Medistim ASA
First Quarter 2018

Kari E. Krogstad, President and CEO
Thomas Jakobsen, CFO
April 26th, 2018

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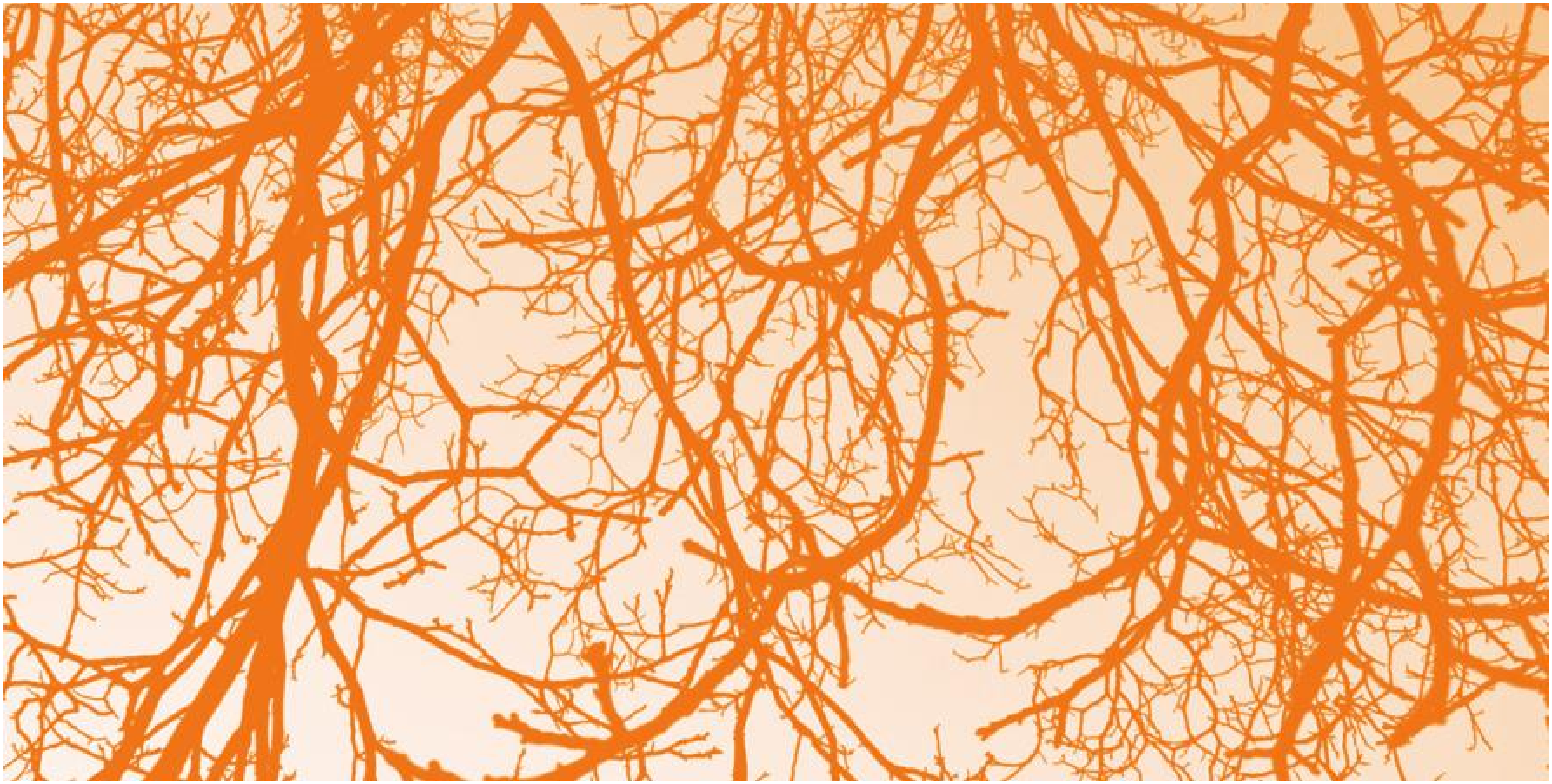
1. Highlights 1st quarter

Highlights 1st quarter 2018

- Following two consecutive all-time high quarters, Q1 shows flat development in sales compared to last year
  - Currency neutral total sales down 1 %
  - Currency neutral sales of own products down 2.7 %
  - US sales up 1 % in USD, down 6.3 % in NOK
  - Number of procedures in the USA up 5.7 %
- EBIT down MNOK 2.4 to MNOK 13.6, a 15.3 % decrease
- MiraQ received an updated recommendation by UK's NICE
- Data collection in the REQUEST study is complete and the first results will be presented at AATS on May 1st
- The general meeting decided a dividend of NOK 2.00 per share (NOK 1.75)

