This is a translation of the Swedish press release published 2022-09-08, 08:00 CET

The board of directors of Neola Medical has resolved on a rights issue of approximately SEK 55 million subject to approval by an Extraordinary General Meeting

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The board of directors of Neola Medical (publ) (”Neola Medical” or the ”Company”) has today, subject to approval by an extraordinary general meeting, resolved on a new issue of shares with preferential rights for existing shareholder of approximately SEK 55 million (the ”Rights Issue”). The purpose of the Rights Issue is to finance the Company’s continued development of Neola®, including technical and clinical validation studies, regulatory processes, other commercial preparations for market launch in the U.S. and Europe, and continued work to strengthen the patent portfolio. The Rights Issue is subject to approval by an Extraordinary General Meeting to be held on 27 September 2022 ("Extraordinary General Meeting"). Notice of the Extraordinary General Meeting will be published in a separate press release. Approximately 80 percent of the Rights Issue is covered by subscription and guarantee commitments. Certain existing shareholders have entered into subscription commitments, amongst others ANMIRO AB and Pär Josefsson (private and via company), and members of the Company’s board of directors and management team, including amongst others CEO Hanna Sjöström and chairman of the board Märta Lewander Xu. Furthermore, guarantee commitments have been provided by the existing shareholder ANMIRO AB, Pär Josefsson (via company) and Bengt Nevsten as well as the external investor LMK Venture Partners AB.

Summary

- The purpose of the Rights Issue is to complete regulatory processes to obtain marketing approval in the U.S. and Europe, strengthen the Company's financial position, enable planned technical and clinical validation studies, strengthen the IP portfolio, and prepare the business for market launch with a focus on the U.S.
- Through the Rights Issue, a maximum of 42,099,960 new shares will be issued.
- The company's shareholders have preferential rights to subscribe for shares in the Rights Issue, whereby one (1) existing share entitles one (1) subscription right and one (1) subscription right entitles the subscription of two (2) new shares.
- The subscription price has been set at SEK 1.30 per share which, assuming the Rights Issue is fully subscribed, amounts to proceeds of approximately SEK 55 million, before transaction costs.
- Approximately 80 percent of the Rights Issue is covered by subscription and guarantee commitments. Certain existing shareholders have entered into subscription commitments, amongst others ANMIRO AB and Pär Josefsson (private and via company), and members of the Company’s board of directors and management team, including amongst others CEO Hanna Sjöström and chairman of the board Märta Lewander Xu. Furthermore, guarantee commitments have been provided by the existing shareholder ANMIRO AB, Pär Josefsson (via company) and Bengt Nevsten as well as the external investor LMK Venture Partners AB.
- The subscription period will run from 4 October to 18 October 2022.
- The record date for participation in the Rights Issue with preferential rights is 30 September 2022. Last day of trading in the Company’s shares including right to receive subscription rights is 28 September 2022 and the first day of trading in the Company’s shares without receiving subscription rights in the Rights Issue is 29 September 2022.
- Trading in subscription rights will take place on the Nasdaq First North Growth Market during the period from 4 October to 13 October 2022.
- In order not to lose the value of the subscription rights, the holder of subscription rights must either use the rights to subscribe for new shares within the subscription period or sell the subscription rights that are not to be exercised within the period for trading in subscription rights.

Background and motives in summary
Building on years of research at Lund University, Neola Medical addresses the global neonatal intensive care market with an innovative medical device, called the Neola® NEOnatal Lung Analyzer, which is based on patented technology for continuous monitoring of the lungs of premature babies.

By providing neonatal intensive care with Neola®, which clinical studies have indicated can enable measurement of the lungs of premature babies with direct detection of complications, the Company believes that the care of these vulnerable children can be upgraded and potentially save lives. Neola® will be introduced to the global market for respiratory devices focused on neonatal intensive care, which was valued at USD 1.5 billion in 2017. The market is expected to expand at a CAGR of 5% from 2018 to 2026 to reach USD 2.5 billion by 2026. Neola® (including consumables) is estimated to address a total market of EUR 586 million annually in Germany, France, the U.K., and the U.S.

The Company is currently working to validate and commercialise Neola®, which is expected to receive CE mark and FDA approval by the end of 2023. The product will initially be launched in Europe and the U.S. In addition to preparing for the sale of Neola® to hospitals, preparatory work is also underway for an exit to global medical device players. The Company is, in parallel with the CE Mark and FDA approval processes, expanding its partnerships with neonatologists around the world to introduce its product at an early stage, conduct clinical trials and continue with the evaluation and development of the technology.

Neola® has received highly positive feedback from Key Opinion Leaders around the world and the Company's board of directors believes that the product has great potential in the global market for critical care devices for premature infants and newborn babies with various forms of lung diseases and breathing difficulties.

