Medistim ASA
Second Quarter 2017

Kari E. Krogstad, President and CEO
Thomas Jakobsen, CFO
August 15th, 2017

Disclaimer

The information included in this Presentation contains certain forward-looking statements that address activities, events or developments that Medistim ASA ("the Company") expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to economic and market conditions in the geographic areas and markets where Medistim is or will be operating, IP risks, clinical development risks, regulatory risks, fluctuations in currency exchange rates, and changes in governmental regulations. For a further description of other relevant risk factors we refer to Medistim's Annual Report for 2016. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in this information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and Medistim disclaims any an all liability in this respect.

Table of contents

1. Highlights 2nd quarter

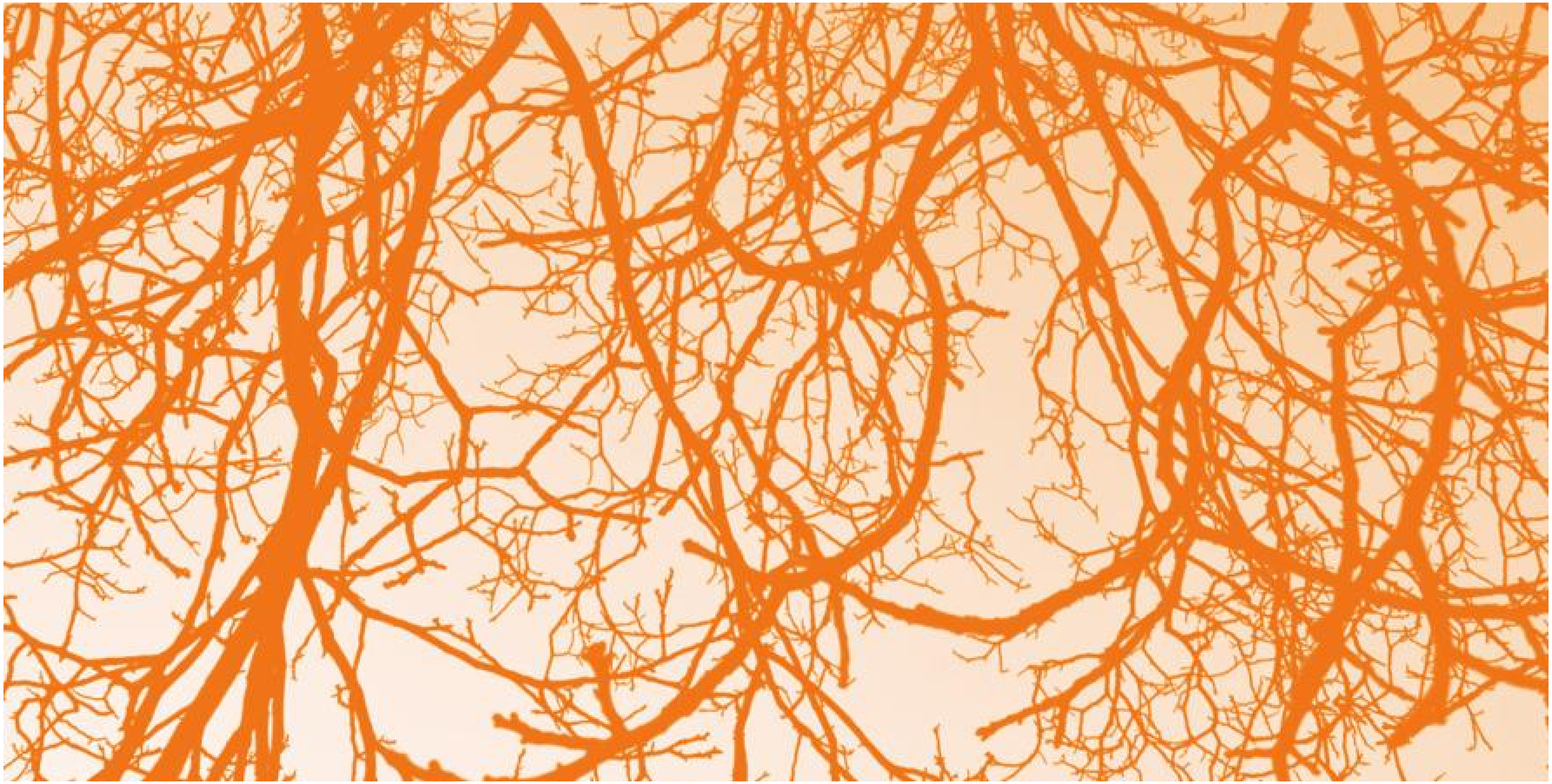
Highlights 2nd quarter 2017

- 3.0 % increase in sales for the quarter
  - Currency neutral total growth is 3.8 %
  - Currency neutral growth of own products is 4.7%
  - Flow probe sales negatively impacted with MNOK 5.5 due to too low production capacity, still backorder with 500 probes
  - Another strong quarter for the USA with currency neutral sales up 11.1 %
- EBIT down MNOK 3.5 to MNOK 13.6, negatively impacted by the delayed probe deliveries
- MiraQ cleared for sale in China
- Dividend of NOK 1.75 per share paid on the 8th of May

