

1. quarter 2017

- Sales for the quarter ended at MNOK 74.4 (MNOK 65.5), an increase of 13.5 %. Currency neutral growth of own products was 20.3 %
- Operating profit (EBIT) ended at MNOK 16.0 (MNOK 13.5), up 18.4 %
- Sales from the US increases with 9.6 % in USD
- Medistim established a sales organization through a new subsidiary in Spain
- The General Meeting decided to pay a dividend of NOK 1.75 per share

1. quarter report and financials for 2017

The financial report as per March 2017 has been prepared according to the IFRS (International Financial Reporting Standard) and follows IAS 34 for interim financial reporting, as do the comparable numbers for 2016.

FINANCIAL DEVELOPMENT

(Comparative numbers for 2016 in parenthesis)

Sales and geographic split

Sales in the first quarter amounted to MNOK 65.5 (MNOK 65.5), a 13.5 % growth. There was a growth in all markets. US contributed with a growth of 6.9 % in NOK. In Asia there was a 34.8 % growth, while in other markets the sales growth was a 7.5 %. In Europe there was a growth of 14.2 % in sales. There was still a back order situation for flow probes in the first quarter that resulted in MNOK 2.0 in less sales. Entering the quarter the similar amount was 3.6 MNOK, so the situation has improved. The situation was related to a temporarily lower capacity in probe production in 2016. The capacity is now close to be back on track.

Split of own products and 3. party products.

Sales of own products amounted to MNOK 56.5 (MNOK 49.1), a growth of 15.1 %. Sales of 3. party products ended at MNOK 17.9 (MNOK 16.4), an increase of 8.8 %.

Currency effect

With the same rates as in 2016 sales would have amounted to MNOK 76.9 for the quarter, a currency neutral growth of 17.4 %. Currency neutral growth on own products was 20.3 % while 3. party products showed a decline of 8.8 %.

Cost of goods sold

Cost of goods sold ended at MNOK 17.8 for the quarter (MNOK 15.7) and cost of goods sold represent a percentage of 24.0 % of total sales (24.0 %).

The split of sales of own products and 3. party products was the same as for previous period, hence the same cost of goods in percent of sales.

Salary, social and other operating expenses

Salaries and social expenses ended at MNOK 25.4 (MNOK 22.4) for the quarter. Other operating expenses ended at MNOK 11.9 (MNOK 11.0) for the quarter.

Salary expenses increases since more employees were hired within production and new employees were hired in the new subsidiary in Spain. Sales and marketing has also been strengthened compared to same period last year.

Other expenses increase since Medistim supported a clinical study within vascular surgery with MNOK 0.4. New marketing activities increased the expenses with MNOK 0.4.

R & D expenses

For the quarter MNOK 2.1 (MNOK 2.4) was used within research and development (R&D). Result before R & D,

depreciations and write offs was MNOK 20.7 (MNOK 18.3). This equals a margin of 27.8 % (27.9 %). During the quarter MNOK 0.6 (MNOK 0.6) of the R & D expense was activated in the balance sheet.

Earnings

Operating profit before depreciation (EBITDA) for the quarter ended at MNOK 19.2 (MNOK 16.4). Result before tax and finance (EBIT) ended at MNOK 16.0 (MNOK 13.5).

Net finance ended positive with MNOK 0.4 for the quarter (negative MNOK 0.9). Net finance was related to realized and unrealized gains or losses related to currency, hedging contracts, cash in USD and EUR and customer receivables.

Result before tax was MNOK 16.4 (MNOK 12.6) for the quarter. Result after tax for the quarter was MNOK 11.9 (MNOK 9.5).

Result per share for the quarter was NOK 0.65 (NOK 0.52). Average number of shares outstanding was 18.161.336 (18.148.003) by end of March 2017.

Balance sheet

Equity by the end of March was MNOK 178.5 (MNOK 165.7). This equals an equity ratio of 78.2 % (75.3 %).

