# SUMMARY

# OBSERVE MEDICAL ASA

(A public limited company incorporated under the laws of Norway)

**Rights Issue and listing on Oslo Axess of 4,090,909 Offer Shares at a Subscription Price of NOK 11.00 per Offer Share with Subscription Rights for Existing Shareholders**

Subscription Period for the Rights Issue: From 09:00 hours (CET) on 19 June 2020 to 16:30 hours (CET) on 3 July 2020 2020

Trading in Subscription Rights: From 09:00 hours (CET) on 19 June 2020 to 16:30 hours (CET) on 1 July 2020

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This summary (the "**Summary**") has been prepared in connection with the underwritten rights issue (the "**Rights Issue**") by Observe Medical ASA (the "**Company**"), a public limited company incorporated under the laws of Norway (together with its consolidated subsidiaries the "**Group**"), and the listing on Oslo Axess, a stock exchange operated by Oslo Børs ASA (the "**Oslo Stock Exchange**") of 4,090,909 new shares in the Company, each with a par value of NOK 0.26 (the "**Offer Shares**") to be issued at a subscription price of NOK 11.00 per Offer Share (the "**Subscription Price**"). The Company will through the Rights Issue raise gross proceeds of NOK 45,000,000 and the Rights Issue will consist of 4,090,909 Offer Shares.

The shareholders of the Company as of 16 June 2020 (being registered as such in the Norwegian Central Securities Depository (the "**VPS**") on 18 June 2020 pursuant to the VPS' standard two days' settlement procedure (the "**Record Date**")) (the "**Existing Shareholders**"), will be granted subscription rights (the "**Subscription Rights**") in the Rights Issue that, subject to applicable law, provide preferential rights to subscribe for, and be allocated, Offer Shares at the Subscription Price. The Subscription Rights will be registered on each Existing Shareholder's VPS account. The Subscription Rights will be listed and tradable on Oslo Axess from 09:00 hours Central European Time ("**CET**") on 19 June 2020 to 16:30 hours (CET) on 1 July 2020 under the ticker code "OBSERV T".

Each Existing Shareholder will be granted 0.266636 Subscription Right for each existing share registered as held by such Existing Shareholder as of the Record Date. Subscription Rights acquired during the trading period for the Subscription Rights as set out above carry the same right to subscription as the Subscription Rights held by Existing Shareholders. Each Subscription Right will, subject to applicable law, give the right to subscribe for, and be allocated, one Offer Share. Over-subscription is permitted. Subscription without Subscription Rights is not permitted. The subscription period will commence at 09:00 hours (CET) on 19 June 2020 and expire at 16:30 hours CET on 3 July 2020 (the "**Subscription Period**").

**Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period or sold before 16:30 hours (CET) on 1 July 2020 will have no value and will lapse without compensation to the holder.**

Following expiry of the Subscription Period, any Offer Shares that have not been subscribed for, and allocated, in the Rights Issue will be subscribed and paid for at the Subscription Price by certain Existing Shareholders (collectively, the **"Underwriters**"), subject to the terms and conditions of the underwriting agreement entered into between the Company and the Underwriters dated 25 May 2020 (the "**Underwriting Agreement**").

The Company's existing shares are, and the Offer Shares will be, listed on Oslo Axess under the ticker code "OBSERV". Except where the context requires otherwise, references in this Summary to "**Shares**" will be deemed to include the existing Shares and the Offer Shares. All of the existing Shares are, and the Offer Shares will be, registered in the VPS in book-entry form. All of the issued Shares rank pari passu with one another and each carry one vote.

**Investing in the Shares, including the Subscription Rights or the Shares and Offer Shares involves a high degree of risk. Prospective investors should read the registration document pertaining to the Company dated 18 June 2020 (the "Registration Document") and the securities note pertaining to the Rights Issue dated 18 June 2020 (the "Securities Note") and, in particular, consider Section 1 "Risk Factors" of the Registration Document and the Securities Note when considering an investment in the Company.**

**The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers and sales of the Offer Shares and the Subscription Rights may lawfully be made and, for jurisdictions other than Norway, would not require any filing, registration or similar action.**

**The Subscription Rights and the Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold: (i) in the United States only to Existing Shareholders who are "qualified institutional buyers" (QIBs) as defined in Rule 144A under the U.S. Securities Act in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act; and (ii) outside the United States in "offshore transactions" as defined in, and in compliance with, Regulation S under the U.S. Securities Act. The distribution of this Summary, the Registration Document, the Securities Note, the offer of the Subscription Rights and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law.**