Q2 2017	Q o Q
Revenue MNOK 69.2 (67.2)	↑ 3.0%
EBIT MNOK 13.6 (17.1)	↓ -26.0 %
Currency	↓ -0.8 %
No of capital units sold:	
Flow systems 22	↑ 10.0 %
Imaging systems 9	↑ 50.0 %
Flow probes 1 086	↓ -28.5 %
Imaging probes 23	↑ 77.0 %
Procedures (USA) 11 596	↑ 2.5 %

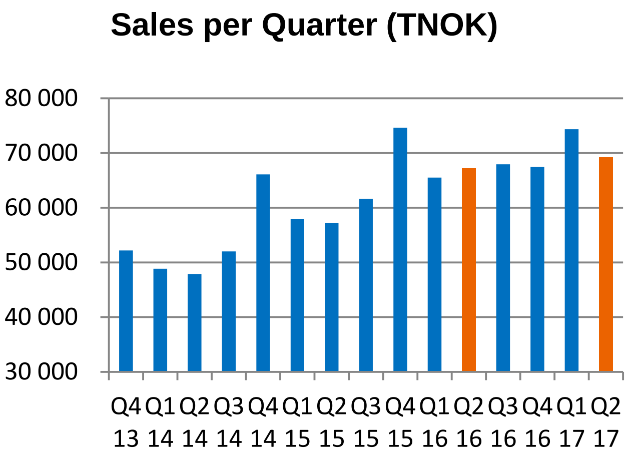
MEDISTIM

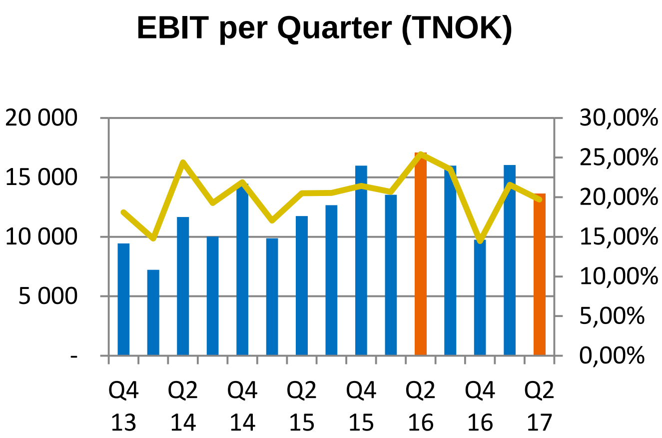
2. Financial statements



Profit and loss Q2 2017

Profit & loss	Q2 2017	Q2 2016	2016
All numbers in NOK 1000			
Sales	**69 177**	**67 194**	**268 061**
Cost of goods sold	19 026	17 322	64 957
Salary and sosial expenses	19 146	18 692	89 719
Other operating expenses	14 123	11 217	45 304
Total operating expenses	52 295	47 231	199 980
Op. res. Before depr. and write-offs (EBITDA)	**16 882**	**19 963**	**68 081**
EBITDA%	*24,4 %*	*29,7 %*	*25,4 %*
Depreciation	3 252	2 880	11 726
Operating result (EBIT)	**13 629**	**17 083**	**56 355**
EBIT%	*19,7 %*	*25,4 %*	*21,0 %*
Financial income	1 720	3 427	7 506
Financial expenses	1 438	3 566	10 334
Net finance	282	(139)	(2 828)
Pre tax profit	**13 911**	**16 944**	**53 527**
Tax	4 090	4 426	14 429
Result	**9 822**	**12 517**	**39 098**



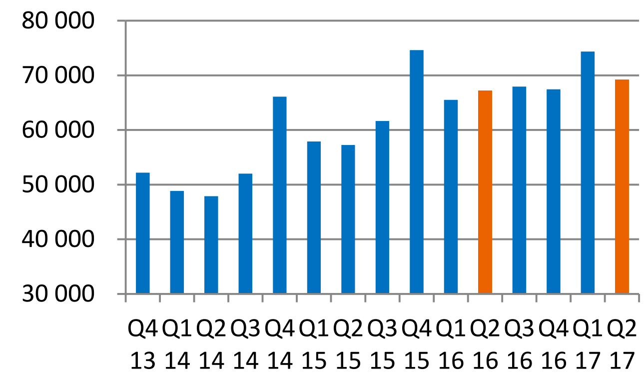


MEDISTIM

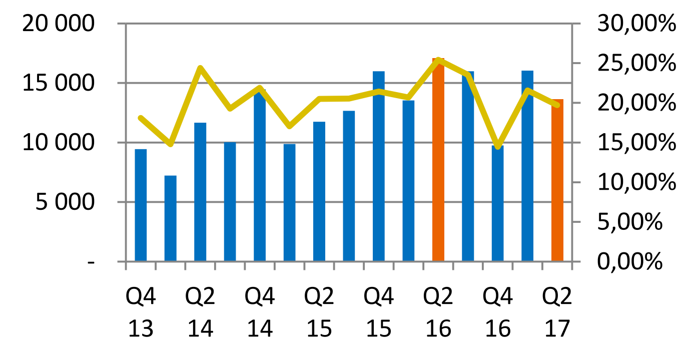
Profit and loss H1 2017

Profit & loss	**H1 2017**	**H1 2016**	**2016**
All numbers in NOK 1000			
Sales	**143 537**	**132 694**	**268 061**
Cost of goods sold	36 885	33 009	64 957
Salary and sosial expenses	44 563	41 088	89 719
Other operating expenses	26 045	22 261	45 304
Total operating expenses	107 494	96 358	199 980
Op. res. before depr. and write-offs (EBITDA)	**36 043**	**36 336**	**68 081**
EBITDA%	*25,1 %*	*27,4 %*	*25,4 %*
Depreciation	6 371	5 714	11 726
Operating result (EBIT)	**29 672**	**30 622**	**56 355**
EBIT%	*20,7 %*	*23,1 %*	*21,0 %*
Financial income	3 833	3 553	7 506
Financial expenses	3 168	4 631	10 334
Net finance	665	(1 079)	(2 828)
Pre tax profit	**30 337**	**29 543**	**53 527**
Tax	8 657	7 517	14 429
Result	**21 680**	**22 026**	**39 098**

