ONWARD™

2022
Half Year Report

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In this Half Year Report 'ONWARD', 'the Company', 'the Group', 'we', 'us' and 'our' are sometimes used for convenience in contexts where reference is made to ONWARD Medical N.V. and/or any of its subsidiaries in general or where no useful purpose is served by identifying the particular company.

Dear Shareholders, Colleagues, Partners, and Collaborators,

It is a privilege to lead this company, working to make a difference in the lives of the nearly 7 million people worldwide with spinal cord injury (SCI). In the first half of 2022, we continued to execute against our strategy – **advancing development of our technology, enlarging our IP portfolio, validating our therapies through clinical milestones, and strengthening our organizational capabilities.**

I would like to highlight two key achievements from the first half of this year:

- We celebrated **first-in-human use of the ARC^{IM} neurostimulator,** our purpose-built implantable pulse generator (IPG). This was a major milestone for our company, as we expect to leverage this IPG in our implantable therapies for blood pressure and trunk control, mobility, and several potential future indications. Readiness of the ARC^{IM} IPG also allowed us to initiate the HemON Study, a feasibility trial that will serve as a precursor to our upcoming pivotal trial for blood pressure and trunk control.
- We **completed our first pivotal study** called Up-LIFT, a trial designed to study the safety and effectiveness of transcutaneous ARC^{EX} Therapy when used in the clinic. We also initiated and completed enrollment in the LIFT Home study, a companion to Up-LIFT which evaluated the safety and performance of ARC^{EX} Therapy when used in the home.

In the second half of 2022, more important milestones are en route:

- This September, we were pleased to announce we **met the primary endpoint in the Up-LIFT study,** demonstrating that ARC^{EX} Therapy provides clinically meaningful improvement in upper extremity strength and function after a spinal cord injury.
- In the fourth quarter, we expect another major catalyst - the **release of combined top-line data from the STIMO-HEMO and HemON studies.** Both studies are exploring the use of ARC^{IM} Therapy to normalize low blood pressure and provide enhanced trunk control in people with SCI, which is the first planned indication for ARC^{IM}.

By year-end, we expect to therefore have demonstrated **clinical validation for both of our major technology platforms.**

In addition to the above milestones, we will continue to **drive clinical trial enrollment, add operational capabilities, advance our technology, and recruit outstanding people** to our determined and committed team.

Thank you for your continued support as we work passionately to help the SCI community.

Warm regards,

Dave Marver

Business Review

In the first half of 2022, we continued to execute on our strategy to research, develop and commercialize novel therapies that help people with SCI enjoy life in every way that matters to them. Our key operational highlights for the first half of 2022 include the following:

Science & Intellectual Property

Our research partners at EPFL and Lausanne University Hospital (CHUV) made dramatic new discoveries that have the promise to help people with SCI and other movement disabilities such as Parkinson's disease.

- In February, the Company's technology was leveraged to enable people with the most severe form of spinal cord injuries to stand and walk again. This breakthrough was published in the journal Nature Medicine and highlighted in major media outlets around the globe.
- In April, the New England Journal of Medicine highlighted the use of ONWARD's innovative approach to treating orthostatic hypotension (low blood pressure) in a patient with MSA-P, a form of Parkinson's disease that affects the sympathetic nervous system.
- In June, research published in Nature Neuroscience showed the potential for ONWARD's ARC^{IM} Therapy to restore movement and function in hands and arms after spinal cord injury.

The Company added 24 patents to its IP portfolio, now totaling over 330 issued and pending patents. We also obtained option rights to license intellectual property from EPFL and CHUV that will allow the Company to develop and commercialize a novel Brain-Spine Interface (BSI), which captures brain signals recorded by a brain implant to trigger spinal cord stimulation, restoring voluntary control over paralyzed limbs; and develop and commercialize therapies to alleviate gait disorders (freezing of gait, etc.) in people with Parkinson's disease by stimulating the spinal cord.

Clinical Development

We are pursuing de novo clearance from FDA and CE mark for ARC^{EX}, with the intent to commercialize the therapy for the restoration of upper limb function in 2023. The first half of 2022 marked two key milestones on our ARC^{EX} roadmap:

- In March, the first participants enrolled in the LIFT Home study, a trial designed to evaluate the safety and performance of the ARC^{EX} Therapy in the home setting. The LIFT Home study is a companion to ONWARD's Up-LIFT study, a pivotal trial designed to demonstrate that ONWARD ARC^{EX} Therapy can improve the strength and function of upper limbs when used in the rehabilitation clinic setting.
- In June, we completed enrollment in the LIFT Home study, with 17 participants at 5 leading research centers across the United States.