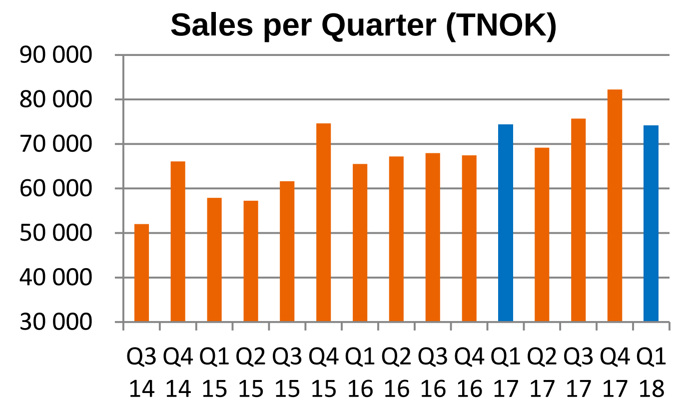
Q1 2018	Q o Q
Revenue MNOK 74.1 (74.4)	-0.3%
EBIT MNOK 13.6 (16.0)	-15.3 %
Currency	-0.4 %
No of capital units sold:	
Flow systems 25	8.7 %
Imaging systems 14	16.7 %
Flow probes 1 553	-18.2 %
Imaging probes 10	-33.4 %
Procedures (USA) 12 576	5.7 %

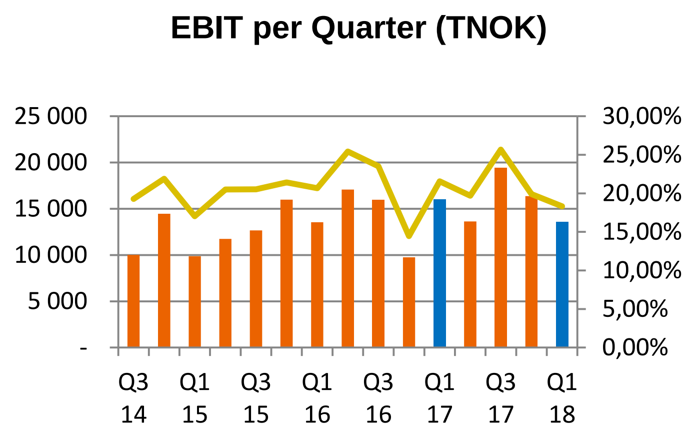
2. Financial statements



Profit and loss Q1 2018

Profit & loss	Q1 2018	Q1 2017
All numbers in NOK 1000		
Sales	**74 133**	**74 360**
Cost of goods sold	18 255	17 859
Salary and sosial expenses	26 784	25 418
Other operating expenses	12 519	11 922
Total operating expenses	57 558	55 199
Op. res. Before depr. and write-offs (EBITDA)	**16 576**	**19 161**
EBITDA %	*22,4 %*	*25,8 %*
Depreciation	2 988	3 119
Operating result (EBIT)	**13 588**	**16 043**
EBIT %	*18,3 %*	*21,6 %*
Financial income	1 387	2 113
Financial expenses	2 665	1 730
Net finance	(1 279)	383
Pre tax profit	**12 309**	**16 426**
Tax	2 865	4 567
Result	**9 444**	**11 859**





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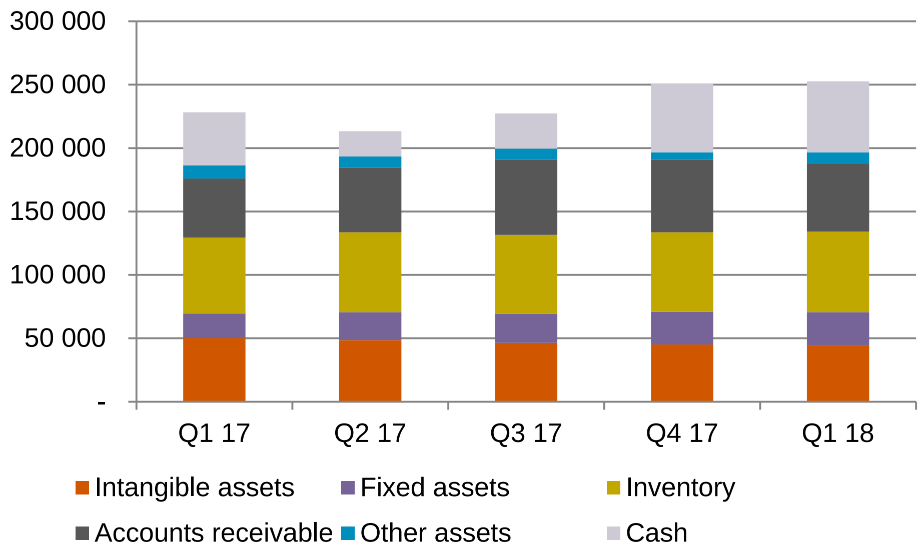
Balance sheet - Assets