Cash as of 31st of March was MNOK 41.8 and the company had MNOK 4.7 in interest bearing debt.

The balance sheet ended at MNOK 228.2 from MNOK 216.4 by the beginning of the year.

OPERATIONAL STATUS

Europe

Sales of own products ended at MNOK 18.3, a growth of MNOK 3.0 or 19.9 %. The increase was driven by increased sales of flow systems and flow probes. In total 13 flow systems was sold during the quarter and 3 of these was to vascular customers.

Medistim terminated its distributor agreement in Spain and established a new subsidiary, Medistim Spain S.L. With two territory sales managers based in Madrid and Barcelona, this new subsidiary will serve our end customers directly with support from the Head Office in Oslo.

Annually, around 7.000 coronary artery bypass surgery (CABG) procedures and 8.000 vascular procedures are performed throughout the 56 cardiac centers and 75 vascular centers in Spain. Medistim currently has an installed base of 80 systems, most of them on the VeriQ platform and older versions that only include flow measurement and do not support the imaging modality. Medistim now has great potential to upgrade

the installed base to the MiraQ platform, which provides the combination of ultrasound imaging and transit time flow measurement (TTFM) in one system. Medistim's technology is used in upwards of 80% of all coronary surgical procedures as the installed base is primarily in cardiac centers. This also shows there is an untapped potential in the vascular market where only a small number of Medistim systems are installed.

With a direct operation in Spain, Medistim will take the lead to ensure that the installed base is upgraded to the MiraQ platform with the combined TTFM and ultrasound imaging technology. Medistim will also follow up the vascular opportunity to ensure that Medistim's technology is considered to be standard of care within both coronary surgery and vascular surgery in Spain.

USA

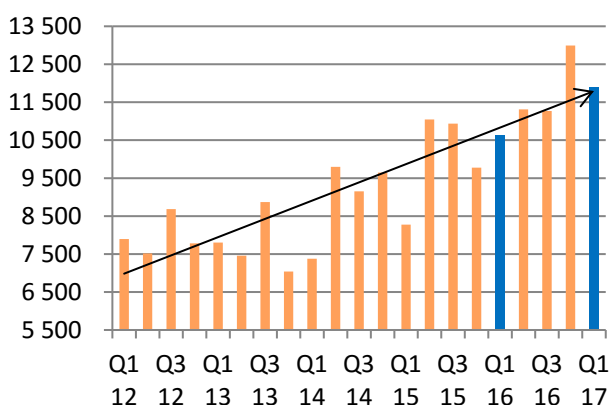
Medistim has a business model in the US that is mainly based upon sales of procedures, but also offers capital sale as in other markets.

1st quarter sales ended with a growth of 6.9 % in NOK, while sales in USD increased 9.5 %. There was a solid growth within all product areas for the quarter.

For the quarter there was sold 11.898 procedures, compared to last year 10.623, a 12.0 % increase.

During the quarter 1.390 procedures was sold to customers using the combined flow and imaging system compared 1.180 procedures in 2016. Number of flow procedures was 10.508 (9.443). Capital sales increased, since all units sold was the top model including the combined flow and imaging modality.

Procedural sales per quarter in the US



In the US about 80 % of the bypass surgeries are performed with no other quality assurance of blood flow other than the surgeons experience by feeling pulse on the vessels using the finger. It is clinically proven that this method is not reliable. It is therefore a large potential and need for Medistim's products in the US. Medistim has large ambitions in the US market. So far Medistim has achieved a market

penetration of more than 17.5 % of the total market of approximately 230.000 bypass surgery procedures performed annually. Medistim has a market penetration of about 70 % in Germany, Scandinavia and Japan. Medistim expect that the market penetration in the US will develop in the same manner over time.

Asia

In Asia there was an increase in sales of 35 %. Sale to Japan increased with 45 %, while sales to China was at the same level as previous year. Medistim has during the quarter established a direct contract with the distributor in South Korea that was earlier handled by the Japanese distributor. This makes sense since it reduces the number of links in the value chain.

