical technology products to the benefit of patients, healthcare professionals and hospitals. Through recruitment, the company seeks to employ people with high competence within all areas of its business.

Of the four members of the Board of Directors are two women and two men.

The Group had no serious incidents with personal injury or absence in 2024. Neither was any damage to property nor equipment reported.

THE DIRECTORS' AND MANAGEMENT LIABILITY INSURANCE

The Company has established a Board of Directors and management insurance that covers members of the board, committees and the Company's management. The insurance applies worldwide. The insurance covers the Insured's liability for property damage due to claims made against the insured during the insurance period as a result of an alleged liability-related act or omission.

PARENT COMPANY

Observe Medical ASA (the Company) is the parent company of the Group, owning 100% of the shares in its subsidiaries Observe Medical ApS, Observe Medical AB, Observe Medical Nordic AB, Observe Medical AS and Biim Ultrasound AS.

The Company will support its subsidiaries with financing, as well as some common functions and services. The assets of the Company are mainly related to shares in the subsidiaries.

In 2024, Observe Medical ASA had revenues of NOK 2.7 million related to invoiced services and expenses to subsidiaries and other income from an indemnity settlement agreement related to the Biim acquisition of NOK 1.2 million. The Company had operating expenses of NOK 18.2 million which mainly consists of employee benefit expenses of NOK 8.9 million and other operating expenses of NOK 9.3 million. Employee benefit expenses consist of salaries, as well as fees to the Board of Directors and Audit Committee, and share option expenses. EBIT was in 2024 negative at NOK 14.6 million, compared to negative NOK 19.1 million in 2023. The company had net financial expenses of NOK 179.6 million mainly consisting of write-down of investments in subsidiaries, net interest expenses of NOK 5.6 million, and a net income of NOK 1.6 million related to changes in valuation of the consideration on contingent liabilities. In 2023, net financial items were negative NOK 198.2 million. The effects of correction of restated write-down of shares in Biim Ultrasound AS was negative NOK 189 million per 31 December 2023. The result for 2024 was negative NOK 194.2 million, compared to negative NOK 217.3 million in 2023 (restated).

ALLOCATION OF RESULT FOR THE YEAR 2023

The Board of Directors proposes that the loss for the year should be covered by a transfer to uncovered losses.



SUBSEQUENT EVENTS

The extraordinary general meeting was held on January 7 2025, and resolved, amongst other, to adopt a consolidation of the Company's shares (reverse share split) in the ratio 15:1 to meet the Oslo Stock Exchange's requirement of a minimum market value of NOK 1 per share. To facilitate the share consolidation, the general meeting resolved to increase the Company's share capital by NOK 1.30 through the issue of 5 new shares, each with a nominal value of NOK 0.26, in order to obtain a total number of shares divisible by 15. The proposals regarding (i) an general authorisation to the board of directors to increase the share capital in connection with financing further growth and (ii) a authorisation to the board of directors to increase the share capital in connection with sett-off/contributions of loans and accounts payable etc., were also approved. The new number of outstanding shares is 19 258 412.

At February 5, board member Kathrine Gamborg Andreassen informed the board of directors that she will resign from the Company's board of directors, effective 5 February 2025, in order to focus on her responsibilities as CEO of Navamedic ASA.

10th of April 2025, Observe Medical announced that the Group has reached agreements in principle with Convatec and Navamedic to reduce their debt position from in total NOK 82 million to NOK 41 million, with an adjusted payment plan for the remaining debt. Such debt reduction is conditional upon injection of new equity in the minimum amount of NOK 25 million and two milestone payments to Navamedic of NOK 10 million each, after Sippi's accumulated sales value reaches NOK 20 million and NOK 50 million.

The Company has also been in constructive dialogue with existing shareholders and new investors who have indicated a willingness to contribute equity in an amount of NOK 25 million, subject to debt reductions being agreed. The agreements in principle with Convatec and Navamedic will partially cover the requirements from such investors. Similar negotiations with smaller unsecured creditors has also been initiated, and there is material uncertainty regarding the going concern

assumption until sufficient capital injection is secured.

Subsequent to the reporting period, the trade tensions and tariff measures between the US and certain countries have continued to evolve. These developments could potentially affect the company's supply chain, cost structure, and market access. The company is actively monitoring the situation and assessing its impact on operations.

OUTLOOK

Over the past few years, Observe Medical has undergone a significant transformation. What once was mostly a product development company with a small distribution business in Sweden has now evolved into a commercial player with international distribution and its own production platforms.

2024 was in many ways a transition year towards the launch of UnoMeter™ Safeti™ Plus, the most revenue- and profit-generating product in the Convatec portfolio. Significant efforts were dedicated to establishing a new manufacturing platform and successfully completing the regulatory journey, resulting in Observe Medical becoming the legal manufacturer of UnoMeter™ Safeti™ Plus. These milestones position the company for growth and operational expansion in the coming years through its scalable platform.

Observe Medical's long-term ambition is to become a leading global medtech company by delivering innovative medical technology solutions that enhance patient care, improve clinical outcomes, and support positive health economics. Growth will be driven through the development, commercialization, and global distribution of its proprietary products, while also exploring strategic opportunities such as mergers, acquisitions, and partnerships to expand its market presence and product portfolio.

URINE MEASUREMENT

Observe Medical's strategy behind the UnoMeter™ acquisition is to reclaim market leadership in the urine measurement segment,



particularly with the UnoMeter™ 500 and UnoMeter™ Safeti™ Plus. Prior to Convatec discontinuing the business, these brands commanded a strong market share of approximately 50-60% in Europe's urine measurement segment, distributed through partners in more than 50 countries globally. The by far strongest product in the portfolio, UnoMeter™ Safeti™ Plus was regulatory approved in November 2024, and the Group received orders for NOK 5 million within the first month. The first shipments to distributors in Europe, Middle East and Asia for validation in January 2025. At 10th of April, the Group announced that it had received orders for NOK 10.3 million from 24 countries, representing 83% of the geographical coverage of the 2021 Convatec sales.

Once the brand has regained a foothold in the market, Observe Medical plans to introduce innovative products, such as an improved version of UnoMeter™ Safeti™ Plus featuring the patented infection control technology Sippcoat®, and re-launch our proprietary digital urimeter, Sippi® through the global distribution network.

The Company follows market developments closely and will continuously assess opportunities and risks that any changes in market conditions may entail.

BIIM ULTRASOUND PROBE

During the second half of 2024, Fresenius Medical Care, under new management, carried out a new evaluation of the value creation by using Biim ultrasound in their US based clinics. Early findings indicated positive value in using ultrasound but also that the business case was not yet robust enough to scale the use across further clinics and the further evaluations would continue approximately 6 months into 2025. Based on further deferred future cash flows from the Biim probe, which have not

materialized as projected, the result of Management's impairment assessments has resulted in a write down of goodwill related to Biim. We are looking forward to continuing our discussions with Fresenius Medical Care during 2025 about our FDA-approved pocketable ultrasound probe, but at the moment Biim is not a priority due to limited resources.

DISTRIBUTION PLATFORM

Throughout 2024, the Company has undertaken a strategic restructuring of its Nordic sales operations, transitioning customer contracts to the Nordic distributor, Vingmed. The Nordic portfolio was originally established as a platform for testing and launching the Company's own branded products, and its strategic relevance has been reassessed in light of the expansion of our global distribution capabilities. With these enhanced global channels now effectively supporting our testing and pre-launch needs, direct Nordic sales operations have become less central to our core business model. Consequently, the Group initiated a process to transition these operations to more suitable ownership. The restructuring was not fully completed as of 31 December 2024, but will be finalized in the beginning of 2025.

However, the company is still constantly working to expand its product portfolio with high-quality products that can be distributed through our growing distribution network globally. An example of this is the letter of intent for female catheterization product with Sulacare.

The Group's ambition is to be a Nordic medtech platform for scalable and profitable growth, product development, regulatory performance and effective manufacturing. Value creating M&A and corporate development remains an important part of Observe Medical's strategy.

GOING CONCERN ASSUMPTION

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. 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. Going forward, the Group will need to raise more equity, issue debt instruments or divest assets to fund further development of ongoing business.



The Board is currently engaging with a group of existing and new investors who have indicated a conditional willingness to provide new liquidity of NOK 25 million. The key condition to these indications is a substantial reduction in the Company's existing debt, particularly obligations owed to Convatec and Navamedic. Accordingly, the Company is in ongoing discussions with creditors and stakeholders to evaluate a potential transaction structure. In addition, several engagements have been initiated with leading investment banks to advise on and facilitate a capital raise within a short time frame.

The Board remains committed to identifying a viable financial solution to ensure the Company's long-term viability. However, there is a significant risk that such efforts may not succeed. The potential capital raise could enable both financial stabilization and substantial debt restructuring, but continued dialogue with key stakeholders is necessary to determine whether a sustainable path forward can be achieved. Consequently, a material uncertainty remains regarding the Company's ability to continue as a going concern.

C O R P O R A T E G O V E R N A N C E

Observe Medical ASA considers good corporate governance to be a prerequisite for value creation and trustworthiness, and for access to capital. In order to secure strong and sustainable corporate governance, it is important that Observe Medical ASA ensures good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations across the Group.

Observe Medical ASA has governance documents setting out principles for how its business should be conducted. These apply to all group entities. References to certain more specific policies are included in this corporate governance policy.

Observe Medical is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 4.4 on the continuing obligations for issuers of shares pursuant to Oslo Rule Book II – Issuer Rules. The Accounting Act may be found (in Norwegian) at www.lovdatab.no. The Norwegian Code of Practice for Corporate Governance, which was last revised on October 14, 2021, may be found at www.nues.no (the "Corporate Governance Code"). The annual statement on

corporate governance for 2022 was approved by the board of directors on April 27, 2023 and follows below.

IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The board of directors is committed to build a sound and trust-based relationship between Observe Medical ASA and the company's shareholders, the capital market participants, and other stakeholders. The Group's overall principles for corporate governance is approved by the board of directors and can be found at www.observemedical.com/investor-relations/. The Group complies with the Corporate Governance Code. The board of directors' annual statement on how Observe Medical has implemented the Corporate Governance Code is set out below. The presentation covers each section of the Corporate Governance Code, and deviations from the code, if any, are specified under the relevant section.

BUSINESS

The operations of the company and its subsidiaries shall be conducted in a sustainable manner and in compliance with the business



objective set forth in Observe Medical ASA's articles of association, which shall be stated in the company's annual report together with the Group's primary objectives and strategies. The Group's objectives, strategies and risk profiles are evaluated annually by the board of directors. The company's business objective reads as follows: "The company's objective is to develop, produce, market and sell medical technical equipment and related products, provide connected consulting services and invest in related business."

EQUITY AND DIVIDENDS

The board of directors is responsible for ensuring that the group is adequately capitalized relative to the risk and scope of operations and that the capital requirements set forth in laws and regulations are met.

The company shall have an equity capital at a level appropriate to its objectives, strategy and risk profile. The board of directors shall continuously monitor the Group's capital situation and shall immediately take adequate steps if the company's equity or liquidity is less than adequate. As of December 31, 2024, the Group had a consolidated equity of NOK 21.1 million, corresponding to an equity ratio of 14.8%.

The Group is focusing on the development and commercialization of medical technology products, and the company does not anticipate paying any cash dividend until sustainable profitability is achieved.

AUTHORIZATIONS TO THE BOARD OF DIRECTORS

Any authorization granted to the board of directors to increase the company's share capital or to purchase treasury shares shall be restricted to defined purposes. When the general meeting is to pass resolutions on such authorizations to the board of directors for different purposes, each authorization shall be considered and resolved separately by the general meeting. Authorizations granted to the board of directors to increase the share capital or purchase treasury shares shall be limited in

time and shall in no event last longer than two years. However, it is recommended that an authorization to increase the share capital or purchase of treasury shares does not last longer than until the company's next annual general meeting.

The Extraordinary General Meeting held on July 17, 2024 authorized the board of directors pursuant to section 10-14 of the Public Limited Liability Companies Act to increase the company's share capital by up to NOK 26 610 000 in one or more share issues, replacing the authorization from the Annual General Meeting held on May 24, 2024.

As of December 31, 2024 the Company had 2 500 000 options issued and outstanding, which includes the options granted to the Company's CEO in August 2024 and options granted to the Company's CFO in December 2024.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

The company has only one class of shares. Each share in the company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently. In the event of an increase in share capital through the issuance of new shares, a decision to deviate from existing shareholders' pre-emptive rights to subscribe for shares shall be justified. Where the board of directors resolves to issue shares and deviate from the pre-emptive rights of existing shareholders pursuant to an authorization granted to the board of directors by the general meeting, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the share issuance.

Any transactions in treasury shares carried out by the company shall be carried out on the exchange where the company's shares are listed, and in any case at the prevailing stock exchange price. In the event that there is limited



liquidity in the company's shares, the company will consider other ways to ensure equal treatment of shareholders. Any transaction in treasury shares by the company is subject to applicable reporting requirements.

In the event of transactions that are considered to be material between the company and its shareholders, a shareholder's parent company, members of the board of directors, executive management or close associates to any such party, the board of directors shall arrange for an independent third-party valuation. This will, however, not apply for transactions that are subject to the approval of the general meeting pursuant to the provisions in the Norwegian Public Limited Liability Companies Act. Independent valuations shall also be procured for transactions between companies within the Group if any of the companies involved have minority shareholders.

SHARES AND NEGOTIABILITY

Each share in the company carries one vote. The company's shares are freely transferrable, and the articles of association do not impose any restriction on the transfer of shares. There are no restrictions on owning, trading or voting for shares in the Company other than as described in mandatory law.

GENERAL MEETINGS

The board ensures that its shareholders can attend and participate in the general meeting. For shareholders who are not able to be present at the general meeting, the company shall facilitate electronic participation unless the board of directors finds that it has reasonable cause to refuse such electronic participation. The annual general meeting shall take place prior to 30 June each year. The Group's financial calendar is published via Oslo Børs and in the investor relations section of the Group's website. The notice and supporting information of the general meeting, will be sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting. The notice will be published and sent to the company's shareholders with a known address no later than 21 days prior to the meeting to

ensure that all shareholders may form a view on all matters to be considered at the meeting. The annual general meeting shall consider the following matters:

1. Approval of the annual accounts and annual report, including any proposal from the board regarding dividends or other distributions.
2. Other matters which are pursuant to law or the articles of association shall be considered by the general meeting.

The board of directors may decide that shareholders who want to participate in the general meeting must notify the company thereof within a specific deadline that cannot expire earlier than three days prior to the general meeting.

The shareholders may cast their votes in writing, including through electronic communication, in a period prior to the general meeting. The board of directors may establish specific guidelines for such advance voting. It must be stated in the notice of the general meeting which guidelines have been set. Documents concerning matters to be considered at the general meeting may be made available on the company's website. This is also applicable for documents that by law shall be included in or attached to the notice. In case documents are made available in such manner, the statutory requirements for distribution to shareholders shall not be applicable. A shareholder still has the right to receive documents concerning matters to be considered at the general meeting upon request.

General meetings have to date been and is currently planned to be chaired by the chairperson of the board. The chairperson of the board and chief executive officer are required to attend the general meeting. The chairperson of the nomination committee is encouraged to attend those general meetings where the election and remuneration of directors and members of the nomination committee are to be considered. The company's auditor is not physically present at the Annual General Meeting, but is available by phone or video conference to answer questions. Shareholders are able to vote on



each individual matter on the agenda for the general meeting, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting in person are given the opportunity to vote through advanced electronical voting and through proxy. The company prepares the proxy form in such way that it enables shareholders to vote on each individual matter and nominates the chairperson of the board of directors to act as a proxy for the shareholders. Minutes from general meetings are published as soon as practicable via the stock exchange's reporting system (www.newsweb.no, ticker code: OBSRV) and in the investor relations section of the Group's website.

Deviations: The entire board of directors have normally not participated at the general meetings because the matters that have been on the agenda have not previously required this, however the chairperson of the board is always present at general meetings to answer questions from the shareholders on behalf of the board of directors. The board of directors finds this solution appropriate but will consider this arrangement if requested by the shareholders in future general meetings or if deemed appropriate on a case-by-case basis.

NOMINATION COMMITTEE

The company has a nomination committee, and the nomination committee is stipulated in the company's articles of association. The general meeting has resolved guidelines for the duties of the nomination committee. The nomination committee currently comprises two members, as resolved by the general meeting, and all members of the nomination committee are independent of the board of directors and the management. The nomination committee's duties include nomination of candidates to the board of directors and the nomination committee, including the chairpersons. The nomination committee also submits proposals on board remuneration and remuneration to the members of the nomination committee. The term of the members of the nomination committee shall be two years at a time unless the general meeting decides otherwise in connection with the election. The current members of the nomination committee are Bård

Brath Ingerø (chair) and Grete Hogstad. No directors or members of executive management are represented in the nomination committee.

BOARD OF DIRECTORS - COMPOSITION AND INDEPENDENCE

Pursuant to the articles of association, the board of directors may comprise three to seven members. The board currently has five shareholder-elected directors. The board members and the chairperson of the board are currently elected by the general meeting based on a proposal from the nomination committee. The composition of the board is intended to secure the interests of the shareholders in general, while the directors also collectively possess a broad business and management background as well as in-depth sector understanding and expertise in investment, financing and capital markets. Consideration is also given to the board's ability to make independent judgements of the business in general and of the individual matters presented by the executive management.

Consideration has also been given to gender representation and the independence of directors from the company and its management. The board of directors does not include executive personnel. All shareholder-elected directors are independent of the Group's executive management, the majority of the board members are independent from the company's significant business relations and at least two of the members of the board are independent of the company's main shareholders. Details on background, experience and independence of the board members are presented on the Group's website. Twenty-five board meetings were held in 2024. Each board member's attendance at board meetings is recorded by the company. The shareholding of each board member can be found in Note 24 to the consolidated financial statements.

THE WORK OF THE BOARD OF DIRECTORS

The board has the ultimate responsibility for the management of the company and for supervising its day-to-day management and



activities in general. This includes developing the company's strategy and monitoring its implementation. In addition, the board exercises supervision responsibilities to ensure that the company manages its business and assets and carries out risk management in a prudent and satisfactory manner. The board is responsible for the appointment of the CEO. The board has an annual plan for its work.

In accordance with the provisions of Norwegian company law, the terms of reference for the board are set out in a formal mandate that includes specific rules and guidelines on the work of the Board and decision making, including how the board of directors and executive management shall handle agreements with related parties. The chairperson of the board is responsible for ensuring that the work of the board is carried out in an effective and proper manner in accordance with legislation. The board issues a mandate for the work of the CEO. There is a clear division of responsibilities between the board and the CEO. The CEO is responsible for the operational management of the company.

The board holds regular meetings. Extraordinary board meetings are held as and when required, to consider matters that cannot wait until the next regular meeting. In addition, the board has appointed three sub-committees composed of board members to work on matters in these areas. The board has established instructions for these committees.

The Company have established a Board of Directors and management insurance that covers members of the board, committees and the Company's management. The insurance applies worldwide. The insurance covers the Insured's liability for property damage due to claims made against the insured during the insurance period as a result of an alleged liability-related act or omission.

Audit Committee

The audit committee is appointed by the board. Its main responsibilities are to supervise the company's systems for internal control, to ensure that the auditor is independent and that the interim and annual accounts give a fair and

true representation of the company's financial results and financial condition in accordance with generally accepted accounting principles. The audit committee receives reports on the work of the external auditor and the results of the audit. Also, the audit committee meets regularly and can have meetings with the auditor where no member of the executive management is present.

As per December 31, 2024 the audit committee consisted of the following board members:

- Line Tønnessen, Chair
- Eskild Endrerud

Compensation Committee

The compensation committee makes proposals to the board on the employment terms, as well as conditions and total remuneration of the CEO and other executive personnel.

As per December 31, 2024, the compensation committee consisted of the following board members:

- Terje Bakken
- Kathrine Gamborg Andreassen

Merger & Acquisitions (M&A) Committee

The M&A committee is appointed by the board. Its main responsibility is to address M&A opportunities as well as supervise and support the management in such processes. The M&A committee secures M&A activities to support the Group's strategy for further development and growth of the Group. As per December 31, 2023, the M&A committee consisted of the following board members:

- Eskild Endrerud
- Line Tønnessen
- Terje Bakken

RISK MANAGEMENT AND INTERNAL CONTROL

The board ensures that the company has sound risk management and an internal control system that is appropriate to its activities. The risk management and internal control systems in Observe Medical are based on its corporate values and principles for sustainability. The board reviews the company's internal control system and the main areas of risk annually. Observe Medical management conducts the day-to-day follow-up of financial management and reporting. Management reports to the audit



committee that conducts a review of the quarterly and annual presentation and reports before publication. The audit committee assess the integrity of Observe Medical's accounts. It also inquires into, on behalf of the board, and assess issues related to financial review and internal control, and the external audit of Observe Medical's accounts. The board ensures that Observe Medical is capable of producing reliable annual reports and that the external auditor's recommendations are given thorough consideration. A description of the company's financial risk management objectives and policies are included in Note 5 to the financial accounts.

Financial Reporting

The Group has processes and routines for internal control over financial reporting. The main principles are transparency, segregation of duties, analytical controls and systematic and thorough management reviews. Management prepares periodic reports on business and operational developments to the board, which are discussed at board meetings. These reports are based on the results of the review process and include the status of key performance indicators, update of market developments, operational issues, financial results and highlights of organizational issues. Financial position and results are followed up in monthly accounting reports, compared to prior year, budgets and forecasts. Reporting also includes non-financial key performance indicators. In addition, management prepares a forecast of financial trends, showing profits and cash flow development. The interim reports and annual financial statements are reviewed by the audit committee in advance of consideration and discussion in the board.

