INTERIM REPORT

H1/ 2026

Observe Medical ASA

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H I G H L I G H T S

- **Revenue growth:** UnoMeter™ revenues reached NOK 14.4 million, representing a 27.4% increase compared to H1 2025, and a 92% increase from H2 H2025.

- **Increased order intake:** Increased market penetration and a broader product offering continue to drive strong order growth across key geographies, with a growth of 73% compared to H2 2025.

- **Clinical Leadership with UnoMeter™ Safeti™ Max:** Development completed and commercially launched with initial orders from distributors covering 28 countries. Laboratory data confirming infection barrier efficacy will be presented at the International Continence Society (ICS) conference in October 2026.

- **Expansion of Addressable Market:** Portfolio extension within the urological drainage segment leverages the strong UnoMeter™ brand, expanding the target market value from NOK ~670 million to ~2.6 billion.

- **Innovation Norway loan received:** Received a NOK 15.0 million loan from Innovation Norway to support the commercial expansion of the UnoMeter™ portfolio

- **Dismantling complexity:** Wind-up of Biim Ultrasound AS and its subsidiaries, removing non-core activities to focus resources entirely on growth, leading to a non-cash other income in the first half year.

- **Strengthening our commercial team:** Appointed Dorthe Jensen as Sales Director (Europe & South America) alongside senior business development expertise from Torben Sandgren and dedicated commercial coverage for Middle East & Southeast Asia by Arun Kesavan.

KEY FIGURES

(Amounts in NOK thousand, except EPS, equity ratio and number of FTE)	H1 2026	H1 2025	FY 2025
Operating revenue	**14 425**	**11 327**	**18 811**
Gross result adjusted*	4 253	2 962	5 338
Other income	18 247	2 167	2 253
Operating expenses adjusted*	12 572	13 797	30 973
EBITDA adjusted*	**-8 319**	**-10 835**	**-25 635**
Depreciation and amortization	2 418	7 021	13 320
Impairment	0	4 033	41 725
EBIT	5 500	-19 722	-79 066
Net finance	61	674	30 427
Result	**5 561**	**-19 048**	**-48 639**
EPS	0.04	-0.99	-0.73
Equity	29 360	3 677	29 959
Total balance	92 743	133 510	101 169
Equity ratio	31.7%	2.8%	29.6%

OPERATING REVENUES	GROSS PROFIT*	GROSS MARGIN*	EBITDA*
14.4 MNOK +3.1 MNOK / +27.4% YoY	**4.3 MNOK** +1.3 MNOK / +43% YoY	**29.5%** +3.3 p.p YoY	**-8.3 MNOK** +2.5 MNOK/ +9.1% YoY

*Alternative performance measures (APMs), adjusted for other income, inventory write-down and non-recurring opex (see page 22)

LETTER FROM THE CEO

Dear shareholders,

Our focus throughout the past period has been straightforward: build an efficient global distribution platform, deliver products with clear clinical value, drive commercial growth, and build a financially resilient foundation.

Commercial Progress and distribution platform

We continue to strengthen our market presence

- Our third-party distribution network covers 46 countries across Europe, Asia, and South America. This network covers over 90% of the historical UnoMeter™ sales volume.
- Commercial traction is improving, with order intake up 73% and sales up 92% compared to H2 2025.
- In growth markets such as India, our historic brand standing has allowed us to secure initial commercial orders.

UnoMeter™ Safeti™ Max – foundation for clinical leadership

A core element of our strategy is taking clinical leadership within infection prevention and urological drainage. With the launch of UnoMeter™ Safeti™ Max, we are addressing critical healthcare challenges related to catheter-associated urinary tract infections (CAUTI), health economics, and sustainability.

- In-vitro clinical testing has validated that Safeti™ Max provides a 100% effective barrier against bacterial migration for 14 days, doubling the 7-day industry standard and drastically improving health economics for our customers. Combined with CE certification and patent protection, this positions the product as a true benchmark for infection control in acute care settings.
- Distributors in 28 countries have already placed orders for Safeti™ Max. Initial shipments began in late June 2026, with volume deliveries starting from September 2026.
- Beyond Safeti™ Max, we have expanded our product offering from 3 to 7 products. This increases our total addressable market from NOK 670 million to **NOK 2.6 billion**, with potential for further expansion towards NOK 5+ billion upon the future commercialisation of Sippi®
- A major milestone in our strategy to take clinical leadership is the recent acceptance of a peer-reviewed study on UnoMeter™ Safeti™ Max for publication in Infection Prevention in Practice (IPIP). Authored by independent clinical experts from Karolinska Institutet, the study provides strong scientific validation of our underlying UnoSafeCoat™ technology. Crucially, this independent proof of clinical performance not only gives Safeti™ Max a unique competitive edge in the market today, but it also solidifies the scientific foundation and builds commercial credibility for our next-generation digital platform, UnoMeter™ Sippi®.

Operational execution

To drive commercial growth, execution, and regional focus, we have strengthened our commercial organization with medtech leadership, and I am proud to welcome:

- **Torben Sandgren as Business Development Director:** Driving strategic partnerships and business growth across key accounts.
- **Dorthe Jensen as Sales Director (Europe & South America):** Deepening market penetration and capture market shares.
- **Arun Kesavan as Sales Director (Middle East & Southeast Asia):** Strengthens our commercial execution in fast-growing regional markets, focusing on distributor alignment and immediate market uptake.

Our main priority for the second half of 2026 is clear: turn commercial momentum into sustainable revenue growth and reach positive operational cash flow. Thank you to our team, partners, and shareholders for your continued support.