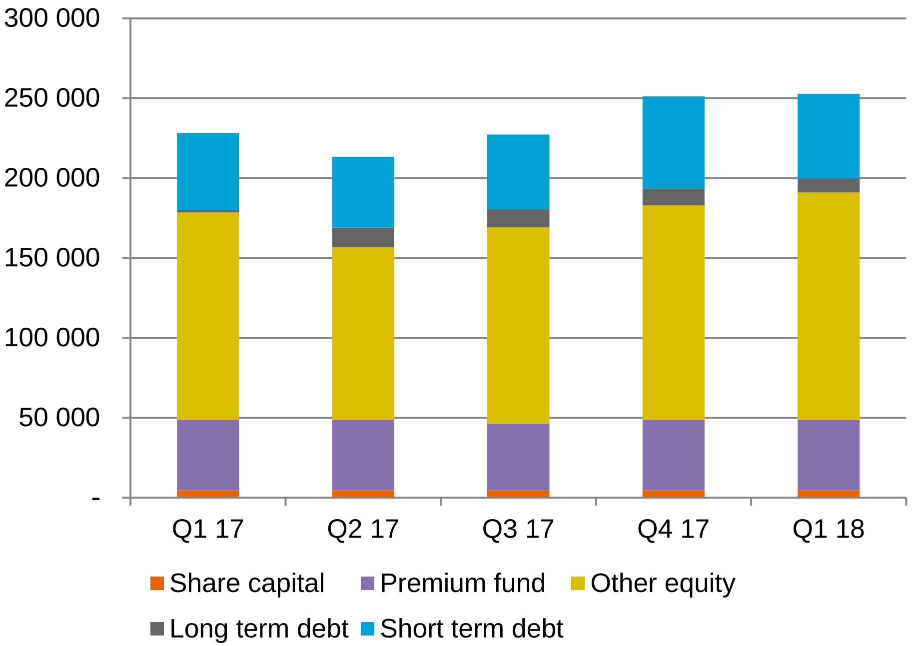
Balance sheet	**31.03.2018**	**31.12.2017**
All numbers in NOK 1000		
Assets		
Intangible assets	44 403	45 090
Fixed assets	26 256	25 744
Total intangible and fixed assets	**70 659**	**70 834**
Inventory	63 555	62 722
Customers receivables	53 269	57 307
Other receivables	9 178	5 825
Cash	56 077	54 411
Total current assets	**182 079**	**180 265**
Total assets	**252 738**	**251 099**



- Working capital continues to be 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

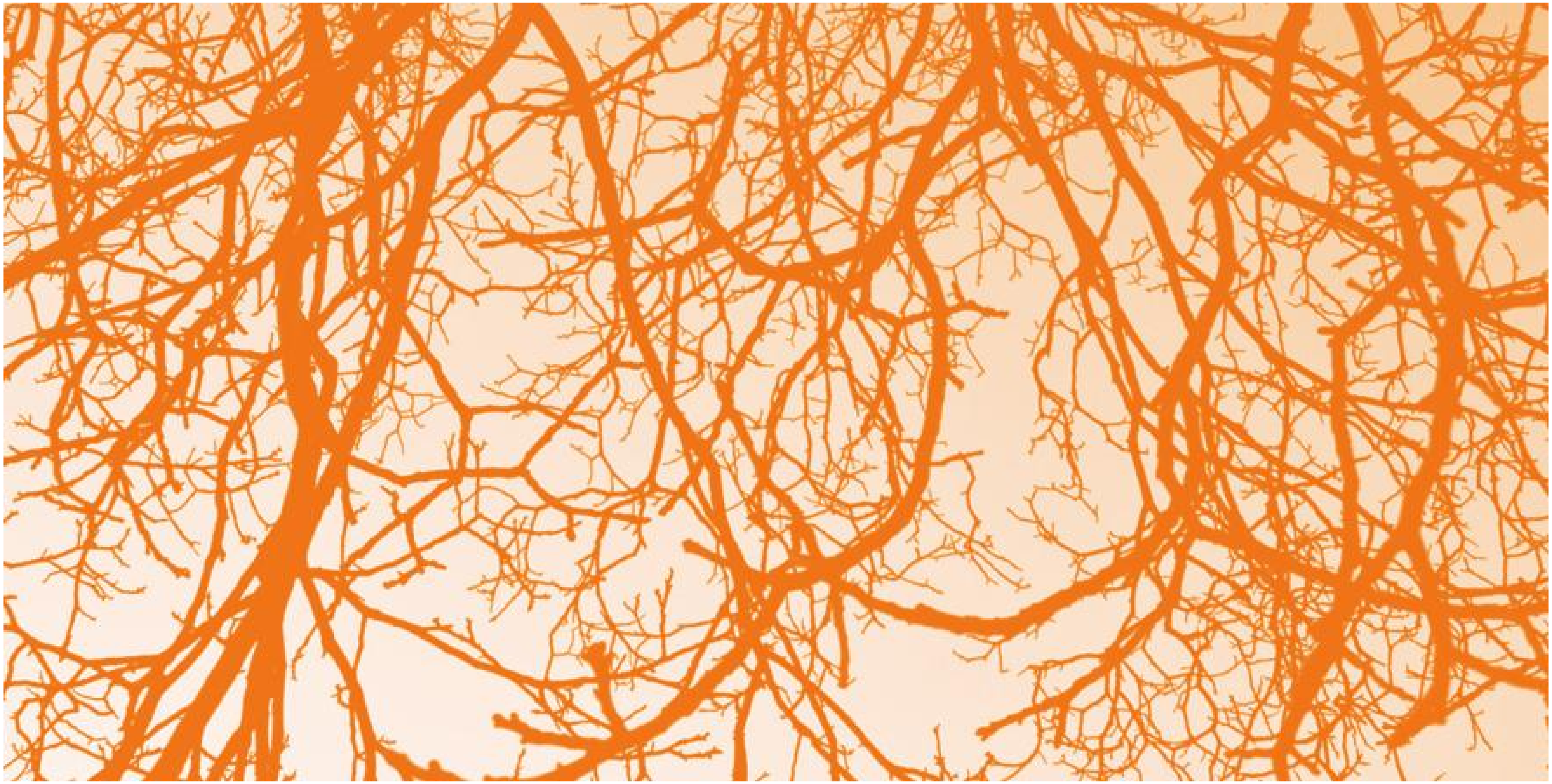
Balance sheet - Equity and liability

Balance sheet	**31.03.2018**	**31.12.2017**
All numbers in NOK 1000		
Share capital	4 585	4 585
Premium fund	44 172	44 172
Other equity	142 266	134 226
Total equity	**191 023**	**182 983**
Total long term debt	**8 813**	**10 500**
Total short term debt	**52 903**	**57 616**
Total equity and liability	**252 738**	**251 099**