In Japan Medistim has a market penetration of about 70 %. The comparable penetration in China is 30 %. In China coronary surgeries increase with up to 10 % on a yearly basis.

Other markets

Sales in other markets increased with 7.5 % driven by the sales of flow probes. In total these are small markets with little impact on total sales.

PROSPECTS AND TRENDS

Goals and vision

The company aims to develop products to meet surgeons' growing need for quality control of heart-bypass surgery, peripheral vascular surgery and transplant surgery. Our vision is that Medistim's solutions should represent the «standard of care» for clinical practice and that blood flow measurements and intraoperative ultrasound imaging are performed on all patients.

Strategy

Medistim's focus is to strengthen the company's ability to effectively commercialize existing product portfolio on a global basis. One of the key tasks to achieve this is closer contact with customers through a strengthened sales and marketing organization. Another important task is to produce enhanced clinical documentation and focus on putting blood flow measurements, ultrasound imaging, surgical guidance and quality assurance on the agenda in relevant forums and channels.

Continuous technology and product development will secure Medistim's products and leading position within cardiac surgery also in the future. The company also has ambitions to launch new products adapted to specialties within vascular- and transplant surgery.

Market size and trends

On a global basis it is performed more than 700,000 heart bypass surgeries per year. The US represents the largest

market for Medistims products with 1/3 of the world market. The global number of procedures has in the past been constant. The decrease in number of procedures performed in the western countries has been compensated by an increase in the BRIC countries (Brazil, Russia, India and China). It is therefore expected to have a stabil growing trend in the years to come.

Adding intraoperative ultrasound imaging to flow measurements more than doubles Medistims market potential, because of new applications and relevance and higher pricing compared to traditional flow measurement technology. Total market size within cardiac surgery is estimated to be 2 billion NOK annually. The imaging functionality makes MiraQ™ and VeriQC relevant in other cardiac surgeries and not just by pass surgery. Medistim estimates this potential to be 1 billion NOK.

In addition, the company has a significant potential within the global vascular market, which is estimated to be about 600,000 vascular procedures annually. Total market size within vascular surgery is estimated to be over 1 billion NOK.

The trend in surgery moves towards less intervention and keyhole surgery, which gives the surgeon less workspace and the ability to control in a traditional way. It is therefore an increased need to verify the desired result in the future.

Global demographic trends are an important driving force for the many cost-efficiency measures around the world, with America's health care reform as very important. Focus on quality is growing, driven by the need to reduce costs, particularly related to correction of errors, the need for repeated treatments and repeated hospital admissions. Medistim therefore has a good opportunity to position their products as an important contributor to achieving these goals.

Position and Competition

Medistim's flow meters have been in use in more than 1.5 million patients worldwide since it came on the market, and the company is the clear leader in its niche. The equipment is used today in more than 28 % of the total number of by-pass surgeries performed worldwide. Medistims penetration and market share is expected to increase gradually as quality assurance in surgery is getting more attention and acceptance.

There are competitors that use the transit time measurement principle. Equipment from competitors is estimated to be in use in about 7 % of the procedures performed. This means that in about 65 % of the cases where by pass surgery is performed there is no equipment in use to verify blood flow. This market represent Medistim's largest opportunity.

With Medistim's Ultrasound imaging technology and MiraQ™ platform, the company has acquired a new edge compared to competitors, with unique and differentiated products that is currently alone in its segment.

Exposure towards currency

The company is exposed to EUR and USD. Exposure can vary depending on how large share of revenues and costs USD and EUR account for of total income and expenses. For 2016 a 10 % change in the exchange rate against USD and EUR would result in a 7.5 % change in sales and a 22.8 % change in operating result. The company partly secures its positions with hedging contracts.

