OBSERVE MEDICAL ASA – Commencement of the subscription period for the rights issue

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Reference is made to the stock exchange announcement published by Observe Medical ASA (the "Company") on 22 November 2023 regarding the approval by the extraordinary general meeting of the Company of a rights issue of minimum 69,230,770 new shares and maximum 211,538,461 new shares ("Offer Shares") in the Company, each with a nominal value of NOK 0.26, at a subscription price of NOK 0.26 per Offer Share (the "Rights Issue").

Reference is further made to the stock exchange announcement published on 24 November 2023 regarding the approval by the Financial Supervisory Authority of Norway (Nw. Finanstilsynet) of the prospectus prepared by the Company (the "Prospectus") for the offer and listing on the Oslo Stock Exchange (Euronext Expand) of up to 211,538,461 Offer Shares in the Rights Issue. Subject to applicable local securities laws, the Prospectus, including the subscription form for the Rights Issue, is made available at the Company's website (www.observemedical.com), as well as the website of SpareBank 1 Markets (www.sb1markets.no).

The subscription period for the Rights Issue will commence today, on 28 November 2023, at 09:00 hours (CET) and expire on 12 December 2023 at 16:30 hours (CET) (the "Subscription Period"). The Subscription Rights (as defined below) will be tradable on the Oslo Stock Exchange (Euronext Expand) under the ticker code "OBSRT" from today, 28 November 2023, at 09:00 hours (CET) until 6 December 2023 at 16:30 hours (CET).

Allocation of Subscription Rights:

Shareholders of the Company as of 22 November 2023 (and being registered as such in Euronext Securities Oslo, the Norwegian Central Securities Depository (ESO) as of 24 November 2023 pursuant to the two days' settlement procedure of ESO (the "Record Date", and such shareholders, the "Existing Shareholders")), have been granted tradable subscription rights (the "Subscription Rights") in the Rights Issue.

Each Existing Shareholder has been granted 3.9546 Subscription Rights for each existing share in the Company registered as held by the Existing Shareholder of the Record Date, rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable law, give the right to subscribe for, and be allocated one (1) new share at the subscription price. Over-subscription and subscription without subscription rights are permitted.

The grant to, or acquisition of Subscription Rights and the subscription of Offer Shares by persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. For a further description of such restrictions, reference is made to the introductory part on page (i)-(iii) and Section 14 "Selling and Transfer Restrictions" of the Prospectus.

Subscription Rights:

The Subscription Rights will be listed and tradable on Oslo Stock Exchange (Euronext Expand) from 09:00 hours (CET) on 28 November 2023 to 16:30 hours (CET) on 6 December 2023 under the ticker code "OBSRT". The Subscription Rights will hence only be tradable during a part of the Subscription Period.

Subscription Rights that are (i) not sold within 6 December 2023 at 16:30 hours (CET) or (ii) not used to subscribe for shares in the Rights Issue prior to expiry of the Subscription Period on 12 December 2023 at 16:30 hours (CET) will lapse without compensation to the holder, and thus be without value.

The Subscription Rights are expected to have an economic value if the Company's shares trade above the subscription price during the Subscription Period. Existing Shareholders who do not exercise their Subscription Rights will experience a dilution of their shareholding in the Company. See Section 13.9 "Subscription Rights" and 13.30 "Dilution" in the Prospectus for further information.

Subscription price:

NOK 0.26 per Offer Share.

Payment:

The payment date in the Rights Issue is 15 December 2023. In 2023 the Company has received loans from its largest shareholders (listed in Appendix 3 ("Lenders") in the minutes from the extraordinary general meeting held on 22 November 2023) with an aggregate nominal value of NOK 16.75 million, and NOK 20.186 million included accrued interest and interest that will accrue up to and including the agreed maturity date. As previously announced by the Company, the Lenders may choose to utilize the Loans (including accrued and unaccrued interest calculated up to and including the agreed maturity date) fully or partly to set-off against the subscription price to be paid upon any subscription of shares in the Company during the terms of the Loans. As a result, the subscription amount for the Offer Shares may be settled by both cash and by way of set-off against shareholder loans.

Subject to (i) timely payment (in case of cash settlement) of the Offer Shares subscribed for and allocated in the Rights Issue, and (ii) the remaining conditions for completion (described below) being fulfilled, the Company expects that the share capital increase pertaining to the Rights Issue will be registered with the Norwegian Register of Business Enterprises on or about 21 December 2023, and that issuance and delivery of the Offer Shares pertaining to the Rights Issue is completed on or about 22 December 2023. The Offer Shares are expected to commence trading on the Oslo Stock Exchange (Euronext Expand) on 22 December 2023.

Subscription procedure:

In order to subscribe for Offer Shares, investors holding Subscription Rights need to complete the subscription form and submit it to the Manager (as defined below) at the address or email address set out in the Prospectus and in the subscription form before 16:30 hours (CEST) on 12 December 2023. The Subscription Form can be found in Appendix A in the Prospectus.