The date of this Summary is 18 June 2020

## SUMMARY

### Introduction

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| *Warning* ..................... | This Summary should be read as an introduction to the Registration Document and the Securities Note (this Summary, the Registration Document and the Securities Note, jointly comprising the "**Prospectus**"). Any decision to invest in the Company's securities should be based on a consideration of the Registration Document and the Securities Note by the investor. An investment in the Company's shares (the "**Shares**") involves inherent risk and the investor could lose all or part of its invested capital. Where a claim relating to the information contained in the Registration Document and/or the Securities Note is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Registration Document and/or the Securities Note before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent, when read together with the Registration Document and/or the Securities Note, or where it does not provide, when read together with the Registration Document and/or the Securities Note, key information in order to aid investors when considering whether to invest in the Company's securities. |
| *Securities* ................... | The Company has one class of shares in issue. The existing Shares are, and the Offer Shares, will be, registered in book-entry form with the VPS and have ISIN NO 0010865009. |
| *Issuer* ........................ | Observe Medical ASA's registration number in the Norwegian Register of Business Enterprises (Nw. *Foretaksregisteret*) is 822 907 822 and its LEI is 9845005F38B74FFJ1B65. The Company's registered office is located at Henrik Ibsens gate 90, 0255 Oslo, Norway. The Group's website can be found at www.observemedical.com. |
| *Offeror(s)* ................... | Not applicable. The Company is offering the Offer Shares. |
| *Competent authority* ..... | The Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*), with registration number 840 747 972 and registered address at Revierstredet 3, N-0151 Oslo, Norway, and with telephone number +47 22 93 98 00 has reviewed and, on 18 June 2020, approved the Registration Document and the Securities Note. |

### Key information on the issuer

**Who is the issuer?**

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| *Corporate information* ... | Observe Medical ASA is a Norwegian public limited company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act of 13 June 1987 no. 45 (the "**Norwegian Public Limited Companies Act**"). The Company was incorporated in Norway on 13 June 2019, and the Company's registration number in the Norwegian Register of Business Enterprises is 822 907 822 and its LEI is 9845005F38B74FFJ1B65. |
| *Principal activities* ......... | The Group is a Medtech group which is in the business of developing innovative medical technology products that benefit patients and healthcare professionals. The Company is the parent company of the Group, which only business is to own all shares in the operating company Observe Medical International AB (OMI) and its subsidiaries Navamedic MedTech AB and Observe Medical Aps. The Group's core and first product is Sippi®, an automated digital urine meter for use in intensive care wards. The Group is headquartered in Oslo, Norway, but the Group's operational business is conducted in Stockholm and Gothenburg, Sweden. The Group's current business is specifically within the hospital segment where its products contribute to increased patient safety, reduced use of antibiotics and a more efficient care system. The Group has developed the product Sippi® which is an automatic and digital urine meter and the technology Sippcoat® which prevents bacterial migration in closed collection systems. Sippi® is approved for sale in Europe and registered for sale in the U.S., and the Group is now in an important launch phase for the next generation named Sippi®BLE, which comprises a digital urine meter with wireless connection to the hospital's digital patient journal system. |
| *Major shareholders* ....... | Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. As at 11 June 2020, no shareholders other than Navamedic ASA (3,200,000 Shares, approx. 20.86%), Ingerø Reiten Investment Company AS (2,916,667 Shares, approx. 19.01%)), UBS Switzerland AG (1,420,522 Shares, approx. 9.26%) and Ro, Lars (1,300,010 Shares, approx. 8.47%) held more than 5% of the Shares to the Company's knowledge. |

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| *Key managing directors.* | The Company's management team consists of Björn Larsson who is Chief Executive Officer and Per Arne Nygård who is Chief Financial Officer. |
| *Statutory auditor..........* | The Company's independent auditor is KPMG AS (KPMG), with business registration number 935 174 627 in the Norwegian Register of Business Enterprises and registered address at Sørkedalsveien 6, N-0369 Oslo, Norway. |