In 2023, the Group faced challenges in maintaining robust internal control over financial reporting, partly due to personnel changes and temporary layoffs, which were identified as contributing factors during a review by the Norwegian Financial Supervisory Authority (NFSA). To strengthen internal controls, the Group has initiated targeted enhancements to its processes, including more rigorous review procedures and increased oversight by the board's audit committee.

Financial risk management and internal control are also addressed by the board's audit committee. The latter reviews the external auditor's findings and assessments after the interim and annual financial audits. Significant issues in the auditor's report, if any, are also reviewed by the entire board. The Group is committed to further improving its internal control framework by ensuring adequate capacity and competence, including staff training and recruitment where necessary, to mitigate future risks.

REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration to the board of directors are determined by the general meeting following proposals from the nomination committee. The remuneration payable to the board of directors is meant to reflect the board's responsibility, expertise, time commitment and the complexity of the business. The remuneration to the board of directors is not linked to the company's performance and no directors have been awarded share options or any other form of incentive-based remuneration in their role as directors. An overview of shares owned by the directors and their close associates is included in Note 24 to the consolidated financial statement.

Members of the board of directors and/or companies which they are associated with should not take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this must be disclosed to the board of directors and any remuneration for such additional duties shall be approved by the board.

REMUNERATION OF EXECUTIVE PERSONNEL

The board has a remuneration committee. Its main responsibilities are evaluation and advice to the board of directors relating to remuneration strategy, main principles and systems for the total remuneration (including bonus) to the CEO and other members of the Group executive management. The annual general meeting in 2022 approved guidelines



for determination of salary and other remuneration to the executive personnel of the company in accordance with the Public Limited Liability Act section 6-16 a, cf. section 5-6 (3). The guidelines are available at the company's website. Performance-related remuneration of the executive personnel in the form of share options, bonus programs or similar arrangements are linked to value creation for shareholders or the Group's earnings performance over time. Such arrangements, including share option arrangements, are implemented to incentivise performance and are based on quantifiable factors over which the employee in question can have influence. All performance-based remuneration to the Group's leading personnel is to be subject to an absolute limit.

INFORMATION AND COMMUNICATION

The board has established guidelines for investor communication. Observe Medical's communication with the capital markets is based on the principles of transparency, full disclosure and equality. The CEO and CFO are responsible for the main dialogue with the investor community, including the company's shareholders. Information to the stock market is published in the form of annual and interim reports, press releases, stock exchange announcements and investor presentations. All information considered relevant and significant for valuing the company's shares will be distributed and published in English via Oslo Børs disclosure system, www.newsweb.no, and via the Group's website www.observemedical.com simultaneously.

All periodic financial reporting is published according to the adopted guidelines for companies listed on the Oslo Stock Exchange. All published information is available via Oslo Børs' news site www.newsweb.no and Observe Medicals' website.

Observe Medical is committed to maintaining a transparent and proactive dialogue with the investor community. The company strives to ensure that all financial and material information is disclosed in a timely, consistent, and accurate

manner, supporting informed investment decisions and building long-term trust. The main purpose of this information presents a complete picture of the Group's financial results and position as well as articulating the Group's long-term goals and potential, including its strategy, value drivers and important risk factors. The Group publishes a financial calendar every year with an overview of the dates of important events, including the general meeting, publication of interim reports and presentations. This calendar is made available as a stock exchange announcement and on the Group's website as soon as it has been approved by the board.

In contact with analysts and investors, the Board of Directors and the management of the Company shall only communicate already published information.

TAKEOVERS

In the event of a takeover bid being made for the company, the board will follow the overriding principle of equality treatment of all shareholders and will seek to ensure that the Group's business activities are not disrupted unnecessarily. The board will strive to ensure that shareholders are given sufficient information and time to form a view of the offer. The board will not seek to prevent any takeover bid unless it believes that the interests of the Group and the shareholders justify such actions. The board will not exercise mandates or pass any resolutions with the intention of obstructing any takeover bid unless this is approved by the general meeting following the announcement of the bid. If a takeover bid is made, the board will issue a statement in accordance with statutory requirements and the recommendations in the Corporate Governance Code. Any transaction that is in effect a significant disposal of the Group's activities will be submitted to the general meeting for its approval.

AUDITOR

The company's external auditor, EY, annually presents its overall plan for the audit of the Group for the audit committee's consideration. The auditor attends Board meetings in



connection with the annual financial statements and most audit committee meetings. At least one meeting a year is held between the auditor and the Board without the CEO nor other member of the Company's executive management present. The board reports annually to the annual general meeting on the external auditor's total fees and informs on the split between audit and non-audit services. The annual general meeting approves the auditor's fees for the company.



BOARD OF DIRECTORS

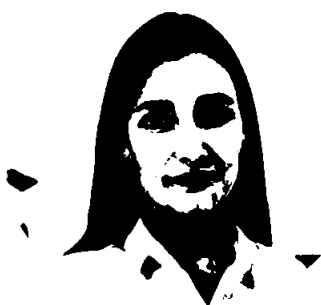
Terje Bakken | Chair of the Board

Terje Bakken is a partner in the Norwegian private equity company Reiten & Co AS and has been the chairperson of the Board of Directors of the Company since its incorporation. Mr. Bakken has been with Reiten & Co AS since 1998 and has extensive Private Equity/Active Ownership experience through leading and implementing various strategic and operational value-based processes across different industries, combined with a significant financial transaction and structured finance experience. Mr. Bakken holds a Master of Science in Financial Economics degree and Bachelor of Business and Administration degree from the Norwegian School of Management. He currently sits on the board of directors of the Company (chairperson), Questback AS (board member) and Reiten & Co AS (board member). Furthermore, he has previous board experience from Navamedic (chairperson), Webstep ASA (board member) and Grilstad AS (board member). Mr. Bakken is a Norwegian citizen and resides in Oslo, Norway



Line Tønnessen | Board Member

Line Tønnessen, holds the position as Investment Director in Reiten & Co AS, a wholly owned subsidiary IRIC. She has a strong analytical and corporate finance background. Ms. Tønnessen currently sits on the board of directors of Vow Green Metals AS and Grilstad Holding AS and holds a Bachelor of Business Administration from the BI Norwegian Business School, an MBA in Finance from the Norwegian School of Economics (NHH) and is a Certified Financial Analyst (CFA).



Eskild Endrerud | Board Member

Eskild Endrerud, a Norwegian citizen, holds the position as Managing Partner at Arctic Investment Group AS, a Norwegian early-venture investment company. Mr. Endrerud has previously been chairman of the board of directors and CFO of Biim Ultrasound AS which now is a part of the Group. Mr. Endrerud holds a BSc in Entrepreneurship and Business from BI Norwegian Business School, as well as a MSc in Real Estate Development from NMBU Norwegian Business School.





Oslo, May 29, 2025

The Board of Directors and CEO of Observe Medical ASA

Terje Bakken
Chair

Line Tønnessen
Board member

Eskild Endrerud
Board member

Jørgen Mann
CEO



DECLARATION IN ACCORDANCE WITH § 5 - 5 OF THE SECURITIES TRADING ACT

We confirm that the financial statements for 2024 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.

Oslo, May 29, 2025

The Board of Directors and CEO of Observe Medical ASA

Terje Bakken
Chair

Line Tønnessen
Board member

Eskild Endrerud
Board member

Jørgen Mann
CEO



SUSTAINABILITY STATEMENT

It is of key importance to Observe Medical to operate our business in a sustainable manner and it is a prerequisite for the company's long-term results to understand the impact on the environment, society and stakeholders. The information in this statement is inspired by Oslo Børs' guidelines for sustainability reporting (Euronext guidelines), EU's Corporate Sustainability Reporting Directive (CSRD). While elements from the value chains are included, the coverage is not exhaustive. The Group's operations cover various activities, including research and development, production and assembly, as well as sales, marketing, and distribution across a wide and diverse geographical footprint. Achieving a comprehensive overview of the value chains for these diverse activities is a complex task, and this statement reflects the best available understanding to date, and the reporting will be continuously refined in the coming years. The claims and data in this report have not been audited by a third party.

ABOUT OBSERVE MEDICAL

Observe Medical ('Observe Medical') is the legal manufacturer of Sippi®, a proprietary, CE marked automated system for urine measurement. Sippi® offers a unique, effective and innovative solution for urine monitoring at the hospital intensive care units (ICUs), wards and homecare.

With Sippi, the company's focus is on increasing quality assured patient data for clinical decisions and addressing the challenge of hospital acquired infection in healthcare facilities worldwide. In addition, the system replaces a manual time-consuming system and increase clinical capacity. Urinary tract infections are the number one hospital acquired complication for patients, and their treatment is a considerable burden to hospital staff and

budgets. Overall, approximately 3.8 million Europeans are infected every year from healthcare acquired infections of all types. In March 2022, Observe Medical acquired Biim Ultrasound AS, a Company that 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.

In September 2023, Observe Medical finalized the acquisition of the trademarks and other intellectual property rights relating to state-of-the-art urine measurement products known as the UnoMeter™ and Abdo-Pressure™ products. The UnoMeter™ family is a significant step forward for Observe Medical as it expands its product portfolio and strengthens its position in the market. Observe Medical's intent is to continually grow the company's platform and portfolio to improving patient welfare and patient outcomes, improving clinical data accuracy and promoting positive health economics, through ongoing R&D and acquisition strategies in line with the company's goals and vision.

SUSTAINABILITY STRATEGY AND OBJECTIVES

The Group is committed to integrating sustainability into our core business strategy, aiming to create long-term value for both our stakeholders and the environment. We recognize that business success is closely linked to our ability to address critical



environmental, social, and governance (ESG) challenges. As a smaller company with limited resources, we recognize the importance of focusing our efforts on sustainable practices that make a meaningful impact. While we are not yet in a position to implement large-scale environmental initiatives, we are committed to continuous improvement and will focus on key areas where we can make the most difference. Our approach involves prioritizing practical and achievable environmental actions that align with our values and resources

Our sustainability strategy focuses on the following key objectives:

- **Environmental responsibility:** Reducing our carbon footprint, energy consumption, and waste generation.
- **Social responsibility:** Ensuring the well-being and safety of our employees, promoting fair labor practices and transparency and anti-corruption.
- **Governance:** Upholding the highest standards of corporate governance, ethics, and transparency in all our operations.

These objectives are integrated into our day-to-day operations and are supported by our ongoing commitment to ESG principles.

We want to grow our business, but not at the expense of the environment, people's wellbeing or sound business principles.

STAKEHOLDERS

Employees: Observe Medical's employees are directly affected by the company's internal policies and activities and directly affect the company through their performance and actions.

Investors/shareholders: Observe Medical's investors and shareholders are primary stakeholders and directly affect the company's priorities and strategic direction. Observe Medical's economic and business performance may affect the priorities of investors and shareholders.

Government/regulatory authorities: Government and regulatory authorities affect the company's operating conditions directly and indirectly.

Customers/patients: Observe Medical's customers consist of distributors, hospitals and other health institutions in Europe and selected markets globally. Customers are directly affected by Observe Medical's product offering, and the product's quality and safety. Customers directly affect the company economically and customer expectations also impact Observe Medical's sustainability priorities.

Suppliers: Suppliers directly affect Observe Medical through the quality and pricing of the company's product and services. Observe Medical's suppliers are economically affected by the company and their responsibilities are indirectly affected by Observe Medical's focus on responsible business practice and the expectations placed on them.

Academia and life science community: Observe Medical is dependent on research and scientific evidence from academics and the life science community to grow the company's product portfolio and to deliver products of high quality which are safe for patients to use.

ENVIRONMENTAL IMPACT

Our environmental strategy focuses on minimizing the impact of our operations on the environment, aligning with global sustainability efforts such as the Paris Agreement and local environmental regulations.

Actively managing the environmental footprint of its business operations is important to Observe Medical, and it will become even more important in the future and may impact the company's ability to operate in the long-term. The main environmental challenges for the medical device industry in general are through use of disposable materials, equipment and/or packaging, and through the use of chemicals to meet sterilization requirements. The main environmental impacts from Observe Medical's business operations are related to waste generated from its products, such as disposable units and packaging, production of purchased goods and products, transportation of goods and products (by truck, ship or plane from Asia to storage facilities and customers), as well as employee business travels.



With the UnoMeter™ portfolio and a new manufacturing partner in Asia, the Group's environmental impact increases with both disposable units and emissions from transportation.

The Group complies with all applicable environmental laws and regulations. Observe Medical has an environmental policy to continuously work to enhance environmental performance.

The use of non-sustainable materials is a main concern in the medical device industry, and a much-debated topic is the extensive use of Polyvinyl Chloride (PVC). Observe Medical always seeks to use environmentally friendly materials in its products and together with the customers and suppliers find good alternatives within the regulatory requirements.

As a company selling medical devices, Observe Medical must comply with strict requirements for product packaging, especially for products which are required to remain sterile. Naturally, the packaging becomes waste for the company's customers.

All hospitals where Observe Medical's products are being used are required to follow strict requirements for handling waste, which ensures the proper waste management of the packaging according to law.

Observe Medical's digital urine meter Sippi® will contribute positively to reduce plastic waste compared to manual urine meters.

SOCIAL RESPONSIBILITY

We believe that a responsible approach to social issues is critical to the success of our business.

Our focus areas include:

- **Employee welfare:** We are dedicated to providing a safe and healthy working environment for all employees. This includes ensuring fair wages, health and safety training, and career development opportunities.
- **Diversity and inclusion:** We promote a diverse and inclusive workplace, where all employees are treated with respect and have equal opportunities to thrive.

- **Ethical business practices:** We are committed to operating with integrity, transparency, and in compliance with all applicable laws and regulations. We uphold a zero-tolerance policy towards corruption and maintain clear governance structures to ensure accountability.
- **Human rights:** We respect and support internationally recognized human rights, including the UN Guiding Principles on Business and Human Rights. We ensure that our operations and business relationships are free from discrimination, forced labor, and child labor.

CORPORATE GOVERNANCE

Observe Medical considers good corporate governance to be a prerequisite for value creation and trustworthiness, and for access to capital. In order to secure strong and sustainable corporate governance, it is important that Observe Medical ensures good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations across the Group.

Being part of a global value chain, Observe Medical is exposed to ethical risks through its business operations, and the company therefore actively strives to ensure good and healthy business practices.

The CEO bears the ultimate responsibility for business ethics and anti-corruption in Observe Medical. The Board ensures that the company has sound risk management and an internal control system that is appropriate to its activities and is further responsible for reviewing the company's internal control system and the main areas of business ethics risk annually.

CSR policy and code of conduct for suppliers is implemented. Observe Medical has a zero tolerance for corruption and the company's anti-corruption policy explains which criteria all employees are required to comply with. Any potential misconduct can be reported directly to any member of the Corporate Management Team or directly to any member of the Board. Observe Medical is not part of any external initiatives or collaborations on corruption prevention.



Observe Medical is dependent on its distributors and those distributors' ability to perform and operate in key markets. Observe Medical relies on third-party suppliers for production and distribution and is thereby directly and indirectly exposed to risks and opportunities in its supply chain. With the UnoMeter™ portfolio, the exposure to new suppliers and partners have increased significantly. Observe Medical has distributors as partners for foreign markets, which are located in Europe, Asia, South America and USA. Manufacturing partners are currently in China, Italy and USA.

In general, Observe Medical operates in countries which are considered low to medium risk in terms of corruption, according to the Corruption Perception Index. Still, all suppliers are screened using criteria related to business ethics prior to entering new contracts and the Group is also looking to establish an annual risk assessment of third parties and specific markets. Observe Medical has decided not to engage in business with companies in Russia or Belarus.

There were zero reported incidents of corruption or public legal cases regarding corruption in 2024. Observe Medical did not experience any breaches of its policies or guidelines by suppliers in 2024, and the company has not terminated or discontinued any contracts with suppliers or business partners due to breaches in the reporting period.

Observe Medical has governance documents setting out principles for how business should be conducted. These apply to all group entities. Observe Medical is subject to annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (NUES recommendations), cf. section 7 on the continuing obligations of stock exchange listed companies.

Environmental and social considerations are an integral part of Observe Medical's business operations. Observe Medical's Board of Directors ('the Board') bears the ultimate responsibility for the company's sustainability approach and the sustainability report is discussed and approved by the Board.

Executive Management in addition to Observe Medical's quality manager is responsible for the follow-up of the company's sustainability efforts on a day-to-day basis.

We uphold the highest standards of corporate governance, ensuring that our business operates with integrity and accountability. Our governance framework is designed to ensure that decisions are made transparently, ethically, and with the long-term interests of our stakeholders in mind.

- **Board composition and independence:** Our board consists of experienced professionals who bring diverse skills and perspectives to the decision-making process.
- **Ethical standards:** The Group has implemented a code of ethics through our employee handbook, which governs all business practices and relationships with stakeholders.

The Group has established a supplier Code of Conduct. Observe Medical expects its business partners to comply with this Code of Conduct and that they do their utmost to live up to its requirements within their own organisations and in the supply chain. This should take place through dialogue, transparency and open cooperation between Observe Medical and its suppliers, benefiting both parties.

- **Risk management:** The Group has systems to identify, assess, and mitigate risks, including those related to sustainability and ESG factors. The QA/RA department is responsible for managing regulatory compliance, product quality, and risk mitigation processes.

SUSTAINABILITY RISKS AND OPPORTUNITIES

The Group actively assesses both the risks and opportunities presented by sustainability issues. We recognize that the evolving landscape of environmental and social challenges presents both risks to our business and opportunities for innovation and growth.



In our efforts to identify and manage sustainability risks and opportunities, we also recognize the growing importance of regulatory frameworks aimed at improving transparency and responsible business practices. The Norwegian Transparency Act, which came into effect on July 1, 2022 mandates large companies with operations in Norway to conduct due diligence on human rights and transparency in their supply chains, ensuring that they are not complicit in human rights violations or adverse environmental impacts.

The Norwegian Transparency Act places a significant emphasis on responsible sourcing and supply chain transparency. For businesses like ours, this provides an opportunity to enhance our sustainability practices by ensuring that we uphold human rights, avoid corruption, and address any negative environmental impacts across our value chain. As view this as an opportunity to align with global sustainability standards, reinforce our commitment to ethical practices, and strengthen the trust of our stakeholders, customers, and investors

Our key considerations include:

- **Supply chain risks:** Ensuring that our suppliers adhere to our high standards of social and environmental responsibility. Failure to identify or address risks in our supply chain, such as labor exploitation, poor working conditions, or environmental harm, could result in reputational damage, legal penalties, and reputational damage.
- **Regulatory changes:** Keeping pace with global and local regulations on sustainability, such as carbon pricing, waste management laws, and labor standards.
- **Climate change risks:** Potential impacts of climate change on our supply chain, operations, and market conditions.

We actively work to mitigate these risks and leverage opportunities that align with our long-term sustainability goals.

PRODUCT SAFETY

Product safety is fundamental to Observe Medical and is part of the company's license to operate. Risk management is applied within the

group to ensure only products with acceptable risks are placed on the market. The most likely health and safety hazards are related to human error when using the products, and the company therefore works continuously with usability.

The Quality Assurance and Regulatory Affairs (QA/RA) director (the role is currently covered by the CDO) has overall responsibility for product safety. The QA/RA director is further responsible for ensuring that Observe Medical's products comply with rules and regulations for medical devices in the markets where the products are launched.

Observe Medical has a digital group Quality Management System (QMS) that covers development, manufacturing and sales of medical devices in all legal entities and sites within the group, and has been designed to fulfil the requirements in the Medical Devices Directive (MDD), Medical Device Regulation (MDR), applicable parts of 21 CFR, including but not limited to Part 820 (QSR), and EN ISO 13485:2016. The QMS at Observe Medical holds a Certificate of Registration on that the QMS has been registered by Intertek (0413) as conforming to the requirements of SS-EN ISO 13485:2016. The certified scope is; "Developing, manufacturing and sales of medical device systems for managing and measuring of body fluid".

Observe Medical has established its own Quality Manual, which describes the overall structure, content, and purpose of the company's Quality Management System (QMS), as well as Quality Objectives with clear responsibilities. The company's Risk Policy outlines the criteria for determining product risk acceptability towards patients and users. Furthermore, Observe Medical has implemented a Quality Policy stating the company's commitment to complying with applicable regulatory requirements, laws, and guidelines, and to ensuring that products are delivered at the right time, to the right place, and with the promised quality.

Ensuring high quality products and processes is a prerequisite for the Group's contribution to



value creation and for ensuring the trust of its stakeholders. Observe Medical's overarching goal is to comply with the industry code of conduct in all markets, and standards relating to risk management, such as the ISO 14971 standard for Medical Devices. The company conducts quality checks on a regular basis, all products are CE-marked or FDA approved, and products developed by Observe Medical AB has been verified and validated prior to launch and is manufactured according to established requirements to achieve high quality and product safety.

FUTURE GOALS AND TARGETS

Looking ahead, we remain dedicated to enhancing our sustainability efforts and achieving our long-term goals. Our targets for the upcoming years include:

- Investigate alternative materials that are more sustainable, recyclable, and safer to handle after use, potentially replacing PVC in some products. While PVC is commonly used, we aim to identify materials that reduce the environmental impact without compromising functionality or safety.
- Increase the product's lifespan and functionality to reduce waste and the frequency of replacement. Focus on designing urine meters and bags to last longer, thus minimizing their environmental footprint.

