Observe Medical acquires Biim Ultrasound to strengthen its global medtech platform

- Observe Medical will develop and commercialize proprietary, innovative medtech products to the global market
- International distributor and partner network with a Nordic direct sales organization
- The agreement is set to accelerate the global commercial roll-out of the combined portfolio, including Sippi® US market launch and the entry of Biim in Europe

Oslo, January 14th, 2022 – Observe Medical ASA (OSE: OBSRV) ("Observe Medical" or the "Company"), a Nordic-based medtech company focused on developing and commercializing proprietary and innovative medtech products to the global market through organic growth and targeted M&A, and the shareholders of Biim Ultrasound AS ("Biim Ultrasound"), an international medical ultrasound technology company, today announced a definitive agreement whereby Observe Medical will acquire 100% of the shares in Biim Ultrasound. The transaction, which values Biim Ultrasound at approximately NOK 185 million (EUR 18.5 million), will be settled in cash and shares.

The agreement further strengthens Observe Medical's position as a Nordic-based medtech platform with global reach. The Company will continue its focus on improving patient welfare and outcome, promoting positive health economics and providing improved clinical data accuracy.

Biim Ultrasound has developed a unique, wireless and pocketable ultrasound probe, Biim, that can scan patients and review images in seconds. The objective of Biim is to enhance healthcare personnel decision-making and improve patient outcomes. Biim's technology is patented, and the device received 510 (k) clearance from the US Food and Drug Administration (FDA) in 2018. Biim is approved for ultrasound imaging of the human body and is specifically used to guide needle and catheter insertions for dialysis and vascular access procedures. Work is underway to explore additional areas of use, not limited to the use of abdominal and cardiac probes.

A partner agreement with Fresenius Kidney Care, the leading provider of kidney care services in the US, is already in place, whereby Biim is intended to be used across Fresenius' dialysis centres in the US.

Biim Ultrasound's US network is also expected to further drive the pace of the global commercial roll-out of Sippi®, Observe Medical's proprietary automated digital urine meter with biofilm control and wireless connectivity, accelerating the current roll-out in Europe and drive an earlier US market entry. As previously communicated during the third quarter 2021 report, Observe Medical has strengthened the US patent protection for Sippi® and clarified the regulatory pathway into the US.

CEO of Observe Medical, Björn Larsson, commented: "The acquisition of Biim is a game-changer for Observe Medical. We are a Nordic-based medtech company with global reach, and by joining forces with Biim Ultrasound, we are strengthening the product portfolio and expanding our distribution network globally. The aim is to significantly accelerate the commercial roll-out of Sippi® in both Europe and the US. In parallel, Observe Medical's network will be utilized to launch Biim on the European market. As a result, we have a further
strengthened and solid platform for growth, supported by organic growth and targeted M&A, which enables us to commercialize proprietary and innovative medtech products on a global scale."

Rune Nystad, CEO of Biim Ultrasound, commented: "I am proud of the work we have accomplished at Biim Ultrasound so far, and that Observe Medical sees the market need for Biim and its potential within the dialysis and vascular access segments and beyond. We have a shared vision to utilize innovative technologies to improve patient outcomes and promote beneficial health economics. Together and as a result of the transaction, we will benefit from significant synergies and continued growth of the business. I am confident that Observe Medical is the right partner for us to ensure that our innovative technology reaches hospitals and medical facilities globally."

The Company and Biim Ultrasound had combined pro forma revenues of NOK 25 million in 2020 and have offices in Norway, Sweden, Finland and the US. Although no assurance can be given, the long-term ambition is sales of NOK 500 million per year for Sippi®, NOK 500 million per year for Biim and NOK 100 million per year for the Nordic portfolio.

The transaction values Biim Ultrasound at approximately NOK 185 million (approx. EUR 18.5 million), representing an enterprise value of approximately NOK 209 million (approx. EUR 20.9 million), financed through a combination of 8,171,913 consideration shares to be issued by the Company at a price of NOK 16.52 per share, and cash settlement of NOK 50 million.

The transaction is subject to the approval by the extraordinary general meeting of the Company to be held on 4 February 2022 of a rights issue and an authority to the Company's Board of Directors to issue the consideration shares as well certain other customary conditions. The agreement is expected to be completed in March 2022.

The Board of Directors of Observe Medical has resolved to propose that the Company carries out a share capital increase, by way of a fully underwritten rights issue, to raise gross proceeds of NOK 180 million (the "Rights Issue"), cf. the separate stock exchange announcement published by the Company today, on 14 January 2022, regarding the proposed Rights Issue. The proceeds from the Rights Issue will partly be used to finance the cash portion of the acquisition consideration of Biim Ultrasound. In addition, the proceeds will be used for commercialization and growth initiatives for Sippi® and Biim, repayment of current interest-bearing debt and general corporate purposes.

Carnegie AS and DNB Markets, a part of DNB Bank ASA, have been engaged as managers for the Rights Issue (the "Managers"). Advokatfirmaet Thommessen AS is acting as legal advisor to the Company in connection with the acquisition and the Rights Issue. Advokatfirmaet Schjødt AS is acting as legal advisor to the Managers in connection with the Rights Issue.

A presentation describing the agreement between Observe Medical and Biim Ultrasound is attached to this announcement.

This information is considered to be inside information pursuant to the EU Market Abuse Regulation article 7 and is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act. This stock exchange announcement was published by Per Arne Nygård on 14 January 2022 at 07:00 CET on behalf of the Company.
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About Observe Medical
Observe Medical develops and markets and sells innovative hospital products that contribute to increased patient safety and a more efficient care system. The Company's ambition is to drive growth by leveraging its expertise in sales and commercialization of its broad portfolio of medical technology products, mainly in the areas of Urine measurement, Anesthesiology/ICUs and wound care, in combination with targeted M&A. The Company is headquartered in Oslo, Norway and its operations are based out of Gothenburg, Sweden. Observe Medical has a direct sales organization in the Nordics and a distributor network internationally. Observe Medical's product, Sippi®, is the only automated digital urine meter with the possibility for wireless data transfer to the hospital patient data management systems and hinders bacterial migration that can lead to urinary infections (SippCoat®). Sippi® is CE marked and is currently being rolled-out with a focus on selected markets and hospitals in Europe.

About Biim Ultrasound
Biim Ultrasound is headquartered in Norway with subsidiaries in Finland and the USA. The Company's vision is to develop high quality, affordable point-of-care ultrasound imaging available to a broad range of trained medical professionals. The Company is committed to improving patient care and reducing healthcare costs by enabling faster and easier diagnostic ultrasound imaging. The Company's device, Biim, is a handheld, wireless, app-based ultrasound which puts the power of fast, flexible, cordless ultrasound in your hands – and in your pocket. With the ability to scan patients and review images in seconds, it offers a practical and affordable way to enhance decision-making and help improve patient outcomes. Gone are the days of tracking down bulky, traditional ultrasound machines. Biim lets you start scanning and viewing images on a connected smart device in seconds, right at the patient’s bedside.