**What is the key financial information regarding the issuer?**

**Consolidated statement of comprehensive income data**

| *In TNOK* | **Year ended 31 December[1]** | | | **Three months' period ended 31 March[2]** | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2020** | **2019** |
| Total revenue.......................... | 177 | 106 | 198 | 32 | 27 |
| Operating profit / loss .............. | -15,787 | -11,724 | -14,970 | -5,189 | -3,784 |
| Net profit / loss ....................... | -16,917 | 2,274 | -17,370 | -424 | -4,091 |

1 The financial information for the year ended 31 December 2019 is extracted from the Group's audited consolidated financial statements for the year ended 31 December 2019 prepared in accordance with IFRS and for the years ended 31 December 2018 and 2017 from the Group's carve-out annual financial statements prepared in accordance with IFRS to the extent appropriate since IFRS does not provide explicit guidance for the preparation of carve-out financial information.
2 The financial information for the three months' period ended 31 March 2020 and 2019 is extracted from the Group's unaudited consolidated interim financial information for the three months' periods ended 31 March 2020 which has not been prepared in accordance with IAS 34.

**Consolidated statement of financial position data**

| *In TNOK* | **As of 31 December[1]** | | | **As of 31 March[2]** | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2020** | **2019** |
| Total assets ............................ | 55,333 | 58,831 | 64,037 | 61,243 | 54,712 |
| Total equity ............................ | 14,542 | 16,823 | 11,394 | 14,641 | 11,497 |
| Net financial debt (long term debt plus short term debt minus cash)...... | 40,306 | 41,387 | 50,584 | 46,142 | 41,951 |

1 The financial information as of 31 December 2019 is extracted from the Group's audited consolidated financial statements for the year ended 31 December 2019 prepared in accordance with IFRS and as of 31 December 2018 and 31 December 2017 from the Group's carve-out annual financial statements prepared in accordance with IFRS to the extent appropriate since IFRS does not provide explicit guidance for the preparation of carve-out financial information.
2 The financial information as of 31 March 2020 and 2019 is extracted from the Group's unaudited consolidated interim financial information for the three months' periods ended 31 March 2020 which has not been prepared in accordance with IAS 34.

**Consolidated cash flow statement data**

| *In TNOK* | **Year ended 31 December[1]** | | | **Three months' period ended 31 March[2]** | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2020** | **2019** |
| Cash flow from operating activities | -13,972 | -8,364 | -9,828 | -4,408 | -4,503 |
| Cash flow from investing activities | -2,141 | -1,949 | -1,568 | -404 | 645 |
| Cash flow from financing activities | 16,187 | 9,558 | 11,810 | 4,752 | 4,524 |

1 The financial information for the year ended 31 December 2019 is extracted from the Group's audited consolidated financial statements for the year ended 31 December 2019 prepared in accordance with IFRS and for the years ended 31 December 2018 and 2017 from the Group's carve-out annual financial statements prepared in accordance with IFRS to the extent appropriate since IFRS does not provide explicit guidance for the preparation of carve-out financial information.
2 The financial information for the three months' period ended 31 March 2020 and 2019 is extracted from the Group's unaudited consolidated interim financial information for the three months' periods ended 31 March 2020 which has not been prepared in accordance with IAS 34.

**What are the key risks that are specific to the issuer?**

*Material risk factors ......*

- Currently, the Group has only one product, Sippi® with supporting functions/products SippSense® and SippCoat®, in the market and the number of units sold of these products will have a direct effect on the Group's results of operations as they are the only revenue generating products that the Group' currently offers. Future low sales of Sippi® will have a material adverse effect on the Group's revenues, profitability, liquidity, cash flow, financial positions and the Group's ability to continue as a going concern without raising additional liquidity financing either through equity offering or further debt financing.
- As the process of monitoring urine output, as part of measuring the critical fluid balance of patients, has remained unchanged for several decades competing products may be launched to the market before the Group is able to establish a viable market share for Sippi®. The markets in which the Group operates are highly competitive and there is strong competition in developing and bringing new health care products to the market. There is also a possibility that a competing product has alternative or new solutions which outdate the technology that is used in Sippi®. If the Group is unable to remain competitive, this could have a material adverse effect on the Group's revenues, profitability, liquidity, cash flow, financial positions and the Group's ability to continue as going concern.
- The urine measurement market is a mature market with a few big suppliers. There is a constant price pressure in this market since it is mainly driven by tenders from private purchasing groups or governmental procurement bodies. Sippi® is an innovative and more technically advanced product solution (digital, automated,

wireless connection and bacteria control) and it has therefore higher manufacturing costs, relative to current competitors. This requires the Group to obtain a value based pricing for Sippi®, in order to secure profitability and Sippi® is therefore priced in the upper range of urine meters which may become a challenging market barrier. If the Group does not obtain the prices it requires for its products, this could have a material adverse effect on the Group's revenues, profitability, liquidity, cash flow, financial positions and the Group's ability to continue as a going concern.