We also made important progress with our implantable ARC^{IM} platform. Its initial target indication is restoration of blood pressure and trunk control in people with SCI, many of whom struggle with problematic low blood pressure called orthostatic hypotension (OH):

- In May, the Company's ARC^{IM} implantable pulse generator (IPG) was used in a human for the first time. The ARC^{IM} IPG is a purpose-built IPG that delivers targeted electrical

stimulation to the spinal cord in the precise areas responsible for triggering or controlling movement and autonomic functions that may be affected by a spinal cord injury or neurodegenerative disorder.

- In May, the first patient was enrolled in the HemON feasibility study, a precursor to our upcoming pivotal trial for blood pressure and trunk control.

Corporate

We continued to enhance our organizational capabilities and augment our leadership team in preparation for commercialization of our initial therapy, expected in 2023. The Company also enhanced our visibility in the financial markets:

- In March, the Company was added to Euronext Brussels' BELSmall Index.
- In March, the Company confirmed its expectation that it had sufficient cash runway through the end of 2024.
- In April, Bryan, Garnier & Co, a leading investment bank focused on growth companies, initiated research coverage on the Company with a buy rating and target price of EUR 17.00 per share.
- The Company added Zouhir Mechta as its Vice President Operations in May and Lara Smith Weber as its new Chief Financial Officer in June.
- In June, we added Alcon and former Medtronic executive, Kristina Dziekan, to our Board of Directors, bringing extensive experience in market access and reimbursement across global markets, and specific industry experience in neuromodulation.

Financial Review

EUR' Million *For the six-month period ended, 30 June*	2022 Unaudited	2021 Unaudited
Total Revenues & Other Incomes	**1,0**	**0,6**
Research & Development Expenses	(6,2)	(3,3)
Clinical & Regulatory Expenses	(3,0)	(1,9)
Marketing & Market Access Expenses	(0,9)	(0,4)
Patent Fees & Related Expenses	(0,7)	(0,8)
Quality Assurance Expenses	(0,5)	(0,3)
General & Administrative Expenses	(4,8)	(3,2)
Total Operating Expenses	**(16,1)**	**(9,8)**
Operating Loss for the Period	**(15,1)**	**(9,3)**
Net Finance Expenses	(0,9)	(2,9)
Income Tax Expense	(0,0)	(0,0)
Net loss for the Period	**(16,0)**	**(12,2)**
At	**30 June 2022***	**31 December 2021**
Cash positions at end of period	**76,8**	**89,4**
Interest-bearing loans	**(12,0)**	**(11,5)**
Equity	**68,9**	**82,7**

**30 June 2022 values are unaudited*

Total Revenues & Other Income

Other Income during the first six months of 2022 increased to EUR 1,0 million (H1 2021: EUR 0,6 million), following a new grant from the European Innovation Council and SMEs Executive Agency (EISMEA) focusing on brain-spine interfaces to reverse upper and lower-limb paralysis.

Total Operating Expenses

Total Operating Expenses increased during H1 2022 by EUR 6,3 million to EUR 16,1 million. The increase in operating expenses included EUR 2,9 million of additional Research & Development expenses, driven by increased staff and outsourced development expenses associated with the Company's ARC Therapies. It also included clinical expenses of EUR 3,0 million, an increase of EUR 1,1 million compared to the same period in the prior year, as a result of the Up-LIFT and LIFT Home studies. Lastly, General & Administrative Expenses showed an increase of EUR 1,6 million compared to the same period in the prior year due to the costs associated with being a public company following the Euronext listing in October 2021.

Net Finance Expense

Net Finance Expense decreased during the first six months of 2022 by EUR 2 million compared to H1 2021. The costs in H1 2021 included interest on the Company's innovation loan from RVO NL (Dutch government), the convertible loan (CLA), and the accrued dividend for the preference A shares. Both the CLA and preference A shares converted in October 2021. The expense for the first half of 2022 relates to the innovation loan from RVO NL and bank interest paid on the positive cash balance.

Cash Position

The Company ended the six-month period with a positive cash balance of EUR 76,8 million on 30 June 2022 (30 December 2021: EUR 89,4 million). The decrease in cash of EUR 12,6 million compared to 31 December 2021 is due to cash outflows mainly for operating activities.

Interest-bearing Loans

Interest-bearing Loans increased from 31 December 2021 by EUR 0,5 million to EUR 12 million, due to the interest that accumulated on the innovation loan from RVO NL (Dutch government).

Equity

The Company's positive Equity position of EUR 82,7 million at year-end 2021 decreased to EUR 68,9 million on 30 June, 2022. The decrease related to the operating loss for the period of EUR 16 million and is mitigated by positive reserve items related to the share-based payment expense of EUR 0,8 million, the revaluation of defined benefit obligation through comprehensive income of EUR 0,7 million, and the foreign currency translation impact of US operations of EUR 0,6 million.

2022 Outlook

We expect to continue the **steady and consistent execution** of our strategy in the second half of 2022.