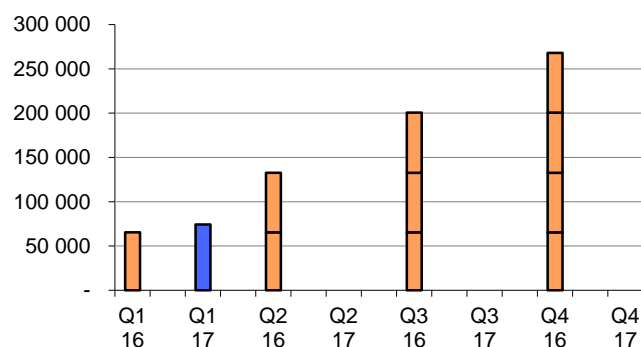
SHARHOLDER AFFAIRS

The company had 176.000 Medistim shares by the end of March 2017. The shares were purchased at a price per share of NOK 14.70. The share price was NOK 62.50 per share at the end of the quarter. For comparison entering 2017 the share price was 73.50 per share.

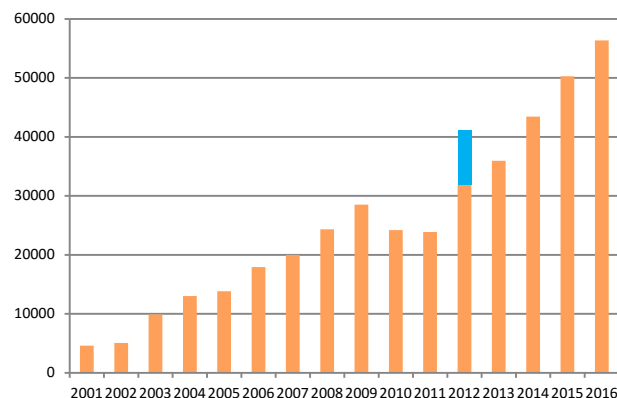
The number of shares sold in the first quarter of 2017 was 3.405.956. The five largest shareholders were Intertrade Shipping AS with 4.003.500 shares, Salvesen & Thams Invest AS with 1.862.500 shares, Rorbur with 1.347.872, Follum Capital with 1.000.000 shares and Protector Forsikring with 784.155 shares. CEO, Kari Krogstad received 10.000 shares entering 2017. This is part of her share program agreed with the Board. By quarter end the CEO had 100.000 Medistim shares.

The General Meeting decided a dividend of NOK 1,75 per share (NOK 1.65). The equals a pay out ratio of 81 % (74 %). The shares are traded ex dividend the 27th of April 2017. The dividend is expected to be paid the 8th of May 2017.