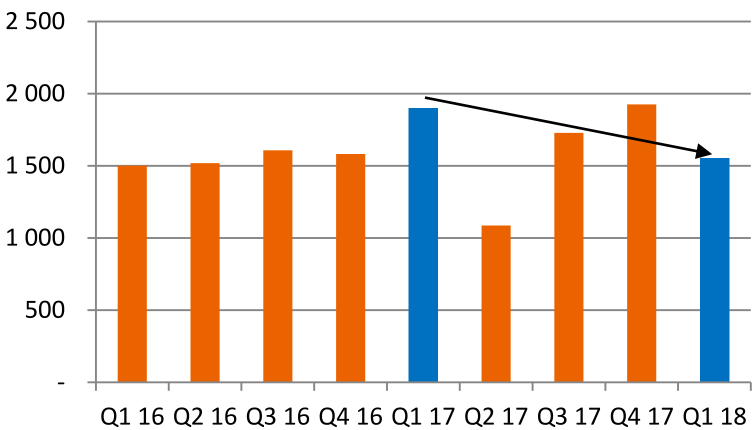
- 13.7 MNOK in interest bearing debt
- The general meeting decided a dividend of NOK 2,00 per share
    - Total dividend payment will be MNOK 36.4
    - Dividend will be paid around 8th of May

3. Business segments update

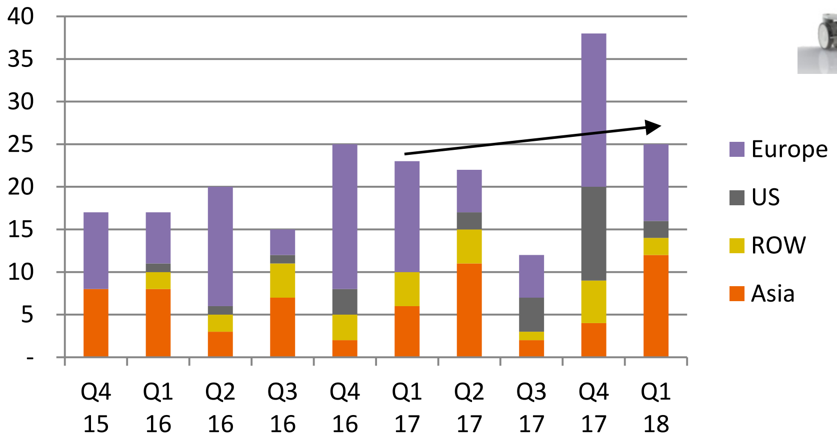


Flow probes and systems in units

Flow probes in units (excl USA)



Flow systems in units (VeriQ & MiraQ capital sales)



- 18.2% decrease in flow probe number of units
- Production capacity issues are solved
- Some build up of security stock in in some distributor markets in Q4

- 8.7 % increase in flow system in number of units
- Strong quarter for Asia; 12 systems vs 6 last year

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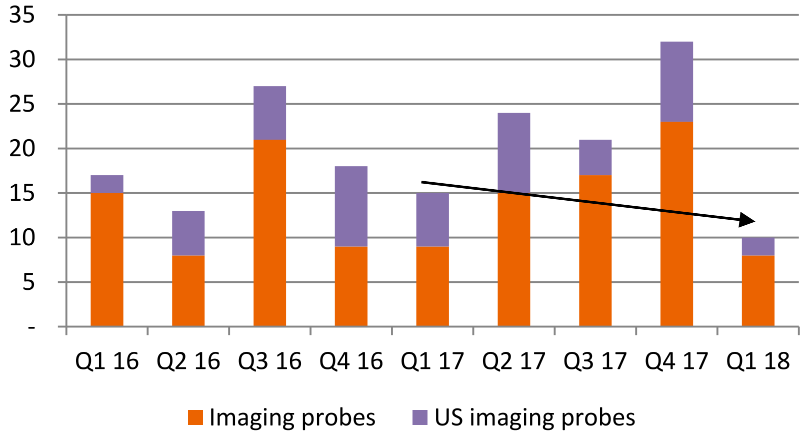
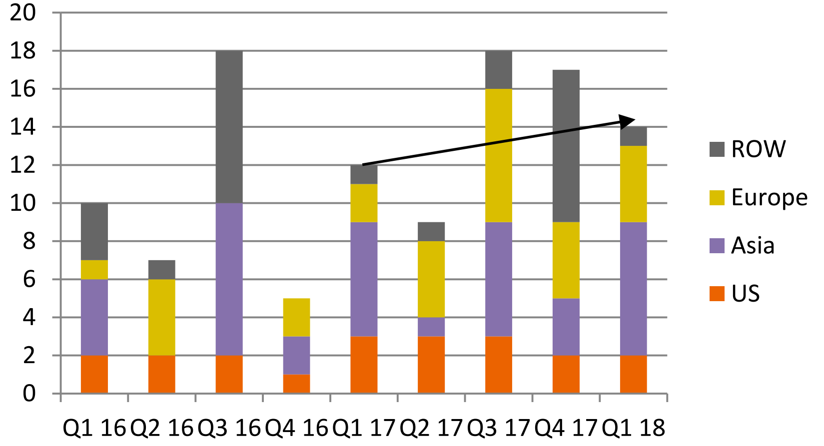
Imaging probes and systems in units