Jørgen Mann
CEO

FINANCIAL REVIEW

[U N A U D I T E D]

GROUP RESULTS

Operating revenues

Operating revenues for the first half year amounted to NOK 14.4 million, reflecting a year-over-year increase of NOK 3.1 million / +27.4% driven by increased sales volume of the UnoMeter™ portfolio.

Gross result and margin

Gross result adjusted of NOK 4.3 million in H1 2026 vs NOK 3.0 million in H1 2025. Gross margin of 29.5% (+3.3pp YoY) driven by a portfolio shift toward higher margin sales and lower freight expenses compared to same period last year.

Other Income

Other income for H1 2026 totaled NOK 18.2 million (H1 2025: NOK 2.2 million). The key drivers for the period consist of: 1. Derecognition of group entities leading to an accounting gain of NOK 18 million from the deconsolidation and wind-up of the subsidiary Biim Ultrasound. This transaction carried no cash effect but resulted in a non-operating gain through the elimination of historical net liabilities. 2. Gain of NOK 0.2 million realised from the sale of minor fixed assets. By comparison, other income in H1 2025 (NOK 2.2 million) primarily comprised gains on the derecognition or restructuring of financial liabilities.

Adjusted operational expenses

Reported operating expenses for H1 2026 were NOK 14.6m (H1 2025: NOK 13.8m). Adjusted for non-recurring restructuring costs of NOK 2.0m, Adjusted OPEX stood at NOK 12.6m. The underlying reduction was primarily driven by lower expenditure on auditing, legal, and external professional services, partially offset by higher non-cash share option expenses and elevated trademark registration and maintenance fees.

Adjusted EBITDA

Reported EBITDA for H1 2026 reached NOK 7.9 million (H1 2025: NOK -8.7 million), primarily driven by the non-cash derecognition gain of NOK 18.0 million from the Biim Ultrasound wind-down.

Excluding the non-operating gain and non-recurring restructuring charges of NOK 2.0 million, Adjusted EBITDA stood at negative NOK 8.3 million.

Depreciation and amortisation totaled NOK 2.4 million for H1 2026, representing a NOK 4.6 million YoY reduction compared to H1 2025 (NOK 7.0 million). The decrease was driven by the deconsolidation of Biim Ultrasound.

Net financial income in the first half of NOK 61 thousand compared to NOK 674 thousand in the same period last year. The change is mainly related to currency effects on intercompany loans in SEK and debt in USD, partly offset by the amortization of financial liabilities.

Result for the period reached NOK 5.6 million compared to negative NOK 19.0 million in the first half last year (+NOK 24.6 million YoY).

Earnings per share, basic and diluted, were NOK 0.04 compared to negative NOK 0.99 in the first half last year.

CASH FLOW FIRST HALF YEAR 2026

In H1 2026, net cash flow from **operating activities** was negative NOK 17.0 million (H1 2025: negative NOK 1.2 million). The operational outflow was mainly driven by day-to-day operations, restructuring costs, working capital requirements, and payments of outstanding trade payables and accrued public duties, which included NOK 2.5 million in Covid-19 tax deferrals in Sweden.

Net cash flow from **investing activities** was negative NOK 1.3 million (H1 2025: 0), driven by capitalized development expenditures for the UnoMeter™ Safeti™ Max.

Net cash flow from **financing activities** was 14.7 million, compared to NOK 2.2 million in H1 2025. The cash inflow was driven by a NOK 15.0 million new loan facility from Innovation Norway, partially offset by interest payments.

Bank deposits at 30 June 2026 were NOK 7.8 million compared to NOK 3.0 million at 30 June 2025.

FINANCIAL POSITION AT 30 JUNE 2026

Total assets as of 30 June 2026 amounted to NOK 92.7 million, compared to NOK 133.5 million as of 30 June 2025. The reduction in total assets is primarily attributable to the impairment related to Biim Ultrasound recognized at year-end 2025.

Non-current assets totaled NOK 75.8 million as of 30 June 2026, compared to NOK 87.1 million as of 30 June 2025. The asset base primarily comprises goodwill of NOK 32.7 million (NOK 34.1 million as of 30 June 2025) and intangible assets and patents of NOK 43.0 million, associated with technologies and patents for Sippi®, alongside trademarks and assets related to UnoMeter™.

The year-over-year change primarily reflects the full impairment of assets related to Biim Ultrasound amounting to NOK 41.7 million as at year end 2025.

As of 30 June 2026, the Group had **bank deposits** of NOK 7.8 million, at 30 June 2025 the bank deposits were NOK 3.0 million.

As of 30 June 2026, total **equity** stood at NOK 29.4 million, up significantly from NOK 3.7 million as of 30 June 2025. The equity ratio was 31.7% at 30 June 2026 compared to 2.8% at 30 June 2025, driven by the structural balance sheet optimisation.

As of 30 June 2026, the Group's **total liabilities** amounted to NOK 63.4 million, compared to NOK 129.8 million as of 30 June 2025. The substantial reduction in total debt reflects the execution of the comprehensive debt restructuring process during 2025.

EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, the Group has received a formal waiver from Innovation Norway regarding the financial covenant of min NOK 10 million free liquidity as of 30 June 2026. Because the waiver was granted after the balance sheet date, the Innovation Norway facility of NOK 15.0 million remains classified as short-term interest-bearing debt as of 30 June 2026 in accordance with IFRS. Furthermore, the Group is in constructive dialogue with Innovation Norway to establish an alternative financial covenant that better aligns with the Group's operational model.