Sales per Quarter (TNOK)

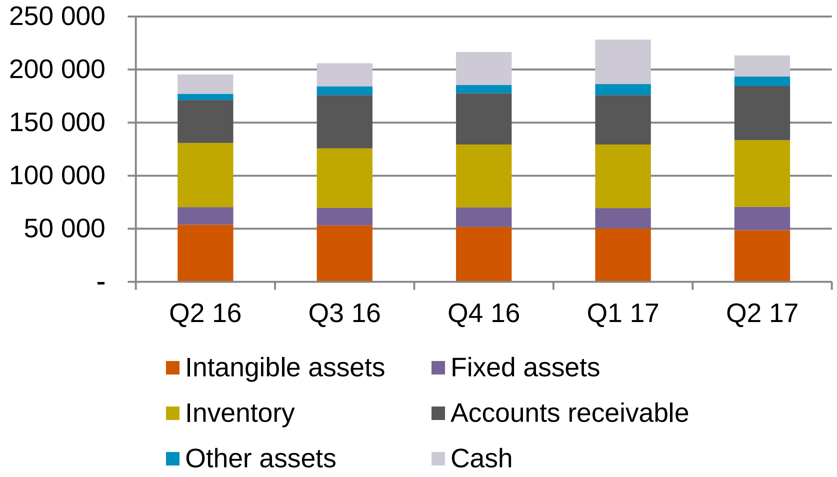


EBIT per Quarter (TNOK)



Balance sheet - Assets

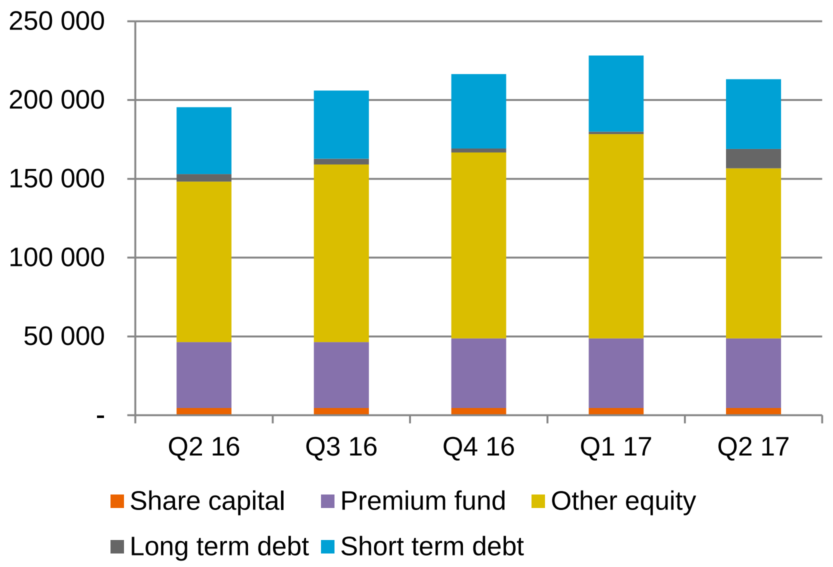
Balance sheet	30.06.2017	31.12.2016
All numbers in NOK 1000		
Assets		
Intangible assets	48 513	51 698
Fixed assets	22 072	18 404
Total intangible and fixed assets	**70 585**	**70 102**
Inventory	62 953	59 297
Customers receivables	50 983	48 328
Other receivables	8 909	7 651
Cash	19 860	31 065
Total current assets	**142 706**	**146 341**
Total assets	**213 291**	**216 443**



- Inventory level is still high, related to
  - MiraQ product line introduction while maintaining the VeriQ/VeriQC products with last-time-buy of components
  - Securing safety level of critical components