This month, we **released positive top-line data from our first pivotal study,** UP-LIFT, which demonstrated the effectiveness of our transcutaneous ARC^{EX} Therapy to restore strength and function in the hands and arms of people with spinal cord injury. Late this year or in early 2023, we plan to file a regulatory submission for de novo clearance, allowing the Company to commercialize ARC^{EX} for this indication in the US. We also plan to pursue a CE mark authorizing the Company to commercialize ARC^{EX} Therapy in Europe. These authorizations are expected in the second half of 2023.

We **expect top-line data from our LIFT Home study in the second half of 2022.** The Company plans to discuss findings from LIFT Home with regulatory authorities to determine the requirements to gain clearance to market ARC^{EX} for home use, including the design and scope of a pivotal study for the home setting should this be necessary.

Also in the second half of 2022, **we expect to release combined top-line data from the STIMO-HEMO and HemON studies.** Both studies are exploring the use of ARC^{IM} Therapy to normalize low blood pressure and provide enhanced trunk control in people with SCI, which is the first planned indication for ARC^{IM}. By year-end, we expect to therefore have demonstrated **clinical validation for both of our major technology platforms.**

We expect to continue **building our team and capabilities in preparation for launch** of its ARC^{EX} Therapy in the second half of 2023, both operationally and commercially. In late 2022 or early 2023, we plan to place even greater focus on recruiting for sales, marketing, and field service roles to cover the US and select European markets. We will also continue to strengthen our Board of Directors. Already in September, **we announced the addition of Vivian Riefberg to our Board.** In 2020, Ms. Riefberg retired as a **senior partner with McKinsey & Company,** where she held a variety of senior positions, including **leader of the Public Sector Practice for the Americas and co-leader of the U.S. Healthcare practice.** She served on McKinsey & Company's global board of directors and on the committee evaluating and developing global partners. Ms. Riefberg is currently Professor of Practice at the University of Virginia Darden School of Business where she holds the David C. Walentas Jefferson Scholars Chair.

With a strong balance sheet, **we expect our current cash to propel operations through the end of 2024** and support investments in product development, clinical trials, operational capabilities, and commercial launch. We will continue to consider opportunities to **further strengthen our cash position** as equity capital markets improve in the US and across the globe.

Condensed Consolidated Interim Financial Statements

Profit & Loss

All amounts in EUR '000	Notes	For the six-month period ended, 30 June 2022 Unaudited	2021 Unaudited
Grants & Other Income		**963**	**586**
Total Revenues & Other Income		**963**	**586**
Research & Development Expenses		(6,215)	(3,849)
Clinical & Regulatory Expenses		(3,034)	(1,944)
Marketing & Market Access Expenses		(867)	(353)
Patent Fees & Related Expenses		(689)	(786)
Quality Assurance Expenses		(466)	(322)
General & Administrative Expenses		(4,796)	(3,156)
Total Operating Expenses		**(16,068)**	**(10,410)**
Operating Loss for the Period		**(15,105)**	**(9,824)**
Financial Expense		(855)	(2,931)
Net Finance Cost		**(855)**	**(2,931)**

Loss for the Period Before Taxes		**(15,960)**	**(12,755)**
Income tax expense	**13**	**(35)**	**(16)**
Net Loss for the Period		**(15,995)**	**(12,771)**
Attributable to:			
Equity holders of the parent		**(15,995)**	**(12,771)**
		(15,995)	**(12,771)**
Earnings Per Share (€):	**10**		
Basic earnings per ordinary share attributable to shareholders		(0.53)	(3.14)
Diluted earnings per ordinary share attributable to shareholders		(0.53)	(3.14)

Comprehensive Income

All amounts in EUR '000	Notes	For the six-month period ended, 30 June 2022 Unaudited	2021 Unaudited
Net Loss for the Period		**(15,995)**	**(12,771)**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		–	–
Other comprehensive income		801	–
Currency translation differences		587	(61)
Other comprehensive income that will be reclassified to profit or loss in subsequent periods		**1,388**	**(61)**
Total Comprehensive Result for the Year, Net of Tax		**(14,607)**	**(12,832)**
Attributable to:			
Equity holders of the parent		**(14,607)**	**(12,832)**
		(14,607)	**(12,832)**

Financial Position

All amounts in EUR '000	Notes	30 June 2022 Unaudited	31 December 2021 Audited
Assets			
Non-Current Assets			
Intangible fixed assets	7	10,284	10,029
Property, plant and equipment		272	190
Right of use assets		1,916	2,190
		12,472	**12,409**
Current Assets			
Indirect tax receivables		369	339
Receivable from related parties	15	258	60
Other current assets		2,512	2,546
Cash and cash equivalents		76,841	89,443
		79,980	**92,387**
		92,452	**104,796**