The Rights Issue aims to finance the Company's continued development of Neola®, including technical and clinical validation studies, regulatory processes, and other commercial preparations for market launch in the U.S. and Europe. In addition, the Company intends to work in parallel to strengthen its patent portfolio on an ongoing basis.

The Company intends to use the expected net proceeds from the Rights Issue as follows, in order of priority:

i. technical and clinical validation studies, approximately 30 percent;
ii. regulatory processes to obtain marketing approval in the U.S. and Europe, approximately 5 percent;
iii. operations and commercial preparations for market launch with focus on the U.S., approximately 25 percent;
iv. financing of current operations, approximately 25 percent; and
v. strengthen IP portfolio, approximately 15 percent.

Terms and additional information about the Rights Issue
The board of directors of Neola Medical has on the 8 September 2022 resolved, subject to approval by an Extraordinary General Meeting, on the Rights Issue.

According to the proposed terms, one (1) subscription right per each share held on the record date 30 September 2022 will be received. One (1) subscription right entitles shareholders to subscribe for two (2) new shares. In addition, investors are offered the opportunity to subscribe for shares without the support of subscription rights. The new shares are issued at a subscription price of SEK 1.30 per share. In total, a maximum of 42,099,960 shares will be issued through the Rights Issue, corresponding to an amount of approximately SEK 55 million before transaction costs related to the Rights Issue.

Subject to the approval of the Extraordinary General Meeting, the record date for entitlement to participate in the Rights Issue will be 30 September 2022 and the subscription period for the Rights Issue is expected to run between 4 October – 18 October 2022. The last day of trading in the Neola Medical share including the right to participate in the Rights Issue will be 28 September 2022.

Subscription may also take place without subscription rights. In the event not all shares are subscribed for by use of subscription rights in accordance with the above, the board of directors shall, within the limit of the

maximum amount of the Rights Issue, decide on allotment of shares subscribed for without the support of subscription rights. Firstly, such allotment shall be made to those who have subscribed for shares with support of subscription rights, regardless of if they were shareholders on the record date or not, pro rata in relation to the number of shares subscribed for through exercise of subscription rights and, insofar this cannot be done, by drawing lots. Secondly, such allotment shall be made to those who have subscribed for shares without the support of subscription rights, regardless of if they were shareholders on the record date or not, pro rata in relation to the number of shares subscribed for and, insofar this cannot be done, by drawing lots. Thirdly, allotment shall be made to those who have entered into so-called guaranteed undertakings, in proportion to such guarantee undertakings and, insofar this cannot be done, by drawing lots.

Trading in paid subscribed shares (”BTAs”) on Nasdaq First North Growth Market is expected to take place during the period from and including 4 October 2022 up to and including the day the Swedish Companies Registration Office has registered the Rights Issue and the BTAs are converted into shares, which is expected to take place during week 45 2022.

Extraordinary General Meeting
The board's decision on the Rights Issue is subject to the approval of the Extraordinary General Meeting, which is scheduled to be held on 27 September 2022. Notice of the Extraordinary General Meeting will be published in a separate press release.

Timetable for the Rights Issue

- 27 September 2022: Publication of the EU growth prospectus.
- 28 September 2022: Last day of trading in the share, including the right to receive subscription rights.
- 29 September 2022: First day of trading in the share, excluding the right to receive subscription rights.
- 30 September 2022: Record date for participation in the Rights Issue, i.e., holders of shares who are registered in the share register maintained by Euroclear Sweden AB on this date will receive subscription rights for participation in the Rights Issue with preferential right.
- 4 October – 13 October 2022: Trading in subscription rights.
- 4 October – 18 October 2022: Subscription period.
- 20 October 2022: Expected day for publication of the outcome of the Rights Issue.

Subscription undertakings and guarantee commitments
Approximately 80 percent of the rights issue is covered by subscription and guarantee commitments. Certain existing shareholders have entered into subscription commitments, amongst others ANMIRO AB and Pär Josefsson (private and via company), and members of the Company’s board of directors and management team, including amongst others CEO Hanna Sjöström and chairman of the board Märta Lewander Xu. These undertakings amount to approximately SEK 20.1 million, corresponding to approximately 36.7 percent of the Rights Issue.

In addition, the Rights Issue is covered by guarantee commitments of approximately SEK 23.9 million, corresponding to approximately 43.6 percent of the Rights Issue. The guarantee commitments have been provided by the existing shareholder ANMIRO AB, Pär Josefsson (via company) and Bengt Nevsten as well as the external investor LMK Venture Partners AB. The guarantee commitments cover the part of the Rights Issue between approximately 36.7 percent up to approximately 80 percent of the Rights Issue, corresponding to approximately SEK 23.9 million.