RISKS AND UNCERTAINTIES

The Group is exposed to a range of financial, operational, and strategic risks, which are actively monitored and managed across the organisation. Key risk areas include:

Going concern assumption

The consolidated financial statements have been prepared on a going concern basis. During 2025, the Group significantly strengthened its financial position through debt restructuring and equity issues, and this was further supported in early 2026 by the formal signing and drawdown of a NOK 15.0 million loan facility from Innovation Norway. Management's cash flow forecasts cover at least twelve months from the reporting date. These forecasts are based on continued revenue growth and assume that the Group achieves positive cash flow from operating activities during the fourth quarter of 2026, which is necessary to support the Group's continued liquidity beyond this period. The ability to achieve this development is dependent on continued growth in sales and order intake and prevailing market conditions. While management considers its assumptions to be reasonable and notes that the Group has some flexibility to adjust its cost base, a failure to achieve the forecasted revenue growth and operating cash flow would require the Group to obtain additional financing or implement other measures in order to meet its obligations as they fall due. There is a risk that the Group's achievement of positive cash flow from operating activities will be delayed. Accordingly, there is material uncertainty with regard to the going concern assumption, should the Group be unable to reach its forecasted cash flows or unable to obtain financing from other sources.

Financial risk

As of 30 June 2026, free liquidity of NOK 7.8 million was below the NOK 10.0 million covenant target, resulting in the reclassification of the Innovation Norway facility to short-term interest-bearing debt. Subsequent to the reporting date, the Group has obtained a waiver from Innovation Norway and is in constructive dialogue to establish an alternative financial covenant that better aligns with the Group's operational model.

Operational and market risks

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

The Group's operations are characterized by third party dependencies across two key areas: the commercial effectiveness of international distributors and the production integrity of our manufacturing partners. Commercially, growth is contingent upon the capacity of the distribution network to penetrate local markets and successfully secure competitive tenders. Operationally, the Group maintains a high degree of reliance on its manufacturers to uphold stringent quality standards and meet delivery timelines, as any disruption could delay commercialization and impact market position.

The Group is further subject to risks stemming from geopolitical volatility, as ongoing global conflicts continue to disrupt raw material supplies, financial markets, and international logistics. These directly affect access to critical components and lead to fluctuating freight costs, to which the Group is particularly exposed regarding shipments from China. Such fluctuations and logistical disruptions may lead to increased transportation costs and delayed deliveries, which could in turn negatively affect the Group's margins and market position. To mitigate these risks, the Group focuses on supply chain resilience and cost management routines. Furthermore, the Group recognizes that climate-related factors and extreme weather events can disrupt international logistics and manufacturing, while evolving environmental regulations may impact product requirements.

Regulatory Environment and the International Procurement Instrument (IPI): The Group manufactures a significant portion of its medical device portfolio in China and serves the European market primarily through independent distributors participating in public procurement processes. On June 30th 2025 the EU adopted new rules related to the EU procurement directives (Directive 2014/23/EU, Directive 2014/24/EU and Directive 2014/25/EU). The rules apply to the procurement of medical devices through tender procedures in the EU, where the estimated value of the tender is EUR 5.0 million exclusive of VAT or more. The rules aim at regulating the access of economic operators and the use of medical devices originating in the People's Republic of China to the EU public procurement market.

As the rules are still new and the reaction from the tenderers remains to be seen, the actual effect on Observe Medical remains uncertain but the effect of the rules will be monitored closely in cooperation with its distributors across the EU.

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

Ensuring compliance with applicable laws and regulations is a key priority for Observe Medical. This includes adherence to data protection standards (GDPR) and maintaining robust IT security to protect against potential cyber threats. Non-compliance or security breaches can result in financial penalties, operational disruptions, and reputational damage.

Observe Medical is mindful of the risk profile associated with limited internal resources and "key person" dependency. Such conditions may impact operational flexibility and the capacity to navigate unforeseen challenges. Consequently, risk management remains a top priority for both Management and the Board. To strengthen the organization and enhance operational capacity, recruitment of new resources has been initiated

Research and development expenditures are managed across the product portfolio in accordance with our strategic priorities. Investment decisions about whether to proceed with development projects are made on a project-by-project basis. Limited financial resources may delay planned developments, hence there is risk of delayed launch of Sippi®.

OUTLOOK

Observe Medical's vision is to become a leading global Medtech company, driven by the commercialization of proprietary medical solutions that enhance patient care and support positive health economics. The Group is building a scalable Nordic medtech platform, combining a portfolio of proprietary products and innovation with partnerships that leverage its manufacturing, development, regulatory, and commercial capabilities to bring new technologies to market. Observe Medical has undergone a strategic refocusing, allowing for a disciplined execution of the Group's commercial strategy.

The Group's strategy is built on reclaiming market leadership in the urine measurement segment, where the UnoMeter™ brands historically held a dominant 50-60% market share in Europe. With the successful establishment of a proprietary manufacturing platform and the UnoMeter™ product portfolio in the market, the Group has moved from a transition phase into a phase of global commercial scaling. To further drive growth, the Group has launched an extension of its urological drainage portfolio, including a front-mounted UnoMeter and two Closed System products. These additions enable the Group to offer a comprehensive range of sterile solutions, addressing an estimated global market value of NOK 1.6–1.8 billion, and become a comprehensive category leader.

Management sees significant scalability potential in its global distribution network, which already covers the majority of the historical Convatec geographical footprint. The priority for this year is to convert this extensive market access into sustained revenue growth, supported by the UnoMeter™ Safeti™ Max. The product's clinical foundation was recently reinforced by a peer-reviewed article accepted for publication in Infection Prevention in Practice (authored by researchers from Karolinska Institutet), validating the UnoSafeCoat™ technology and providing a unique competitive advantage. This established network, combined with the recent clinical acceptance of the underlying UnoSafeCoat™ technology, serves as the primary commercial vehicle and scientific foundation for Sippi®.