Condensed Consolidated Interim Statement of Financial Position

Equity & Liabilities			
Equity & Reserves			
Issued capital	**9**	3,622	3,622
Share premium	**9**	155,248	155,248
Other reserves	**9, 11**	1,152	(214)
Retained earnings		(91,168)	(75,974)
Total Equity Attributable to Shareholders		**68,854**	**82,683**
Non-Current Liabilities			
Interest-bearing loans	**8**	12,038	11,451
Deferred tax liability	**13**	1,548	1,991
Other financial liabilities		–	–
Lease liability		1,521	1,741
Post-employment benefits	**12**	747	1,388
		15,854	**16,572**
Current Liabilities			
Income tax liabilities		68	83
Lease liability		421	473
Trade payables	**14**	2,624	952
Other payables	**14**	4,631	4,034
		7,744	**5,542**
		92,452	**104,796**

The above balance sheet should be read in conjunction with the accompanying notes.

Changes in Equity

		For the six-month period ended, June 30				
All amounts in EUR '000	Notes	Issued Capital	Share Premium	Other Reserves	Retained Earnings	Total Equity
At 1 January 2022		**3,622**	**155,248**	**(214)**	**(75,976)**	**82,683**
Loss for the period		–	–	–	(15,995)	(15,995)
Other comprehensive income		–	–	587	801	1,388
Total comprehensive result		–	–	587	(15,194)	(14,607)
Share based payments		–	–	779	–	779
At June 30, 2022 (Unaudited)	**9**	**3,622**	**155,248**	**1,152**	**(91,168)**	**68,854**

		For the six-month period ended, June 30				
All amounts in EUR '000	Notes	Issued Capital*	Share Premium	Other Reserves	Retained Earnings	Total Equity
At 1 January 2021		**–**	**3,083**	**17,933**	**(53,111)**	**(32,095)**
Loss for the period		–	–	–	(12,771)	(12,771)
Other comprehensive income		–	–	(61)	–	(61)
Total comprehensive result		–	–	(61)	(12,771)	(12,832)
Share based payments		–	–	2,007	–	2,007
At June 30, 2021 (Unaudited)	**9**	**–**	**3,083**	**19,879**	**(65,882)**	**(42,920)**

**) share capital amounts to EUR 39.92 at 30 June 2021*

Cash Flows

All amounts in EUR '000	Notes	For the six-month period ended 30 June 2022 Unaudited	 2021 Unaudited
Loss for the Period Before Taxes		**(15,960)**	**(12,755)**
Adjusted for:			
◦ Depreciation and impairment of property, plant and equipment and right-of-use assets		343	124
◦ Share based payment transaction expense		779	2,007
◦ Post-employment benefits		98	169
◦ Net finance costs		844	2,931
◦ Net foreign exchange differences		(11)	–
◦ Other non-cash items		103	(14)
Changes in working capital:			
(Increase) / Decrease in Trade and other receivables		(545)	(112)
Increase / (Decrease) in Trade and other payables		2,493	(230)
Interest paid		(246)	(23)
Income tax paid		(35)	–
Bank Charges paid		(12)	(6)
Net cash generated /(used) from operating activities		**(12,147)**	**(7,449)**

Condensed Consolidated Interim Statement of Cash Flows

Cash flows from investing activities		
Investments in fixed assets	(154)	(45)
Investments in intangible fixed assets	(12)	–
Net cash generated/(used) from investing activities	**(166)**	**(45)**
Cash flows from financing activities		
Proceeds from Borrowings	–	27,106
Payment of principal portion of lease liabilities	(315)	(68)
Net cash generated/(used) from financing activities	**(315)**	**27,038**
Movement in cash and cash equivalents		
Cash and cash equivalents at 1 January	**89,443**	**6,382**
Effect of exchange rates on cash and cash equivalents	**26**	**(32)**
Changes in cash and cash equivalents during the period	**(12,629)**	**19,544**
Cash and cash equivalents at 30 June	**76,841**	**25,894**

Notes

1. General Information

ONWARD Medical B.V. was a Dutch private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid), incorporated on 20 November 2015. On 21 October 2021 (the First Trading Date) the Company completed a corporate conversion, converting into a public limited company under Dutch law (naamloze vennootschap). The legal name changed to Onward Medical N.V. ("ONWARD").

The registered office is located at High Tech Campus 32, Eindhoven, the Netherlands. ONWARD Medical N.V. is registered in the Commercial Register of the Chamber of Commerce under number 64598748.

ONWARD and its subsidiaries (the "Group") are developing both an Implantable Neuro-stimulation System (INS) and a non-invasive system for electrical stimulation of specific areas of the spinal cord.

These Condensed Consolidated Interim Financial Statements are comprised of ONWARD and its two wholly owned subsidiaries: ONWARD Medical SA (incorporated in Switzerland) and ONWARD Medical Inc. (incorporated in the United Stated of America).

The interim financial statements of ONWARD Medical N.V. and its subsidiaries for the six months ended 30 June 2022 have not been audited or reviewed. The interim consolidated financial statements were authorized for publication in a Board meeting on 26 September 2022.