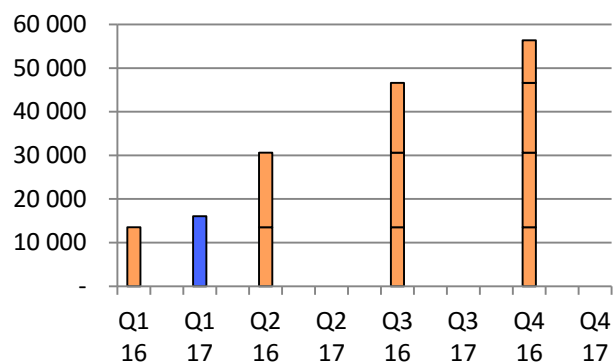
Sales per quarter



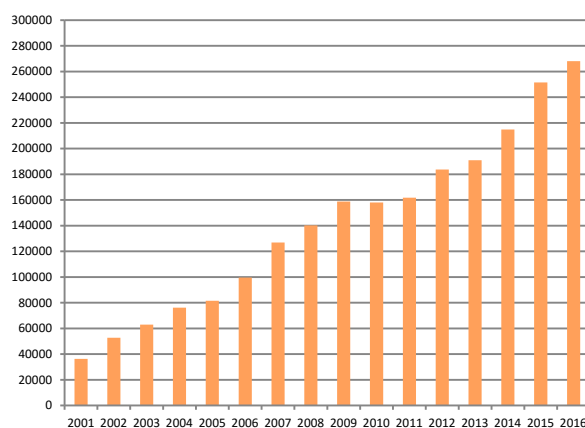
Sale per year



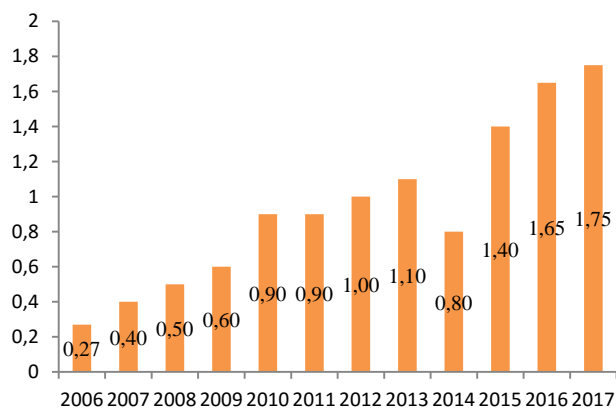
Operating profit per quarter



Operating profit per year. The pension effect of TNOK 9.291 is marked in 2012



Historical dividend paid by Medistim



Oslo 26. April 2017,
Board of Directors and managing director in Medistim ASA

Profit & loss	1. quarter 17	1. quarter 16	2016
All numbers in NOK 1000			
Sales	74 360	65 500	268 061
Cost of goods sold	17 859	15 686	64 957
Salary and sosial expenses	25 418	22 397	89 719
Other operating expenses	11 922	11 044	45 304
Total operating expenses	55 199	49 127	199 980
Opr. res.before. depr. and write offs	19 161	16 373	68 081
<i>Opr. res before depr and write off %</i>	<i>25,77 %</i>	<i>25,00 %</i>	<i>25,40 %</i>
Depreciation	3 119	2 834	11 726
Write offs of goodwill	-	-	-
Operating result	16 043	13 539	56 355
Financial income	2 113	126	7 506
Financial expenses	1 730	1 065	10 334
Net finance	383	(939)	(2 828)
Pre tax profit	16 426	12 600	53 527
Tax	4 567	3 091	14 429
Result	11 859	9 509	39 098
Dividend	-	-	29 950
Comprehensive income			
Result after tax	11 859	9 509	39 098
Exchange differences arising on translation of foreign operations	-	-	-
	(108)	(114)	216
Total comprehensive income	11 751	9 395	39 314

Key figures	1. quarter 17	1. quarter 16	2016
Equity share	78,18 %	75,32 %	77,02 %
Earnings per share	kr 0,65	kr 0,52	kr 2,15
Earnings per share diluted	kr 0,65	kr 0,52	kr 2,15
Average shares outstanding in 1000	18 161	18 148	18 150
Average shares outstanding in 1000 diluted	18 161	18 148	18 150

Split of result per segment	1. quarter 17	1. quarter 16	2016
All numbers in NOK 1000			
Res from Medistim products	14 452	12 053	49 381
Margin Medistim products	25,58 %	24,55 %	24,74 %
Res from 3 party products	1 590	1 486	6 974
Margin 3 party prod.	8,90 %	9,05 %	10,19 %
Totalt result	16 043	13 539	56 355
Margin	21,57 %	20,67 %	21,02 %

Balance sheet	31.03.2017	31.03.2016	31.12.2016
All numbers in NOK 1000			
Assets			
Intangible assets	50 220	55 347	51 698
Fixed assets	19 208	14 707	18 404
Total tangible and fixed assets	69 428	70 054	70 102
Inventory	59 961	53 996	59 297
Customers receivables	46 522	43 546	48 328
Other receivables	10 471	9 113	7 651
Cash	41 871	43 282	31 065
Total current assets	158 826	149 937	146 341
Total assets	228 254	219 991	216 443
Equity and liability			
Share capital	4 585	4 585	4 585
Share premium reserve	41 852	41 852	41 852
Other equity	132 016	119 269	120 266
Total equity	178 453	165 706	166 703
Total long term debt	1 440	6 721	2 552
Total short term debt	48 362	47 564	47 188
Total equity and liability	228 254	219 991	216 443
Net interest bearing debt	(37 184)	(34 011)	(25 440)