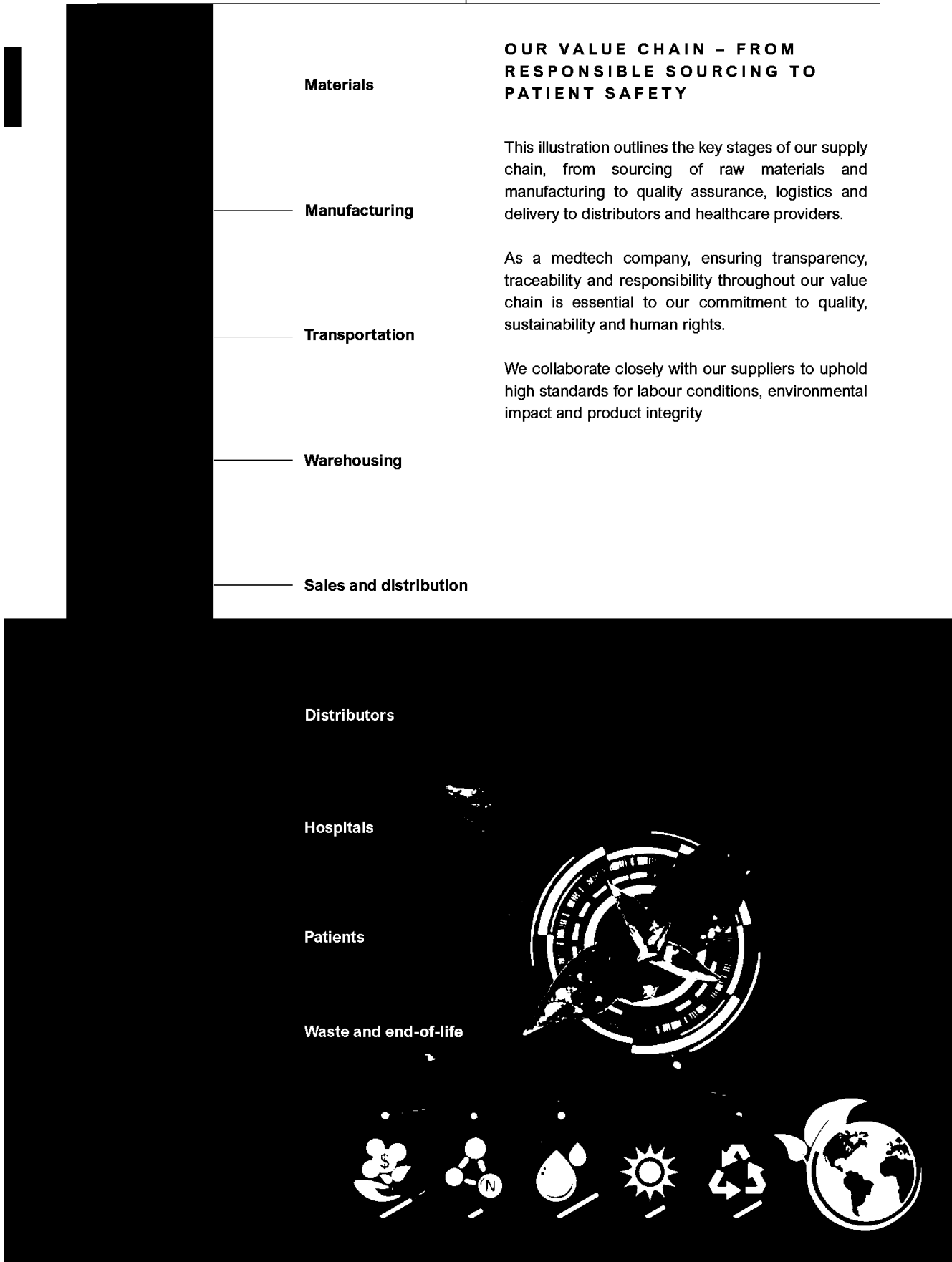
The products in pipeline like UnoMeter™ Safeti™ Max with patented infection control will likely have a longer durability due to slower growth of bacteria and will typically have a lower carbon footprint over time, as

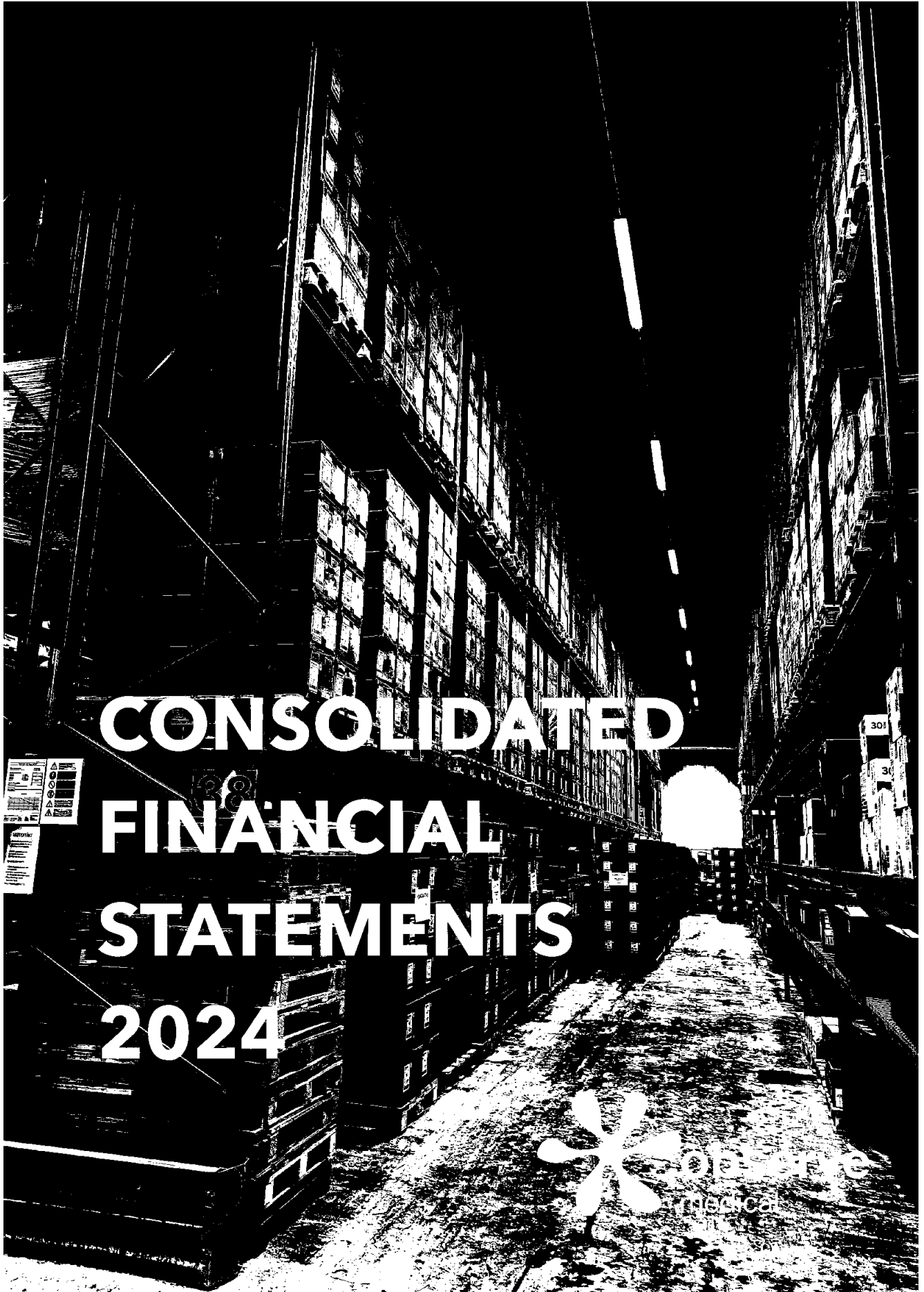
they reduce the need for frequent replacements and disposal.

Launching the digital urimeter Sippi® will significantly contribute to reduce the use of plastic materials, as the product consists of a digital base unit with an expected life span of 3 years, and a disposable bag which is expected to have a longer durability due to the patented infection control, Sippcoat®.

Recycling urine bags is challenging due to contamination, safety concerns, and lack of infrastructure. In many cases, it may not be feasible to recycle these products directly, and incineration is often used instead.

- Optimize logistics to reduce carbon emissions, through consolidation of orders and research and partner with carriers that have a demonstrated commitment to sustainability.
- Use a life cycle assessment (LCA) approach to evaluate the carbon emissions associated with each product, from raw material to end-of-life disposal. This can help identify areas where improvements can be made, such as materials sourcing, manufacturing processes, and product disposal.
- Further work to understand how to reduce our environmental footprints, direct and indirect and establish a Group Environmental Policy with guidelines that outline how to improve environmental performance.
- Seek gender balance in senior management positions





**CONSOLIDATED
FINANCIAL
STATEMENTS
2024**





CONSOLIDATED FINANCIAL STATEMENTS

Observe Medical Group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2024	2023 <i>Restated</i>
<i>(Amounts in NOK thousand)</i>			
Operating revenues	7	17 228	27 942
Other income	7	1 255	0
Cost of materials	13	15 409	18 655
Gross result		3 074	9 287
Employee benefit expenses	8,9	16 138	25 964
Other operating expenses	11	16 955	26 270
Operating expenses		33 093	52 234
Operating result before depreciation and amortisation (EBITDA)		-30 019	-42 947
Depreciation and amortisation	16,17	14 380	14 156
Impairment of goodwill	17	2 675	67 106
Operating result (EBIT)		-47 074	-124 209
Financial income and expenses			
Financial income		5 677	7 523
Financial expenses		17 329	18 397
Net financial items	12	-11 652	-10 874
Result before tax		-58 727	-135 082
Income tax expense	22	0	17
Result for the period		-58 727	-135 099
<i>Result for the period attributable to:</i>			
Equity holders of the parent company		-58 727	-135 099
Other comprehensive income that may be reclassified subsequently to profit or loss			
Currency translations differences		2 367	7 244
Total comprehensive income/loss for the period		-56 360	-127 855
<i>Total comprehensive income attributable to:</i>			
Equity holders of the parent company		-56 360	-127 856
Basic earnings per share (NOK per share)	14	-0.26	-2.34
Diluted earnings per share (NOK per share)	14	-0.26	-2.34



Observe Medical Group

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS				
<i>Amounts in NOK thousand</i>	Note	At 31 December 2024	At 31 December 2023	<i>Restated</i>
Non-current assets				
Goodwill	17	33 067	35 208	
Intangible assets	17	97 658	109 191	
Tangible assets	16	196	1 957	
Total non-current assets		130 921	146 356	
Current assets				
Trade receivables	18	2 759	3 117	
Inventories	19	5 327	6 890	
Other receivables and prepaid expenses		1 661	3 571	
Cash and cash equivalents	6	1 978	13 676	
Total current assets		11 726	27 254	
Total assets		142 647	173 610	
EQUITY AND LIABILITIES				
<i>Amounts in NOK thousand</i>	Note			
Share capital	24	75 108	49 578	
Share premium	24	288 433	277 970	
Other paid-in equity		11 800	11 800	
Total paid-in equity		375 342	339 349	
Uncovered losses		-354 206	-298 480	
Total equity		21 136	40 868	
Non-current liabilities				
Contingent consideration	21	0	1 560	
Non-current interest bearing liabilities	20	61 642	50 790	
Other non-current liabilities	20	0	19 509	
Total non-current liabilities		61 642	71 859	
Current liabilities				
Trade payables		18 120	17 847	
VAT and other public taxes and duties payables		7 698	10 574	
Interest bearing current liabilities	20	21 728	4 477	
Current lease liabilities	15	0	656	
Other current liabilities		12 324	27 329	
Total current liabilities	20	59 870	60 883	
Total liabilities		121 511	132 742	
Total equity and liabilities		142 647	173 610	



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	Capital not paid in	Uncovered losses	Translation differences	Total
Equity as of 1 January 2023	13 908	283 700	11 800	309 409		-159 205	-11 898	138 306
Share issue	35 670			35 670				35 670
Transaction costs		-5 730		-5 730				-5 730
Share options						478		478
Net loss of the period						-135 099		-135 099
Translation differences							7 244	7 244
Equity as of 31 December 2023 (restated)	49 578	277 970	11 800	339 349	0	-293 827	-4 654	40 868
Equity as of 1 January 2024	49 578	277 970	11 800	339 349	0	-293 827	-4 654	40 868
Share issue	25 530	13 747		39 277				39 277
Transaction costs		-3 284		-3 284				-3 284
Share options						634		634
Net loss of the period						-58 727		-58 727
Translation differences							2 367	2 367
Equity as of 31 December 2024	75 108	288 433	11 800	375 342	0	-351 919	-2 287	21 136



CONSOLIDATED CASH FLOW STATEMENT

<i>(Amounts in NOK thousand)</i>	Note	2024	2023 <i>Restated</i>
Cash flow from operating activities			
Result before tax		-58 727	-135 082
Tax paid		0	36
Depreciation and amortization		14 380	14 156
Impairment of goodwill		2 675	67 106
Gain(-)/Loss(+) from sale of fixed assets		-55	0
Change in net finance, no cash effect		2 085	14 420
Change in inventories		1 563	1 227
Change in trade receivables and other receivables		1 798	515
Change trade payables and other current liabilities		8 848	13 168
Net cash flow from operating activities		-27 432	-24 454
Cash flow used in investing activities			
Sale of tangible and intangible assets		790	392
Purchase of tangible and intangible assets		-1 841	-8 018
Net cash flow from investing activities		-1 051	-7 626
Cash flow from financing activities			
Share issues	24	22 922	33 431
Transaction costs		-3 284	-4 980
Payment of interest-bearing debt	19	-2 378	-68
Loans received		0	5 000
Payment of lease liabilities		-501	-1 643
Net cash flow from financing activities		16 759	31 740
Currency translation differences			
		27	377
Change in bank deposits		-11 698	37
Bank deposits start of period		13 676	13 641
Bank deposits at the end of period	6	1 978	13 676



EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

Observe Medical ASA is a Norwegian limited liability, public listed company located in Norway and whose shares are public traded on Euronext Expand Oslo. Its head office is located in Dronning Eufemias gate 16, 0191 Oslo, Norway. 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 wireless and pocketable ultrasound probe, Biim. Observe Medical introduced in 2023 UnoMeter™, a manual Urine Measurement system and intra-abdominal pressure measurement solution to a broad global distribution network. The manual system is an important step for Observe Medical to be established as a preferred supplier in this segment which will create a unique market access channel for Sippi® to the market.

The Group consists of the following companies: Observe Medical ASA (Oslo, Norway), Observe Medical AS (Oslo, Norway), Observe Medical AB (Gothenburg, Sweden), Observe Medical Nordic AB (Gothenburg, Sweden), Observe Medical ApS (København, Denmark), Biim Ultrasound AS, (Oslo, Norway), Biim Ultrasound Oy (Finland) Biim Ultrasound Inc. (USA).

The Group's activities are described in the Board of Director's report.

The consolidated financial statements for Observe Medical ASA ("OM group" or "the Group"), including notes, for the year 2024 were approved by the Board of Directors of

Observe Medical ASA on May 29, 2025 and will be proposed to the Annual General Meeting.

Going Concern assumption and liquidity

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

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. Going forward, the Group will need to raise more equity, issue debt instruments or divest assets to fund further development of ongoing business.

The Group has previously communicated that the net proceeds from the rights issue in 2023 were not sufficient to cover the working capital requirements for continued product development and operation of the ultrasound business, Biim Ultrasound AS. There has been a process where various strategic alternatives being assessed, including advanced discussions with Fresenius Medical Care about the next step towards a final investment decision. Currently the Group is awaiting such decisions.

The Group continues talks with potential financial providers and investors to support further operations and growth with equity and debt funding, in addition to exploring alternatives to reduce funding needs. On 10th April 2025, Observe Medical announced agreements in principle with Convatec and Navamedic to reduce their combined debt position from NOK 82 million to NOK 41 million,



with an adjusted payment plan for the remaining debt. The Company has engaged in constructive dialogue with existing shareholders and new investors, who have indicated a willingness to contribute NOK 25 million in equity, subject to the debt reductions being finalized. Additionally, negotiations with smaller unsecured creditors have been initiated to further manage the funding structure. There remains a risk that adequate sources of funds may not be available, or available at acceptable terms and conditions, when needed, and material uncertainty persists regarding the going concern assumption until sufficient capital injection is secured.

Reference is made to note 5 Financial Risk management for further information on liquidity risk.

NOTE 2 – ACCOUNTING POLICIES

The accounting policies applied, and the presentation of the consolidated financial information are consistent with the previous annual financial statements for the year that ended 31 December 2023.

Correction of errors – restatement

As disclosed in the stock announcement as of 25.10.2024 and 14.05.2025, the company acknowledged certain accounting errors identified by the Financial Supervisory Authority of Norway's ("NFSA") review of certain topics related to the 2023 annual financial statements and the interim report for the first half of 2024. During this review, the company acknowledged certain accounting errors, which have been corrected in this report in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The annual financial statements reflect the retrospective restatement of the following prior period errors:

1. Following discussions with the NFSA the Company has concluded that capitalized development costs of NOK 4.5 million did

not qualify for capitalization and should have been expensed as operating expenses. The expenses were related to the development of UnoMeter™500 and obtaining the required regulatory approval. The effect is that operating expenses of NOK 4.5 million should have reduced the profit for the 12-month period ended 31 December 2023. Other intangible assets should have been NOK 4.5 million lower and reversed amortization expenses following the reduced capitalization with positive effect of 0.3 million for the period ended 31 December 2023 and for the year ended 31 December 2023, as well as NOK 0.5 million for the 6-month period ended 30 June 2024 and NOK 0.5 million for the 6-month period ended 31 December 2024. The correction had no effect on the 6-month period ended 30 June 2023. The corrected error has no cash effect.

2. Following discussions with the NFSA the Company has concluded that the acquired assets and seller credit² should have been recorded at amortized cost based on an estimated 12% market interest rate, based on the group's situation and risk profile. The group of acquired assets and seller-credit should have been recognized at a lower value of NOK 7 million in the financial position as of 31 December 2023 and 30 June 2024. Calculated interest expenses of NOK 0.5 million should have reduced the profit for the 6-month period ended 31 December 2023, and NOK 1.0 million for the 12-month period ended 31 December 2023, with no effect on the 6-month period ended 30 June 2023. Additionally, NOK 2.1 million should have reduced the profit for the 6-month period ended 30 June 2024, and NOK 1.5 million for the 6-month period ended 31 December 2024. The calculated interest reduces the profit and increases the seller-credit. The corrected error has no cash effect.
3. Following discussions with the NFSA, the Company has decided that a fair share of

² The asset transfer agreement entered into on 11 September 2023, between Observe Medical AS and Unomedical regarding the UnoMeter™ Portfolio



the discounted consideration of NOK 37.5 million should have been allocated to the Convatec License Agreement as a separate identifiable asset of NOK 4.3 million, technical documentation related to the Unometer products should have been valued at NOK 4.4 million and the information received about historical customers-/distribution information should have been valued at NOK 0.8 million. These assets with definite estimated lifespan should have been amortized resulting in higher amortization.

The Company has concluded that a predominant portion of the fair value of the consideration relates to the UnoMeter™ trademark for which NOK 28 million have been allocated to. The trademark has been assessed to have an indefinite lifespan and will consequently not be amortized but subject to annual impairment testing. The Company have assessed the UnoMeter™ trademark to have significant value due to its established reputation and market recognition. See note 17 for more information about the UnoMeter™ trademark and the other assets acquired in the Unometer seller-credit / asset transfer agreement.

The reallocation between assets has increased amortization expenses as follows: NOK 0.45 million, reducing the profit for the 6-month period ended 31 December 2023, and NOK 0.9 million for the 12-month period ended 31 December 2023, with no effect on the 6-month period ended 30 June 2023. NOK 1.3 million, reducing the profit for the 6-month period ended 30 June 2024, and NOK 1.3 million for the 6-month period ended 31 December 2024. The intangible assets should therefore have been correspondingly lower by NOK 0.9 million as of 31 December 2023, and by an additional NOK 1.3 million as of 30 June 2024, and a further NOK 1.3 million as of 31 December 2024. The correction has no cash flow impact and does not materially affect the Company's financial position.

4. Following discussions with the NFSA the Company has reassessed the impairment assessments as per 31 December 2023 and decided to restate the 2023 comparable figures with a write down of goodwill related to the Ultrasound Cash Generating Unit (GCU) of NOK 67.1 million which reduces the loss for the 6-month period ended 31 December 2024 and for the full year ended 31 December 2024, while increases the loss by NOK 67.1 million for the 6-month period ended 31 December 2023 and for the full year ended 31 December 2023. The effect for these periods, and the interim period 6-month ended 30 June 2024, is that the company's goodwill should have been NOK 67.1 million lower. There was no effect on the 6-month period ended 30 June 2023. Please refer to note 17 for impairment assessments per 31.12.2024.
5. Following discussions with the NFSA the Company has decided that the accounting treatment for the loan renegotiation with Navamedic in November 2023 was not correct and that a calculated modification effect should have been recognized as an interest expense, increasing the debt obligation and reducing profit by NOK 0.8 million for the 6-month period ended 31 December 2023, with no effect on the 6-month period ended 30 June 2023, and NOK 0.8 million for the 12-month period ended 31 December 2023. Furthermore, an interest expense of NOK 0.3 million related to this adjustment affected the profit for the 6-month period ended 30 June 2024, and NOK 0.3 million for the 6-month period ended 31 December 2024. These adjustments have been made retrospectively. The corrected error has no cash effect.
6. When reassessing the acquired assets the Company decided to reverse additional NOK 0.75 million previously capitalized expenses related to the transaction. The operating expenses for the 6-month period ended 31 December 2023 have increased, with no effect on the 6-month period ended 30 June 2023. The corrections should have



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reduced profit for the 6-month period ended 31 December 2023 and for the full year ended 31 December 2023, resulting in a corresponding reduction of NOK 0.75 million in capitalized assets. There is no additional profit and loss effect for the 6-month period ended 30 June 2024 or the 6-month period ended 31 December 2024, though the balance sheet reflects the reduced capitalization of NOK 0.75 million as of those dates. The corrected error has no cash effect.