2. Basis of Preparation

The Company's Condensed Consolidated Interim Financial Statements ("Interim financial statements" or "Interim Report") for the six month period ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting as endorsed by the European Union ("IFRS") and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended 31 December 2021.

The significant accounting policies used in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements as of and for the year ended 31 December 2021.

The Interim Financial Statements are presented in thousands of euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated, and for the number of shares and the per share amount. Due to rounding, amounts may not add up to totals provided.

The preparation of the Interim Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, are areas where assumptions and estimates are significant to the Consolidated Financial Statements. The critical accounting estimates used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements as of and for the year ended 31 December 2021.

3. Continuity of the Group

As at 30 June 2022 the Company had cash and cash equivalents of EUR 77 million. Based on cash flow forecasts for the years 2022 and 2023, which include significant expenses and cash outflows in relation to the ongoing clinical trials and the continuation of research and development projects, the Company believes that this cash position will be sufficient to meet the Company's capital requirements and fund its operations for at least 12 months as from the date of this Interim Report.

Inherent uncertainties in these forecasts may have an impact on the Company's cash position. To continue development and reach commercialization as planned, the Company may need to attract additional funding in future. Please note that the Company's long-term success is contingent on achieving FDA clearance or approval and CE mark of its products.

In view of the above, and notwithstanding a loss brought forward of EUR 91,2 million as of 30 June 2022 the application of the valuation rules in the assumption of a going concern is justified. As a result, the Interim Financial Statements have been prepared on a going concern basis.

4. Standards Issued but not yet Effective

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim financial statements of the Group.

5. Change in disclosure in the Condensed Consolidated Interim Statement of Profit & Loss

The Group has reassessed the presentation of line items in the Condensed Consolidated Interim Statement of Profit and Loss and decided to:

5.1. Present the costs of Quality Assurance expenses as a separate line item as opposed to a component of General & Administrative expenses. This presentation aligns with the internal budgeting and monitoring process. Quality Assurance is a key function towards obtaining regulatory approval for commercialization. This presentation is also in line with companies within the industry and will therefore enhance comparability. This change in presentation is consistent with the presentation in the 2021 Annual Report.

	For the six-month period ended, 30 June		
	Reported: 2021	Restated: 2021	Change
Quality assurance expenses	–	322	322
General and administrative expenses	3,478	3,156	(322)

5.2. Present the Science expenses as a component of Research & Development expenses as opposed to a separate cost category on the face of the Statement of Profit and Loss. Science expenses consist primarily of the costs of sponsored research activities that are undertaken by universities with which it collaborates. Since its inception, ONWARD has had a close working relationship with two of the founders, Grégoire Courtine, Professor at EPFL and Jocelyne Bloch, Neurosurgeon at CHUV, Professor at Université de Lausanne. The activities between the Company and EPFL are formalized in research agreements which govern the activities sponsored by the Company. In addition to these scientific research expenses also the consultancy expenses and related shared-based payment expenses for Grégoire Courtine and Jocelyne Bloch are included. Science expenses therefore directly relates to and supports our ongoing Research & Development efforts. This presentation is also in line with companies within the industry and will therefore enhance comparability.

	For the six-month period ended, 30 June		
	Reported: 2021	**Restated: 2021**	**Change**
Science expenses	569	–	(569)
Research & Development expenses	3,280	3,849	569

6. Segment Reporting

Based on the organizational structure, as well as the nature of financial information available and reviewed by the Company's chief operating decision makers to assess performance and make decisions about resource allocations, the Company has concluded that its total operations represent one reportable segment.

7. Intangible Fixed Assets

	30 June 2022 Unaudited	**31 December 2021 Audited**
Goodwill	1,852	1,702
In-Process R&D	6,013	6,109
License fees	2,419	2,218
Closing net book value	**10,284**	**10,029**

Goodwill

	30 June 2022 Unaudited
Cost	1,702
Accumulated amortization	–
Opening net book value	**1,702**
Foreign currency translation adjustment	150
Net change	**150**
Cost	1,852
Accumulated amortization	–
Closing net book value	**1,852**

In-Process R&D

	30 June 2022 Unaudited
Cost	6,261
Accumulated changes	(152)
Opening net book value	**6,109**
Reclassification *(refer to Note 13)*	(570)
Foreign currency translation adjustment	474
Net change	**(96)**
Cost	6,165
Accumulated changes	(152)
Closing net book value	**6,013**

License Fees

	30 June 2022 Unaudited
Cost	2,218
Accumulated changes	-
Opening net book value	**2,218**
Foreign currency translation adjustment	189
Additions	12
Net change	**201**
Cost	2,419
Accumulated changes	–
Closing net book value	**2,419**

In accordance with accounting standards, intangible assets are tested annually for impairment during the development period prior to commencement of amortization. The Company has reviewed whether changes in market conditions require an update to the impairment assessment performed in December 2021 and concluded that no update is required.