- The Group's target market is Intensive Care Units ("**ICUs**") which are typically located at university clinics and larger central hospitals. There are limited number of beds per country since ICUs are expensive to operate. The Group faces the risk that one dissatisfied customer could spread the word to the other hospitals in a country or region. In addition, university hospitals are constantly under cost saving regimens and adding a more expensive product as Sippi® can be challenging. New environmental demands from the Group's customers could cause exemption or significant delays in the Group's ability to deliver products and hence generate sales. A customer contract is normally a one-time sale of a number of Sippi® products with no obligation for the customer to purchase additional Sippi® products. If the Group is unable to enter into new customer contracts for Sippi® or not establish a larger market for Sippcoat® and Sippbag™, this could a material adverse effect on the Group's revenues, profitability, liquidity, cash flow, financial positions and the Group's ability to continue as going concern.
- The Group has several distributors as partners for foreign markets. The Group is dependent on those distributors' ability to perform and operate in these markets. Furthermore, there is a risk that these companies go out of business. The Group also faces a risk in upscaling production, where product performance can differ. Additionally, the Group has one supplier contract with a minimum purchase obligation. The Group risks a penalty in the amount of EUR 50,000 if it does not fulfil the minimum purchase obligation. The relevant agreement is automatically renewed for a one year term at the time enabling the Group to minimize its risk for being liable to pay the penalty amount for more than one year if in breach. If the Group's distributing partners or suppliers fail to deliver pursuant to their contractual obligations or the Group cannot meet its minimum purchase volumes, this could have a material adverse effect on the Group's revenues, profitability, liquidity, cash flow, financial positions and the Group's ability to continue as a going concern.
- The Group's brands and related intellectual property rights are important to its continued success. If the Group fails to successfully protect its intellectual property rights for any reason, or if any third party misappropriates, dilutes or infringes its intellectual property, the value of its brands may be harmed, which could have an adverse effect on its business, results of operations or financial condition. The Group may also from time to time be required to initiate litigation to enforce its trademarks, trade names, service marks and other intellectual property rights. Furthermore, litigation, whether as a claimant or plaintiff, could also result in negative publicity, as well as negatively affect the Group's sales and profitability, regardless of whether the Group is able to successfully enforce or defend its rights. The realisation of these risks could ultimately have a material adverse effect on the Group's revenues, profitability, liquidity, cash flow, financial positions and the Group's ability to continue as going concern.
- The Group operates in the urine measurement field where almost all of the offered products are analogue system. The only digital system on the market has had limited success and other digital products that have been launched have been withdrawn later. Urine is a difficult substance to measure since it produces biofilm and can have blood clots, debris and proteins. So far the Group has not been able to conduct tests in many hospitals and hence the Group does not have the full overview of Sippi®'s operating performance or negative effects from other equipment. If the Group's products would appear to have malfunctions that needs to be re-designed, this could a material adverse effect on the Group's revenues, profitability, liquidity, cash flow, financial positions and the Group's ability to continue as a going concern.
- Because the Group currently is in an early phase of its commercialisation and development process of its products, the Group will require additional funds in order to execute and complete its commercialisation and growth strategy, or for other

purposes. The Group's future principal source of liquidity will still be cash generated from financing, equity and debt, in addition to net cash flows generated from sales, and consequently there is a risk that the borrowing arrangement and available liquidity sources that the Group has in place are not sufficient to cover the Group's existing or future expenditures. According to the Group's current proposed scale of operations, the Group expects that it will need approximately NOK 10 million in order to have sufficient working capital for the period covering at least 12 months from the date of the Prospectus. The Group expects to obtain the required additional funds through a fully underwritten rights issue contemplated to be completed during July 2020 raising gross proceeds of NOK 45 million. There is also the possibility of a breach of the lender's obligations under the Company's existing borrowing arrangement, as the lender is an industrial player and the Company's largest shareholder and not an ordinary financing institution. When the Group requires additional funds in order to execute its commercialisation and growth strategy, or for other purposes, there is a risk that adequate sources of funds may not be available, or available at acceptable terms and conditions, when needed. If the Group raises additional funds by issuing additional equity securities, the existing shareholders may be significantly diluted. If funding is insufficient at any time in the future, the Group may be unable to fund its current and ongoing commercialisation of its products and lose business opportunities and thereby risk to fail to respond to competitive pressures. If the Group for any reason does not obtain additional funding as needed in the future, this could have a material adverse effect on the Group's revenues, profitability, liquidity, cash flow, financial positions and the Group's ability to continue as a going concern.