Imaging probes in units (incl USA)



Imaging systems in units (VeriQC & MiraQ capital sales)



- Weak quarter after three consecutive strong quarters

- 16.7 % increase in imaging systems number of units
- Good quarter with growth in number of systems sold in all regions

Q1 revenue performance by region

Mill NOK	Q1 '18	Q1 '17	Q / Q	2017
Europe	40,2	36,2	11,1 %	150,3
USA	23,0	24,5	-6,3 %	104,6
Asia & Jp	8,5	9,6	-12,2 %	27,0
ROW (MEA, CAN, SA, AUS)	2,4	4,0	-39,0 %	19,6
Total	**74,1**	**74,4**	**-0,3 %**	**301,5**

- In Europe, sales increased with 11.1 % in Q1. Own products increased with 17.2 % of which 7.2 % was due to favourable currency. 3. party products increased with 4.9 %.
- In the USA, sales in NOK decreased with 6.3 % but currency neutral growth was 1.0 %.
- Both Asia/Japan and ROW are so far smaller sales territories with significant quarter to quarter variation.

Negative currency effects for 2018 vs 2017 was 0.4 MNOK .

Average actual exchange rate for USD 7.83 and EUR 9.63 versus last year USD 8.44 and EUR 8.98.

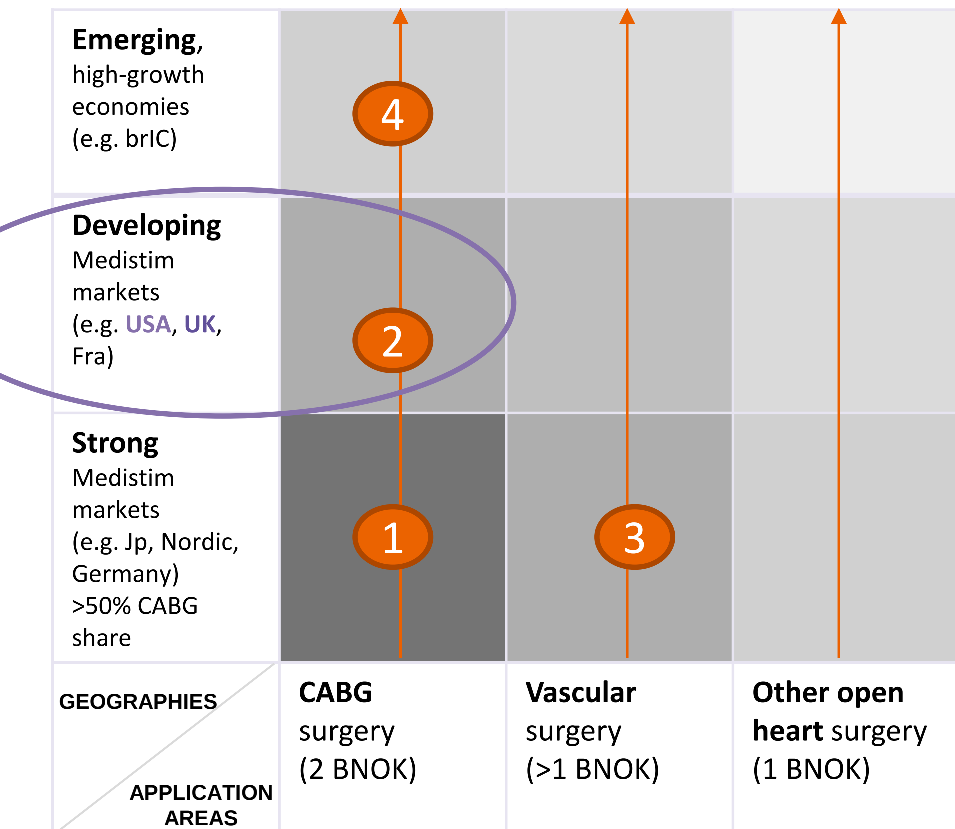
Q1 revenue performance by product

Mill NOK	Q1 '18	Q1 '17	Q/Q	2017
Procedures (USA)	19,6	21,5	-8,9 %	86,0
Flow probes	20,5	20,9	-2,1 %	78,9
Flow systems (VeriQ & MiraQ)	6,7	4,7	41,5 %	23,3
Imaging systems (VeriQ C & MiraQ)	7,3	6,9	5,6 %	32,0
Imaging probes	0,6	0,7	-19,3 %	4,2
3rd party	18,7	17,9	4,9 %	71,7
Other	0,8	1,7	-55,4 %	5,4
Total revenues	**74,1**	**74,4**	**-0,3 %**	**301,5**

- Procedure sale in the USA: The total number of procedures increased with 5.7 % in Q1. Decline in NOK is due to currency and lower revenue per procedure due to product mix.
- Flow probes: 18.2 % decrease in units. Decrease in NOK is only 2.1 % due to higher level of direct sales and currency.
- Flow systems: 8.7 % increase in units, the strong 41% growth in NOK is driven by higher level of direct sales and currency.
- Imaging systems and probes: Same sales level as last year.
- 3rd party products: Good quarter with a 4.9 % increase.