For guarantee commitments, a guarantee commission of ten (10) percent of the guaranteed amount shall be paid in cash or, alternatively, a guarantee commission of twelve (12) percent shall be paid in the form of newly issued shares in the Company at a fair market subscription price. No remuneration is paid for subscription commitments entered into. The subscription and guarantee commitments are not secured through bank guarantees, restricted funds, pledged assets or similar arrangements. Consequently, there is a risk that one or more parties will not fulfil their respective commitments.

Prospectus
The full terms and conditions of the Rights Issue and information on the subscription and guarantee commitments as well as other information about the Company will be set out in the EU Growth Prospectus to be published by the Company at the start of the subscription period.

Shares and dilution
Through the Rights Issue, the Company's share capital will increase with up to approximately SEK 3,007,152.12 and amount to a maximum of approximately SEK 4,510,728.18 and the number of shares will increase with up to a maximum of 42,099,960 and subsequently amount to a maximum of 63,149,940 shares. Existing shareholders that do not participate in the Rights Issue will be diluted by a maximum of approximately 67 percent but will have the possibility to gain economic compensation for the dilution effect by selling their subscription rights.

Advisors
ABG Sundal Collier is the sole global coordinator and bookrunner in connection with the Rights Issue. Eversheds Sutherland Advokatbyrå is legal advisor to the Company.

For more information, please contact:
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Certified Adviser
FNCA Sweden AB is the company's Certified Adviser.

About Neola Medical
Neola Medical AB (publ) (formerly GPX Medical AB) develops medical devices for continuous monitoring of the lungs of premature infants. Immediate detection of complications allows for early treatment and improved care. The patented technology is based on a spectroscopic method developed at Lund University in Sweden. The method also has potential for sinus diagnostics. The Company was founded in 2016 as a wholly owned subsidiary of Gasporox AB (publ) and is listed on the NASDAQ First North Growth Market (ticker: NEOLA).

This information is information that Neola Medical is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CET on 8 September 2022.

Important information
In certain jurisdictions, the publication, announcement or distribution of this press release may be subject to restrictions according to law. Persons in such jurisdictions where this press release has been published or distributed should inform themselves, observe and abide by such restrictions. The recipient of this press release is responsible for using this press release, and the information herein, in accordance with applicable rules in the respective jurisdiction. This press release does not constitute an offer to, or an invitation to, acquire or subscribe any securities in the company in any jurisdiction, not from the company or any other person.

This announcement is not a prospectus for the purposes of regulation (EU) 2017/1129 (the "Prospectus Regulation") and has not been approved by any regulatory authority in any jurisdiction. A prospectus, corresponding to an EU growth prospectus, will be prepared by the company and published on the company's website after the prospectus has been reviewed and approved by the Swedish Financial Supervisory Authority.

This press release does not constitute an offer or invitation concerning the acquisition or subscription of securities in the United States. The securities referred to herein may not be sold in the United States without registration, or without the application of an exemption from registration, according to the U.S. Securities act from 1933 ("Securities Act") and may not be offered or sold in the United States without registration, covered by an exemption from, or in a transaction not covered by accounts. There is no intent to register any securities mentioned herein in the United States or to submit a public offer regarding such securities in the United States. The information in this press release must not be made public, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, in or to the United States (including its territories and provinces, each state in the U.S. and District of Columbia), Australia, Hong Kong, Japan, Canada, New Zealand, Switzerland, Singapore, South Africa, South Korea, or any other jurisdiction where such publication, publication or distribution of this information would be contrary to the applicable rules or where such a

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Forward-looking statements
To the extent this press release contains forward-looking statements, such statements do not represent facts and are characterized by words that "will", "are expected", "believes", "estimates", “intends”, “assumes” and similar expressions. Such statements express Neola Medical’s intentions, opinions or current expectations or assumptions. Such future statements are based on current plans, estimates and forecasts which Neola Medical has made to the best performance, but which Neola Medical does not say in the coming tomorrow. Future statements are combined with risks and uncertainties that are difficult to predict and in general cannot be affected by Neola Medical. It should be kept in mind that actual events or outcomes may differ significantly from what is covered by, or expressed for, in such forward-looking statements.

Information to distributors
Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID II”); (b) articles 9 and 10 of commission delegated directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II product governance requirements) may otherwise have with respect thereto, the shares in Neola Medical have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the shares in the company may decline and investors could lose all or part of their investment; the shares in the company offer no guaranteed income and no capital protection; and an investment in the shares of the company is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the share issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the joint bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in the company.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the shares in in the company and determining appropriate distribution channels.