8. Financial Liabilities

8.1 Interest Bearing Loans

Innovation Loan

On 5 February 2016, the Group was granted a loan from RVO NL (Dutch Government) of € 10 million payable according to a set repayment scheme.

	30 June 2022 Unaudited
Loan opening balance	**11,451**
Loan amount received	–
Interest accrued during the period	587
Closing net book value	**12,038**

The loan carries interest at 10%.

The current repayment plan for the loan is as presented below:

Date	% of Loan amount
1 January 2026	15.0
1 April 2026	15.0
1 July 2026	17.5
1 October 2026	17.5
1 January 2027	17.5
1 April 2027	17.5
1 July 2027	All due interest

Certain assets, including Intellectual Property and In-process R&D, have been pledged to RVO NL in case of default of repayment of the loan. These patents have not been capitalized as of 30 June 2022.

8.2 Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the Consolidated Financial Statements for the year ended 31 December 2021.

Fair Value Hierarchy

The valuation techniques and inputs used to develop measurements for financial liabilities are consistent with those disclosed in the Consolidated Financial Statements for the year ended 31 December 2021.

The carrying amounts and fair values of the Group's financial instruments are as follows, including its fair value hierarchy:

Balance at 30 June 2022	Carrying Amount	Fair Value
Financial liabilities		
Innovation credit loan (Level 2)	12,038	13,712
Total financial liabilities	**12,038**	**13,712**

Balance at 31 December 2021	Carrying Amount	Fair Value
Financial liabilities		
Innovation credit loan (Level 2)	11,451	13,218
Total financial liabilities	**11,451**	**13,218**

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

Management has assessed that the fair values of cash and cash equivalents, accounts payable, taxes and social securities and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The following table details the remaining undiscounted contractual maturity for the Company's financial liabilities with agreed repayment periods, including both interest and principal cash flows:

At 30 June 2022:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Innovation loan	–	–	8,452	10,846	19,298
Lease liability	421	1,521	–	–	1,942
Trade & other payables	7,255	–	–	–	7,255
Total (Unaudited)	**7,676**	**1,521**	**8,452**	**10,846**	**28,495**

At 31 December 2021:

	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
Innovation loan	–	–	6,500	12,798	19,298
Lease liability	473	1,741	–	–	2,214
Trade & other payables	4,459	–	–	–	4,459
Total	**4,932**	**1,741**	**6,500**	**12,798**	**25,971**

9. Issued Capital & Reserves

The authorized share capital ("maatschappelijk kapitaal") amounts to EUR 12,225 divided into 50,937,500 Ordinary Shares and 50,937,500 Preferred Shares with a nominal value of EUR 0.12 each. At 30 June 2022, 30,184,388 Ordinary Shares were issued (31 December 2021: 30,184,388 shares). All of the issued Ordinary Shares are fully paid-up and represent capital in the Company. No Shareholders have any voting rights different from any other Shareholder.

For further information on the evolution of Share Capital and Share Premium due to the Corporate Conversion and Initial Public Offering in October 2021, reference is made to note 4.0 of our 2021 Annual Report.

Share Premium Reserve

	30 June 2022 Unaudited	30 June 2021 Unaudited
Opening balance 1 January	**155,248**	**3,083**
Issuance of shares, net of closing costs – in cash	–	–
Issuance of shares, net of closing costs – in kind (business combinations)	–	–
Closing balance 30 June	**155,248**	**3,083**

Other Reserves

	Currency Translation Differences	Share-based Payments	Convertible Preference Shares	Total
Balance at 1 January 2021	**(532)**	**3,671**	**(178)**	**2,961**
Share based payment expense for the period	–	2,007	–	2,007
Currency translation differences	(61)	–	–	(61)
Balance at 30 June 2021 (Unaudited)	**(593)**	**5,678**	**(178)**	**4,907**
Balance at 1 January 2022	**(283)**	**69**	**–**	**(214)**
Share based payment expense for the period	–	779	–	779
Currency translation differences	587	–	–	587
Balance at 30 June 2022 (Unaudited)	**304**	**848**	**–**	**1,152**

10. Loss per Share

The objective of determining diluted EPS is to reflect the maximum possible dilutive effect arising from potential ordinary shares outstanding during the period. The Group has stock option plans that may be settled in ordinary shares of the Group, and which are considered anti-dilutive considering the Group is currently loss making. Therefore, diluted EPS is disregarded.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these Interim Condensed Consolidated Financial Statements.