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, **Guidelines** and 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

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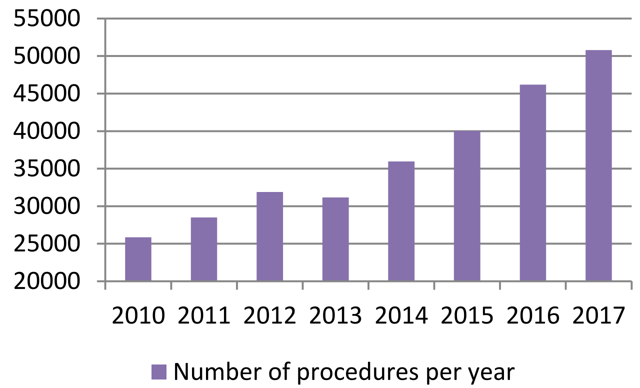
Performance US sales organization



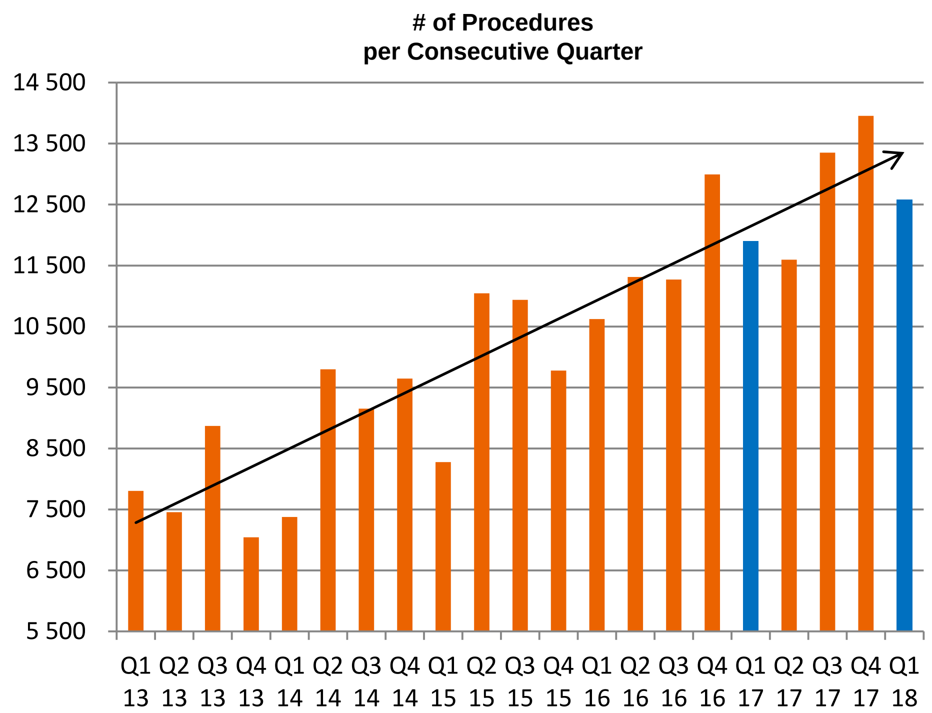
RESULTS Q1

- Revenues up 1 % in USD
  - Revenues down 6.3 % in NOK
  - Currency has a negative 7.2 % impact

- Number of procedures up by 5.7 %
  - 4.5 % growth in flow procedures
  - 14.0 % growth in imaging procedures
  - Revenue per procedure down about 7 % from LY due to product mix

- Capital revenues were MNOK 3.4 vs. MNOK 3 last year, a 12 % increase

- Continued growth in new customers
  - 7 completely new accounts



Renewed recommendation from NICE

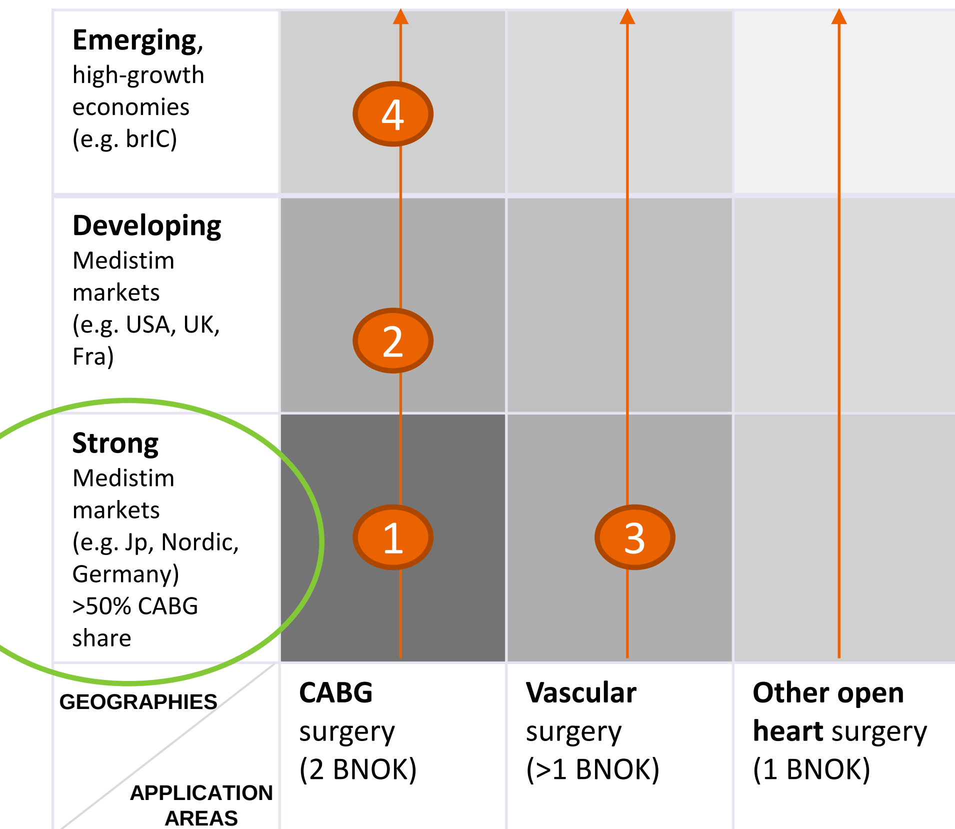
NHS
National Institute for
Health and Clinical Excellence