- The Group's existing or future debt arrangements could limit the Group's liquidity and flexibility in obtaining additional financing, in pursuing other business opportunities or corporate activities or the Company's ability to declare dividends to its shareholders.
- The Group is dependent on its products fulfilling national and international requirements for product quality and safety. The approval process for medical devices differs between countries and hospital systems, which means that there is an uncertainty related to the amount of resources the Group will have to devote to meet the requirements for required approvals. If the Group was to lose any of its permits or not obtain the permits required, this could have a material adverse effect on the Group's revenues, profitability, liquidity, cash flow, financial positions and the Group's ability to continue as a going concern.
- Norwegian law subjects the Group to joint liability after the demerger of Navamedic ASA's ("**Navamedic**") medtech division with transfer to the Company completed on 31 October 2019. If either Navamedic or the Company is liable under the demerger plan for an obligation that arose prior to consummation of the demerger and fails to satisfy that obligation, the non-defaulting party will, pursuant to the Norwegian Public Limited Companies Act, be subject to a secondary joint liability for that obligation. This statutory liability is unlimited in time, but is limited in amount to the net value allocated to the non-defaulting party in the demerger and does not apply in respect of obligations incurred after consummation of the demerger.

**Key information on the securities**

**What are the main features of the securities?**

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| *Type, class and ISIN .....* | All of the Shares are common shares in the Company and have been created under the Norwegian Public Limited Companies Act. The existing Shares are, and the Offer Shares will be, registered in book-entry form with the VPS and have ISIN NO 0010865009. |
| *Currency, par value and number of securities .....* | The Shares will be traded in NOK on Oslo Axess. As at the date of this Summary, the Company's share capital is NOK 3,989,094.98 divided into 15,342,673 Shares, each with a par value of NOK 0.26. |
| *Rights attached to the securities....................* | The Company has one class of shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company. Each of the Shares carries one vote. |
| *Transfer restrictions......* | The Shares are freely transferable. The Company's articles of association do not provide for any restrictions on the transfer of Shares or a right of first refusal for the Shares. Share transfers are not subject to approval by the Company's board of directors. |
| *Dividend and dividend policy..........................* | The Company did not pay any dividends for the financial year ended 31 December 2019. The Group is focusing on the development and commercialisation of medical technology |

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| | products and does not anticipate paying any cash dividend until sustainable profitability is achieved. |

**Where will the securities be traded?**

The Shares are, and the Offer Shares will be, admitted to trading on Oslo Axess.

**What are the key risks that are specific to the securities?**

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| *Material risk factors ......* | • The Company has two major shareholders and their interest may conflict with those of the Company's shareholders. Navamedic and Ingerø Reiten Investment Company AS ("**IRIC**"), control approximately 21% and 19%, respectively, of the Shares prior to the Rights Issue, and are represented at the Board of Directors with Board Members and will, as the major shareholders of the Company, have the ability to significantly influence the outcome of matters submitted for the vote by the Company's shareholders, including election of members of the Board of Directors. The commercial goals of Navamedic and IRIC as individual shareholders, and those of the Company, may not always remain aligned and this concentration of ownership may not always be in the best interest of the Company's other shareholders.<br>• The trading price for the Shares has fluctuated significantly in the past. Upon the Shares' listing on Oslo Axess on 4 November 2019 the trading price was approximately NOK 6, increasing to approximately NOK 12 at the end of December 2019 and dropping again to NOK 6.80 due to the COVID-19 outbreak. On 13 May 2020, the trading price reached NOK 19.40. Thus, the Shares have traded above and below the Subscription Price of NOK 11.00. As such, there has been significant fluctuations in the trading volume for the Shares during a short period of time. The Offer Shares will not be delivered to the investors immediately following subscription, meaning that there is a risk that the Shares in the period from the investor's subscription of Offer Shares until delivery of the Offer Shares may trade below the Subscription Price due to inter alia the current volatility in the Norwegian and global equity capital markets. If the Shares trade below the Subscription Price, such will result in a loss of investment in the Offer Shares for the investor irrevocably committing to subscribe for the Offer Shares. |