Sippi®, the Group's proprietary automated digital urimeter, remains the most strategically important product in the portfolio. As the healthcare sector increasingly moves toward digitalization and automation to improve patient safety and clinical efficiency, Sippi® is uniquely positioned to meet these needs. The strategy is to leverage the global distribution network being established by the UnoMeter™ portfolio. By utilizing the same sales channels and hospital access, the Group aims to introduce Sippi® as the high-end, digital successor to traditional manual measurement, providing a clear path for margin expansion and technological leadership.

Despite current global market uncertainties and geopolitical tensions, the demand for essential medtech products remains resilient. The Group entered 2026 with a strengthened financial position, supported by the 2025 equity issues and the NOK 15.0 million loan facility from Innovation Norway. This financial foundation, combined with a leaner cost base following the Biim deconsolidation and scientifically validated technology, provides a robust platform for operational expansion.

The Board of Directors expects Observe Medical to show solid growth in the coming years. By focusing on high quality, proprietary products and a scalable distribution model, the Group is well-positioned to deliver long-term value for its shareholders. The Group will also continue to explore strategic opportunities, including partnerships and portfolio expansions, that align with its core competencies in manufacturing and global distribution.

Forward-Looking Statements

This interim report contains forward-looking statements regarding Observe Medical's growth initiatives, financial performance, and strategic objectives. These statements reflect the Group's expectations for future results, including the commercialization of the UnoMeter™ portfolio. All such statements are subject to inherent risks and uncertainties, and actual outcomes may differ materially from those expressed or implied due to various factors. These factors include risks related to the Group's activities, as detailed in Observe Medical's 2025 Annual Report.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the unaudited, condensed interim financial statements for the period January 1, 2026 to June 30, 2026 have been prepared in accordance with applicable accounting standards, including IAS 34 Interim Financial Reporting, and give a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole.

We further confirm, to the best of our knowledge, that the half-year report gives a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, together with a description of the principal risks and uncertainties for the next accounting period.

Oslo, August 25, 2026

The Board of Directors and CEO of Observe Medical ASA

Terje Bakken
Chair

Line Tønnessen
Board member

May-Britt Moeslund-Hansen
Board member

Anoar Solberg Diab
Board member

Jørgen Mann
CEO

CONDENSED CONSOLIDATED **FINANCIAL STATEMENTS**

[UNAUDITED]

Observe Medical Group

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK thousand)	Note	H1 2026 Unaudited	H1 2025 Unaudited	FY 2025
Operating revenues	4	14 425	11 327	18 811
Cost of materials		10 172	8 365	14 112
Gross result		**4 253**	**2 962**	**4 699**
Other income	4	227	0	0
Gain on derecognition of trade payables		0	2167	2253
Gain on derecognition of group entities	3	18 020	0	0
Total other income		**18 247**	**2 167**	**2 253**
Employee benefit expenses		6 997	5 106	15 287
Other operating expenses	7	7 585	8 691	15 686
Operating expenses		**14 582**	**13 797**	**30 973**
Operating result before depreciation and amortisation (EBITDA)		**7 918**	**-8 668**	**-24 021**
Depreciation and amortisation	5,6	2 418	7 021	13 320
Impairment	6	0	4 033	41 725
Operating result (EBIT)		**5 500**	**-19 722**	**-79 066**
Financial income and expenses				
Financial income	8,9	2 975	1 846	44 158
Financial expenses	8,9	2 914	1 172	13 732
Net financial items		**61**	**674**	**30 426**
Result before tax		**5 561**	**-19 048**	**-48 639**
Income tax expense		0	0	0
Result for the period		**5 561**	**-19 048**	**-48 639**
Basic Earnings per share (NOK per share)		**0,04**	**-0.99**	**-0.73**
Diluted Earnings per share (NOK per share)		**0,04**	**-0.99**	**-0.73**

Observe Medical Group

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *Amounts in NOK thousand*	Note	Unaudited **At 30 Jun 2026**	Unaudited **At 30 Jun 2025**	**At 31 Dec 2025**
Non-current assets				
Goodwill	6	32 756	34 108	35 159
Intangible assets	6	43 048	87 067	44 599
Tangible assets	5	23	127	59
Total non-current assets		**75 827**	**121 302**	**79 816**
Current assets				
Trade receivables		213	2 609	0
Inventories		4 981	4 277	7 479
Other receivables and prepaid expenses		3 898	2 363	2 374
Cash and cash equivalents		7 824	2 959	11 500
Total current assets		**16 916**	**12 208**	**21 353**
Total assets		**92 743**	**133 510**	**101 169**

EQUITY AND LIABILITIES *Amounts in NOK thousand*	Note			
Share capital		57 183	75 108	57 183
Share premium		3 055	288 433	3 055
Other paid in equity		1 981	14 420	1 342
Total paid-in equity		**62 219**	**377 961**	**61 580**
Retained earnings		-32 859	-374 285	-31 622
Total equity		**29 360**	**3 677**	**29 959**
Non-current liabilities				
Contingent financial liability	9	7 589	0	6 899
Non-current interest bearing liabilities	9	19 737	62 326	19 919
Total non-current liabilities		**42 422**	**62 326**	**26 818**
Current liabilities				
Trade payables	9	6 244	25 773	12 939
VAT and other public taxes and duties payables		3 484	6 634	6 420
Interest bearing current liabilities	9	22 577	19 860	10 822
Other current liabilities	9	3 752	15 240	14 211
Total current liabilities		**20 961**	**67 507**	**44 392**
Total liabilities		**63 383**	**129 833**	**71 210**
Total equity and liabilities		**92 743**	**133 510**	**101 169**