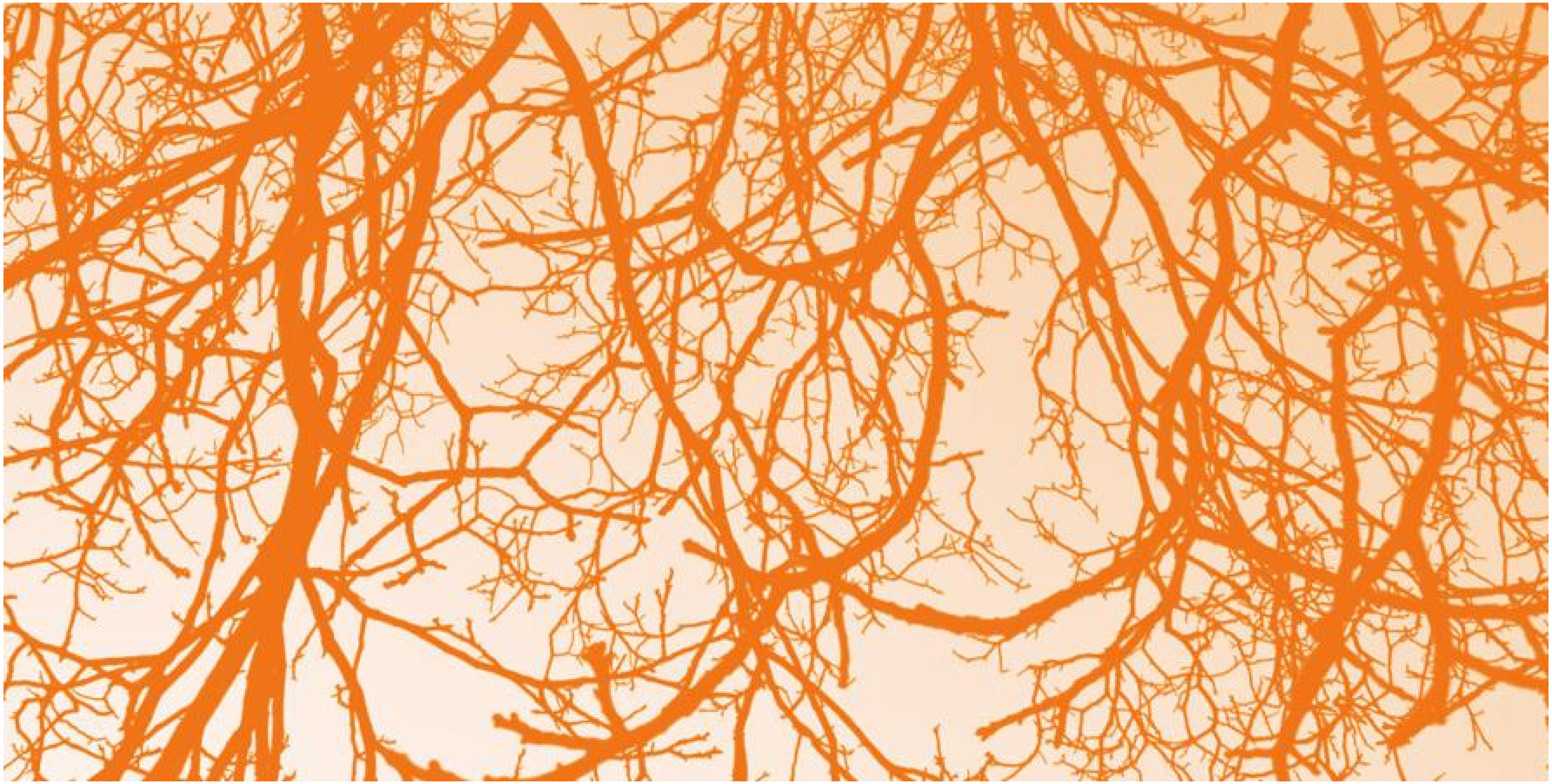
Balance sheet - Equity and liability

Balance sheet	30.06.2017	31.12.2016
All numbers in NOK 1000		
Share capital	4 585	4 585
Premium fund	44 172	44 172
Other equity	107 888	117 947
Total equity	**156 645**	**166 704**
Total long term debt	**12 328**	**2 552**
Total short term debt	**44 318**	**47 188**
Total equity and liability	**213 291**	**216 444**



- 18.75 MNOK in interest bearing debt
- Dividend of NOK 1.75 per share, a total of MNOK 31.5 paid 8th of May

3. Business segments update



Status production capacity of flow probes

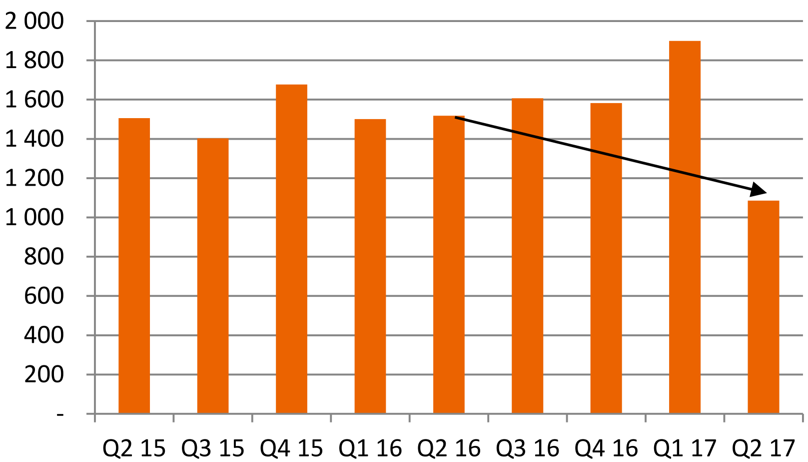
- 500 TTFM probes in backorder at the end of the quarter

- Why did the back order situation get worse in Q2?
  - Production capacity is a result of
    - # days available
    - # operators available
    - and the productivity per operator per day
  - In second quarter,
    - # days available were lower than in Q1
    - New operators were recruited and phased in during first half year, according to plan
    - The productivity per operator went down in Q2 due to many new operators in training and experienced operators spending time on giving training

- We underestimated the impact that the high increase in number of heads would have on operator productivity
- Capacity will improve in Q3 and Q4 and enable inventory build through 2018