The errors have been corrected by restating each of the affected financial statement line items for the prior periods.

<i>Amounts in NOK thousand</i>	Second half		First half		Year	
Summary of effect of corrections	2024	2023	2024	2023	2024	2023
Other operating expenses	-	5 254	-	-	-	5 254
Operating result before depreciation and amortisation (EBITDA)	-	- 5 254	-	-	-	5 254
Depreciation and amortisation	1 329	586	1 329	-	2 659	586
Impairment of goodwill	-67 106	67 106				67 106
Operating result (EBIT)	65 777	-72 946	-1 329	-	-2 659	- 72 946
Net financial items	1 343	1 792	1 444	-	2 787	1 792
Result for the period	64 433	-74 737	-64 433	-	-5 446	- 74 737
Intangible assets	-1 329	-12 820	-1 329	-	-2 659	- 12 820
Goodwill	-	-67 106	-67 106			- 67 106
Total Assets	-1 329	-79 926	-68 435	-	-2 659	- 79 926
Seller credit Convatec	-1 343	5 951	-2 148	-	-3 491	5 951
Navamedic Loan		-763	704	-	704	- 763
Total Liabilities	-1 343	5 189	-1 444	-	-2 787	5 189
Total Equity	64 433	-74 737	-69 879	-	-5 446	-74 737
EPS	0.48	-1.21	-0.68	-	-0.02	-1.30

Changes from the interim report for the 6-month period ended 31 December 2024: The following corrections were not restated in the interim report due to receiving the final conclusions from the NFSA after publishing the interim report. The following summary provides information of the additional changes in 2023 comparable figures recognized in the Annual Report for 2024 (with effects on profit and loss highlighted in bold):

- **Goodwill Write-Down:** Following discussions with the NFSA the Company has decided that the write-down of goodwill of **NOK 67.1 million** should have been recorded in 2023 and is adjusted in the 2023 comparable figures in the 2024 financial statements.
- **Capitalized Expenses:** Following discussions with the NFSA the Company has decided that additional capitalized development costs should be expenses in 2023, resulting in additional **NOK 2.8 million** being expensed in the 2023 comparable figures, reducing the profit for the 12-month period ended 31 December 2023.
- **Convatec Transaction:** Following discussions with the NFSA the Company has decided that a relative share of the consideration for the Convatec transaction should have been allocated to the related license agreement and to information about customers/distributors. This has resulted in higher amortization expenses of NOK 1.1 million in H2 2024 and **NOK 2.2 million** for the full year. In addition, the Company has decided to expense **NOK 0.75 million** previously capitalized related to the transaction.



NOTE 3 – BASIS OF PREPARATION AND STATEMENTS

The group prepares its consolidated annual financial statements in accordance with IFRS® accounting standards as adopted by the EU.

Preparing financial statements in accordance with IFRS requires the use of estimates.

Furthermore, applying the Group's accounting policies requires the management team to use

its judgment. Areas that involve a high degree of estimation and a high degree of complexity, or areas where assumptions and estimates are significant for the Group's financial statements, are described in Note 4.

The Group's financial statements have been prepared based on historical cost, with the exception of contingent consideration which is recognized at fair value through profit or loss.

The basis and policies are applied consistently in all the periods presented, unless the description states otherwise.

New and amended standards adopted by the group

New or amended standards and interpretations issued during the current period, effective from 1 January 2024, are not expected to have material impact on the entity in the current or future periods.

New standards and interpretations not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements was issued on 9 April 2024. IFRS 18 is not mandatory for 31 December 2024 reporting period and has not been early adopted by the group. The group is in process of assessing the impact of IFRS 18 on the group's reporting. Other new or amended accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the

group. These standards are not expected to have a material impact on the entity in the current or future reporting periods.

The basis for preparation and material accounting policy information used in the preparation of the consolidated financial statements are described below. The basis and policies are applied consistently in all of the periods presented, unless the description states otherwise.

Basis of Consolidation

Companies that have been controlled by Observe Medical ASA, have been fully combined and consolidated for all periods presented for the purpose of these financial statements ("subsidiaries"). Control exists when an entity is exposed, or has rights, to variable returns from its involvement with the investee and is able to affect those returns by exercising power over the investee. Power means existing rights that provide the investor with the ability to direct relevant activities, i.e. the activities that significantly affect the investee's returns. There are no non-controlling interests for the periods presented. Intra-group income, expenses, and balances are eliminated in preparing the Groups financial statements.

Segment Information

For management purposes, the Group has one operating segment, consistent with the reporting to the chief operating decision maker, consisting of the CEO and the Board of Directors, and three cash generating units (CGU's) consisting of Urine Measurement, Ultrasound and Other/distribution business.

Translation of Foreign Currency

The consolidated financial statements are presented in Norwegian kroner (NOK). Foreign companies that are part of the Group and have different functional currencies are converted to Norwegian kroner. Monthly average exchange rates are used as an approximation of the transaction exchange rate. Translation differences are included in the total comprehensive income. All values are rounded



to the nearest thousand (NOK 000), except when otherwise indicated.

Intangible Assets and Goodwill

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Goodwill is not amortized. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The Group capitalizes costs for product development projects. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product

development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the asset, discount rates to be applied and the expected period of benefits. For the year 2024, capitalized expenditures are related to development of the UnoMeter™ Safeti™ Plus.

Impairment of Non-Financial Assets

Tangible assets and intangible assets with finite useful lives are assessed for impairment when there are indications of impairment. An impairment amounting to the difference between the carrying value and recoverable amount is recognized through profit or loss. The recoverable amount is the highest of value in use and fair value less cost of disposal. When assessing possible impairment, assets are grouped at the lowest level that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. Goodwill is not amortized but tested at least annually for impairment.

Inventories

Inventories are measured at the lower cost and at net realizable value (NRV). To determine cost the company uses the first-in, first-out method (FIFO). Net realizable value is the estimated selling price and the estimated costs necessary to make the sale. If NRV has fallen below cost, a write-down must be recognized in the period. Adjustments to inventory (e.g., obsolescence) must be recognized as they occur.

Financial Assets

The company has financial assets in the category of amortized cost, which primarily consist of short-term receivables and bank deposits. Accounts receivables are initially measured at the transaction price. Other financial assets are initially recognized at fair value in addition to transaction costs and then at amortized cost using the effective interest method adjusted for impairment. The company uses historical figures to calculate provision for



expected credit losses on trade receivables. A significant proportion of the customers are public customers/healthcare institutions and hospitals, and historically the company has immaterial credit losses for the periods presented, no credit losses have been realized and no provisions for expected credit losses have been recognized.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise bank deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank deposits as defined above.

Financial Liabilities

Financial liabilities are measured at amortized cost and consist of interest-bearing debt to Navamedic ASA, Business Finland and instalments of the Seller credit to Convatec regarding to acquirement of UnoMeter™, in addition to payables. The contingent consideration related to the acquisition of Sippi® is assessed to have a fair value of zero as of 31 December 2024, as no future payments are expected based on current projections.

The Company accounts for financial liabilities in accordance with IFRS 9 Financial Instruments. Modifications to financial liabilities are assessed as substantial or non-substantial. Non-substantial modifications result in an adjustment to the carrying amount, with any gain or loss recognized in profit or loss. Substantial modifications lead to derecognition of the original liability and recognition of a new loan.

Income Tax

The tax expense consists of tax payable and deferred tax. The Group has historically operated with significant losses for tax and accounting purposes. The Group has operations, and tax losses carried forward, in Norway, Denmark and Sweden. So far, the Group has had no basis for recognition of net deferred tax assets according to IAS 12 Income taxes. For all periods presented, the Group has reported zero net deferred tax assets or income

tax expense. Deferred tax assets and deferred tax is offset if there is a legally enforceable right to offset assets in the event of tax payable against liabilities in the event of tax payable, and the deferred tax assets and deferred tax relate to income tax that is imposed by the same tax authority for either the same taxable enterprise or different taxable enterprises that intend to settle liabilities and assets in the event of tax payable net. At the acquisition of Observe Medical International AB in 2015, deferred tax asset was recognized on tax losses carried forward in the same amount as deferred tax liability recognized on the fair value adjustments of the technology intangible assets, with net zero deferred tax recognized. In subsequent periods, the deferred tax asset has been reduced in line with the reduced deferred tax liability on the intangible assets.

Pensions

The Group has entered into a mandatory defined-contribution pension scheme for all employees. The contributions are recognized as payroll expenses as the obligation to pay contributions accrue.

Revenue Recognition

The Group is in the business of providing medtech products to customers globally. Revenue recognition for products and revenue streams have the same principle. Revenue from customers is recognized at the point in time when control of the goods is transferred to the customer, generally at the agreed place of delivery. The customers have no return rights if the delivery is according to the agreed specification and quality. Revenues are recognized based on the agreed price, less any discounts. The Group's contracts primarily involve the sale of goods, with each delivery representing a single performance obligation satisfied at a point in time. For contracts with multiple or complex performance obligations, revenue is recognised based on the allocation of the transaction price to each obligation as per IFRS 15, but no performance obligations in 2024. Invoices are issued upon delivery with payment terms typically ranging from 15 to 30 days.



Leases

The Group recognizes right of use assets and lease liabilities for leases, except for agreements with a lease period of less than one year or where the value of the underlying asset is low. Depreciation, impairment, and interest expenses must be recognized in the consolidated statement of comprehensive income. For lease contracts for which the lease term is less than one year or where the value of the underlying asset is low the lease payments are recognized as an expense on a straight-line basis over the lease period.

Share Options

The Group has one share options scheme under which options to subscribe for the Group's shares have been granted to certain senior executives (employee stock option plan under which an employee is granted the right to purchase shares at a fixed price). The fair value of options granted to members of management is recognized as employee benefit expense with a corresponding increase in equity for equity settled awards. There are no cash settled share options. The total amount to be expensed is determined by reference to the fair value of the options granted. The total expense is recognized over the vesting period. Social security contributions payable in connection with an option grant are treated as cash-settled transactions and expensed as employee benefit expenses.

Events after the balance sheet date

Information on the Group's positions at the balance sheet date is considered in the annual financial statements. Events after the balance sheet date that do not affect the Group's position at the balance sheet date, but which will affect the Group's position in the future, are stated if significant. Please refer to note 25.

NOTE 4 – SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the Group's consolidated financial statements in conformity with IFRS

requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Business combinations and asset acquisitions

Estimations that management have made as part of the application of the entity's accounting policies and that have the most significant impact on the amounts recognized in the financial statements are related to the acquisition of OMI AB in 2015, Sylak AB in 2020, and Biim Ultrasound AS in 2022, purchase of UnoMeter™ assets in 2023.

As part of the business combination, the management has based their judgments on assumptions and estimates of the fair values of assets and liabilities acquired, as well as the fair value of the contingent consideration. These assumptions and estimates at the acquisition



date affect the classification and carrying amounts in the balance sheet and subsequent amortization, depreciation, change in fair value through profit or loss for contingent consideration and potential for impairment charges.

Development costs

The Group capitalizes costs for product development projects. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. Capitalization of further development costs requires documentation that all criteria for capitalization of own development still are met, including that sufficient resources are available to complete the development and management's expectations and estimates of future economic benefits to be generated by the assets.

Impairment of non-financial assets

In accordance with IAS 36, impairment is recognised when the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, defined as the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU)

Management has assessed and concluded that FVLCD is lower than the value in use, primarily due to the lack of commercial history for the Company's products, meaning that any disposal of assets is expected to generate lower cash flows than their continued use and commercialization. Consequently, the recoverable amount for impairment testing purposes has been determined based on value in use.

The VIU is calculated using a discounted cash flow (DCF) model based on the Group's five-year cash flow estimates. These estimates rely heavily on expected future orders and agreements, which are subject to high uncertainty. Key assumptions include the discount rate, expected cash inflows, growth

rates used for extrapolation, gross margin and EBITDA margin, all of which are sensitive and carry a risk of material adjustments to the carrying amounts in future periods, particularly for goodwill and intangible assets with indefinite useful lives.

Sources of estimation uncertainty with a significant risk of a material adjustment to the carrying amount in the following period relates primarily to the measurement of goodwill, technology assets and other intangible assets. The estimation uncertainty arises from the limited historical data supporting commercialisation, the reliance on future orders and agreements, and the inherent volatility in forecasting future cash flows. Key assumptions used in determining the recoverable amount for different CGUs, along with a sensitivity analysis, are disclosed and further explained in Note 17.

Deferred tax asset

The Group has so far not been able to demonstrate convincing evidence of future taxable profits to be able to recognize net deferred tax assets on its tax losses carried forward according to IAS 12.

Contingent consideration

The contingent consideration relates to the purchase of Observe Medical International (OMI) AB and the assessment is based on estimated cash flows from the Sippi® product. The period of estimation is until the end of 2026. The remaining estimate uncertainty related to contingent consideration is the estimated cash flows from Sippi until the end of 2026. As management does not expect Sippi sales to exceed the milestone levels in the agreement, the contingent consideration is measured at zero. See note 21 for further details

NOTE 5 – FINANCIAL RISK MANAGEMENT

The Group's operations are exposed to various types of financial risk: market risk (including currency risk, interest risk, and price risk), credit risk, and liquidity risk.



Market Risk

The Group believes that such risk primarily arises in relation to the future sales of the Group's products, measured in terms of both price and volume. Factors that can influence market risk include increased competition, instructions to reduce prices from the authorities, and competition from existing and future medtech companies. It is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

It is important that the Group can establish and keep its UnoMeter™ products in the market that Convatec left behind when withdrawing from the hospital care market and focusing on chronic care markets. Increased competition may lead to reduced revenue potential and gross margin for Observe Medical's products.

Following any liquidity risk, if by any case the Group is unable to fulfill the terms of the contract related to the purchase of UnoMeter™ from Convatec, including payment of the contracted instalments of the seller credit, there is a risk that Observe Medical will have to suspend its sales under the UnoMeter™ brand.

A significant market risk relates to the supply agreement with Fresenius Medical Care for Biim Ultrasound devices, which is a key revenue source. The contract was extended in May 2024 for two years. A potential non-renewal after 2026, posing a substantial risk to future revenues.

The markets in which the Group operate are highly competitive and there is strong competition in developing and bringing new health care products to the market. Some competitors have advantages, such as vertical integration, product diversity, greater financial resources or economies of scale, which may adversely affect the Group's ability to compete on sustainable terms. Although the Group is currently not aware of any new successful competing products within Digital Urine Output Measurement (Sippi®) being introduced or

developed, there is a possibility that other companies develop competing products that achieve the same results as the Group's products and as such compete for market shares against the Group. There is also a possibility that a competing product will have alternative or new solutions which outdate the technology that is used by the Group.

Operational Risk

Geo-political factors, such as the Russian invasion of Ukraine and the war in the Middle East as well as implications after the Covid-19 pandemic, has resulted in a rapidly evolving geo-political situation and introduced a new set of challenges with respect to maintaining business continuity. These events have been disrupting global supply chains which can impact our suppliers' ability to access materials in time, which in turn could lead to lack of components and delay the production of devices. Moreover, the geo-political situation could also create challenges related to logistics and delay in shipments. Consequently, this could lead to reduced revenue potential and gross margin for Observe Medical's products.

Rapid geo-political changes may impact both access to market, transportation, tariffs and taxes. There has also been a rise of protectionism leading to tariffs and sanctions which could disrupt trade lanes. The US-China relationship could potentially influence sourcing patterns and tariff costs. The company is following the situation closely and is aware that production in Asia increase the risk exposure. The Biim probe is currently being manufactured in the US.

There is a risk that key personnel may leave the Company and interrupt business continuity. Operational risks also include errors that may occur at contracted suppliers and manufacturers of the Group's products and Observe Medical has processes in place to mitigate these risks.

Climate Risk

The Group evaluates climate-related risks connected to its operations and important parts



of the value chain. Rapid climate changes may impact on the Group's financial estimates, access to market, cost of materials, transportation and taxes. The Company currently sees limited risk and monitoring of these risks is going to continue in the future.

Currency Risk

For the periods presented, currency risk has primarily been related to payables and receivables within the Observe Medical group and related parties. Payroll and operating expenses are generally incurred in the currency of the country in which the individual company is registered (NOK, SEK, DKK, EUR and USD). For the entities in the USA and Finland, where operating expenses are incurred in USD and EUR, respectively, there is currently no income and low expenses. This creates currency risk when NOK-denominated funding is converted to USD or EUR to cover expenses or debt.

The seller credit to Convatec is denominated in USD. A +/- 10% change in NOK against USD will have an effect of approximately NOK 4 million. In Finland, the group has a government innovation loan related to Biim of approximately EUR 400 thousand. A +/- 10% change in NOK against EUR will have an estimated effect of approximately NOK 0.45 million.

Going forward, revenues are expected to be generated primarily in EUR and USD, with some revenues in the companies' functional currencies (e.g., NOK or SEK). For the UnoMeter™ portfolio and other products, the cost of goods sold is mainly in USD and EUR, while the majority of sales revenues are currently in EUR and USD. Currency risk arises when revenues in foreign currencies are translated into the company's functional currency and when trade receivables in EUR or USD are affected by exchange rate fluctuations until settlement. Expected sales growth in the coming months and years will increase exposure to foreign currencies, particularly EUR and USD. However, as the company becomes self-financing through its operations, the currency risk is expected to be reduced due to improved cash flow and reduced reliance on external financing. The group has not yet

implemented specific currency hedging strategies to manage this risk

Credit Risk

For the periods presented, the Group has had low exposure to credit risk from its customers. The company's customers have been mainly large public enterprises and larger distributors that represent a low credit risk. As the company grows through global expansion, the credit risk may somewhat increase. However, the Group has an agreement with Avida on the purchase of receivables. This agreement both reduces the credit risk and improves the Group's working capital. The factoring agreement is without recourse.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle its financial obligations as they fall due. The Group has utilized a combination of equity financing, debt financing, and seller credit to meet liquidity requirements relating to financial obligations, covering operational losses and investments. See note 20 for information of when payments of the Group's financial obligations are due.

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. Going forward, the Group will need to raise more equity, issue debt instruments or divest assets to fund further development of ongoing projects and future operations. As outlined in note 1, the board is engaging in a group of investors who have indicated a conditional willingness to provide new liquidity of NOK 25 million. The key condition to these indications is a substantial reduction in the Company's existing debt.

If the Group is not able to successfully obtain the required capital at acceptable terms, material uncertainty would exist as to whether the Company will be able to continue as a going concern. Should this occur, the Board of Directors may evaluate further strategic options including the restructuring, sale, bankruptcy



proceedings or dissolution of the Company. In case of a situation where funds may not be available in the amount needed, the value of assets can be lower than presented in the financial statements. However, this is not reflected in the valuation of the assets, as the annual accounts are based on the assumption of going concern. Reference is also made to the going concern assumption.

Variable Interest Rate Risk

The Group is exposed to variable interest rate risk as the interest-bearing liabilities to Navamedic ASA is agreed at interest at 3-month NIBOR + 6% (percentage points). A sensitivity analysis indicates that a +/- 1% change in the 3-month NIBOR rate would impact the Group's annual interest expense by approximately NOK 400 thousand. The liability towards Convatec Plc. from the purchase of the UnoMeter™

portfolio are in USD and has a fixed interest rate of 7.8%. Fluctuations in interest rates also do not pose a significant risk on the Group's bank deposits. The Group has not hedged its interest rate exposure.

Management of Capital

The Group has so far not had any expressed goals or requirements in relation to management of capital. Focus in the short term will be to ensure continued operations to further develop and commercialize UnoMeter™ Safeti™ Plus, UnoMeter™ Safeti™ Max, Sippi@ and the Biim ultrasound probe. In the longer term, goals will include securing returns for its owners, and maintaining an optimal capital structure to reduce capital expenses. So far, the Group has not had any debt with financial covenant restrictions

NOTE 6 – BANK DEPOSITS

Bank deposits as at December 31, 2024 of NOK 1 978 thousand where of NOK 191 thousand was restricted (tax withholding account). As at December 31, 2023 NOK 949 thousand were restricted.

NOTE 7 – REVENUES AND OTHER INCOME

Amounts in NOK thousand

Revenue per product group	2024	2023
Urine Measurement	11 487	8 285
Biim Ultrasound	0	1 207
Nordic distribution portfolio ¹⁾	5 614	15 589
Other	128	2 862
Operating revenues	17 229	27 943
Other income ²⁾	1 255	0

¹⁾During the period, the company transferred certain customer contracts and inventory to Vingmed as part of a strategic restructuring initiative. The transaction does not constitute a disposal of a separate major line of business under IFRS 5 and is therefore not classified as a discontinued operation. The company continues to operate within the same industry and market, serving existing customers and generating revenue from its remaining product and service offerings.

²⁾Indemnity settlement agreement related to the Biim acquisition leading to other income of NOK 1.2 million in 2024. Sale of company car leading to gain from sale of assets of NOK 55 thousand.