Observe Medical Group

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK thousand	Share capital	Share premium	Other paid in equity	Total paid-in capital	Retained earnings	Translation differences	Total
Equity as at 1 January 2025	**75 108**	**288 433**	**14 265**	**377 807**	**-354 385**	**-2 287**	**21 136**
Share issue							
Transaction costs							
Share options[1)]			155	155			155
Result for the period					-19 048		-19 048
Translation differences						1 434	1 434
Equity as at 30 June 2025	**75 108**	**288 433**	**14 420**	**377 961**	**-373 433**	**-852**	**3 677**
Equity as at 1 January 2025	**75 108**	**288 433**	**14 265**	**377 807**	**-354 385**	**-2 287**	**21 136**
Share capital reduction	-67 019	-288 433	-14 265	-369 717	369 717		
Share issue	49 094	9 351		58 445			58 445
Transaction costs		-6 296		-6 296			-6 296
Share options[1)]			1 342	1 342			1 342
Result for the period					-48 639		-48 639
Translation differences						3 972	3 972
Equity as at 31 December 2025	**57 183**	**3 055**	**1 342**	**61 580**	**-33 307**	**1 685**	**29 959**
Equity as at 1 January 2026	**57 183**	**3 055**	**1 342**	**61 580**	**-33 307**	**1 685**	**29 959**
Share capital reduction							
Share issue							
Transaction costs							
Share options[1)]			639	639			639
Result for the period					5 561		5 561
Translation differences						-6 798	-6 798
Equity as at 30 June 2026	**57 183**	**3 055**	**1 981**	**62 219**	**-27 746**	**-5 113**	**29 360**

Observe Medical Group

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in NOK thousand	Note	**H1 2026** *Unaudited*	**H1 2025** *Unaudited*	**FY 2025**
Cash flow from operating activities				
Result before tax		5 561	-19 048	-48 639
Tax paid		0	0	0
Depreciation and amortization		2 418	7 021	13 320
Impairment of goodwill		0	4 033	41 725
Gain(-)/Loss(+) from sale of fixed assets		-225	0	0
Effects from debt restructuring		0	0	-42 845
Gain from derecognition of group entities	3	-18 020	0	0
Change in net finance, no cash effect		2 731	325	9 756
Change in inventories		2 498	1 050	-2 152
Change in trade receivables and other receivables		-1 921	-431	408
Change trade payables and other current liabilities		-6 870	5 799	3 594
Currency translation		-3 139	0	0
Net cash flow from operating activities		**-16 967**	**-1 251**	**-24 833**
Cash flow used in investing activities				
Sale of tangible and intangible assets		225	0	0
Purchase of tangible and intangible assets		-1 582	0	-1 139
Net cash effect from derecognition of group entities		29	0	0
Net cash flow from investing activities		**-1 328**	**0**	**-1 139**
Cash flow from financing activities				
Share issues		0	0	50 445
Transaction costs		0	0	-6 296
Loans received	9	15 000	2 200	2 200
Payment of interest-bearing debt	8,9	-289	0	-10 920
Payments of lease liabilities		0	0	0
Net cash flow from financing activities		**14 711**	**2 200**	**35 429**
Currency translation differences		-92	32	64
Changes in cash		-3 676	981	9 521
Cash and cash equivalients as at beginning of period		11 500	1 978	1 978
Cash and cash equivalients end of period		**7 824**	**2 959**	**11 500**

EXPLANATORY NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

[UNAUDITED]

NOTE 1 – GENERAL INFORMATION

The condensed consolidated interim financial statements comprise the parent company Observe Medical ASA and its subsidiaries (collectively, the Group) presented as a single economic entity.

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®. Observe Medical introduced in 2023 UnoMeter™, a manual Urine Measurement system and intraabdominal 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 currently 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 (Copenhagen, Denmark)

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements are unaudited. Tables may not summarise due to rounding.

The Board of Directors approved this Interim report on August 25, 2026.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU under the International Accounting Standard for Interim Financial Reporting (IAS 34). As the interim financial statements do not include the full information and disclosures required for a complete set of consolidated financial statements, they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for 2025. New standards, amendments, and interpretations that became effective on 1 January 2026 have not had a material impact on the Group's condensed interim financial statements.

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. In preparing these condensed interim financial statements, the significant judgements and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2025.

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, such as contingent considerations and milestone-based liabilities, which are measured at fair value or adjusted amortized cost.

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

Going Concern assumption

The condensed interim consolidated financial statements have been prepared on a going concern basis. During 2025, the Group significantly strengthened its financial position through debt restructuring and equity issues, and this was further supported in early 2026 by the formal signing and drawdown of a NOK 15.0 million loan facility from Innovation Norway. Management's cash flow forecasts cover at least twelve months from the reporting date. These forecasts are based on continued revenue growth and assume that the Group achieves positive cash flow from operating activities during the fourth quarter of 2026, which is necessary to support the Group's continued liquidity beyond this period. The ability to achieve this development is dependent on continued growth in sales and order intake and prevailing market conditions. While management considers its assumptions to be reasonable and notes that the Group has some flexibility to adjust its cost base, a failure to achieve the forecasted revenue growth and operating cash flow would require the Group to obtain additional financing or implement other measures in order to meet its obligations as they fall due. There is a risk that the Group's achievement of positive cash flow from operating activities will be delayed. Accordingly, there is material uncertainty with regard to the going concern assumption, should the Group be unable to reach its forecasted cash flows and is unable to obtain financing from other sources.