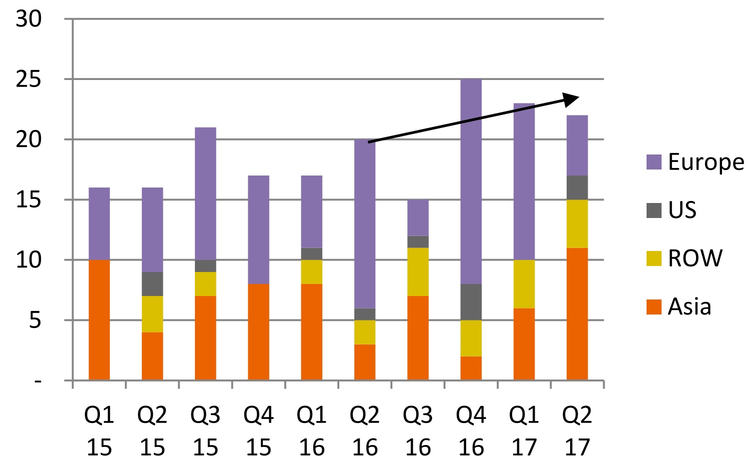
Flow probes and systems in units

Flow probes in units (excl USA)



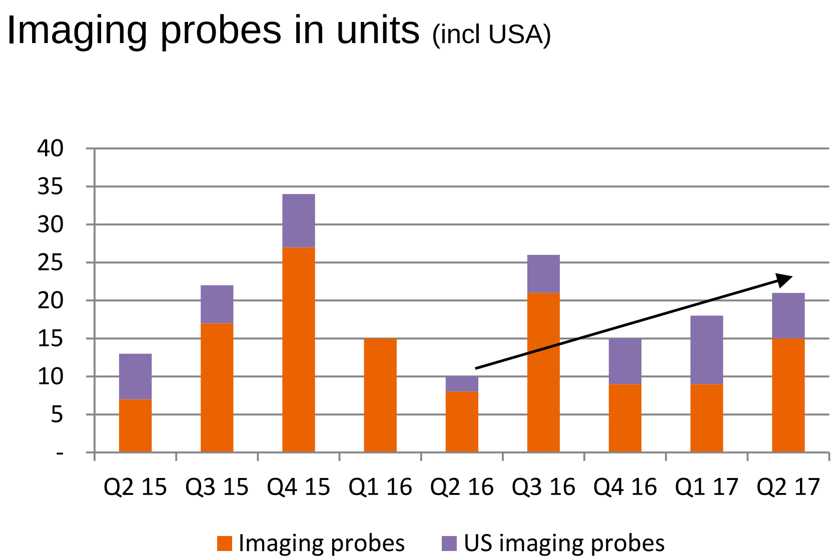
- 28.5% decrease in flow probe volume sales due to production capacity being too low in Q2.
  Backorder has increased with 250 probes to 500 probes, equaling 5,5 MNOK.
- For the first half year, probe volume is equal to last year

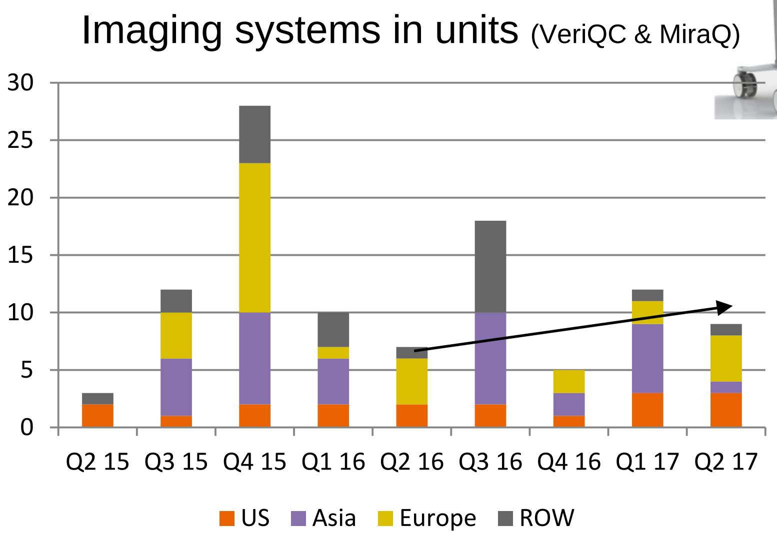
Flow systems in units (VeriQ & MiraQ)



- 10% increase in flow systems, with Asia as the strongest region for the quarter with 11 units

Imaging probes and systems in units





- Imaging probe sales picking up
- Germany is the strongest contributor in Q2 with sales of 7 units

- Number of units increase with 28 %.
- All sales in Europe are in Medistim direct markets

Q2 revenue performance by region

Mill NOK	Q2 '17	Q2 '16	Q / Q	H1 '17	H1 '16	H1/H1	2016
Europe	37,3	38,1	-2,0 %	73,5	69,8	5,3 %	136,4
USA	25,2	22,7	11,1 %	49,8	45,7	9,0 %	91,0
Asia & Jp	3,5	4,0	-14,5 %	13,1	11,2	17,0 %	24,8
ROW (MEA, CAN, SA, AUS)	3,2	2,4	35,0 %	7,2	6,1	18,3 %	15,9
Total	**69,2**	**67,2**	**3,0 %**	**143,5**	**132,7**	**8,2 %**	**268,1**

- In Europe, Q2 was down 2.0 % due to the low production capacity for flow probes
- In the USA, Medistim delivers yet another good quarter and currency neutral growth was also 11.1%. Growth driven by capital sales for the quarter
- Both Asia/Japan and ROW are so far smaller sales territories with significant quarter to quarter variation.
  - In Q2, there was strong development in system sales that compensated for lower probe sales.