NOTE 8 – PAYROLL EXPENSES

Amounts in NOK thousand

	2024	2023
Salaries	11 381	18 172
Remuneration to the Board and Nomination Committee	1 300	1 320
Employer's tax	1 628	3 592
Share options for employees	634	478
Pension expenses – defined-contribution scheme	894	2 193
Other payroll expenses	300	209
Total	16 138	25 964

Average number of full-time equivalents	6,2	15,3
Headcount at 31 December	5	9

NOTE 9 – REMUNERATION TO CORPORATE MANAGEMENT AND BOARD OF DIRECTORS

In accordance with the Norwegian public Limited Companies Act §6-16 a, the board of directors prepares a separate statement related to the determination of salary and other benefits for the corporate management. This report can be found on the Company's web page observemedical.com. The total remuneration to the corporate management consists of basic salary (main element), bonus, benefits in-kind and pension schemes, but varies from person to person. The Group's Chief Executive Officer determines the remunerations to other management in agreement with the Chair of the Board of Directors. The total remuneration is determined based on the need to offer competitive terms and reflect the responsibility for the CEO and other members of the

management team. The total remuneration shall not be market leading but should ensure that Observe Medical attracts and retains senior executives with the desired skills and experience. The basic salary is subject to an annual evaluation and is determined based on general salary levels in the labor market.

The Company is entitled to terminate the CEO's employment agreement by giving 6 months' notice, and the Executive by giving 4 months' notice. The notice of termination must always be in writing and will expire on the last day of a month. If the CEO's employment is terminated by the Company other than for misconduct, the Executive will be entitled to a severance payment equivalent to 12 months' Base Salary. The Group has defined contribution pension schemes. The CEO has a defined contribution pension scheme within the requirement of the law in Denmark

Remuneration to the Group Management

2024

<i>Amounts in NOK thousand</i>		Salary	Other benefits ³⁾	Bonus	Pension expenses	Option expenses	Total	Options ⁵⁾	Shares ⁵⁾
EO	Rune Nystad (until 29.02.24) ¹⁾	441	2	350	31	31	853	1 000 000	1 662 483
CEO	Jørgen Mann (from 29.02.24) ¹⁾⁴⁾	2 151	215	1 021	215	99	3 701	1 000 000	600 000
CFO	Per Arne Nygård (until 21.03.24) ¹⁾	867	49		46		961		
CFO	Johan Fagerli (from 21.03.24) ¹⁾	1 081	70	150	125	4	1 430	500 000	250 763
Total		4 539	336	1 521	417	133	6 946	2 500 000	2 513 246

- ¹⁾ For members of executive management who either joined or resigned during the year, total remuneration expensed presented in the table above is for the period where the members are part of the executive management team
- ²⁾ The shares are owned by US Holding AS who is 100% owned by Rune Nystad
- ³⁾ Other benefits include car allowance, mobile phone and other allowances according to Danish law.
- ⁴⁾ The amounts have been converted from DKK to NOK using an exchange rate of 1.56
- ⁵⁾ Shares and options holding as of 31 December 2024, before reverse share split of 15:1.



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2023

<i>Amounts in NOK thousand</i>		Salary	Other benefits	Bonus	Pension	Option expenses	Total	Options	Shares
CEO	Rune Nystad ¹⁾	2 325	60	100	172	452	3 108	1 000 000	787 483
CFO	Per Arne Nygård	1 640	94	500	172	26	2 432	143 955	668 921
Total		3 965	154	600	344	478	5 540	1 143 955	1 456 404

Remuneration to the Board of Directors

2024

Amounts in NOK thousand, except number of shares

Function	Name	Board fee	Other fee	Shares ⁸⁾	Shares owned by related parties ⁸⁾
Chair	Terje Bakken	300		1 350 000	31 553 565 ¹⁾
Board member	Kathrine G. Andreassen	225 ²⁾		868 760 ²⁾	45 109 765 ³⁾
Board member	Sanna Rydberg	225 ⁹⁾			
Board member	Eskild Endrerud	255 ⁴⁾		14 718 859 ⁶⁾	
Board member	Line Tønnessen	265 ⁵⁾		932 692	
Total		1 270		17 870 311	76 663 330

¹⁾ Terje Bakken is partner in R. Investment Company AS who owns 31,553,565 shares in Observe Medical ASA

²⁾ All shares owned by Soleglad Invest AS who is 100% owned by Kathrine Gamborg Andreassen

³⁾ Kathrine Gamborg Andreassen is CEO in Navamedic ASA who own 45,109,765 shares in Observe Medical ASA

⁴⁾ Includes NOK 20 thousand in fee as member of the Audit Committee

⁵⁾ Includes NOK 30 thousand in fee as Chair of the Audit Committee

⁶⁾ Eskild Endrerud indirectly owns 13,706,359 shares in the Company and directly owns 1,012,500 shares in the Company

⁸⁾ Number of shares is as of 31.12.2024, before reverse share split of 15:1.

⁹⁾ The board member's term ended at the 2024 Annual General Meeting

2023

Amounts in NOK thousand, except number of shares

Function	Name	Board fee	Other fee	Shares	Shares owned by related parties
Chair	Terje Bakken	300			37 384 437
Board member	Kathrine G. Andreassen	225		1 019 360	4 222 727
Board member	Sanna Rydberg	225			
Board member	Eskild Endrerud	255		11 013 298	
Board member	Line Tønnessen	265		432 692	
Total		1 270		12 465 350	41 607 164

Executive personnel are defined as the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). No loans were granted, and no assets were pledged for the benefit of employees, shareholders, or members of the Board of Directors in 2024 or 2023.

NOTE 10 – SHARE OPTIONS

As part of a long-term incentive plan, senior management has in 2024 been awarded share options. CEO was granted 1 000 000 options with an exercise price of NOK 0.44 and CFO was granted 500 000 share options with an exercise price of NOK 0.40. The weighted average exercise price for all options granted is NOK 0.43. 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 (equity settlement). 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.



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The social security provision for share options is calculated based on the intrinsic value of the options at each reporting date, defined as the difference between the market price of the shares and the strike price, multiplied by the applicable employer's social security rate. The provision is recognized over the vesting period and adjusted throughout the life of the options to reflect changes in the share price and the number of options expected to be exercised. As of 31 December 2024, the share price was below the strike prices of all active options, consequently no social security provision was recognized, as the options were out of the money and exercise was considered unlikely. Total option expenses for the company in 2024 are NOK 634 thousand (NOK 478 thousand in 2023). The table below shows share options at 31 December 2024.

Contractual life*	3.33
Strike price*	0.43
Share price*	0.39
Expected lifetime*	2.33
Volatility*	110%
Interest rate*	3.54%
Dividend*	0
FV per instrument*	0.22

*Weighted average parameters at grant of instrument. Share/strike price as at 31.12.2024, before reverse share split of 15:1.

Share options at 31 December 2024										
Name and position	Specification of plan	Award date	Vesting date	End of holding period	Exercise period	Exercise price of the share and date ³	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	4.50	333 333	0	333 333	0
		11.11.2022	11.11.2024	11.11.2024	11.11.24 – 11.11.26	4.50	333 333	0	333 333	
		11.11.2022	11.11.2025	11.11.2025	11.11.25 – 11.11.26	4.50	333 334	0	0	333 334
Total							1 000 000	0	666 666	333 334
Jørgen Mann (CEO)	CEO award	26.08.2024	26.08.2024	26.08.2024	26.08.24-25.08.25	0.44		333 333	333 333	-
		26.08.2024	26.08.2025	26.08.2025	26.08.25-25.08.26	0.44		333 333	0	333 333
		26.08.2024	26.08.2026	26.08.2026	26.08.26-25.08.27	0.44		333 334	0	333 334
Total							0	1 000 000	333 333	666 667
Johan Fagerli (CFO)	2024	12.12.2024	12.12.2025	12.12.2025	12.12.24-12.12.25	0.40		166 667		166 667
		12.12.2024	12.12.2026	12.12.2026	12.12.25-12.12.26	0.40		166 666		166 666
		12.12.2024	12.12.2027	12.12.2027	12.12.27-12.12.28	0.40		166 667		166 667
Total							0	500 000	0	500 000
Total for the Company							1 000 000	1 500 000	1 000 000	1 500 000

³ The share option table has not 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.



NOTE 11 – OTHER OPERATING EXPENSES

Amounts in NOK thousand

	2024	2023 Restated
Consultants	4 345	10 029
Audit Services	2 688	2 691
Legal and professional fees	1 189	2 412
Expense relating to short-term leases	637	1 736
Accounting and financial services	2 310	2 431
IT expenses	1 018	1 519
Travel expenses	344	1 046
Advertising expenses	141	108
IR expenses	1 189	883
Patent, trademark, certification etc.	1 196	1 093
Other operating expenses	1 896	2 322
Total	16 955	26 270

Audit fees

Amounts in NOK thousand

	2024	2023
Statutory audit services	2 488	2 653
Tax advisory	0	38
Other assurance services	345	250
Total	2 833	2 941

Fees to the auditor are recognized as an expense in the period in which the related services are rendered. Only costs expensed in the reporting period are included in the table above. Assurance services related to capital increase of NOK 145 thousand is booked against equity.

NOTE 12 – FINANCIAL ITEMS

Amounts in NOK thousand

	2024	2023 Restated
Financial income		
Interest income	1 780	64
Change contingent consideration	1 452	1 978
Currency gain	2 445	5 481
Other financial income	0	0
Total	5 677	7 523
Financial expenses		
Interest expenses	9 551	6 649
Change contingent consideration	-108	173
Currency loss	7 864	9 758
Other financial expenses	22	1 817
Total	17 329	18 397
Net financial items	-11 652	-10 874

In November 2024, a net gain of NOK 1,574 thousand was recognized from the modification of financial liabilities, treated as a non-substantial modification under IFRS 9, comprising a gain of NOK 1,649 thousand from Convatec and a loss of NOK 75 thousand from Navamedic. Interest expenses in the restated 2023 figures include a modification effect from the Navamedic loan of NOK 0.8 million, with a corresponding reversal in 2024 reducing interest expenses by the same amount.



NOTE 13 – COST OF MATERIALS

<i>Amounts in NOK thousand</i>	2024	2023
Cost of materials for resale	12 324	18 291
Write-down of inventory	3 085	365
Total cost of materials	15 409	18 655

Inventory write-down of a total of NOK 3 085 thousand in second half. NOK 2 250 thousand relates to raw materials located in the US for the Biim probe. In accordance with IAS 2, raw materials should be measured at the lower of cost and net realizable value. Given that these components have had no movement since 2023, there is an increased risk of obsolescence. Although the components remain technically usable, to ensure a conservative and accurate valuation as the future turnover is postponed, a full write-down of the raw materials has been recognized. NOK 835 thousand relates to obsolete inventory in Sweden.

NOTE 14 – 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. 2023 figures are restated.

	2024	2023 Restated
Profit for the period (TNOK)	-58 727	-135 099
Average no of shares	228 982 947	57 626 256
Earnings per share (NOK)	-0.26	-2.34

NOTE 15 – RESEARCH AND DEVELOPMENT

Observe Medical performs research and development (R&D) activities related to UnoMeter™, Sippi® and Biim. Total R&D expenditure is approximately NOK 2.6 million in 2024 (NOK 5.9 million in 2023), of which NOK 1.7 million has been capitalized and amortized over the estimated useful lives of the related assets. Operating R&D expenses primarily comprise internal personnel costs and non-capitalized external costs. Also refer to note 2.

<i>Amounts in NOK thousand</i>	2024	2023 Restated
Operational expenses, internal and external resources	850	5 900
Capitalized expenses	1 774	0
Total	2 624	5 900

NOTE 16 - TANGIBLE ASSETS AND LEASE

<i>Amounts in NOK thousand</i>	Right-of-use	Other	Sum
Acquisition cost 1 January 2023	2 549	2 870	5 419
Additions	0	42	42
Disposals	-1 592	0	-1 592
Currency translation differences	78	5	83
Acquisition cost 31 December 2023	1 035	2 917	3 952
Acquisition cost 1 January 2024	1 035	2 917	3 952
Disposals	-1 053	-1 214	-2 267
Currency translation differences	19	-28	-10
Acquisition cost 31 December 2024	0	1 675	1 675



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Accumulated depreciation 1 January 2023	-46	1 314	1 268
Depreciation for the year	1 543	430	1 973
Disposals	-1 200	0	-1 200
Currency translation differences	-24	-22	-46
Accumulated depreciation 31 December 2023	273	1 722	1 995
Accumulated depreciation 1 January 2024	273	1 722	1 995
Depreciation for the year	463	267	731
Disposals	-726	-479	-1 204
Currency translation differences	-11	-31	-42
Accumulated depreciation 31 December 2024	0	1 479	1 479
Carrying value 1 January 2023	2 595	1 557	4 152
Additions	0	42	42
Disposals	-392	0	-392
Depreciation	-1 543	-430	-1 973
Translation differences	102	26	128
Carrying value 31 December 2023	762	1 195	1 957
Carrying value 1 January 2024	762	1 195	1 957
Disposals	-328	-735	-1 063
Depreciation	-463	-267	-731
Translation differences	29	3	32
Carrying value 31 December 2024	0	196	196
Expected useful economic life ⁴	3-5 years	3-5 years	
Lease Liability		2024	2023
As at 1 January		792	2 643
Disposal		-328	-392
Lease payments in the period		-501	-1 643
Interest cost		6	81
Currency translation differences		31	103
Closing liability at 31 December		0	792
Current		0	656
Non-Current		0	136
		0	792
Effect of leases Contract on the Statement of Comprehensive Income		2024	2023
<i>Amounts in NOK thousand</i>			
Depreciation expense of right-of-use assets		463	1 543
Interest expense on lease liabilities		6	81
Expense relating to short-term leases (included in other operating expenses)		637	1 736
Total amount recognised in result for the period		1 107	3 360
Undiscounted Lease Liabilities and Maturity of Cash Outflow		2024	2023
<i>Amounts in NOK thousand</i>			
Due within 1 year		0	837
Due between 1 year and 3 years		0	197
Total		0	1 035

Lease contracts relating to company cars and offices were disposed during 2024.

⁴ IAS 38.118-119, IAS 38.122a



NOTE 17 – INTANGIBLE ASSETS

<i>Amounts in NOK thousand</i>	Goodwill	Trademark	Licence agree- ment	Customer relations	Technology assets / Patent	Technology develop- ment	Sum (Restated)
Acquisition cost 1 January 2023	99 961			2 540	96 318	15 418	214 238
Additions	0	27 976	4 273	788	4 433		37 470
Currency translation differences	2 353				1 637	207	4 943
Acquisition cost 31 December 2023 (Restated)⁵	102 314	27 976	4 273	3 329	102 388	15 625	255 905
Acquisition cost 1 January 2024	102 314	27 976	4 273	3 329	102 388	15 625	255 905
Additions	0					1 775	1 775
Currency translation differences	535				1 110	164	1 808
Acquisition cost 31 December 2024	102 849	27 976	4 273	3 329	103 498	17 563	259 488
Accumulated amortization 1 January 2023	0	0		212	23 475	7 822	31 509
Amortization for the year	0		712	280	8 860	2 331	12 183
Impairment for the year	67 106						67 106
Currency translation differences	0	0			2 276	-1 569	707
Accumulated amortization 31 December 2023 (Restated)	67 106	0	712	492	34 612	8 584	111 506
Accumulated amortization and impairment 1 January 2024	67 106	0	712	492	34 612	8 584	111 506
Amortization for the year	0		2 137	333	9 099	2 081	13 650
Impairment for the year	2 675						2 675
Currency translation differences	0				332	599	931
Accumulated amortization and impairment 31 December 2024	69 781	0	2 849	825	44 043	11 264	128 762
Carrying value 1 January 2023	99 961	0		2 329	72 843	7 595	182 728
Additions	0	27 976	4 273	788	4 433		37 470
Amortization	0		-712	-280	-8 860	-2 331	-12 183
Impairment for the year	-67 106						-67 106
Translation differences	2 353	0			-639	1 776	3 489
Carrying value 31 December 2023 (Restated)	35 208	27 976	3 561	2 837	67 777	7 040	144 399
Carrying value 1 January 2024	35 208	27 976	3 561	2 837	67 777	7 040	144 399
Additions	0					1 775	1 775
Amortization	0		-2 137	-333	-9 099	-2 081	-13 650
Impairment for the year	-2 675						-2 675
Translation differences	534				777	-435	876
Carrying value 31 December 2024	33 067	27 976	1 425	2 504	59 454	6 300	130 725
Expected useful economic life ⁶	Indefinite	Indefinite	2 years	10 years	10 years	5 years	

Goodwill arises from the acquisitions of Observe Medical International in 2015, (CGU Urine Measurement), Sylak AB in 2020 (CGU Other Business) and Biim Ultrasound AS in 2022 (CGU Ultrasound). The goodwill related to CGU Ultrasound of NOK 67.1 million has been written down in the 2023 restated figures (see note 2).

The assets acquired from Convatec in 2023 have been separately identified, measured at fair value and allocated a relatively part of the total consideration for the acquired assets. The trademark of UnoMeter™ was identified as a material part of the transaction based on the well-known reputation and historical sales of the

⁵ Restated. Refer to note 2, correction of an error
⁶ IAS 38.118-119, IAS 38.122a. Linear amortization.



products in the portfolio. The valuation of the trademark was based on a royalty-by-relief method where an assumed royalty of estimated future revenues was discounted, measuring the trademark to NOK 28.0 million. The trademark has been assessed to have an indefinite lifespan. For over 30 years, Convatec has produced and sold UnoMeter™ products, building a trademark that is highly regarded and sought after in the global market for urine measurement solutions. Through Convatec's sales network, UnoMeter™ products have reached over 600 customers across 50 countries, providing a strong platform for market access. The primary purpose of acquiring the assets was the ability to approach customers with a well-known brand, thereby facilitating the relaunch of Sippi®, a digital urine measurement device unique within the acquired product portfolio, alongside UnoMeter™'s manual instruments. While an established distribution network did not exist, the Company gained access to a list of potential distributors familiar with the UnoMeter™ brand (historical customer-/distribution information), enabling opportunities to re-launch the UnoMeter™ product family and introduce Sippi® to leverage synergies within the urine measurement product portfolio. Consequently, The Company assesses that the UnoMeter™ trademark constitutes a significant portion of the acquisition cost (NOK 28.0 million). The two-year license agreement with Convatec securing the Group the rights to the Unometer assets have been allocated a value of NOK 4.3 million based on the same method of valuation as the trademark but based on revenues for the first two years corresponding to the length of the license agreement. This license agreement asset is amortized over two years. Further, NOK 0.8 million and NOK 4.4 million was allocated to assets measured at a replacement cost for information related to historical UnoMeter customers/distributors and technical documentation related to UnoMeter™. These assets are amortized over 10 years.

Other technology assets and patents include the Sippi® patents and Biim technology, while technology development comprises capitalized external costs associated with the development of the Group's product portfolio. Development

costs are capitalized when the recognition criteria are met. Amortization of capitalized development costs commences typically when the product is ready for market and required regulatory approvals have been obtained. Goodwill and trademarks are not amortized but are tested annually for impairment.

Impairment testing of goodwill and other intangible assets

For impairment testing, goodwill acquired through business combinations and trademark with indefinite useful life are tested at least annually.

The Group performs annual impairment tests for goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use as of 31 December (ongoing product development). Additionally, impairment tests are conducted for other assets if there are indications of impairment. The recoverable amount is determined as the higher of *value in use* (VIU) and *fair value less costs to dispose* (FVLCTD). If the carrying amount of a cash-generating unit (CGU) exceeds its recoverable amount, an impairment loss is recognized in the income statement. Impairment losses on goodwill are not reversed, while reversals may be considered for other assets if underlying estimates change.

As of 31 December 2024, the Group conducted impairment tests for its three CGUs: Urine Measurement, Ultrasound, and Other/Distribution. The tests covered all assets allocated to each CGU, including goodwill, intangible assets (patents, technology, customer relationships), and other relevant assets. The recoverable amount for all CGUs was determined using VIU, based on discounted cash flow (DCF) models over a 5-year forecast period.

The following table summarizes the carrying amounts of goodwill and intangible assets in each CGU as of 31 December 2024. Goodwill and trademark with indefinite useful life is not amortized and is tested annually for impairment. Other intangible assets (technology/patents and customer relationships) are amortized over



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5–10 years, and the Convatec license agreement is amortized over 2 years.

<i>Amounts in NOK thousand</i>	CGU Urine measurement	CGU Ultrasound	CGU Other business	Sum
As at 31 December 2024				
Goodwill	33 067	-	-	33 067
Trademark	27 976	-	-	27 976
Licence agreement	1 425	-	-	1 425
Technology/Patent	18 916	46 838	-	65 754
Customer relationships and other	683	1 821	-	2 504
Other assets	154	42	-	196
Carrying value	82 221	48 700		130 921

<i>Amounts in NOK thousand</i>	CGU Urine measurement	CGU Ultrasound	CGU Other business	Sum
As at 31 December 2023 (Restated)				
Goodwill	32 543	-	2 665	35 208
Trademark	27 976	-	-	27 976
Licence agreement	3 561	-	-	3 561
Technology/Patent	20 584	54 233	-	75 563
Customer relationships and other	762	2 075	-	2 837
Other assets	1 863	94	-	1 957
Carrying value	87 289	56 402	2 665	146 356

The following sections provide details for each CGU, including carrying amounts, key assumptions, and sensitivity analyses.

CGU Urine measurement

The Urine Measurement CGU includes goodwill and intangible assets related to Sippi® and UnoMeter™ products. Management's assumptions for future growth remain consistent with projections as of 31 December 2023, updated to reflect market developments through 31 December 2024. The impairment test confirmed that the recoverable amount exceeded the carrying amount and no impairment was recognized.

Estimates for the Urine measurement CGU are based on a continued roll-out of the UnoMeter™ products, reaching full historical market sales in 2027-2028 (over NOK 200 million in annual sales⁷). Estimates for the Sippi® device anticipate new sales starting in Q4 2025, followed by gradual growth as both sales and

recurring revenue from established customers increase.