Having reviewed the forecasts and the available mitigation strategies, the Board considers the going concern basis to be appropriate.

Events after the balance sheet date

Information on the Group's positions at the balance sheet date is considered in the interim 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 12.

NOTE 3 – CHANGES IN THE COMPOSITION OF THE GROUP

Derecognition of group entities

As of March 2026, the subsidiary Biim Ultrasound AS was declared bankrupt. As a result, Biim Ultrasound AS and its two subsidiaries ("Biim Group") was deconsolidated from March onwards and is therefore no longer included in the consolidated financial statements.

At the date of deconsolidation, Biim Group had accumulated significant losses. Consequently, the deconsolidation resulted in a net positive profit and loss effect of NOK 18 million.

At the date of deconsolidated net assets in Biim Group was as follows:

Amounts in NOK thousand

Assets	
Cash and cash equivalents	-29
Trade accounts receivable	33
Total assets	**3**
Liabilities	
Non-current interest bearing liabilities	3 573
Trade creditors	6 418
Interest bearing current liabilities	893
Other current liabilities	6 135
Total liabilities	**17 018**
Net liabilities	**17 015**

The net profit effect of NOK 18 million, is calculated as follows:

Net liabilities	17 015
Reclassificed cumulative foreign currency translation differences to profit or loss	
Net profit	**17 015**

The bank overdraft of 29, represents the net cash flow effect of the derecognition.

NOTE 4 – OPERATING REVENUES AND OTHER INCOME

Amounts in NOK thousand

Revenue per product group	**H1 2026**	**H1 2025**
Urine Measurement	14 425	11 327
Other	0	0
Operating revenues	**7 484**	**5 249**

Gain on derecognition of financial liabilities [1)]	0	2 167
Gain on derecognition of group entities [2)]	17 015	0
Gain on sales of fixed assets	227	0
Other income	**17 242**	**2 167**

[1)] Gain related to debt settlements with creditors recognised as other income in H1 2025
[2] Effect from deconsolidation of Biim, refer to note 3.

The Group's revenue is primarily derived from international markets. The Group's operating revenues are generated by the Swedish operations, and all sales are made from Sweden to the geographical regions specified in the table below. For management and reporting purposes, revenue is categorized into the following geographical regions:

Geographic revenue	H1 2026	H1 2025
Europe	12 524	10 200
Asia	1 853	1 082
Americas	48	45
Total	**14 425**	**11 327**

The Group's market strategy for its proprietary products relies on a network of regional distributors. In first half of 2026, two of these partners each accounted for more than 10% of the Group's total revenue, representing a combined total of approximately NOK 4.0 million.

NOTE 5 - TANGIBLE ASSETS AND LEASE

Amounts in NOK thousand	Right-of-use	Other	Sum
Carrying value as of 1 January 2026	**0**	**59**	**59**
Depreciation		-32	-32
Translation differences		-4	-4
Carrying value as at 30 June 2026	**0**	**23**	**23**
Useful life	3-5 year	3 year	

No additions of tangible assets have been recognized as for the first half year of 2026

NOTE 6 – INTANGIBLE ASSETS

Amounts in NOK thousand	Goodwill	Trade-mark	Customer relations	Technology assets / Patent	Technology development	Sum
Carrying value as at 1 January 2026	35 159	27 976	605	10 823	5 195	**79 757**
Additions	0				1 582	**1 582**
Amortization	0	0	-40	-1 122	-1 224	**-2 387**
Translation differences	-2 403			-505	-241	**-3 149**
Carrying value as at 30 June 2026	**32 756**	**27 975**	**565**	**9 196**	**5 312**	**75 804**
Useful life	Indefinite	Indefinite	10 year	10 year	5 year	

Accounting policies and useful life

Intangible assets are recognised and amortised in accordance with the accounting policies described in the Annual Financial Statements for 2025. Goodwill and trademarks with indefinite useful lives are not amortized, but are tested for impairment annually, or more frequently if impairment indicators are identified.

Impairment assessment as of 30 June 2026

Management continuously monitors whether internal or external indicators of impairment exist under IAS 36 for the Group's Cash-Generating Units (CGUs). Full impairment tests performed at 31 December 2025 confirmed sufficient headroom. As of 30 June 2026, management assessed commercial progress, market conditions, and operational forecasts for UnoMeter™ and Sippi®, alongside the financial developments disclosed in Note 2 and Note 9. Management concluded that no impairment triggers were identified that would require an impairment test as of 30 June 2026. Consequently, no impairment losses have been recognised in H1 2026.

CGU Ultrasound: As disclosed in the 2025 Annual Report, the carrying value of CGU Ultrasound was fully impaired in 2025, and during H1 2026, assets within CGU Ultrasound (carrying value NOK 0) were derecognized/disposed of from the balance sheet. This derecognition had no impact on the consolidated statement of profit or loss or financial position.

As of H1 2026, the Group has only one CGU, Urine Measurement.

Goodwill arises from the acquisition of Observe Medical International AB in 2015 and is denominated in SEK and translated into NOK at the exchange rate at the reporting date.