The following tables reflect the income and share data used in the EPS calculation:

Profit (Loss) Attributable to Ordinary Shareholders

	2022 Unaudited	2021 Unaudited
Profit (loss) for the year, attributable to equity holders of the parent	**(15,995)**	**(12,771)**

Weighted-average Number of Ordinary Shares

	2022 Thousands	2021 Thousands
Weighted average number of ordinary shares for basic EPS	**30,184**	**9,865**
Weighted average number of ordinary shares for basic EPS (adjusted*)	**30,184**	**4,063**

** Ordinary shares were subject to a 5:2 reverse stock split as part of the corporate conversion. The comparative weighted average number of ordinary shares (2021) was restated to include the effect of the reverse stock split.*

11. Share-based Payments

	30 June 2022 Unaudited	30 June 2021 Unaudited
Opening balance	**69**	**3,671**
Addition to the reserve	779	2,007
Closing balance	**848**	**5,678**

Employee Investment Plan (EIP)

For the six-month period ended 30 June 2021 an expense of EUR 2 million was recognized. The IPO on 21 October 2021 raised EUR 80 million at a share price of EUR 12.75. Taking into account the reversed stock split that was contemplated just prior to the IPO the share price would have been € 5.10 per share on the outstanding shares prior to the reversed stock split. As both conditions of the IPO event were met, all DR's were deemed fully vested at 21 October 2021. The EIP was settled in the second half of 2021.

Long-term Incentive Plan (LTIP)

ONWARD has awarded options over its ordinary shares to participants (referred to as the "Award" or "Grant'), through a second grant on 1 April 2022.

This fair value per option has been applied to the granted awards resulting in a share-based payment expense of EUR 779 thousand (June 2021: EUR 2 million).

Financial Year	Grant Date	Type of Security	Options Vested / Unvested	Exercise Price	Expiration Date	Fair Value
2021	15/12/2021	Stock Options	Vested: 0 Unvested: 612,000	EUR 9.70	15/12/2031	EUR 4.89
2022	01/04/2022	Stock Options	Vested: 0 Unvested: 169,800	EUR 7.64	01/04/20	EUR 4.18

The following parameters were used in the option model for the calculation of the fair value of the options for the second grant on 1 April 2022:

	2022
Fair value on date of measurement (EUR)	4.18
Share price (EUR)	7.64
Exercise price (EUR)	7.64
Expected volatility	59.20%
Term of the option	4[a]
Expected dividend	–
Risk-free interest rate	0.55%
Time to expiration	10

a: Vesting period is 1 – 4 years and depends on the vesting date of the specific tranche.

12. Defined Benefit Obligation

	30 June 2022 Unaudited	31 December 2021 Audited
Plan assets	2,615	1,756
Obligation	(3,362)	(3,144)
Net liability	**747**	**1,388**

The plan deficit decreased when compared to 31 December 2021. The increase in plan assets is mainly attributable to additional capital from new members that joined in the six-month period ended 30 June 2022. Market conditions have caused the principal assumptions used in determining the obligation to change significantly, most notably the discount rate, over the last six months as shown below:

	2022 Unaudited	2021 Audited
Discount rate	2,30%	0,30%
Salary increase	2,50%	2,50%
Interest credit rate	1,00%	0,60%
Mortality base table	BVG2020	BVG2020
Longevity improvement	CMI2018; 1,25%	CMI2018; 1,25%

The impact of the assumptions above on the movement in the net defined benefit liability for the six-month period ended 30 June 2022 is as follows:

	2022 Unaudited
Balance at 1 January	**1,388**
Service costs	274
Admin costs	9
Past service costs	-
Employee benefit expenses	283
Net interest costs / (income)	2
Included in statement of profit and loss	***285***
Actuarial gains / (losses)	
– Financial assumptions	(1,307)
– Demographic assumptions	–
– Experience adjustment	456
– Return on assets excluding interest income	57
	(794)
Exchange rate differences	53
Included in statement of comprehensive income	**(741)**
Contributions by employer	***(184)***
Balance at 30 June	**747**

13. Income Taxes

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 30 June 2022 was (0.2%) (six months ended 30 June 2021: (0.1%)). The change in effective tax rate was minimal.

The deferred tax liability arose on the acquisition of NeuroRecovery Technolgies, Inc ('NRT') (subsequently renamed to ONWARD Medical Inc.). In the current year the deferred tax impact on the acquired intangibles was reclassified. This reclassification has no impact on the result for the period or equity.

	2022 Unaudited
Opening balance at January 1	(1,991)
Foreign currency translation difference	(127)
Reclassification	570
Deferred tax liability at 30 June	**1,548**

14. Trade & Other Payables

The increase in trade payables is driven by the near completion of the Up-Lift pivotal study, R&D activities on the ARC^{EX} technology in preparation for FDA de novo clearance and commercialization, and costs associated with the HemON feasibility study.

Other payables increased due to the new grant from the European Innovation Council and SMEs Executive Agency (EISMEA) received in advance. This increase is offset by the decrease in the bonus accrual for six months at the end of June 2022 as opposed to a full year at the end of December 2021.