- The National Institute for Health and Care Excellence (NICE) have issued a renewed Medical Technologies Guidance recommending the routine use of Medistim's flowmeter system for CABG surgery within the UK's National Health Service

- Both the clinical and economical benefits of MiraQ utilization were recognized:
  - " […] intraoperative TTFM is effective in detecting imperfections that may be corrected […].
    This may reduce the incidence of graft occlusions and […] perioperative morbidity and mortality."
  - The MiraQ system is associated with an estimated cost saving of £141 per patient (up from previous guideline of £115) compared with clinical assessment alone

- NICE is higly respected and their recommendations have impact also outside the UK

Growth opportunities – in developed Medistim markets



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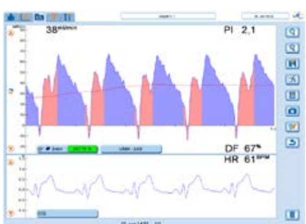
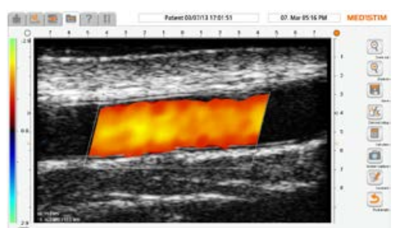
REQUEST

Registry for Quality Assessment
with Ultrasound Imaging and TTFM in Cardiac Surgery

What is the study protocol?

- Perform ultrasound imaging of the aorta, conduit arteries *in situ*, compromised coronary arteries and completed grafts (anastomosis)
- Perform TTFM on completed grafts
- The procedures will be done with Medistim's devices (VeriQ C™ and MiraQ™)





- Record all changes to the surgical procedure and the number of revisions done to the grafts based on the flow and imaging data
- Capture major adverse cardiac and cerebrovascular events (MACCE)

Why are these data interesting to the surgical community?

- The hypothesis motivating the REQUEST registry study is that employing a new and unique combination of functional flow measurement and morphological ultrasound imaging data may enable surgeons to
  - **make better informed decisions during coronary surgery**
  - **improve surgical quality and outcomes**
  - **contribute to improved healthcare efficiency from this surgical procedure**

- The study is the first of its kind to investigate the value of implementing both TTFM and intraoperative ultrasound imaging as a concerted effort to provide surgical guidance and graft quality assessment

REQUEST | Registry for Quality Assessment with Ultrasound Imaging and TTFM in Cardiac Surgery

Study objective

Objective:
Prospective study of the number and type of CABG surgical procedure changes (to aortic manipulation and coronary grafting) based on aortic and coronary ultrasound intraoperative images and transit time flow measurements (TTFM) with the Medistim device

Protocol:
Ethical Approval published in *ClinicalTrials.gov* in Feb 2015

Design:
Prospective study of 1000 patients (multicenter registry in 7 sites)

Patient population:
Isolated CABG patients with at least 2 vessel disease

Target period:
Feb 2015 – Dec 2017

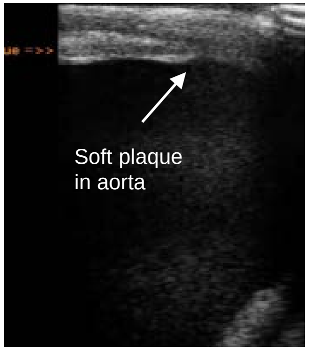




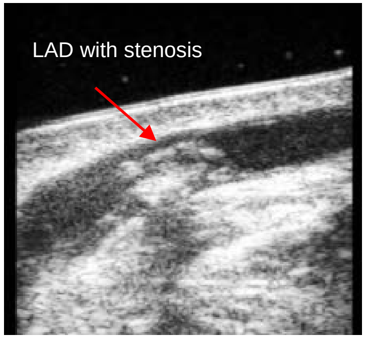

REQUEST | Registry for Quality Assessment with Ultrasound Imaging and TTFM in Cardiac Surgery

Surgical protocol

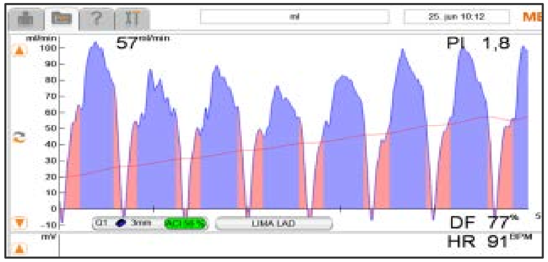
1) Ultrasound assessment of aorta prior to manipulation