**Key information on the offer of securities to the public and/or the admission to trading on a regulated market**

**Under which conditions and timetable can I invest in this security?**

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| *Terms and conditions of the offering..................* | The Rights Issue consists of an offer by the Company of 4,090,909 Offer Shares at a Subscription Price of NOK 11.00 per Offer Share, thereby raising gross proceeds of NOK 45,000,000. The Offer Shares have a nominal value of NOK 0.26 each.<br>Existing Shareholders will be granted tradable Subscription Rights that, subject to applicable law, provide preferential right to subscribe for, and be allocated, Offer Shares at the Subscription Price in the Rights Issue. Over-subscription is permitted; however, there can be no assurance that Offer Shares will be allocated for such subscriptions. Subscription without Subscription Rights is not permitted.<br>Each whole Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one Offer Share in the Subsequent Offering.<br>The Subscription Rights will be credited to and registered on each Eligible Shareholder's VPS account on or about 19 June 2020 under the ISIN NO 0010885155. The Subscription Rights will be tradable and listed on the Oslo Axess with ticker code "OBSERV T" from and including 09:00 hours (CET) on 19 June 2020 to 16:30 hours (CET) on 1 July 2020.<br>The Subscription Period will commence on 19 June 2020 at 09:00 hours (CET) and end on 3 July 2020 at 16:30 hours (CET). The Subscription Period cannot be shortened, but the Board of Directors may extend the Subscription Period if this is required by law as a result of the publication of a supplemental prospectus.<br>**The Subscription Rights, including acquired Subscription Rights, must be used to subscribe for Offer Shares before the end of the Subscription Period (i.e. 3 July 2020 at 16:30 hours (CET)) or sold before 1 July 2020 at 16:30 hours (CET). Subscription Rights that are not sold before 1 July 2020 at 16:30 hours (CET) or exercised before 3 July 2020 at 16:30 hours (CET) will have no value and will lapse without compensation to the holder. Holders of Subscription Rights (whether granted or acquired) should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Securities Note and that the acquisition of Subscription Rights does not in itself constitute a subscription for Offer Shares.** |

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| | The payment date for the Offer Shares is expected to be on or about 8 July 2020. Delivery of the Offer Shares is expected to take place on or about 13 July 2020 through the facilities of the VPS. |
| *Timetable in the offering.* | The key dates in the Rights Issue are set out below. |

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| Last day of trading in the Shares including Subscription Rights | 16 June 2020 |
| First day of trading in the Shares excluding Subscription Rights | 17 June 2020 |
| Record Date | 18 June 2020 |
| Subscription Period commences | 19 June 2020 at 09:00 hours (CET) |
| Trading in Subscription Rights commences on Oslo Axess | 19 June 2020 at 09:00 hours (CET) |
| Trading in Subscription Rights ends | 1 July 2020 at 16:30 hours (CET) |
| Subscription Period ends | 3 July 2020 at 16:30 hours (CET) |
| Allocation of the Offer Shares | Expected on or about 6 July 2020 |
| Distribution of allocation letters | Expected on or about 6 July 2020 |
| Payment Date | Expected on or about 8 July 2020 |
| Registration of the share capital increase with the Norwegian Register of Business Enterprises | Expected on or about 13 July 2020 |
| Delivery of the Offer Shares | Expected on or about 13 July 2020 |
| Listing and commencement of trading in the Offer Shares on Oslo Axess | Expected on or about 13 July 2020 |

*Admission to trading*

The Shares are listed on the Oslo Axess under ISIN NO 0010865009 and ticker code "OBSERV". The Offer Shares will be listed on Oslo Axess as soon as the share capital increase pertaining to the Rights Issue has been registered with the Norwegian Register of Business Enterprises and the Offer Shares have been registered in the VPS. This is expected to take place on or about 13 July 2020. The Subscription Rights will be tradable and listed on the Oslo Axess with ticker code "OBSERV T" from and including 09:00 hours (CET) on 19 June 2020 to 16:30 hours (CET) on 1 July 2020.

