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Observe Medical ASA – Preliminary results of the Rights Issue

Reference is made to the stock exchange announcement from Observe Medical ASA (the "Company") published on 19 June 2020 regarding the commencement of the subscription period in the rights issue of 4,090,909 new shares in the Company (the "Offer Shares") at a subscription price of NOK 11.00 per share (the "Rights Issue").

The subscription period for the Rights Issue expired at 16:30 hours (CET) today, on 3 July 2020.

Preliminary counting indicates that the Company has received subscriptions for approximately 4,619,071 Offer Shares in the Rights Issue, of which 528,162 Offer Shares are over-subscribed.

The final allocation of the Offer Shares will take place on 6 July 2020 in accordance with the allocation criteria set out in the Company's prospectus dated 18 June 2020, comprising a registration document a securities note and a summary (jointly, the "Prospectus"). The final result of the Rights Issue will be published shortly thereafter, and letters regarding allocation of the Offer Shares and the corresponding subscription amount to be paid by each subscriber, are expected to be distributed on 6 July 2020.

The due date for payment of the Offer Shares is expected to be on or about 8 July 2020.

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

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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 was Sippi®, the only automated digital urine meter with wireless data transfer to the hospital patient data management systems, and also prevents bacterial migration that can lead to urinary infections (Sippcoat®). Sippi® is CE marked and is currently being launched at selected hospitals in Europe.

IMPORTANT INFORMATION

These materials do 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. 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 existing shareholders of the Company as of 16 June 2020 (and being registered as such in the Norwegian Central Securities Depository (the "VPS") as at the expiry of 18 June 2020 pursuant to the two days' settlement procedure of VPS) who are "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.

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. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (together with any applicable implementing measures in any 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.

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, and is the responsibility of, the Company. The Manager is acting exclusively for the Company 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 advice in relation to the contents of this announcement or any of the matters referred to herein.

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The offering of the securities referred to in this announcement is made by means of the Prospectus. 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 Member State. 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 are available from the Company's registered office and, subject to certain exceptions, on the website of the Company (<https://observemedical.com/prospectus-check/>) and SpareBank 1 Markets (<https://www.sb1markets.no/>).

Each of the Company, the Manager and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any statement contained in this announcement whether as a result of new information, future developments or otherwise.

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