Negative currency effects for H1 with 1.3 MNOK .

Average actual exchange rate for USD 8.48 and EUR 9.18 versus last year USD 8.45 and EUR 9.42.

MEDISTIM

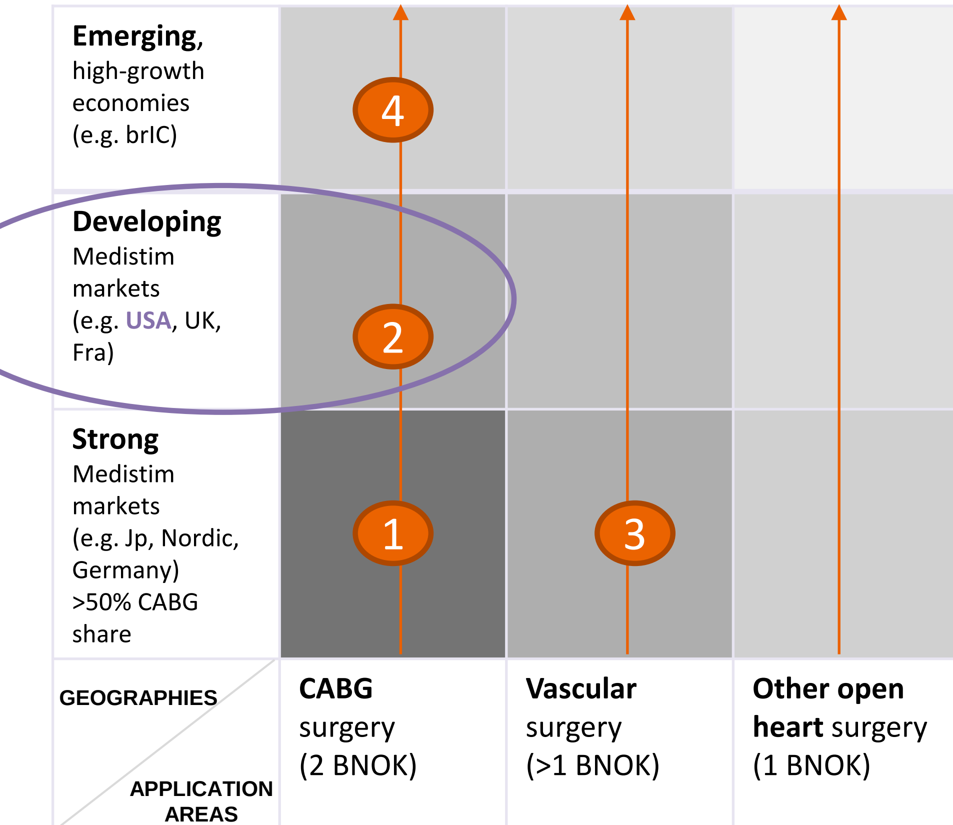
Q2 revenue performance by product

Mill NOK	Q2 '17	Q2 '16	Q/Q	H1 '17	H1 '16	Y/Y	2016
Procedures (USA)	21,6	20,3	6,3 %	43,1	40,8	5,7 %	81,9
Flow probes	13,9	17,6	-21,0 %	34,9	34,8	0,2 %	70,4
Flow systems (VeriQ & MiraQ)	4,7	4,1	14,2 %	9,4	8,4	12,0 %	17,7
Imaging systems (VeriQ C & MiraQ)	6,6	3,9	68,3 %	13,5	9,8	37,6 %	21,0
Imaging probes	1,1	0,5	107,1 %	1,8	1,3	33,4 %	3,1
3rd party	19,8	19,5	1,6 %	37,6	35,9	4,8 %	68,4
Other	1,5	1,3	23,2 %	3,3	1,7	98,0 %	5,4
Total revenues	**69,2**	**67,2**	**3,0 %**	**143,6**	**132,7**	**8,2 %**	**268,1**

- Procedure sale in the USA: The total number of procedures grew with 2.5 % in Q2. Revenue increase is in addition to volume growth driven by increased number of imaging users. Imaging procedures increased with 26.9 % for the quarter and 1.660 procedures where sold
- Flow probes revenue: -28.5 % decline in units to 1 086 probes, -21.0 % in NOK due to higher level of sales in direct markets.
- Flow systems: 10 % growth in units. Growth in NOK is 14,2 %, because more units this quarter were sold through direct markets to end customers.
- Imaging systems and probes: 28.5 % growth in units, 68.3 % growth in NOK. Higher level of sales in direct markets increases revenue more than the volume growth
- 3rd party products: At the same level as last year

4. Implementing the strategy

Growth opportunities – in developing Medistim markets



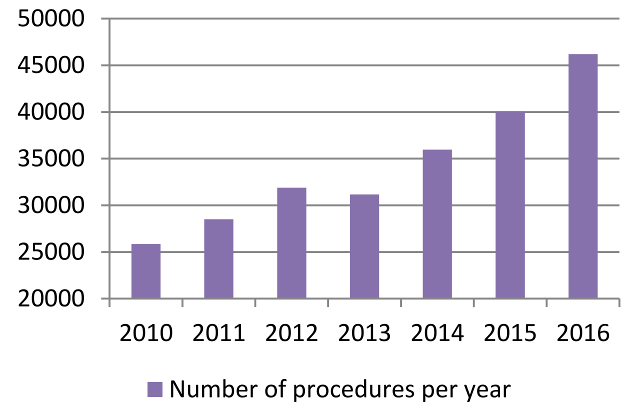
1. **Convert the routine Flow market to a Flow-and-Imaging market** by establishing *Surgical Guidance and Quality Assessment* as the new standard of care through
   - Early adopter & KOL support
   - REQUEST study
   - Ease conversion from flow to imaging with MiraQ