Subscribers who are Norwegian residents with a Norwegian personal identification number who wish to subscribe for Offer Shares are encouraged to do so through the VPS online subscription system (or by following the link on www.sb1markets.no, which will redirect the subscriber to the VPS online subscription system).

Conditions for completion of the Rights Issue:

The completion of the Rights Issue is subject to (i) the Company raising gross proceeds in the Rights Issue of minimum NOK 18,000,000.20 in cash and (ii) that each of the Lenders convert the Loans in whole and/or enter into an amendment agreement for the remaining amount under each of the respective Loans that are not converted regarding extension of the maturity date and amendment of the terms to market terms.

If it becomes clear that the conditions mentioned above will not be fulfilled, the Rights Issue will be withdrawn. Further, the Rights Issue may be withdrawn, or the completion of the Rights issued may be delayed, if the aggregate minimum subscription amount for the Offer Shares is not received by the Company on time or at all.

If the Rights Issue is withdrawn, all Subscription Rights will lapse without value, any subscriptions for, and allocations of, Offer Shares that have been made will be disregarded and any payments for Offer Shares made will be returned to the subscribers without interest or any other compensation. The lapsing of Subscription Rights will be without prejudice to the validity of any trades in Subscription Rights, and investors will not receive any refund or compensation in respect of Subscription Rights purchased in the market.

SpareBank 1 Markets is acting as manager in the Rights Issue (the "Manager"). Advokatfirmaet Thommessen AS is acting as legal counsel to the Company in relation to the Rights Issue.

For further information about the Company, please contact:

Rune Nystad, CEO Observe Medical
Mobile: +47 916 24 683
E-mail: rune.nystad@observemedical.com

Per Arne Nygård, CFO Observe Medical
Mobile: +47 411 04 345
E-mail: perarne.nygard@observemedical.com

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

About Observe Medical

Observe Medical is a Nordic medtech company that develops, markets and sells innovative medtech products for the global market. The Company is committed to improving patient welfare and patient outcomes, improving clinical data accuracy and promoting positive health economics.

The Company seeks to drive growth by leveraging its expertise in sales and commercialization of its broad portfolio of medical technology products, mainly in urine measurement, ultrasound, anesthesiology/ICUs, surgery and wound care, in combination with targeted M&A.

The Company is headquartered in Oslo, Norway, with additional offices in Narvik, Norway and Gothenburg, Sweden, and subsidiaries in Finland and the US. In addition, Observe Medical has a direct sale organization in the Nordics and a distributor network internationally.

Further information is available at www.observemedical.com.

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- IMPORTANT INFORMATION -

This announcement does not constitute an offer of securities for sale or a solicitation of an offer to purchase securities of the Company in the United States or any other jurisdiction. Copies of this document may not be sent to jurisdictions, or distributed in or sent from jurisdictions, in which this is barred or prohibited by law. The securities of the Company may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act").

The securities of the Company have not been, and will not be, registered under the U.S. Securities Act. Any sale in the United States of the securities mentioned in this communication will be made solely to "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act. No public offering of the securities will be made in the United States.

Any offering of the securities referred to in this announcement will be made by means of a prospectus (the "Prospectus") which was approved by the Norwegian Financial Supervisory Authority on 24 November 2023. This announcement is an advertisement and is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended) as implemented in any EA Member State (the "Prospectus Regulation"). Investors should not subscribe for any securities referred to in this announcement except on the basis of information contained in the Prospectus. Copies of the Prospectus is available from the Company's registered office and, subject to certain exceptions, on the websites of the Manager and the Company.

In any EEA Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State.

In the United Kingdom, this communication is only addressed to and is only directed at Qualified Investors who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order") or (ii) are persons falling within Article 49(2)(a) to (d) of the Order (high net worth companies, unincorporated associations, etc.) (all such persons together being referred to as "Relevant Persons"). These materials are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this announcement relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

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The Manager is acting for the Company in connection with the Rights Issue and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing advice in relation to the Rights Issue or any transaction or arrangement referred to in this announcement.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "anticipate", "believe", "continue", "estimate", "expect", "intends", "may", "should", "will" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date and are subject to change without notice. This announcement is made by and is the responsibility of, the Company. Neither the Manager nor any of its affiliates makes any representation as to the accuracy or completeness of this announcement and none of them accepts any responsibility for the contents of this announcement or any matters referred to herein.

This announcement is for information purposes only and is not to be relied upon in substitution for the exercise of independent judgment. It is not intended as investment advice and under no circumstances is it to be used or considered as an offer to sell, or a solicitation of an offer to buy any securities or a recommendation to buy or sell any securities of the Company. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy, fairness or completeness. Neither the Manager nor any of its affiliates accepts any liability arising from the use of this announcement.