15. Related Party Transactions

The increase in receivables from related parties is due to the settlement of withholding taxes on behalf of employees related to the EIP.

Except as disclosed, there are no material changes to the Group's related parties, related party transactions (including their terms and conditions) and future obligations towards related parties, compared to 31 December 2021. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in the notes.

Remuneration of Key Management

	30 June 2022 Unaudited	30 June 2021 Unaudited
Salary, bonuses and other (short-term employee benefits)	2,054	1,397
Pension premiums (post-employment benefits)	76	26
Share based payments	698	1,579
Net liability	**2,827**	**3,002**

16. Commitments & Contingencies

Legal Claim Contingencies

At 30 June 2022, the Group had no legal claim contingencies.

Guarantees

The Group has provided a guarantee to High Tech Campus for EUR 41k and to Wincasa for EUR 283k as collateral for the lease of the office spaces.

Royalties

The Group has entered into three license agreements with EPFL that will pay out royalties in case the Company is able to generate revenues in the future for products directly linked to these licenses. The royalty scheme with EPFL is based on net sales.

On 27 September 2019 Neurorecovery Technologies Inc. (now ONWARD Medical Inc.) entered into a license agreement with the Regents of the University of California acting through Technology Development Group UCLA campus granting an exclusive license on certain patents in certain fields of neuromodulation and spinal cord stimulation and a non-exclusive license on certain other patent rights. Various revenue milestone payments are due under the exclusive license and fixed royalty payments are due under the non-exclusive license. The agreement contains various milestone and diligence obligations ranging from USD 10k to USD 50k payable upon entering a phase III clinical trial, regulatory approval and/or first commercial sale.

On 8 October 2019 Neurorecovery Technologies Inc. (now ONWARD Medical Inc.) entered into a license agreement with the California Institute of Technology ("Caltech"), the latter on behalf of various intellectual property owners, including UCLA, University of Louisville, DEI and USC, granting an exclusive license on certain technology in certain fields of epidural and transcutaneous neuromodulation and a non-exclusive license of certain other intellectual property. Various revenue milestone payments, diligence obligations and fixed royalty payments are due under the license. These payments range from USD 20k to USD 75k payable upon FDA approval, CE Mark and/or first commercial sale.

17. Events after the Reporting Period

We published top line data for the Up-LIFT Study on 13 September 2022.

Board's Statements on the Interim Condensed Consolidated Financial Statements

Board's Statements on the Interim Condensed Consolidated Financial Statements for the 6 Months Ended 30 June 2022

We have prepared the interim condensed consolidated financial statements for the six months ended 30 June 2022 of ONWARD Medical N.V..

To the best of our knowledge:

- The interim condensed consolidated financial statements prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, give a true and fair view of the assets, liabilities and financial position at 30 June 2022, and of the results of our consolidated operations for the first half year of 2022.
- The half year report related to the first half year 2022 gives a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Act on Financial Supervision.

Lausanne, 26 September 2022 – Board of Directors

Overview of Risks

In the Directors' Report in our Annual Report 2021 we set out an overview of our primary strategic, operational, legal and compliance and financial risks. Financial risks are also described in more detail in the notes to the Consolidated Financial Statements 2021 (Note 4.3).

Risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

In the first six months of 2022, our risk assessment policies and the main identified risks as described in the Annual Report 2021 have not changed and we do not have indication this will significantly change the remaining six months of the financial year 2022.

Forward-Looking Information / Statements

Some statements in this document may be considered 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industry in which we operate and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only express views as at the date of this document and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities law.

Definitions & Abbreviations

Brain Spine Interface
Electrical signal produced by the brain is recorded and translated into a signal allowing the stimulation of the spine in a timely manner

Caltech
California Institute for Technology

CE
Conformité Européene

CHUV
Centre Hospitalier Universitaire Vaudois

EPFL
École Polytechnique Fédérale de Lausanne

Epidural
Placed or administered outside the dura mater

FDA
U.S. Food and Drug Administration

Hypotension
Lower blood pressure than normal range

IPG
ONWARD implantable pulse generator

LTIP
Long-Term Incentive Plan

Neurodegenerative
Characterized by the degeneration of the nervous system

Neuromodulation
Field of bioengineering implicating technologies impacting neural interfaces

Orthostatic hypotension
Hypotension caused by transition to an upright position

RVO
Rijksdienst voor Ondernemend Nederland

SCI
Spinal Cord Injury – damage to the nerves in the spine that circulate signals from the brain to and from the body. It can be caused by a trauma or a disease. This damage can lead to temporary or permanent dysfunctions.

Transcutaneous
Penetrating through the skin. For example: transcutaneous stimulation is stimulation delivered through the skin via electrodes placed on the skin

UCLA
University of California, Los Angeles

Up-LIFT
Title of a pivotal trial using the Company's ARC^{EX} System

ONWARD

EMPOWERING MOVEMENT