

Observe Medical ASA – Signs agreement with the intention to acquire Sylak AB

Observe Medical ASA, October 16, 2020: Observe Medical ASA (the "Company" or "Observe Medical") has signed a non-binding term sheet including an exclusive right to acquire 100% of the shares in Sylak AB ("Sylak"), a Swedish private limited company, for an agreed enterprise value of SEK 6 million (on a cash and debt free basis) from ABIGO Medical AB ("ABIGO Medical"). The contemplated acquisition will significantly strengthen Observe Medical's commercial organization and corresponding go-to-market execution power in the Nordics. Sylak is a distributor of ICU/anesthesia products in the Swedish market, with a team of experienced professionals (ICU and anesthesia nurses) and with a complementary product portfolio to the Sippi® system.

Sylak is a subsidiary of ABIGO Medical and had total revenues of SEK 13.4 million in 2019. Customers include several of the largest hospitals in Sweden. Following completion of the contemplated transaction, the Company plans to enter Norway and the rest of the Nordics with the combined Sylak and Observe Medical portfolio.

The product portfolio of Sylak includes a wide product range of both reusable products and disposables, for ICUs and surgical departments. The established commercial organization and new recruitments in Observe Medical and the Sylak team will together accelerate Sippi® go-to market strategy and drive the growth of the Sylak product portfolio.

The Sylak team will be part of the contemplated transaction and will assume key positions as Head of sales, KAM Nordics, and Product- and Tender Manager in Observe Medical AB.

"I am delighted that we have signed a term sheet with ABIGO Medical on the acquisition of their subsidiary Sylak AB. This truly represents a synergistic win-win for all involved - Observe Medical, Sylak, and ABIGO Medical. The contemplated transaction will strengthen Observe Medical and fuel both our near-term execution and long-term success", says Björn Larsson, Chief Executive Officer of Observe Medical

He further adds that: "Sylak's competent and experienced team and the product portfolio are highly complementary and synergistic to Sippi®. We look forward to welcoming the Sylak team, as they will be instrumental in speeding up our Sippi® go-to-market strategy for the Nordics, as well as further develop the Sylak portfolio success, which has been built on, and supported by the entrepreneurial spirit and leadership of ABIGO Medical founders - Jan G. Smith and Leif Smith".

"We are happy that Observe Medical sees an opportunity to grow their business through the acquisition of Sylak and that our highly experienced personnel will join the Company. This is a natural step for ABIGO as we will continue to focus on our core business, says Fredrik Stenbäcker", Chief Executive Officer of ABIGO Medical.

Observe Medical ASA intends to acquire all shares in Sylak AB and the transaction will be financed through existing cash. The acquisition is conditional upon a satisfactory outcome of a due diligence process to be performed by Observe Medical, and upon Observe Medical and the seller agreeing on the terms and conditions of a final share purchase agreement for the consummation of the transaction, containing, inter alia, customary closing conditions. Consequently, there can be no assurance that the transaction will be completed. The acquisition is furthermore subject to approval of the Board of Directors of Observe Medical. The parties aim to complete the contemplated transaction on or about October 30, 2020. Advokatfirmaet Thommessen is acting as Norwegian legal advisor to Observe Medical in connection with the transaction.

For further information, please contact:

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About Observe Medical

Observe Medical develops and markets innovative hospital products that contribute to increased patient safety and a more efficient care system. The company's headquarter is in Oslo and its operations are based out of Sweden. Observe Medical's initial product Sippi®, is the only automated digital urine meter with wireless data transfer to hospital patient data management systems, and hinders bacterial migration that can lead to urinary infections (Sippcoat®). Sippi® is CE marked and is currently being launched at selected hospitals in Europe.