NOTE 7 – OPERATING EXPENSES

Amounts in NOK thousand

	H1 2026	H1 2025	FY 2025
Employee benefit expenses	6 084	5 106	15 287
Consultants	1 138	1 438	2 347
Audit Services	1 195	2 333	3 063
Legal and professional fees	358	465	2 163
Expense relating to short-term leases	294	321	584
Accounting and financial services	862	953	1 953
IT expenses	442	495	730
Travel expenses	216	162	431
Advertising expenses	117	4	23
IR Expenses	384	913	1 161
Patent, trademark, certification etc.	1 122	883	1 763
Other operating expenses	360	724	1 468
Sum	**12 573**	**13 797**	**30 973**
Restructuring costs (non-recurring)	2 010		
Total	**14 582**	**13 797**	**30 973**

NOTE 8 – FINANCIAL ITEMS

Amounts in NOK thousand

Financial income	**H1 2026**	**H1 2025**	**FY 2025**
Interest income	7		2
Currency gain	2 968	1 846	5 121
Other financial income	0		39 035
Total	**2 975**	**1 846**	**44 158**

Financial expenses	**H1 2026**	**H1 2025**	**FY 2025**
Interest expenses	2 217	3 942	5 169
Currency loss	7	-2 776	1 664
Contingent milestone payments to Navamedic [1)]	690	0	6 899
Other financial expenses	0	6	0
Total	**2 914**	**1 172**	**13 732**
Net financial items	**61**	**674**	**30 426**

1) Contingent milestone payments to Navamedic recognized as financial liability (IAS32), probability-weighted and discounted to present value, and will be amortised by effective interest. No cash obligations exist until revenue thresholds have been achieved.

NOTE 9 – FINANCIAL INSTRUMENTS

Maturity structure of liabilities as at 30 June 2026	**Expected cash flows**							
Amounts in NOK million	0-3 months	3-12 months	1-2 years	2-3 years	3-4 years	4+ years	Undiscounted amount	Carrying amount
Payables loan to Navamedic group						21,1	21,1	16,7
Loan Innovation Norway	0,4	1,8	4,8	4,5	4,2	2,9	18,6	15,1
Trade account payables	4,7	1,5					6,2	6,2
Other current liabilities		0,4					0,4	0,4
Payables debt to Convatec		5,0	5,0				9,9	8,6
Other current interest bearing liabilities	1,9						1,9	1,9
Contingent milestone payments to Navamedic					20,0		20,0	7,6
Total	7,1	8,7	9,8	4,5	24,2	24,0	78,3	56,6

1. Innovation Norway Loan

In H1 2026, the Group secured a NOK 15.0 million innovation loan facility from Innovation Norway to finance the commercialisation of the UnoMeter™ portfolio. The loan is structured as a serial loan with a 5-year tenure, including a 12-month principal grace period (4 quarterly terms) and an initial interest rate of 7.70% p.a. (from July 2026 7.95%).

The loan facility is secured by first-priority pledges totaling NOK 15.0 million each over:

- Trade receivables / factoring of Observe Medical ASA
- Inventory and operating equipment (machinery/movables) of Observe Medical ASA
- Operating equipment of Observe Medical AS
- 100% of the shares in subsidiaries Observe Medical AS and Observe Medical ApS

Under the terms stipulated by Innovation Norway, no principal, interest or payments can be made on the subordinated loans from Navamedic ASA without prior written consent from Innovation Norway until the Innovation Norway loan is fully repaid.

The agreement is subject to half-yearly reporting (within 45 days post period-end) and the following continuous financial covenants: a) Equity Ratio: Minimum 30.0% (including qualifying subordinated loans). As of 30 June 2026, the adjusted equity ratio was 49.6% (and 31.7% on a standalone booked equity basis). b). Free Liquidity: Minimum NOK 10.0 million (bank deposits plus available undrawn credit facilities). As of 30 June 2026, the Group's free liquidity was NOK 7.8 million.

Under the terms of the agreement, a 30-day remedy period applies for covenant cure. As a formal waiver or modification was finalised after the reporting date, and the carrying amount of the Innovation Norway facility is classified under short-term interest-bearing liabilities as of 30 June 2026 in accordance with IFRS (IAS 1 / IAS 34).

Subsequent to the reporting date, the Group obtained a waiver from Innovation Norway and is in constructive dialogue to establish an alternative financial covenant that better aligns with the Group's operational model.

2. Navamedic loans

In connection with the financing, an addendum to the Navamedic loan agreements was executed. Under the agreed terms, the Navamedic loans (aggregate carrying amount NOK 16.7 million incl. accrued interest) constitute a subordinated loan (Norwegian: ansvarlig lån) pursuant to Section 9-7 of the Norwegian Debt Settlement Act (dekningsloven). Pursuant to the addendum:

- Navamedic's claims rank subordinated to all present and future claims from Innovation Norway.
- No reduction, principal repayment, interest payment, or contingent milestone payments may be made to Navamedic until all loans granted by Innovation Norway have been fully and irrevocably repaid, unless prior written consent is obtained from Innovation Norway.
- Interest continues to accrue in accordance with the underlying loan agreements, but cash payment is restricted until the Innovation Norway facility is settled. Consequently, in the maturity analysis, expected cash outflows to Navamedic are presented in line with the repayment restrictions under the Innovation Norway facility.

2. Contingent Milestone Payments

The contingent milestone liability to Navamedic (maximum NOK 20 million based on Sippi® sales thresholds) continues to be measured at amortised cost using the effective interest method. Management evaluated the commercial targets as of 30 June 2026 and concluded that probability estimates remain unchanged from 31 December 2025. The change in carrying value during H1 2026 relates solely to effective interest unwinding.

4. Convatec debt

There have been no material modifications to the terms of the Convatec deferred consideration (USD 0.5 million due 31 Dec 2026 and USD 0.5 million due 31 Dec 2027). Changes in carrying amounts reflect accrued interest and foreign exchange translation adjustments.