The recoverable amount was determined using VIU, based on a DCF model over a 5-year forecast period (2025–2029)

The DCF model incorporates three scenarios to account for uncertainty in revenue amount and timing:

- Base Case (50% weighting): Management's best estimate, reflecting continued rollout of UnoMeter™ and gradual Sippi® sales from Q4 2025.
- 30% revenue reduction in base case (25% weighting)
- 70% revenue reduction in base case revenue (25% weighting)

The VIU calculation is based on the following key assumptions, derived from management's forecasts, historical data, and market expectations for market pricing and economy of scale:

⁷ Based on sales statistics from Convatec



- **Revenue Growth:** Compound average annual revenue growth of 58.9% (2025–2029), reflecting UnoMeter™ reaching historical market sales (NOK 200 million annually by 2027–2028) and Sippi® ramp-up from end of 2025, based on existing distribution agreements and market penetration plans.
- **Gross Margin:** Average of 41.6%, based on actual production costs from 2023 and 2024 and expected economies of scale.
- **EBITDA Margin:** Average of 11.0% over the 5-year period, reflecting operational efficiencies as sales scale.
- **Discount Rate:** 12.7% WACC, and is calculated using a risk-free rate, a risk premium, a market-specific risk premium adjusted by beta via CAPM, and a company-specific risk premium. The tax-adjusted cost of debt is weighed with equity and debt.
- **Terminal Growth Rate:** 2.0%, aligned with long-term inflation and medical device market growth.

Management has recognized that the speed of technological change and possibility of new entrants may have a significant impact on growth rate assumptions.

The sensitivity analysis shows that no reasonably possible change in key assumptions, such as a +/- 1% change in the discount rate, a +/- 5% in gross margin, a +/- 2% in EBITDA margin, a +/- 2% change in revenue growth, or a 0.5% reduction in the growth rate, would result in the carrying amount exceeding the recoverable amount, due to sufficient headroom in the impairment test.

During the last year the company has prioritized development, production and roll-out of the UnoMeter™ portfolio, with UnoMeter™ Safeti™ Plus as the by far largest product in terms of revenue. Sippi® is planned to be rolled out in a larger scale when the UnoMeter™ products are established on the global market. Despite delayed cash flows, Sippi® holds significant value for Observe Medical. The progress made, through the UnoMeter™ products highlight that Sippi® now is better positioned for long-term

commercial success and the product's future revenue potential in the global market remains.

CGU Ultrasound

On the 31 of May 2024 an extension of the agreement with Fresenius Medical Care for the supply of wireless pocketable ultrasound devices was signed. The initial agreement with Fresenius was entered into in October 2021, with a one-year extension exercised in October 2023. This renewal extends the partnership until April 1, 2026.

Fresenius Medical Care is the world's largest provider of dialysis, dialysis products, and other services, with the potential to supply ultrasound probes to approximately 3,000 clinics in the U.S. With a full scale-roll out in Fresenius, this would imply on average 2-8 probes per clinic. Our estimate includes an average of 3.5 probes per clinic. As of today, Biim has sold 285 Biim probes to Fresenius.

As of 31 December 2024, a three-month pilot project with Biim was conducted in selected clinics, including staff retraining and re-engagement with physicians. Despite the benefits of the technology, Fresenius are not ready to scale up the use to all clinics but will continue to assess the utilization of Biim machines across their clinics over the next 6 months to monitor the engagement with the device.

The write down of goodwill for CGU Ultrasound of NOK 67.1 million was a result of further delayed cash flows compared to prior year estimates. The remaining fair value of assets in the CGU Ultrasound are NOK 48.7 million. The discount rate used was a WACC of 12,5% (WACC 14%).

For 2024, the company has no assets with indefinite useful lives. The Ultrasound CGU includes intangible assets (patents, technology, customer relationships) related to the Biim probe. Due to indicators of impairment, specifically delays from Fresenius Medical Care, an impairment test was performed on the relevant assets. This test did not identify any further impairment losses.



The recoverable amount was determined using VIU, based on a DCF model over a 5-year forecast period (2025–2029) and incorporates four scenarios to account for significant uncertainty in revenue:

- Base Case (25% weighting): Revenue from the “Fresenius contract” reflect the intent agreement of purchase of devices for all US clinics (valid until April 2026)
- 30% reduction in base case revenue (12.5% weighting)
- 70% reduction in base case revenue (12.5% weighting)
- Zero Value Case (50% weighting): No revenue, reflecting uncertainty in Fresenius contract continuation.

The base case relies on revenue from Fresenius. Consequently, we have also included a «zero value case» for this CGU, accounting for the case if this contract should not proceed. In the «zero value case», Biim’s value in use is estimated to zero and the FVLCD will be expected to be higher based on potential sale of the thechnology.

The VIU calculation is based on the following key assumptions, derived from the “Fresenius contract”, historical pricing and costs and management’s market expectations, including economy of scale.

- Revenue Growth: Compound average annual revenue growth of 12.0% from 2026 (no sales in 2025). The growth is based on an estimated gradual rollout using the projected number of clinics, the estimated number of Biim devices per clinic, and the estimated sales price derived from actual sold probes.
- Gross Margin: Average of 60.0%, reflecting actual production cost adjusted for economy of scale.
- EBITDA Margin: Average of 34.6% (2026–2029), reflecting expected operational efficiency and scalability.
- Discount Rate: 12.7% WACC, consistent with group-wide assumptions, calculated using a risk-free rate, a risk premium, a market-specific risk premium adjusted by beta via CAPM, and a company-specific

risk premium. The tax-adjusted cost of debt is weighted with equity and debt.

- Terminal Growth Rate: 2.0%, reflecting long-term medical device market growth.

Management has recognized that the speed of technological change and possibility of new entrants may have a significant impact on growth rate assumptions. A sensitivity analysis was performed for key assumptions (discount rate, growth rate, gross margin, EBITDA margin and revenue growth rate). The headroom is zero following the impairment, indicating no remaining margin above the recoverable amount. A reasonably possible increase in the discount rate by 1% would reduce the recoverable amount by approximately NOK 2 million, a decrease in the growth rate by 0.5% would reduce it by NOK 1 million, a decrease in the gross margin by 2% would reduce it by NOK 5 million, a decrease in EBITDA by 1% would reduce it by approximately NOK 4 million and a reduction of revenue growth rate by 2% would reduce it by approximately NOK 5 million. This CGU is highly sensitive to revenue assumptions due to reliance on the Fresenius contract. The significant 50% weighting of the zero-value scenario already incorporates a high degree of uncertainty, limiting the impact of other assumption changes.

The company continues to view the Biim probe as a strategically important asset with potential for future revenue growth. Due to time and delayed conclusions from Fresenius, the Company is unable to reliably substantiate future cash flows at this stage. As an FDA-approved, patented technology, the Biim probe still has a market position, and commercial relevance.

CGU Other/distribution business

The goodwill in the Other/Distribution CGU, amounting to NOK 2.7 million, originating from the acquisition of Sylak AB, has been fully impaired in 2024. The impairment arises because Observe Medical Nordic AB (formerly Sylak AB) has ceased to generate future cash flows due to the termination of its operational activities.



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In accordance with IAS 36 – Impairment of Assets, goodwill is allocated to a cash-generating unit (CGU) expected to benefit from the synergies of the acquisition. As no future economic benefits are expected from the Other/Distribution CGU, the recoverable amount, based on both value in use and fair value less costs to dispose, is assessed as zero. Consequently, the full amount of NOK 2.7 million has been impaired in the current period. The impairment is presented under Write-down of goodwill in the income statement.

Based on the management assessment, assumptions and expectations applied in business cases and future plans it is the company's opinion that the cash generating units justify their carrying value as shown in the balance sheet per at 31 December 2024.

The company has assessed the impact of US-China trade tensions and tariffs, which may affect supply chain costs and market access. No significant tariff-related impacts have been identified as of the reporting date, but the situation is closely monitored.

NOTE 18 – TRADE RECEIVABLES AND OTHER RECEIVABLES

<i>Amounts in NOK thousand</i>	2024	2023
Trade receivables	2 759	3 117
Other receivables	1 629	3 539
Total	4 389	6 656
Due date profile for trade receivables		
Not due	1 277	1 045
0-3 months		256
> 3 months	1 482	1 816
Total	2 759	3 117

Trade receivables > 3 months is mainly related to Biim parts supplied to manufacturer, partly offsetting trade payables and other debt against the same manufacturer.

NOTE 19 – INVENTORIES

<i>Amounts in NOK thousand</i>	2024	2023
Raw materials and extra parts (at cost)	2 987	2 113
Finished goods (at lower of cost and net realisable value)	5 425	8 403
Write-down	-3 085	-3 626
Total	5 327	6 890

NOTE 20 – FINANCIAL INSTRUMENTS

Loans

The Company has two subordinated loan agreements with Navamedic for loans with an aggregate outstanding amount of NOK 38.3 million (including interest) at the date of 31 December 2024 (the Navamedic Loans) after a conversion to share capital of NOK 16.4 million.

On 6 December 2024, the Company and Navamedic entered into an Addendum Agreement with respect to the Navamedic Loans. Pursuant to the Addendum Agreement, Navamedic converted NOK 16 354 815 of Navamedic Loan I to shares in the Company (the Conversion Shares), at a subscription price of NOK 0.40 per Conversion Share. The first loan agreement, entered into on 27 September 2019, has an outstanding principal amount of



NOK 32.1 million including interest ("Navamedic Loan I"). The second loan agreement, entered into on 6 September 2023, has an outstanding principal amount of NOK 6.2 million including interest ("Navamedic Loan II").

Furthermore, the final maturity dates of the Navamedic Loans are postponed from 31 January 2025 to 31 December 2027 ("Navamedic Loan I" and "Navamedic Loan II") and a new amortization schedule will be applied for Navamedic Loans. Following the addendum, Observe Medical shall start paying interest on loan 1 from second quarter of 2025 and start paying principal from 1 January 2026. The remaining principal of NOK 15 000 000 is due at 31 December 2027. Observe Medical shall start paying interest on loan 2 from second quarter of 2025. The remaining principal of NOK 6 343 380 is due at 31 December 2027. Interest is unchanged at NIBOR+6% p.a.

Furthermore, there remains a risk that the Company may not be able to pay the outstanding amounts under the Navamedic Loans upon maturity, or to make the required interest payments, if the Group's financial situation does not improve.

As part of the loan agreement entered into on 6 September 2023 between Observe Medical ASA and Navamedic ASA, the loan is secured by first-priority pledges over the shares in Biim Ultrasound AS and Observe Medical AS, as well as floating charges over machinery, inventory, trade receivables, bank accounts, and other material assets of Observe Medical ASA. The lender may also require additional pledges over shares in Observe Medical AB, Observe Medical Nordic AB, and Observe Medical ApS. The security is granted in favour of Navamedic ASA as security agent on behalf of itself and other lenders, and secures obligations under this and related loan agreements on a shared and pro rata basis

In addition to the above, the Biim Ultrasound Oy has a "start-up funding" loan from Business Finland of approximately EUR 400,000 including accrued interest. The loan is classified as short-term interest-bearing debt. The company has been offered a payment plan over 6 years

starting September 2025, but currently not signed any addendum to the agreement.

The Group may also incur additional indebtedness in the future, including in the near-term future.

The Group has assessed and accounted for the modification effect arising from the renegotiation of debt in accordance with IFRS 9 Financial Instruments for renegotiation in 2023 and 2024. For the renegotiation in 2024 the net effect is negative NOK 75 thousand. The loss reflects the present value difference of discounted modified cash flows. For the renegotiation in 2023, the effect was negative NOK 0.8 million.

UnoMeter™ seller credit / asset transfer agreement

On 19 November 2024 the Group reached an agreement with Convatec/Unomedical to defer all outstanding payments of consideration pursuant to the asset transfer agreement with Convatec/Unomedical for the acquisition of the UnoMeter™ portfolio, totaling USD 3,895,000, by 12 months.

When acquiring the UnoMeter™ assets in 2023, and as restated in the 2023 figures, the total consideration was discounted by an estimated 12% discount rate, based on a reasonable rate considering the Group's financial situation. The discount effect was recognized as a reduction in the carrying amount, with the calculated interest increasing the carrying amount over time. The remaining consideration will be payable as follows:

- USD 500,000 shall be paid on 28 June 2025; (with an option for the Company to defer the payment for six months)
- USD 1,000,000 shall be paid by 30 December 2025 (with an option for the Company to defer the payment for six months); and
- The remaining portion of the consideration will be paid at completion of the transaction, and no later than 1 September 2026.

Under the amended terms, the Company will pay interest on these deferred amounts at a rate



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of 7.8% per annum. The interest payments will be calculated from (i) 28 June 2024, for the first consideration instalment and (ii) 30 December 2024, for the second consideration instalment. The interest will be payable on a quarterly basis with a first payment amounting to USD 10,000 on 20 December 2024, and subsequent quarterly payments starting on 1 April 2025. No other changes have been made to the agreement.

The Group has assessed and accounted for the modification effect arising from the renegotiation of debt in accordance with IFRS 9 Financial Instruments for renegotiation of the Convatec ATA in November 2024 with a financial effect of a gain of NOK 1.6 million.

Financial liabilities as at 31 December 2024

<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 amount
Payables loan to Navamedic group	0.0	3.1	25.1	23.1			51.2	38.4
Trade account payables	16.6	1.5					18.1	18.1
Other current liabilities		1.4					1.4	1.4
Payables to Convatec		18.0	29.5				47.6	40.2
Other current interest-bearing liabilities	4.7						4.7	4.7
Total	21.3	24.0	54.6	23.1			123.0	102.8

Financial liabilities as at 31 December 2023

<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 amount
Payables loan to Navamedic group			51.8				51.1	49.9
Leasing liabilities	0.5	0.4	0.2	0.1			1.2	0.8
Contingent consideration upon acquisitions						2.3	2.3	1.6
Other non-current interest-bearing liabilities	0.0	0.1	0.1	0.1	0.1	0.6	1.0	0.9
Trade account payables	10.8	7.0					17.8	17.8
Other current liabilities		2.5					2.5	2.5
Payables loan to Convatec	15.9		19.4				35.2	35.2
Other current interest-bearing liabilities	4.5						4.5	4.5
Total	31.7	10.0	71.5	0.2	0.1	2.9	115.6	113.2

To enhance working capital, the company has negotiated extended payment terms with some suppliers, resulting in deferred trade payables. The instalments related to Convatec seller credit may be deferred with an additional 6 months in June 2025 and December 2025 with 5% interest.



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Classification of financial assets and liabilities as at 31 December 2024

<i>Amounts in NOK million</i>	Measured at amortised cost	Fair value through profit or loss	Total
Current assets			
Cash and cash equivalents	2.0		2.0
Trade receivables and other receivables	3.9		3.9
Total current financial assets	5.9		5.9
Non-current financial liabilities			
Contingent consideration upon acquisitions		0.0	0.0
Payables loan to Navamedic group	38.4		38.4
Payables loan to Convatec	23.2		23.2
Total non-current financial liabilities	61.6	0.0	61.6
Current financial liabilities			
Trade account payables	18.1		18.1
Other current liabilities	1.4		1.4
Payables loan to Convatec	17.0		17.0
Other current interest-bearing liabilities ⁸	4.7		4.7
Total current financial liabilities	41.2		41.2
Total financial liabilities	102.8	0.0	102.8

Classification of financial assets and liabilities as at 31 December 2023

<i>Amounts in NOK million</i>	Measured at amortised cost	Fair value through profit or loss	Total Restated
Current assets			
Cash and cash equivalents	13.7		13.7
Trade receivables and other receivables	5.0		5.0
Total current financial assets	18.7		18.7
Non-current financial liabilities			
Liabilities to financial institutions			
Lease liabilities	0.1		0.1
Contingent consideration upon acquisitions		1.6	1.6
Payables loan to Navamedic group	49.9		49.9
Other non-current interest bearing liabilities	0.9		0.9
Payables loan to Convatec	15.7		15.7
Total non-current financial liabilities	66.6	1.6	68.2
Current financial liabilities			
Lease liabilities	0.7		0.7
Trade account payables	17.8		17.8
Other current liabilities	2.5		2.5
Payables loan to Convatec	19.5		19.5
Other current interest bearing liabilities	4.5		4.5
Total current financial liabilities	45.0		45.0
Total financial liabilities	111.6	1.6	113.2

⁸ Other non-current interest-bearing liabilities consisting of "Business Finland" innovation loan in Blim Ultrasound Oy



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Additional information about the change in financial liabilities arising from financing activities

<i>Amounts in NOK million</i>	Bank loans	Overdraft facility	Loans from Navamedic Group	Contingent consideration upon acquisitions	Lease liabilities	Other	Total
Carrying value 1 January 2024	0.9		49.9	1.6	0.8	-1.5	54.7
Cash flow	-0.9				-0.5	-1.5	-2.9
Change in liability due to acquisition							
Change in liability with no cash effect ¹⁾			-11.5	-1.6	-0.3		-13.4
Carrying value 31 December 2024	0.0	0.0	38.4	0.0	0.0	0.0	38.4

<i>Amounts in NOK million</i>	Bank loans	Overdraft facility	Loans from Navamedic Group	Contingent consideration upon acquisitions	Lease liabilities	Other	Total
Carrying value 1 January 2023	1.0		40.6	3.4	2.6		47.6
Cash flow	-0.1		5.0		-1.6		3.3
Change in liability due to acquisition							
Change in liability with no cash effect			4.3	-1.8	-0.1	2.2	4.6
Carrying value 31 December 2023	0.9		49.9	1.6	0.8	2.2	55.4

¹⁾ Navamedic loan converted to share capital, partly offset by interest

<i>Amounts in NOK million</i>	2024		2023 Restated	
	Carrying amount	Fair value	Carrying amount	Fair value
Current financial assets				
Trade receivables and other receivables	3.9	3.9	5.0	5.0
Cash and cash equivalents	2.0	2.0	13.7	13.7
Total current financial assets	5.9	5.9	18.7	18.7
Total financial assets				
	5.9	5.9	18.7	18.7
Non-current financial liabilities				
Other non-current interest bearing liabilities			0.9	0.9
Lease liabilities			0.1	0.1
Payables loan to Navamedic group	38.4	38.4	49.9	49.9
Payables loan to Convatec ¹⁾	23.2	25.5	15.7	15.7
	0.0	0.0	1.6	1.6
Total non-current financial liabilities	61.6	63.9	68.2	68.2
Current financial liabilities				
Lease liabilities			0.7	0.7
Payables loan to Convatec ¹⁾	17.0	17.0	19.5	19.5
Trade account payables	18.1	18.1	17.8	17.8
Other current interest bearing liabilities	1.4	1.4	2.5	2.5
Other current liabilities	18.1	18.1	17.8	17.8
Total current financial liabilities	41.2	41.2	45.0	45.0
Total financial liabilities	102.8	105.2	113.2	113.2

¹⁾ The debt to Convatec was previously non-interest-bearing and was renegotiated to interest-bearing debt in 2024. It is classified as Level 3 in the fair value measurement hierarchy. The fair value of contingent consideration is determined by using significant unobservable inputs (also Level 3) and is measured at fair value through profit and loss.

For financial instruments recognized at amortized cost, the carrying amount of current financial assets and liabilities is considered a reasonable approximation of their fair value due to their short-term nature. This approach ensures a practical assessment of their value as of the reporting date. Due to lack of observable data, it is difficult to establish a basis to estimate the fair value of the liabilities to Navamedic ASA. Given the Group's financial position, the fair value is probably significantly lower than the carrying amount. See note 1 regarding Going concern and note 5 Financial risk management.



NOTE 21 – CONTINGENT CONSIDERATION

Observe Medical International AB (OMI AB) was acquired on 4 August 2015 for a total purchase price of NOK 60.6 million, including a contingent consideration valued at NOK 25.6 million at the acquisition date. The contingent consideration is tied to two elements: (1) Royalties based on revenues from sales of the Sippi® product, with potential payments stipulated until 2024. The fair value of this contingent consideration was initially determined by discounting expected future royalty payments. However, no royalty payments were achieved by 2024, the final year specified in the agreement. Consequently, the company has no further obligations to discount or pay royalties.

(2) Additionally, the agreement includes six milestone payments potentially payable to the former shareholders of OMI AB, contingent on achieving specific sales targets for the Sippi® product. Five targets were required to be met by 2023, with the final target set at accumulated sales exceeding NOK 900 million by the end of 2026. The remaining milestone payments are contingent on Sippi® sales surpassing NOK 900 million by 31 December 2026. Despite Observe Medical's efforts to establish an effective distribution platform and its proximity to a potential commercial breakthrough for Sippi®, the company considers it unlikely that the NOK 900 million milestone will be achieved by the end of 2026.

As a result, the fair value of the contingent consideration is now NOK 0 and the change in estimated fair value is recognized through profit or loss.