*Distribution plan*

Allocation of the Offer Shares will take place on or about 6 July 2020 in accordance with the following criteria:

(i) Allocation of Offer Shares to subscribers will be made in accordance with granted and acquired Subscription Rights which have been validly exercised during the Subscription Period. Each Subscription Right will give the right to subscribe for and be allocated one Offer Share in the Rights Issue.

(ii) If not all Subscription Rights are validly exercised during the Subscription Period, subscribers having exercised their Subscription Rights and who have over-subscribed, will be allocated additional Offer Shares on a pro rata basis based on the number of Subscription Rights exercised by each such subscriber. To the extent that pro rata allocation is not possible, the Company will determine the allocation by the drawing of lots.

(iii) Any Offer Shares remaining after allocation pursuant to (i) and (ii) above, will be subscribed by, and allocated to, the Underwriters based on, and in accordance with, the underwriting obligation of the respective Underwriters.

No fractional Offer Shares will be allocated. The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights (i.e. over-subscription) and will only allocate such Offer Shares to the extent that Offer Shares are available to cover over-subscription based on Subscription Rights.

Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay for the number of Offer Shares allocated.

Any Offer Shares that are unsubscribed by the end of the Subscription Period, will be subscribed by the Underwriters in accordance with their underwriting obligations.

*Dilution*

The following table shows a comparison of participation in the Company's share capital and voting rights for existing shareholders before and after the Rights Issue, with the assumption that existing shareholders do not subscribe for Offer Shares and assuming that all the Offer Shares are issued:

| | **Prior to the Rights Issue** | **Subsequent to the Rights Issue** |
|---|---|---|
| Number of Shares | 15,342,673 | 19,433,582 |
| % dilution | | 21.05% |

| | |
|---|---|
| *Total expenses of the issue/offer ....................* | The total costs, fees and expenses related to the Rights Issue, including the underwriting agreement, are estimated to amount to approximately NOK 5.5 million. No expenses or taxes will be charged by the Company or the Manager to the subscribers in the Rights Issue. |

**Who is the offeror and/or the person asking for admission to trading?**

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|---|---|
| *Brief description of the offeror(s)......................* | Not applicable. The Company is offering the Offer Shares. |

**Why are the Registration Document and the Securities Note being produced?**

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| *Reasons for the offer/admission to trading .........................* | The Prospectus has been prepared in order to facilitate for the offering of the Offer Shares. The purpose of the Rights Issue is to raise capital in order to finance the execution of the Group's commercial strategy. |
| *Use of proceeds.............* | The net proceeds from the Rights Issue, will be used mainly for general corporate purposes with focus on the execution of the Group's commercial strategy, including repayment of part of outstanding debt to Navamedic in the amount of NOK 3 million, go-to-market strategy and execution, recruitments, commercially focused R&D projects, regulatory approvals and certifications and the development of evidence programs and documentation for Sippi® and other products in the Sippi® product family, supporting the Group's commercial goals and marketing, including communication and branding deliveries and other general corporate purposes, including but not limited to M&A activity.<br><br>At the date of the Prospectus, the Company cannot predict all of the specific uses for the net proceeds, or the amounts that will actually be spent on the items described above. The exact amounts and the timing of the actual use of the net proceeds will depend on numerous factors, amongst others progress, costs and results of the go-to-market strategy and the R&D projects as well as regulatory results and developments. |
| *Underwriting .................* | The Rights Issue is subject to an underwriting agreement entered into between the Company and the Underwriters on 25 May 2020, pursuant to which the Underwriters have undertaken, severally and not jointly, to underwrite an aggregate amount of NOK 45 million in the Rights Issue comprising 100% of the Rights Issue. |
| *Conflicts of interest ........* | The Underwriters are Existing Shareholders, holding in aggregate approximately 52.8% of the Shares, for which they will receive Subscription Rights and may exercise their right to take up such Subscription Rights and acquire Offer Shares. Further, pursuant to the Underwriting Agreement, each Underwriter will upon completion of the Rights Issue receive an underwriting fee of 3.5% of the amount of the Underwriter's underwriting obligation.<br>SpareBank 1 Markets AS (the "**Manager**") or its affiliates have provided from time to time, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager, its employees and any affiliate may currently own existing Shares in the Company. Further, in connection with the Rights Issue, the Manager, its employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Existing Shareholders) and may exercise its right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Subscription Rights or Offer Shares and any other securities of the Company or other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Rights Issue. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. |