2. **Achieve routine use** of both Flow and Imaging by fighting ignorance, indifference and ease-of-use objections through
   - Clinical marketing & Educational programs
   - Product innovation for ease of use
   - Increased sales force capacaity

3. **Build and strengthen position** in vascular surgery
   - Dedicated system (MiraQ Vascular) & probes
   - Build position with societies and KOLs

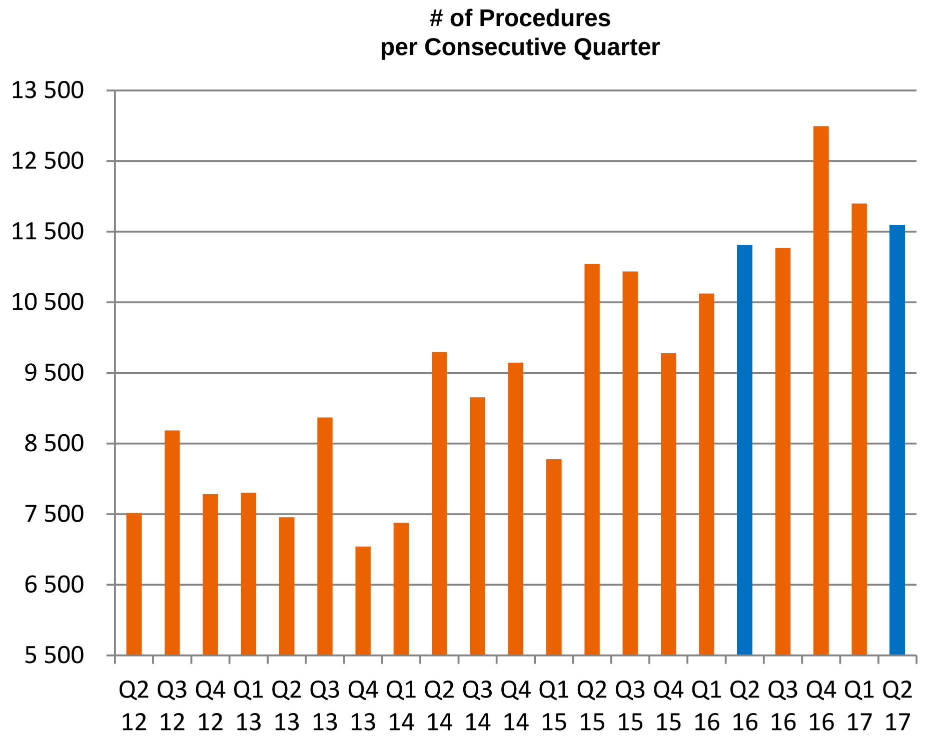
4. **Offer an entry-level solution** to reach emerging, price-sensitive, high-growth markets