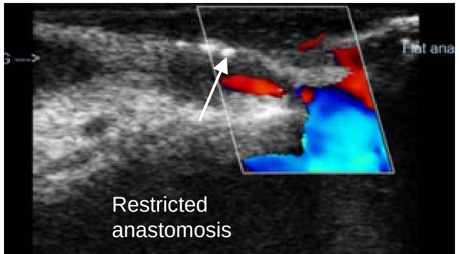
2) Ultrasound assessment of conduit arteries *in situ* and 3) diseased coronaries



4) TTFM graft assessment (Flow, PI, DF, BF)



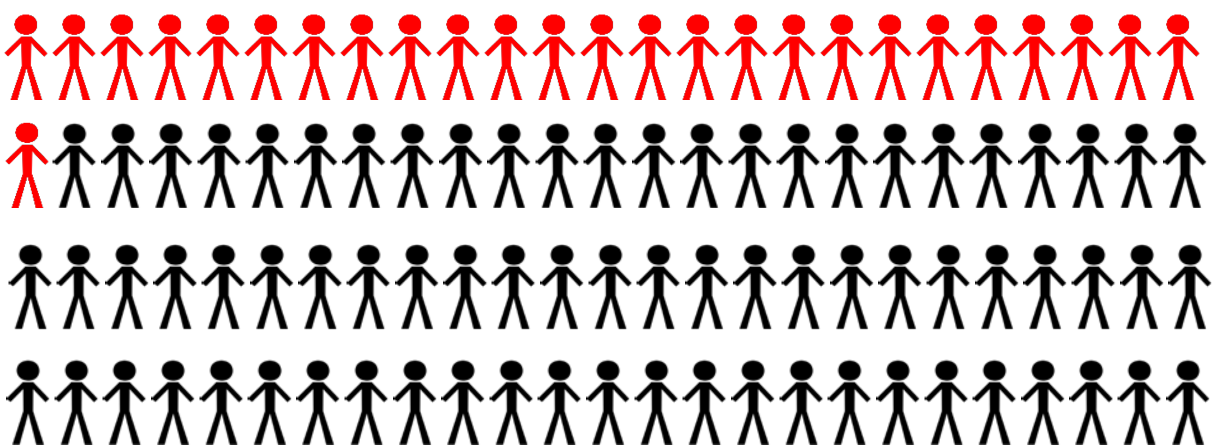
5) Ultrasound assessment of anastomosis



REQUEST | Registry for Quality Assessment with Ultrasound Imaging and TTFM in Cardiac Surgery

Preliminary findings presented at ICC, New York, August 19th 2017

- 285 changes in the surgical procedure in 203 of 776 patients
- 26% of patients had at least 1 surgical change



ICC = International Coronary Conference

REQUEST | Registry for Quality Assessment with Ultrasound Imaging and TTFM in Cardiac Surgery

Presentation of the first findings from the REQUEST register study

- All 1.000 patients are now included in the study
- The first findings from the study will be presented at American Association for Thoracic Surgery (AATS) conference taking place in San Diego on May 1st
- The REQUEST data will be continued to be analysed, presented and published
- The findings from REQUEST may become a significant contributor to changing clinical practice within CABG surgery

20 largest shareholders (per April 20th 2018)

Name	Number of shares	Shares in %	Nationality
INTERTRADE SHIPPING	4 003 500	21,83	NOR
SALVESEN & THAMS INV	1 862 500	10,16	NOR
JPMorgan Chase Bank, NORDEA TREATY ACCOUN	1 375 246	7,50	GBR
FOLLUM CAPITAL AS	1 000 000	5,45	NOR
Skandinaviska Enskil A/C CLIENTS ACCOUNT	983 524	5,36	DNK
PROTECTOR FORSIKRING Aksjer	784 155	4,28	NOR
Citibank Europe plc S/A SEB SA UCITS	706 412	3,85	LUX
BUANES ASBJØRN JOHN	494 936	2,70	NOR
GRANDEUR PEAK INTERN BROWN BROTHERS HARRI	420 559	2,29	USA
HOLBERG NORGE VERDIPAPIRFONDET V/HOLBERG FONDSFORVA	398 656	2,17	NOR
DYVI INVEST AS	346 154	1,89	NOR
RBC Investor service S/A LUX SCV-EXEMPT-U	329 934	1,80	LUX
Danske Bank A/S 3993 NORDIC SETTLEME	285 031	1,55	DNK
State Street Bank an SSB LUX OBO ITS CLIE	264 590	1,44	USA
Danske Invest Norge	250 000	1,36	NOR
BNP Paribas Securiti BPSS MLN/PENSION FUN	233 165	1,27	ITA
REGENTS OF THE UNIVE The Bank of New York	228 373	1,25	USA
Skandinaviska Enskil SEB AB, UCITS V - Sw	218 201	1,19	SWE
NN PARAPLUFONDS 1 N. BNY MELLON SA/NV	205 624	1,12	NLD
Bank Julius Bär & Co	200 000	1,09	CHE

Total Largest shareholders	14 590 560
Total number of shares outstanding	18 337 336
20 largest shareholders in % of total number of shares	79,57 %


Seeing is believing