NOTE 22 – TAXES

Income tax

	2024	2023 Restated
Current tax	0	17
Deferred tax	0	0
Tax expense/income recognised	0	17

Reconciliation of income tax

<i>Amounts in NOK thousand</i>	Tax rate	2024	2023 Restated
Result before tax		-58 725	-135 083
Expected income taxes, 22% of result before tax		12 920	29 718
Differences in tax rates		-164	-128
Norway, permanent differences	22 %	1 550	-14 763
Sweden, permanent differences	21 %	-663	2 305
Denmark, permanent differences	22 %	0	-2 299
Finland, permanent differences	20 %	-23	17
US, permanent differences	21 %	-27	-160
Tax expense before not recognised tax assets		13 593	14 690
Norway, change in deferred tax assets not recognised	22 %	-11 284	-12 270
Denmark, change in deferred tax assets not recognised	22 %	-546	1 860
Sweden, change in deferred tax assets not recognised	21 %	-1 763	-4 297
Total taxes		0	-17
Effective tax rate		0,0 %	0,0 %



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Basis for Deferred Tax Liabilities and Tax Assets (-)

2024	Temporary differences Norway	Temporary differences Sweden	Temporary differences Denmark	Total 2024
<i>Amounts in NOK thousand</i>				
Fixed assets	48 771	8 672	0	57 443
Other	-9 591	0	0	-9 591
Total temporary differences	39 180	8 672	0	47 852
Tax losses carried forward	-327 135	-97 975	-100 172	-525 282
Basis for temporary differences	-287 955	-89 303	-100 172	-477 430
Unrecognised temporary differences	287 955	89 303	100 172	477 430
Total recognised temporary differences	0	0	0	0
Tax rate	22 %	21 %	22 %	
Recognised deferred tax liabilities and tax assets (-)	0	0	0	0
2023	Temporary differences Norway	Temporary differences Sweden	Temporary differences Denmark	Total 2023 Restated
<i>Amounts in NOK thousand</i>				
Intangible assets	24 886	10 212	0	35 098
Other	23 963	0	1 372	25 335
Total temporary differences	48 849	10 212	1 372	60 433
Tax losses carried forward	-287 414	-83 698	-82 723	-453 835
Basis for temporary differences	-238 565	-73 486	-81 351	-393 402
Unrecognised temporary differences	238 565	73 486	81 351	393 402
Total recognised temporary differences	0	0	0	0
Tax rate	22 %	21 %	22 %	
Recognised deferred tax liabilities and tax assets (-)	0	0	0	0
Deferred tax assets	0	0	0	0
Deferred tax liabilities	0	0	0	0



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Change in Deferred Tax Assets and Deferred Tax Liabilities

<i>Amounts in NOK thousand</i>	01.01.2024	Recognised in profit and loss during the year	Effect of acquisition and equity transactions	Foreign currency exchange differences	31.12.2024
Intangible assets	7 579	4 906		31	12 516
Other	5 801	-7 911			-2 110
Tax losses carried forward	-99 292	-10 588		-4 310	-114 190
Gross tax liabilities / assets (-)	-85 913	-13 593		-4 279	-103 784
Deferred tax assets not recognised	84 234	13 593		4 279	103 784
Tax liabilities/assets (-) recognised	0	0	0	0	0

<i>Amounts in NOK thousand</i>	01.01.2023	Recognised in profit and loss during the year	Effect of acquisition and equity transactions	Foreign currency exchange differences	31.12.2023 Restated
Intangible assets	6 698	710		170	7 579
Other	4 078	1 704		19	5 801
Tax losses carried forward	-80 213	-17 104		-1 975	-99 292
Gross tax liabilities / assets (-)	-69 437	-14 690		-1 786	-85 913
Deferred tax assets not recognised	69 437	13 011		1 786	84 234
Tax liabilities/assets (-) recognised	0	0	0	0	0

Use of Tax Losses Carried Forward

There is not any expiration date for the use of tax losses carried forward.

NOTE 23 – RELATED PARTIES

Transactions and shared costs have historically been charged from the parent Company to its subsidiary. In addition to Group companies, the group's related parties are: Key management personnel, close members of the family of a person and entities that are controlled or jointly controlled by any of these. Key management personnel are defined as the Board of Directors and the group management. Transactions and balances within the Group are eliminated in the financial statements and are not disclosed in this note.

Transactions and balances with related parties

<i>Amounts in NOK thousand</i>		As at 31.12.2024	As at 31.12.2023
Operational Expenses	Reiten&Co AS	750	1 500
Financial expenses	Navamedic ASA	5 523	3 534
Trade payables and other current liabilities	Reiten&Co AS	0	1 500
Interest bearing debt	Navamedic ASA	38 317	49 149

Transactions and Balances with related parties includes transactions with Reiten&Co, 100% owned by R. Investment Company AS (RIC) and Navamedic ASA as the largest shareholder after debt conversion. In accordance with the agreement made with Reiten & Co in 2023 for strategic advisory services related to the Convatec transaction, the rights issue, and financial advisory, NOK 750,000 was expensed under this agreement in H1 2024. In the Private placement in June 2024, RIC subscribed for the amount NOK 2,250 thousand.



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NOTE 24 – SHAREHOLDER INFORMATION

Top shareholders at 31 December 2024

Rank	Name	Holding	Stake
1	NAVAMEDIC ASA	45 109 765	15.62 %
2	R INVESTMENT COMPANY AS	31 553 565	10.92 %
3	JPB AS	17 564 944	6.08 %
4	ELI AS	13 263 298	4.59 %
4	SKØYEN INVEST AS	10 074 159	3.49 %
6	GINNY INVEST AS	9 250 000	3.20 %
7	F2 FUNDS AS	9 000 000	3.12 %
8	SILVERCOIN INDUSTRIES AS	8 296 150	2.87 %
9	ALPINE CAPITAL AS	7 482 036	2.59 %
10	BJØRNTVEDT, VEGARD	7 165 922	2.48 %
11	CAM AS	6 633 162	2.30 %
12	RO, LARS	6 266 626	2.17 %
13	PHILIP HOLDING AS	5 500 000	1.90 %
14	KING KONG INVEST AS	5 000 000	1.73 %
15	QUICK ISLAND INVEST AS	4 715 337	1.63 %
16	JOHANSSON, ERIC	4 250 000	1.47 %
17	WANGESTAD, ANDREAS	4 105 000	1.42 %
18	LIVERMORE INVEST AS	4 038 254	1.40 %
19	GUNERIUS PETTERSEN AS	3 725 000	1.29 %
20	LAPAS AS	3 468 311	1.20 %
	SUM TOP 20 SHAREHOLDERS	206 461 529	71.47 %
	OTHER SHAREHOLDERS	82 414 646	28.53 %
	Total	288 876 175	100.00 %

After the reverse share split on 14 January 2025, the total outstanding number of shares is 19 258 412 with a nominal value of 3.90 NOK.

Number of shares owned by board of directors and group management and at 31.12.2024 by primary insiders

Name	Position	Total shares
Terje Bakken ¹	Chairman of the Board	1 350 000
Eskild Endrerud ²	Board Member	14 718 859
Line Tønnessen ³	Board Member	932 692
Jørgen Mann	Chief Executive Officer	600 000
Johan M. Fagerli	Chief Financial Officer	250 763
Rune Nystad ⁴	Chief Development Officer	1 662 483

1) Bakken represents R. Investment Company, at the Board of Directors. 1 250 000 of the Shares owned by Bakken are owned through his privately held company, Kikinn Invest AS. 2) Endrerud represents the Company's third largest shareholders, ELI AS, at the Board of Directors. Endrerud owns 100% of ATHEND Holding AS. ATHEND Holding AS owns 378,994 shares in the Company and 50% of the shares in SEED Capital AS, who owns 64,067 shares in the Company. SEED Capital AS owns 91.932% of ELI AS, who owns 13,263,298 shares in the Company. In total, Eskild Endrerud indirectly owns 13,706,359 shares in the Company and directly owns 1,012,500 shares in the Company.

3) Tønnessen represents the shareholder R. Investment Company, at the Board of Directors. The Shares owned by Tønnessen are owned by her directly. 4) The shares are owned by US Holding AS who is 100% owned by Rune Nystad

Movement in number of shares and share capital	Number of shares	Share capital (NOK thousand)	Share premium (NOK thousand)
1 January 2024	190 685 204	49 578	277 970
July/August 2024, Private placement	55 000 000	14 300	7 700
December 2024, Subsequent offering	2 303 933	599	323
December 2024, Debt conversion	40 887 038	10 631	5 724
31 December 2024	288 876 175	75 108	13 747



During 2024, Observe Medical ASA issued 98 190 971 new shares at a subscription price of NOK 0.40 per share, and at a nominal value of NOK 0.26. 57 303 933 shares were settled by cash and 40 887 038 shares were settled by conversion of loan.

NOTE 25 – EVENTS AFTER THE REPORTING DATE

The extraordinary general meeting was held on January 7 2025, amongst other, to adopt a consolidation of the Company's shares (reverse share split) in the ratio 15:1 to meet the Oslo Stock Exchange's requirement of a minimum market value of NOK 1 per share. The new number of outstanding shares is 19 258 412.

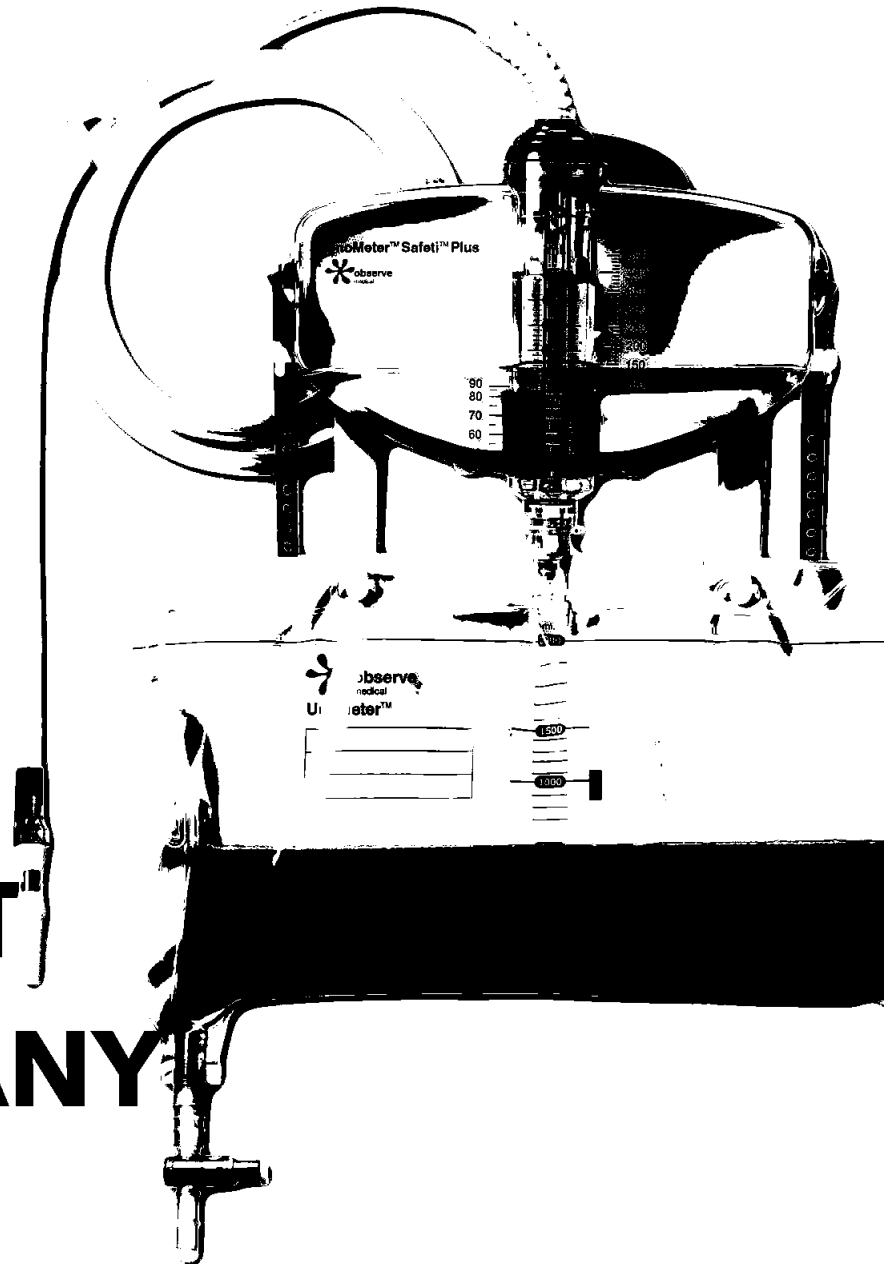
31 December 2024	288 876 175
January 2025, share issue rounding	5
Reverse share split ratio 15:1	- 269 617 773
14 January 2025	19 258 412

At 4 February 2025 board member Kathrine Gamborg Andreassen has informed the board of directors of Observe Medical ASA that she will resign from the Company's board of directors, effective 5 February 2025, in order to focus on her responsibilities as CEO of Navamedic ASA. Following the resignation, the board of directors will continue to constitute a quorum and is comprised of Terje Bakken (chair), Eskild Enderud (board member) and Line Tønnessen (board member).

At April 10 2025 Observe Medical announced that the Group has reached agreements in principle with Convatec and Navamedic to reduce their debt position from in total NOK 82 million to NOK 41 million, with an adjusted payment plan for the remaining debt. Such debt reduction is conditional upon injection of new equity in the minimum amount of NOK 25 million and two milestone payments of NOK 10 million each, after Sippi's accumulated sales value reaches NOK 20 million and NOK 50 million.

The Company has been in constructive dialogue with existing shareholders and new investors who have indicated a willingness to contribute equity in an amount of NOK 25 million, subject to debt reductions being agreed. The agreements in principle with Convatec and Navamedic will partially cover the requirements from such investors. Similar negotiations with smaller unsecured creditors is initiated and ongoing.

Subsequent to the reporting period, the trade tensions and tariff measures between the US and certain countries have continued to evolve. These developments could potentially affect the company's supply chain, cost structure, and market access. The company is actively monitoring the situation and assessing its impact on operations.



PARENT COMPANY

ANNUAL FINANCIAL STATEMENTS 2024 OBSERVE MEDICAL ASA



Observe Medical ASA

INCOME STATEMENT

<i>Amounts in NOK thousand</i>	Note	2024	2023 Restated
Operating revenues		2 717	2 514
Other income	5	1 203	77
Total operating income		3 974	2 591
Personnel expenses	3	8 898	9 004
Other operating expenses	11	9 298	12 122
Operating expenses		18 196	21 126
Operating result before depreciation and amortization (EBITDA)		-14 222	-18 535
Depreciation and amortization	14	396	589
Operating result (EBIT)		-14 618	-19 124
Financial income and expenses			
Interest income from group companies		3 889	2 916
Financial income	10	3 409	1 979
Interest expense to group companies		-3 523	-3 718
Interest expenses	10	-5 997	-5 986
Financial expenses	10	-1 777	-4 408
Impairment of long-term assets	6,9,10	-4 355	0
Impairment of financial investments	12	-171 243	-189 002
Net financial items	10,13	-179 598	-198 218
Result before tax		-194 216	-217 342
Income tax expense	15	0	0
Result for the period		-194 216	-217 342
Brought forward			
Uncovered losses		194 216	217 342
Net brought forward		-194 216	-217 342



Observe Medical ASA
BALANCE SHEET

<i>Amounts in NOK thousand</i>	<i>Note</i>	31.12.2024	31.12.2023 Restated
ASSETS			
Property, Plant and Equipment			
Equipment and other movables	14	250	1 380
Non-current assets			
Investments in subsidiaries	12,13	40 793	212 037
Loans to subsidiaries	9,13	53 992	50 118
Total non-current financial assets		94 785	262 155
Total non-current assets		95 035	263 535
Current assets			
Receivables from group companies	13	1 738	970
Other receivables and prepaid expenses		467	591
Bank deposits	4	843	12 297
Total current assets		3 048	13 858
Total assets		98 083	277 393
EQUITY AND LIABILITIES			
Share capital		75 108	49 578
Share premium		345 222	331 475
Other paid-in equity		-3 284	0
Total paid-in equity		417 046	381 053
Other equity		2 465	1 830
Uncovered losses		-411 559	-217 342
Total equity		7 952	165 541
Non-current liabilities			
Liabilities to financial institutions	6	0	878
Contingent consideration	6	0	1 560
Non-current liabilities to group companies	6,9	41 905	49 876
Interest bearing non-current liabilities	6	38 376	49 912
Total non-current liabilities		80 281	102 226
Current liabilities			
Trade payables	7	5 166	5 330
Public duties payable	7	319	707
Other current liabilities	7	4 364	3 590
Total current liabilities		9 849	9 627
Total liabilities		90 131	111 853
Total equity and liabilities		98 083	277 393



Oslo, May 29, 2025

The Board of Directors and CEO of Observe Medical ASA

Terje Bakken
Chair

Line Tønnessen
Board member

Eskild Endrerud
Board member

Jørgen Mann
CEO



EQUITY

Amounts in NOK thousand

	Share capital	Share premium	Other paid-in equity	Total paid-in capital	Uncovered losses	Total
Equity as at December 31, 2023 (Restated)	49 578	331 475	1 830	382 883	-217 342	165 541
Issued share capital	25 530	13 747		39 277		39 277
Transaction costs		-3 283		-3 283		-3 283
Cost of employee options			634	634		634
Net result for the period					-194 217	-194 217
Equity as at December 31, 2024	75 108	341 939	2 464	419 511	-411 559	7 952

Share capital:	NOK thousand	Shares	Par price
Share capital January 1, 2024	49 578	190 685 204	0.26
Changes	25 530	98 190 971	0.26
Share capital December 31, 2024	75 108	288 876 175	0.26

Refer to Note 24 in the Observe Medical group's consolidated financial statement 2024 for shareholders' information.



Observe Medical ASA

CASH FLOW STATEMENT

<i>Amounts in NOK thousand</i>	Note	2024	2023 Restated
Cash flow from operating activities			
Result before tax		-194 216	-217 342
Depreciation and impairment		175 598	589
Impairment			189 002
Gain(-)/Loss(+) from sale of fixed assets		-55	
Interest expenses and change in contingent consideration not paid		-818	-1041
Change in trade receivables and other receivables		340	-247
Change trade payables and other current liabilities		1 390	6 332
Net cash flow from operating activities		-12 357	-22 708
Cash flow from investment activities			
Sales of tangible and intangible assets		790	518
Payments to subsidiaries		- 16 967	-7 786
Net cash flow used in investment activities		-16 177	-7 268
Cash flow from financing activities			
Share issue		19 638	33 431
Transaction costs		-3 284	-4 980
Payment of loans		-2 378	0
Loans received		0	5 000
Net cash flow from financing activities		17 260	33 451
Exchange rate fluctuations			0
Change in bank deposits		-11 455	3 476
Bank deposits at the start of period		12 297	8 822
Bank deposits at the end of period	4	843	12 297



EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS 2024

NOTE 1 - GENERAL INFORMATION

Observe Medical ASA is a Norwegian public listed company incorporated on June 13, 2019 to own and manage the Observe Medical business. Observe Medical ASA was listed on Euronext Expand (previously Oslo Axess) on November 4, 2019. Observe Medical ASA holds 100% of all shares in its subsidiaries Observe Medical AS, Observe Medical AB, Observe Medical Nordic AB, Observe Medical ApS and Biim Ultrasound AS. Observe Medical ASA provides financing to entities in the Group.

The consolidated financial statements for Observe Medical ASA ("OM group" or "the Group"), including notes, for the year 2024 were approved by the Board of Directors of Observe Medical ASA on May 29, 2025, and will be proposed to the Annual General Meeting.

The financial statements for Observe Medical ASA have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP). Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates.

Observe Medical ASA is registered and based in Norway. Its head office is located in Dronning Eufemias gate 16, 0191 Oslo, Norway.

Going Concern assumption and liquidity

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

Based on current forecasts and working plans, the Company's working capital is not sufficient to fund operations and payment of financial

obligations for the next 12 months from 31 December 2024. Going forward, the Company will need to raise more equity, issue debt instruments or divest assets to fund further development of ongoing business.

The Company (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. There is a risk that adequate sources of funds may not be available, or available at acceptable terms and conditions, when needed. Therefore, there is a material uncertainty with regards of the going concern assumption.

The company has uncovered losses, as disclosed in the financial statements under the equity section

NOTE 2 - ACCOUNTING POLICIES

Shares in Subsidiaries

Shares in subsidiary are presented according to the cost method. Dividends and group contribution will be recognized in the financial statement when these are proposed by the subsidiary. Shares in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. Indications may be operating losses or adverse market conditions. If it is considered probable that the fair value is below Observe Medical's carrying value, the investment is impaired. The impairment will be reversed if the impairment situation is no longer present.

Foreign Currency Transactions

The functional currency of Observe Medical ASA is Norwegian kroner (NOK). Transactions in currencies



other than the functional currency are recorded at the exchange rate at the date of the transaction. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Realized and unrealized currency gains and losses on transactions, assets and liabilities, denominated in a currency other than the functional currency are included in financial income and expenses.

Revenue

Revenue stems from sales of administrative services to subsidiaries. These are recognized when the services are delivered. Interest income is recognized in the income statement as it is accrued.

Receivables

Trade receivables and short-term intercompany receivables are recognized at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Cash Deposits

Cash deposits include bank deposits as at end of the reporting period. The cash held by Observe Medical ASA reflects that most external bank deposits are channeled through the group financing agreement.

Transparency Act

The company is committed to meeting its requirements in a responsible manner. A due diligence report, prepared in accordance with the Act, will be published on the company's website no later than June 30.

Payables

Trade payables and short-term intercompany payables are recognized at nominal value.

Financial Assets and Liabilities

Financial assets are initially recognized in the balance sheet at fair value (cost) and subsequently at the lower of cost or fair value. Financial liabilities are initially recognized in the balance sheet at fair value (cost) and subsequently at amortized cost.

Expenses

Expenses are recognized in the financial statement in the period when the services or materials are consumed.

Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax payable is based on taxable profit for the year. Deferred tax is calculated on the basis of tax-reducing and tax increasing temporary differences that exist between

accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilized. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are adopted.

Classification and valuation of fixed assets

Fixed assets consist of assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction. Plant and equipment is capitalized and appreciated over the economic lifetime of the asset. Significant items of plant and equipment that consist of several material components with different lifetimes are broken down in order to establish different depreciation periods for the different components. Direct maintenance of plant and equipment is expensed on an ongoing basis under operating costs, while additions or improvements are added to the asset's cost price and depreciated in line with the asset. Plant and equipment is written down to the recoverable amount in the event of a fall in value that is not expected to be temporary. The recoverable amount is the higher of the net sales value and the value in use. Value in use is the present value of future cash flows related to the asset. The write-down is reversed when the basis for the write-down is no longer present.