High performance US sales organization



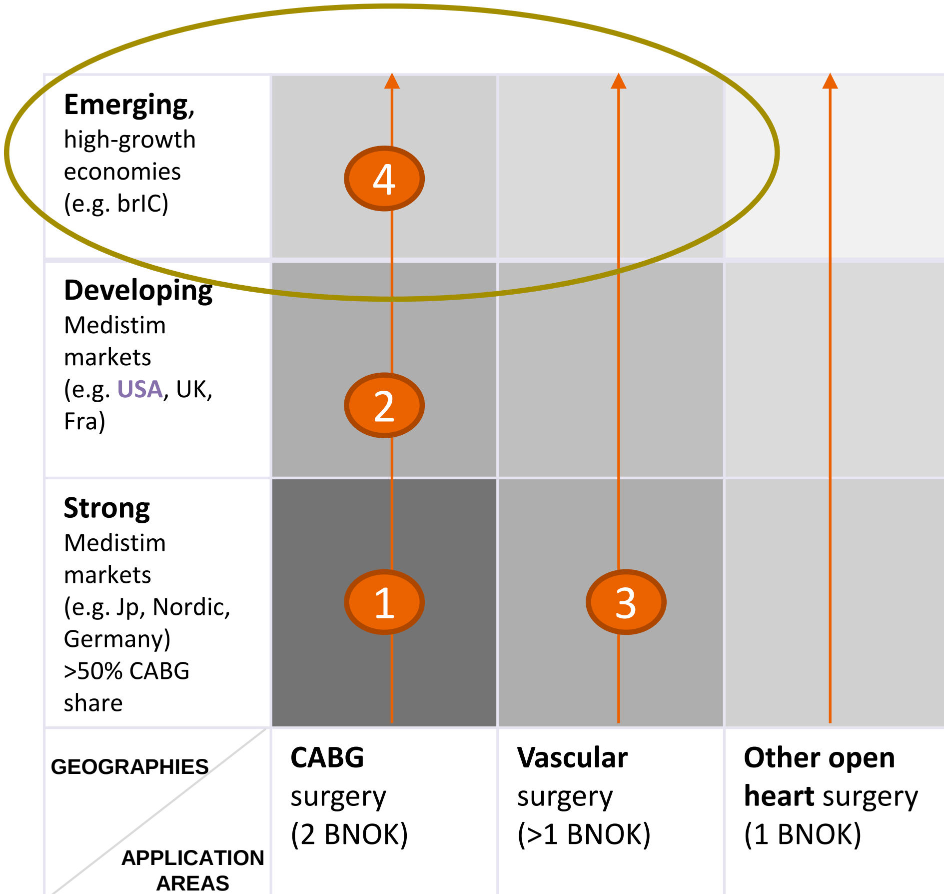
RESULTS Q2

- Revenues up by 11.1 % in NOK and USD
- Number of procedures up by 2.5 %
  - 0.7 % decline in flow procedures
  - 26.9 % growth in imaging procedures
- 51.4 % increase in capital sales (systems and probes)
- Continued growth in new customers
  - 4 completely new accounts
  - 1 TTFM account converted to Imaging
  - 8 new and 3 converted accounts YTD



MEDISTIM

Growth opportunities – Emerging markets



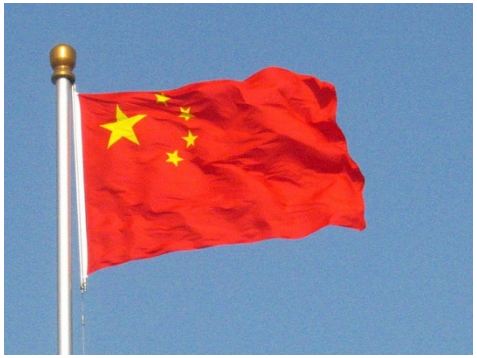
1. **Convert the routine Flow market to a Flow-and-Imaging market** by establishing *Surgical Guidance and Quality Assessment* as the new standard of care through
   - Early adopter & KOL support
   - REQUEST study
   - Ease conversion from flow to imaging with MiraQ
2. **Achieve routine use** of both Flow and Imaging by fighting ignorance, indifference and ease-of-use objections through
   - Clinical marketing & Educational programs
   - Product innovation for ease of use
   - Increased sales force capacaity
3. **Build and strengthen position** in **vascular** surgery
   - Dedicated system (MiraQ Vascular) & probes
   - Build position with societies and KOLs
4. **Offer an entry-level solution** to reach emerging, price-sensitive, high-growth markets

MiraQ cleared for sale in China

- August 2017:
  Clearance received from the China Food and Drug Administration (CFDA) for sale of MiraQ

- Medistim is now positioned to sell MiraQ in major markets like Europe, USA and China. Application for Japan is in process.

- China represents a significant market opportunity
  - About 50.000 CABG procedures/year
  - > 30% Medistim market penetration
  - 5-10 % annual growth rate



- Medistim's current strong position is based on the routine use of TTFM at all major cardiac centers and the support from leading Chinese surgeons

- Economic growth & healthcare reform are key market drivers for the future

Opportunity in China

- Distributor based in Hong Kong
    - Local support team in China
    - 11 local sub-distributors in China

- All new tenders will be on the MiraQ platform
    - Growing interest for the combination of ultrasound imaging and TTFM
    - Tenders in process with VeriQ will be completed
    - Regular budget cycle is one year

- Next:
    - Official launch at CMA, the National China cardiovascular surgery meeting in November in Hangzhou
    - Road-shows with European KOLs

20 largest share holders (per 10. August 2017)

Name	Number of shares	Shares in %	Type of account	Nationality
INTERTRADE SHIPPING	4 003 500	21,83		NOR
SALVESEN & THAMS INV	1 862 500	10,16		NOR
JPMorgan Chase Bank, NORDEA TREATY ACCOUN	1 376 596	7,51	NOM	GBR
FOLLUM CAPITAL AS	1 000 000	5,45		NOR
PROTECTOR FORSIKRING Aksjer	784 155	4,28		NOR
Skandinaviska Enskil A/C CLIENTS ACCOUNT	729 659	3,98	NOM	DNK
Citibank Europe plc S/A SEB SA UCITS	628 370	3,43	NOM	LUX
BUANES ASBJØRN JOHN	519 936	2,84		NOR
GRANDEUR PEAK INTERN BROWN BROTHERS HARRI	420 559	2,29		USA
BNP Paribas Securiti BPSS MLN/PENSION FUN	402 846	2,20	NOM	ITA
HOLBERG NORGE VERDIPAPIRFONDET V/HOLBERG	398 656	2,17		NOR
RBC Investor service S/A LUX SCV-EXEMPT-U	381 071	2,08	NOM	LUX
DYVI INVEST AS	346 154	1,89		NOR
REGENTS OF THE UNIVE The Bank of New York	283 558	1,55		USA
JPMorgan Chase Bank, JPMCB RE HB SWED FUN	258 908	1,41	NOM	SWE
Danske Invest Norge	250 000	1,36		NOR
Danske Bank A/S 3993 NORDIC SETTLEME	249 840	1,36	NOM	DNK
NN PARAPLUFONDS 1 N. BNY MELLON SA/NV	233 167	1,27		NLD
State Street Bank an S/A SSB CLIENT OMNI	206 392	1,13	NOM	USA
THE NORTHERN TRUST C RE IEDP AIF CL. NON	206 229	1,12	NOM	GBR
Total	14 542 096	79,31		


Seeing is believing