Change in equity	31.03.2017	31.03.2016	31.12.2016
All numbers in NOK 1000			
Equity start of period	166 703	156 164	156 164
Result for the period	11 859	9 509	39 098
Change in surplus fund	-	-	1 176
Dividend	-	-	(29 950)
Minority	-	-	-
Other	(0)	150	-
Changes in exchangerates	(108)	(117)	216
Equity end of period	178 453	165 706	166 703

Cash flow analysis	31.03.2017	31.03.2016	31.12.2016
All numbers in NOK 1000			
Result for the period	11 859	9 509	39 098
Cash flow from operation	1 664	(10 089)	(10 825)
Cash flow from operation	13 523	(580)	28 274
Cash flow from investments	(1 783)	(3 293)	(11 943)
Cash flow from investment	(934)	(1 770)	(34 191)
Change in cash for the period	10 806	(5 643)	(17 860)
Cash at start of period	31 065	48 925	48 925
Cash by the end of period	41 871	43 282	31 065

Geographic split of sales	1. quarter 17	1. quarter 16	2016
All numbers in NOK 1000			
USA	24 541	22 956	90 990
Asia	9 634	7 142	24 805
Europe	36 204	31 701	136 383
Rest of the world	3 981	3 701	15 883
Total sales	74 360	65 500	268 061

Geographic split of sales in number of units	1. quarter 17	1. quarter 16	2016
USA			
Procedures flow measurement	10 508	9 443	40 394
Procedures imaging	1 390	1 180	5 807
Capital sales MiraQ and VeriQ flowmeasurement instrument	-	1	6
Capital sales MiraQ and VeriQC imaging and flowmeasurement instrument	3	2	7
Asia			
VeriQ flowmeasurement instrument	6	8	20
VeriQC imaging and flowmeasurement instrument	6	4	14
Imaging probes	5	9	22
Flowmeasurement probes	677	411	1 651
Europe			
MiraQ and VeriQ flowmeasurement instrument	13	6	40
MiraQ and VeriQC imaging and flowmeasurement instrument	2	1	7
Imaging probes	3	1	13
Flowmeasurement probes	1 013	916	3 833
Rest of the world			
MiraQ and VeriQ flowmeasurement instrument	4	2	11
MiraQ and VeriQC imaging and flowmeasurement instrument	1	3	12
Imaging probes	1	5	18
Flowmeasurement probes	209	174	724
Number of MiraQ and VeriQ flow instruments outside USA	23	16	71
MiraQ and VeriQC imaging and flowmeasurement instruments	9	8	33
Total number of imaging probes	9	15	53
Total number of flowmeasurement probes outside USA	1 899	1 501	6 208

Split of sales per segment	1. quarter 17	1. quarter 16	2016
All numbers in NOK 1000			
USA			
Procedural revenue	21 499	20 460	81 924
Capital sales MiraQ and VeriQ flowmeasurement instruments	-	599	3 353
Capital sales MiraQ and VeriQC imaging and flowmeasurement instrument	3 043	1 897	5 713
Outside USA			
MiraQ and VeriQ flowmeasurement instrument	4 747	3 720	14 361
MiraQ and VeriQC imaging and flowmeasurement instrument	3 841	3 979	15 281
Imaging probes	703	828	3 146
Flowmeasurement probes	20 913	17 199	70 446
Other	1 746	407	5 389
Total sale of Medistim prod.	56 491	49 089	199 613
Sale of 3 party products	17 869	16 411	68 448
Total sales	74 360	65 500	268 061