



“When sailing through rough seas, you should always be prepared to adjust course, but never lose sight of your destination.”

Rune Nystad
CEO, Observe Medical

Oslo, 20 April 2023

Dear shareholders,

As you know, we have worked hard and proactively over the past months. We have made significant progress, and important decisions have been made, resulting in us adjusting our short-term action plan.

Our ambition for the longer term remains unchanged. We are confident that we will grow the company substantially over the next few years.

The most important and recent developments concern our work to build manufacturing and distribution capacity and our financing strategy. In parallel, we continue the process to confirm orders to deliver products and build our organisation through strategic hires.

Manufacturing and distribution | We have identified and qualified an alternative and cost-efficient production capacity for the Convatec portfolio. With this solution in sight, we have decided to discontinue the process of acquiring Ferrari L. This will also alleviate future capital commitments and impact our previously communicated run-rate target of NOK 200-250 million at the end of this year. We will come back with further details regarding this.

Order intake | With increased certainty of our supply chain, we are accelerating our sales efforts and are experiencing strong interest from distributors globally to receive products. We are now in the process of confirming contracts, with the first delivery expected by summer this year. This is aligned with our core strategy and is expected to also accelerate

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the commercial roll-out of Sippi. In parallel, customer commitment to Biim remains firm in the US, and our relationship with Fresenius Medical Care is growing stronger by the day.

Financing strategy | The decision not to acquire Ferrari L. may result in slower build-up of revenues than previously indicated. More importantly, it will also reduce immediate funding requirements. Based on the uncertainty in the financial markets, we decided to cancel the planned fund raise earlier this year and instead turned to leading shareholders who responded positively to our plans and offered short term loans. Meanwhile, we continue conversations with potential finance providers and investors to support further growth.

As mentioned before, Observe Medical is fortunate to have strong support from committed owners. I hope you appreciate our efforts to keep you informed and welcome any questions or feedback you may have.

Best regards

Rune Nystad
Chief Executive Officer