5. Other interest-bearing liabilities

During the first half of 2025, the Group entered into shareholder loan agreements with certain existing shareholders (ELI AS, JPB AS, and R Investment Company) to secure short-term working capital financing. The total loan amount outstanding under these agreements was NOK 1.9 million at the reporting date. The loans carried an annual interest rate of 15% until the initial maturity date 30.06.2025. Following this date, the loan is extended at an interest rate of +10% from the maturity date. The agreements include customary terms for this type of financing, including a right for the lenders to convert outstanding amounts into equity either in connection with a future equity raise on the same terms as other investors, or at an agreed price not exceeding the prevailing market price at the time of conversion. The loans are classified as financial liabilities measured at amortised cost.

NOTE 10 – RELATED PARTIES

Transactions and balances with related parties

Amounts in NOK thousand		**As at 30.06.2026**	**As at 31.12.2025**
Operational Expenses	Reiten&Co AS	0	75
Financial expenses	Navamedic ASA	0	2 381
Interest bearing debt	Navamedic ASA	0	15 894
Financial expenses	RIC	187	99
Interest bearing debt	RIC	1 136	949
Financial expenses	ELI AS	18	39
Interest bearing debt	ELI AS	57	39
Financial expenses	JPB AS	119	59
Interest bearing debt	JPB AS	728	609

Loan balances presented above represent the principal outstanding amount inclusive of accrued interest as of the reporting date. The associated interest expense reflects the accrued interest for the reporting period. Historically, Navamedic ASA was a major shareholder and related party of the Group. On 4 June 2026, Navamedic ASA sold its entire shareholding (7,214,974 shares) in Observe Medical ASA and held zero shares as of 30 June 2026. Consequently, Navamedic ASA ceased to be a related party on that date. Remaining contractual balances with Navamedic ASA at 30 June 2026 are disclosed in Note 9.

At the Annual general meeting 29 May 2026, the Chairman of The Board was granted a right to receive a remuneration of NOK NOK 1,000,000 for extraordinary work performed related to capital raises and financing processes during the 2025–2026 period. The remuneration shall be paid in two installments: NOK 500,000 payable no earlier than 1 July 2026. NOK 500,000 payable on 1 January 2027. The payments shall be payable if the Company’s liquidity is deemed sufficient and structured in the Company’s best interest.

NOTE 11 – SHARE OPTIONS

During the first half of 2026, the Board of Directors granted 250,000 share options to CEO Jørgen Mann, expiring on 22 July 2028. The options carry an exercise price equal to the 10-day volume-weighted average price (VWAP) of the Company's shares on Euronext Expand commencing 26 March 2026. Vesting is subject to the performance condition that the Board documents the Group achieving a "cash positive" position during the financial year 2026. The options may be settled in shares or cash at the Board’s sole discretion, and any shares acquired upon exercise are subject to a 12-month lock-up period. Following this grant, Jørgen Mann holds 920,000 shares and 2,316,666 options in the Company.

NOTE 12 – EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, the Group has received a formal waiver from Innovation Norway regarding the financial covenant as of 30 June 2026. Because the waiver was granted after the balance sheet date, the Innovation Norway facility of NOK 15.0 million remains classified as short-term interest-bearing debt as of 30 June 2026 in accordance with IFRS. Furthermore, the Group is in constructive dialogue with Innovation Norway to establish an alternative financial covenant that better aligns with the Group's operational model.

ALTERNATIVE PERFORMANCE MEASURES (APMS)

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). In addition to IFRS measures, the Group presents certain alternative performance measures (APMs) that are used by management to monitor and evaluate operating performance and financial position. The APMs are intended to provide additional information to investors and should not be considered as a substitute for, or superior to, measures prepared in accordance with IFRS.

The APMs are defined and calculated consistently over time and are based on financial information derived from the Group's IFRS financial statements. As APMs are not defined under IFRS, the measures presented may not be comparable with similarly titled measures used by other companies.

Reconciliations between IFRS measures and APMs are presented below.

Gross result	Operating revenues less direct cost of materials, including cost price, transportation and warehouse-related costs of goods sold. Gross result is presented as a subtotal in the condensed consolidated statement of income.
Gross result adjusted	Gross result adjusted for specific items that management considers not reflective of underlying operating performance. Adjustments are described in the reconciliation tables below.
EBIT	Earnings before net financial items, results from associates and joint ventures and income tax. EBIT is presented as a subtotal in the condensed consolidated statement of income.
EBITDA adjusted	EBITDA adjusted for items that management considers non-recurring or not indicative of underlying operating performance. Adjustments are specified in the reconciliation tables below.
EBITDA	Earnings before interest, tax, depreciation and amortisation. EBITDA is presented as a subtotal in the condensed consolidated statement of comprehensive income.
Net interest-bearing debt	Interest-bearing liabilities less cash and cash equivalents
Equity ratio	Total equity divided by total assets

Adjusted gross result	**H1 2026**	**H1 2025**	**FY 2025**
Gross result (IFRS)	4 253	2 962	4 700
Inventory write-down	0	0	639
Gross result (adjusted)	4 253	2 962	4 905
Adjusted EBITDA			
EBITDA (IFRS)	7 918	-8 668	-24 020
Inventory write-down	0	0	639
Other income	-18 247	-2 167	-2 253
Operatioal expenses (non-recurring)	2 010	0	0
EBITDA (adjusted)	-8 319	-10 835	-25 635

C O P Y R I G H T   A N D   D I S C L A I M E R

D I S C L A I M E R

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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