2.2 Correction of errors

Observe Medical announced on the 14th of May 2025, that the Norwegian Financial Supervisory Authority of Norway (NFSA) has concluded an assessment of the 2023 financial statements and the interim 2nd half 2024 figures. The NFSA assessment was that there were misstatements in the annual financial statements for 2023 and in the interim financial statements for 2024. After discussions with the NFSA, the Company assessed that the goodwill write-down should be restated in the 2023 comparable figures. For the parent company financial statements, the value of shares in the subsidiary Biim Ultrasound AS of NOK 189,002 thousand have been written down NOK 0, with relevant information provided in the notes to the accounts.

As in group financial statements, a modification effect from negotiated loans with Navamedic ASA in November 2023 has been corrected in the 2023



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comparable figures, resulting in increased interest expenses and interest-bearing long-term debt by NOK 0.8 million, and a proportional reversal of NOK 0.1 million for 2 months in 2023, reducing the interest expenses and interest-bearing long-debt by the same amount. The errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Impact on equity (increase / decrease (-) in equity) (in NOK '1000) 31.12.2023:

Investment in subsidiaries	-189 002
Total non-current financial assets	-189 002
Total non-current assets	-189 002
Total assets	-189 002
Non-current liabilities	763
Total non-current liabilities	763
Total liabilities	763
Net impact on equity	-189 765

NOTE 3 – SALARY EXPENSES

<i>Amounts in NOK thousand</i>	2024	2023
Salaries	5 595	5 458
Fees to Board of Directors	1 300	1 320
Employment taxes	1 033	1 177
Pension insurance	325	526
Other benefits	645	523
Total salary expenses	8 898	9 004

At year end the company had 2 employees. The company has a contribution pension scheme that meets the requirement of the Norwegian Act of Mandatory Occupational Pension. Jørgen Mann replaced Rune Nystad as CEO in the company 29th of February 2024. Jørgen Mann is employed by the Danish subsidiary Observe Medical ApS. CEO costs including salary and expenses is invoiced to Observe Medical ASA and affiliates according to principles for internal transactions. For remuneration to the group management, please refer to the consolidated financial statement note 9.

Share option expenses of TNOK 634 for 2024 are included in "Other Benefits". The company is liable for the social security tax, and it is expensed over the estimated vesting period. See Note 10 in the Observe Medical group's consolidated financial statement 2024 for further information related to the share options.

NOTE 4 – BANK DEPOSITS

Restricted cash (tax withholding account) is NOK 191 thousand.

NOTE 5 - REVENUES AND OTHER INCOME

Revenues from internal services to subsidiaries. Indemnity settlement agreement related to the Biim acquisition leading to other income of NOK 1.2 million in 2024.

NOTE 6 – NON-CURRENT LIABILITIES

<i>Amounts in NOK thousand</i>	2024	2023
Liabilities to financial institutions	0	878
Contingent consideration ²⁾	0	1 560
Interest bearing debt to Observe Medical AB	41 905	49 876
Interest bearing debt to Navamedic ASA ¹⁾	38 376	49 149
Total non-current liabilities	80 281	101 463

¹⁾ Decrease in interest bearing debt from Navamedic ASA from 2023 to 2024 due to conversion of loan to shares of NOK 16 355 thousand, partly offset of accrued interest.

²⁾ Contingent consideration: The remaining provision of NOK 1.5 million is reversed based on an assessment that neither royalty nor milestone payments related to sales criteria will be met for Sippi. Refer to note 21 in the consolidated financial statements.

Loan Agreement with Navamedic ASA

The Company has two subordinated loan agreements with Navamedic for loans with an aggregate outstanding amount of NOK 38.3 million (including interest) at the date of 31 December 2024 (the Navamedic Loans) after a conversion to share capital of NOK 16.4 million.

On 6 December 2024, the Company and Navamedic entered into an Addendum Agreement with respect to the Navamedic Loans. Pursuant to the Addendum Agreement, Navamedic converted NOK 16 354 815.20 of Navamedic Loan I to shares in the Company (the Conversion Shares), at a subscription price of NOK 0.40 per Conversion Share. The first loan agreement, entered into on 27 September 2019, has an outstanding principal amount of NOK 32.1 million including interest ("Navamedic Loan I"). The second loan agreement, entered into on 6 September 2023, has an outstanding principal amount of NOK 6.2 million including interest ("Navamedic Loan II"). Furthermore, the final maturity dates of the Navamedic Loans are postponed from



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31 January 2025 to 31 December 2027 ("Navamedic Loan I") and 31 December 2027 ("Navamedic Loan II") and a new amortization schedule will be applied for Navamedic Loans. Following the addendum, Observe Medical shall start paying interest on loan 1 from second quarter of 2025 and start paying principal from 1 January 2026. The remaining principal of NOK 15 000 000 is due at 31 December 2027. Observe Medical shall start paying interest on loan 2 from second quarter of 2025. The remaining principal of NOK 6 343 380 is due at 31 December 2027.

NOTE 7 – CURRENT LIABILITIES

<i>Amounts in NOK thousand</i>	2024	2023
Trade payables	5 166	5 330
Public duties payable	319	707
Other liabilities	4 364	3 590
Total current liabilities	9 850	9 627

NOTE 8 – CURRENT ASSETS

<i>Amounts in NOK thousand</i>	2024	2023
Other short-term receivables	467	591
Receivables from group companies	1 738	970
Bank deposits	843	12 297
Total receivables	3 048	13 858

NOTE 9 – LOANS TO GROUP COMPANIES

<i>Amounts in NOK thousand</i>	2024	2023
Observe Medical ApS	5 341	2 831
Biim Ultrasound AS	39 193	39 469
Observe Medical AS	9 458	7 819
Total loans to group companies	53 992	50 118

As per 31.12.2024, a provision for potential loss of the loan to Biim Ultrasound AS was made of NOK 4 355 thousand. All group internal loans have a fixed interest rate of 8.00% per annum. Accrued interest shall monthly be capitalized and added to the aggregate principal amount of the loans outstanding under the loan agreement.

NOTE 10 – FINANCIAL INCOME AND EXPENSES

<i>Amounts in NOK thousand</i>	2024	2023
Interest income from group companies	3 889	2 916
Net currency gain	1 849	0
Change in contingent consideration	1 560	1 979
Total financial income	7 298	4 895
Financial expenses	2024	2023
		Restated
Interest expenses ¹⁾	5 997	5 986
Interest expenses to group companies	3 523	3 718
Other financial expenses and net currency loss	1 777	4 408
Impairment of investment in subsidiaries	171 243	189 002
Impairment of loan receivables	4 355	0
Total financial expenses	186 896	203 113
Net financial income(+)/expenses (-)	-179 599	-198 218

¹⁾ Interest expenses include modification effects of the Navamedic loan of NOK 0.8 million in the 2023 restated figures and a proportional reversal reducing the interest expenses by the same amount in 2024. For renegotiation in 2024, a modification effect of negative 75 thousand is included.

NOTE 11 – OTHER OPERATING EXPENSES

<i>Amounts in NOK thousand</i>	2024	2023
Audit services	2 193	2 006
Accounting and financial services	687	506
Consultants	1 213	2 772
IT expenses	647	651
Legal and professional fees	1 053	2 121
Other operating expenses	1 164	1 701
Stock exchange expenses	833	545
Travel expenses	86	237
Other group services	1 420	1 583
Total other operating expenses	9 298	12 122

Auditor

Audit fees expensed for 2024 amount to NOK 2 193 thousand ex VAT. Fees for other assurance services amount to NOK 145 thousand



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NOTE 12 – SUBSIDIARIES

<i>Amounts in NOK thousand</i>	Business office	Ownership share	Carrying amount December 31, 2024	Carrying amount December 31, 2023 (Restated)
Observe Medical AB ³⁾	Gothenburg, Sweden	100%	40 743	123 011
Observe Medical ApS ³⁾	Herlev, Denmark	100%	0	80 247
Observe Medical AS	Oslo, Norway	100%	50	50
Observe Medical Nordic AB ¹⁾	Gothenburg, Sweden	100%	0	8 729
Biim Ultrasound AS ²⁾	Oslo, Norway	100%	0	0
Total			40 793	212 037

¹⁾ Since Observe Medical Nordic AB (formerly Sylak AB) is no longer an operating entity and its associated business has ceased, the company is planned to be merged into Observe Medical AB, and there are no assets remaining in the company apart from a loss carryforward. This has resulted in a write-down of shares of NOK 8 729 thousand. ²⁾ The carrying amount of the shares (NOK 189 million) has been written down to zero and restated to 2023 (with reference to note 2), as the recoverable amount based on an impairment test indicates a potential loss in value. The remaining value of Biim in the parent company's accounts consists solely of the loan receivable. ³⁾ The shares in Observe Medical AB (NOK 123.011 million) and Observe Medical ApS (NOK 80.247 million) have been assessed together, as their value is linked to the Sippi product. The total write-down of NOK 162.515 million (NOK 82.268 million for OM AB and NOK 80.247 million for OM ApS) aligns with the equity value of the Sippi product in the consolidated accounts.

NOTE 13 – RELATED PARTIES

<i>Amounts in NOK thousand</i>	Income	Operating expenses	Financial income	Financial expenses	Receivables	Liabilities
Navamedic ASA 1)	0	0	0	5 523	0	38 376
R Investment Company AS 2)	0	0	0	0	0	0
Reiten & Co AS 3)	0	750	0	0	0	0
Observe Medical AB	1 982	16	0	3 523	0	41 905
Observe Medical ApS	31	1 404	339	5	5 341	0
Observe Medical AS	0	0	664	0	9 458	0
Observe Medical Nordic AB	41	0	0	0	0	0
Biim Ultrasound AS	663	0	2 886	0	39 193	0
Total	2 717	2 170	3 889	9 046	54 042	80 281

¹⁾ Navamedic ASA owned 15.62% of all shares in Observe Medical ASA as of 31 December 2024. ²⁾ R Investment Company AS owned 10.92% of all shares in Observe Medical ASA as of 31 December 2024. ³⁾ Reiten&Co 100% owned by R Investment Company AS (former IRIC). In accordance with the agreement made with Reiten & Co in 2023 for strategic advisory services related to the Convatec transaction, the rights issue, and financial advisory, NOK 750,000 was expensed under this agreement in 2024. In the Private placement in June 2024, IRIC subscribed for the amount NOK 2,250 thousand.

NOTE 14 – NON-CURRENT ASSETS

<i>Amounts in NOK thousand</i>	Intangible assets	Plant and machinery	Fixtures and fittings	Total
Acquisition cost as of 01.01.24	635	1 225	506	2 366
Inflow purchased fixed assets	0			0
Outflow this year	0	1 225		1 225
Acquisition cost 31.12.24	635	0	506	1 141
Accumulated depreciation 31.12.24	388	0	503	891
Book value 31.12.24	247	0	3	250
This year's ordinary depreciations	212	123	61	396
Economic life	3 years	5 years	3 years	



NOTE 15 – TAXES

<i>Amounts in NOK thousand</i>	2024	2023 Restated
Income tax payable	0	0
Changes in deferred tax	0	0
Income tax expenses	0	0

Reconciliation from Nominal to Actual Tax Rate

<i>Amounts in NOK thousand</i>	2024	2023 Restated
Result before income tax	- 194 216	- 217 342
Permanent differences ⁹	172 317	189 002
Changes in temporary differences	88	52
Total taxable income	- 21 811	- 28 289
Expected income tax expenses, 22%	- 4 799	- 6 224

Specification of Tax Effect to Temporary Differences

Non-current assets	- 52	145
Current assets	-	-
Liabilities and provisions	-	-
Non-recognized tax asset	-	-
Tax losses carried forward	- 111 708	- 89 169
Not included in the deferred tax calculation	111 760	89 024
Deferred tax assets/liabilities in the balance sheet	0	0

Reconciliation of Deferred Tax Assets in the Balance Sheet

Deferred tax assets January 1	0	0
Change in deferred taxes recognized in income statement	0	0

Observe Medical ASA is the holding company in Observe Medical group and has no income-generating activities other than group services and financing of group companies, as well as some consultancy services to related parties. In order to capitalize deferred tax assets, the company must prove taxable income through earnings in future years or through realistic tax adjustments that enable the benefit to be utilized.

Since the company expects losses in the coming years, the company considers that the conditions for capitalizing deferred tax assets have not been fulfilled.

⁹ Related to impairment of shares and loan receivables, and transaction costs related to share issues



NOTE 16 – SUBSEQUENT EVENTS

The extraordinary general meeting was held on January 7 2025, amongst other, to adopt a consolidation of the Company's shares (reverse share split) in the ratio 15:1 to meet the Oslo Stock Exchange's requirement of a minimum market value of NOK 1 per share. The new number of outstanding shares is 19 258 412.

31 December 2024	288 876 175
January 2025, share issue rounding	5
Reverse share split ratio 15:1	- 269 617 773
14 January 2025	19 258 412

At 4 February 2025 board member Kathrine Gamborg Andreassen has informed the board of directors of Observe Medical ASA that she will resign from the Company's board of directors, effective 5 February 2025, in order to focus on her responsibilities as CEO of Navamedic ASA. Following the resignation, the board of directors will continue to constitute a quorum and is comprised of Terje Bakken (chair), Eskild Enderud (board member) and Line Tønnessen (board member).

At April 10 2025 Observe Medical announced that the Group has reached agreements in principle with Convatec and Navamedic to reduce their debt position from in total NOK 82 million to NOK 41 million, with an adjusted payment plan for the remaining debt. Such debt reduction is conditional upon injection of new equity in the minimum amount of NOK 25 million and two milestone payments of NOK 10 million each, after Sippi's accumulated sales value reaches NOK 20 million and NOK 50 million.

The Company has been in constructive dialogue with existing shareholders and new investors who have indicated a willingness to contribute equity in an amount of NOK 25 million, subject to debt reductions being agreed. The agreements in principle with Convatec and Navamedic will partially cover the requirements from such investors. Similar negotiations with smaller unsecured creditors is initiated and ongoing.

Subsequent to the reporting period, the trade tensions and tariff measures between the US and certain countries have continued to evolve. These developments could potentially affect the company's supply chain, cost structure, and market access. The company is actively monitoring the situation and assessing its impact on operations.



AUDITOR'S REPORT





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To the General Meeting in Observe Medical ASA

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Observe Medical ASA (the Company) which comprise:

- The financial statements of the Company, which comprise the balance sheet as at 31 December 2024 and the income statement, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the Group, which comprise the statement of financial position as at 31 December 2024, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report,

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for Qualified Opinion

The Group's goodwill and other intangible assets are carried at NOK 33.1 million and NOK 97.7 million on the consolidated statement of financial position as at 31 December 2024. The parent company's investments in subsidiaries, loans to subsidiaries and receivables from group companies are carried at NOK 40.8 million, NOK 54 million and NOK 1.7 million in the balance sheet as at 31 December 2024. We have evaluated Management's assumptions for future cash flows including historically accuracy in prior periods forecast but were not able to obtain reasonable and supportable data. We have not been able to obtain sufficient and appropriate audit evidence regarding the valuation of these assets. Consequently, we were not able to determine whether any additional impairments to these amounts were required.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

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We have been the auditor of the Company for 3 years from the election by the general meeting of the shareholders on 9 June 2022 for the accounting year 2022.

Material uncertainty related to going concern

We draw attention to note 1 and note 5 in the financial statements and the Board of Director's report, which describes that the Company will need to raise more equity, issue debt instruments or divest assets to fund its operations. This and other circumstances as disclosed in note 1 and 5 indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matters

The financial statements have been made public after the deadline by the Act on Securities Trading (Securities Trading Act) for publishing the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2024. In addition to the matters described in the *Material uncertainty related to going concern* section and the *Basis for Qualified Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting of Unometer seller-credit / asset transfer agreement

Basis for the key audit matter

At 31 December 2024, the carrying amount of the group's intangible assets from acquisition of assets from the Unometer asset transaction in 2023 amounted to NOK 33.9 million with a financial liability of 40.2 million.

As described in note 2, note 17 and note 20, in prior period to 2024, the consideration to be paid was not discounted and all acquired assets were not identified and measured. In 2024, it has been concluded that this accounting treatment was not appropriate under IFRS Accounting Standards, and the Group has changed the accounting treatment with retrospective restatement of the financial statements.

Management assessed the interest rate to be used for measurement of the discounted consideration and allocated the purchase price to the identified assets. Management measured the trademark and license asset based on a royalty by relief method using cash flows from approved budget and long-term plans. Other assets such as information about historical customers/distributors and technical documentation were measured by estimating a

Our audit response

We assessed the change in accounting treatment of the transaction.

For the seller-credit we evaluated the model used for discounting and calculating interest expenses to be recognized over the timespan of the payment plan in the asset purchase agreement.

For the measurement of acquired assets we among other evaluated management's estimates relating to an assumed royalty rate and estimated future revenues for allocating values to the trademark and license asset. For the assumptions used of replacement cost for assets related to customer/distributor information and technical documentation we evaluated the used cost towards the estimated cost of resources necessary to recreate the information and documentation.

We further assessed the amortization period for the intangible asset with definite lifespan.

We have reviewed the appropriateness of the note disclosures.



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replacement cost. The estimates required significant judgement by management.

We refer to note 2, note 17 and note 20 in the consolidated financial statements.

The accounting treatment of the transaction was a key audit matter due to the significant judgements involved in the estimates used in determining the discount rate for the seller-credit, valuation of the identified assets and the retrospective restatement.

Other information

The Board of Directors and the Chief Executive Officer (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information comprises all the information in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.



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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report - Observe Medical ASA 2024

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Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Observe Medical ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name *ObserveMedicalasa-2024-12-31-0-en.zip*, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (the ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 30 May 2025
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The auditor's report is signed electronically

Anja Maan
State Authorised Public Accountant (Norway)

Independent auditor's report - Observe Medical ASA 2024

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ALTERNATIVE PERFORMANCE MEASURES (APMS)

The consolidated financial statements are prepared in accordance with international financial reporting standards (IFRS). In addition, management uses certain alternative performance measures (APMs). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance and financial position alongside IFRS measures. APMs should not be considered as a substitute for, or superior to, measures of performance in accordance with IFRS. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described and reconciled below. As APMs are not uniformly defined, the APMs set out below might not be comparable to similarly labelled measures by other companies. The current consolidated financial statements include the retrospective restatement of a prior period error. The error is related to a financial liability not having been recognised for the obligation to acquire non-controlling interests in a subsidiary. No APMs are affected by this restatement. The income statement for previous periods is re-presented, see note 1 for further details. Affected APMs are re-presented accordingly and Earnings per share (adjusted) for continuing operations is presented as an APM.

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.
Gross result adjusted	Gross Profit adjusted for one-off items, non-recurring expenses such as write-down
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 adjusted	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.
Net interest-bearing debt	Non-current and current interest bearing liabilities deducted bank deposits
Equity ratio	Total equity divided by total assets



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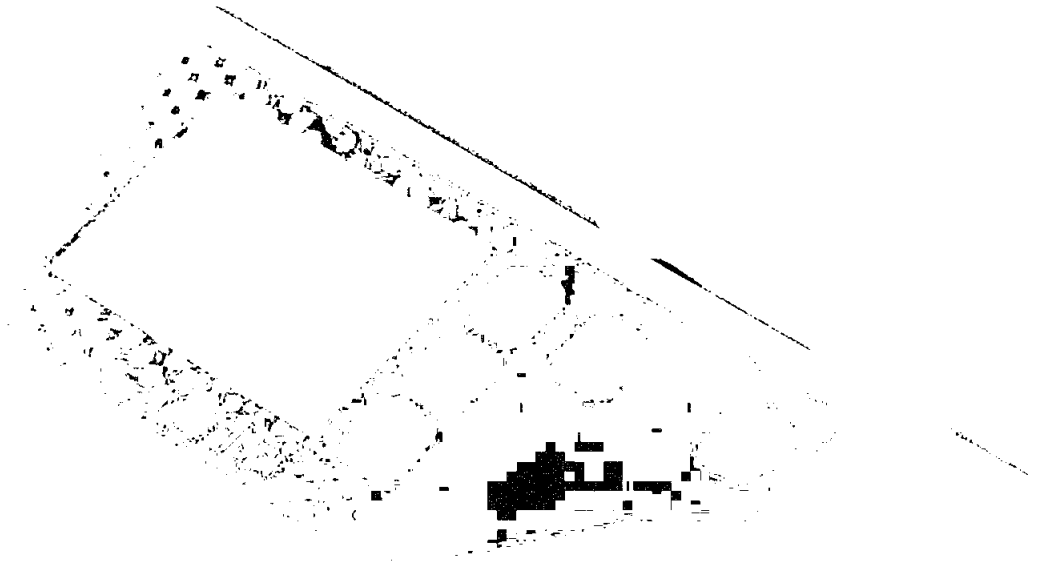
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This report includes, among other things, forward-looking information and statements that are subject to risks and uncertainties, which may cause actual results to differ from expectations. These statements and this report are based on current expectations, estimates, and projections regarding economic conditions. While Observe Medical ASA believes its expectations and assumptions are reasonable, there is no guarantee that they will be achieved or that actual results will align with those outlined in the report.

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Observe Medical ASA comprises several legally independent entities, each with its own distinct identity. "Observe Medical" is used as a common brand or trademark for most of these entities. In this report, the terms "Observe Medical," "we," or "us" may be used to refer collectively to Observe Medical companies where appropriate, without specifying any particular entity.



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