Medistim ASA
Third quarter 2018

Kari E. Krogstad, President and CEO
Thomas Jakobsen, CFO
October 25th, 2018

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 2017. 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

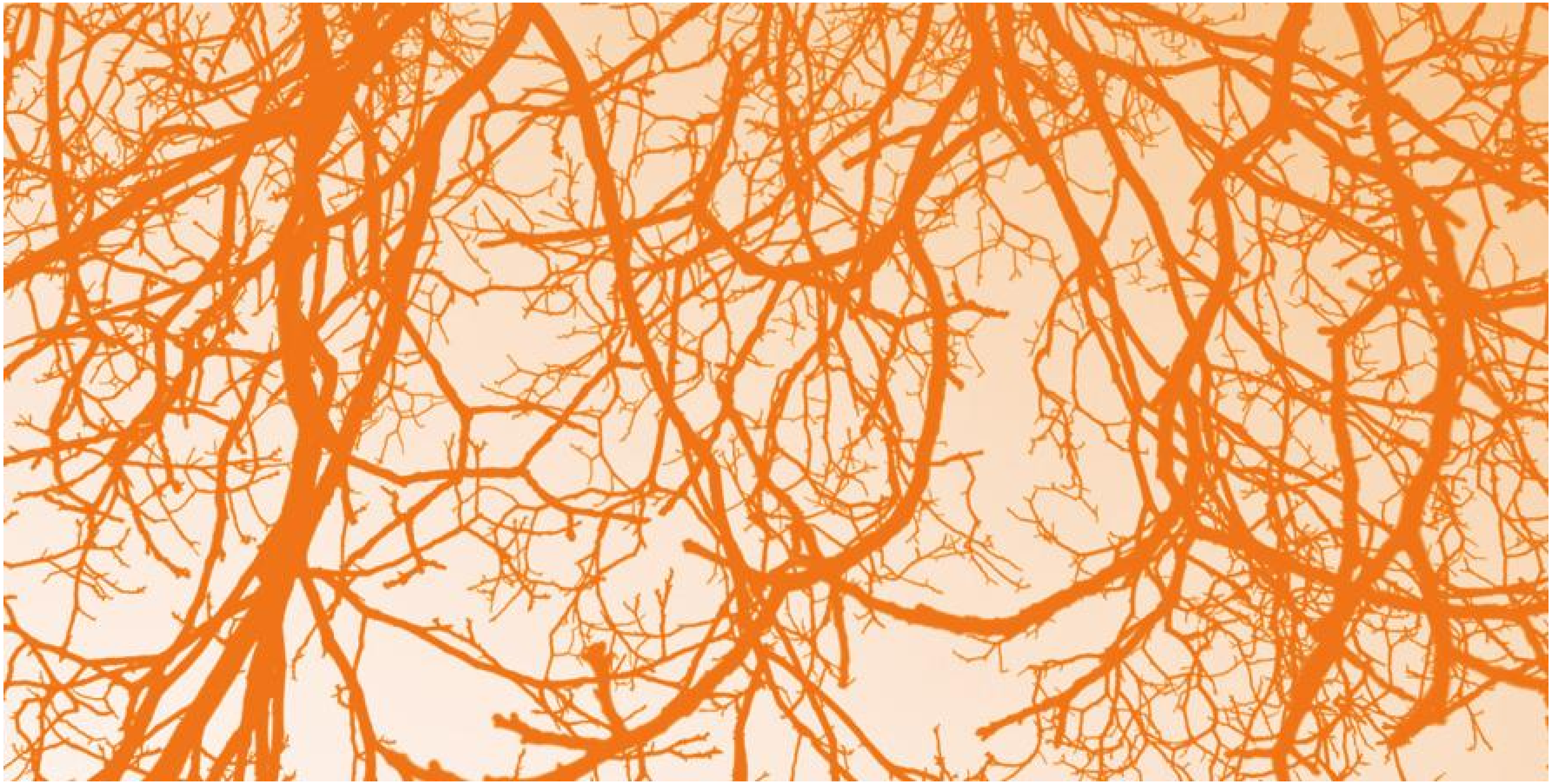
1. Highlights 3rd quarter

Highlights 3rd quarter 2018

- Sales for the third quarter increased with 2.5 % in NOK
  - Currency neutral total sales up 2.2 %
  - Second best sales quarter ever
  - Solid growth in system sales builds basis for future probe revenues
- EBIT down MNOK 4.9 to MNOK 14.5, a 25.2 % decrease due to low margin on third party sales
- Final result from REQUEST study presented at EACTS

Q3 2018	Q o Q
Revenue MNOK 77.6 (75.7)	↑ 2.5%
EBIT MNOK 14.5 (19.4)	↓ -25.2 %
Currency	= -0.3 %
No of capital units sold:	
Flow systems 28	↑ 133 %
Imaging systems 13	↓ -27 %
Flow probes 1 518	↓ -12 %
Imaging probes 23	↑ 9.5 %
Procedures (USA) 13 222	↓ -1 %

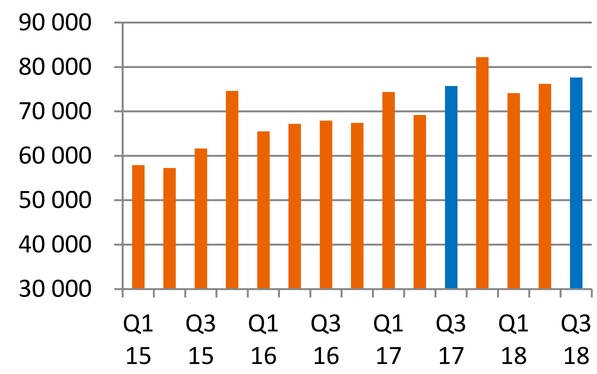
2. Financial statements



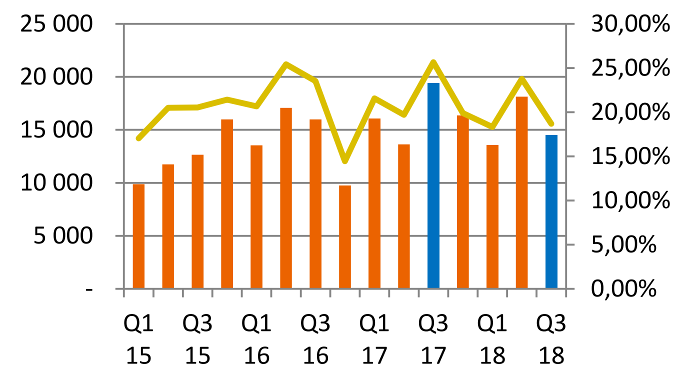
Profit and loss Q3 2018

Profit & loss	3Q 2018	3Q 2017
All numbers in NOK 1000		
Sales	**77 613**	**75 694**
Cost of goods sold	21 521	15 321
Salary and sosial expenses	26 907	26 998
Other operating expenses	11 605	10 588
Total operating expenses	38 512	37 586
Op. res. before depr. and write-offs (EBITDA)	**17 579**	**22 788**
EBITDA %	*22,7 %*	*30,1 %*
Depreciation	3 070	3 358
Operating result (EBIT)	**14 510**	**19 430**
EBIT %	*18,7 %*	*25,7 %*
Financial income	1 425	1 494
Financial expenses	1 758	2 993
Net finance	(333)	(1 499)
Pre tax profit	**14 177**	**17 931**
Tax	3 151	4 514
Result	**11 026**	**13 417**

Sales per Quarter (TNOK)

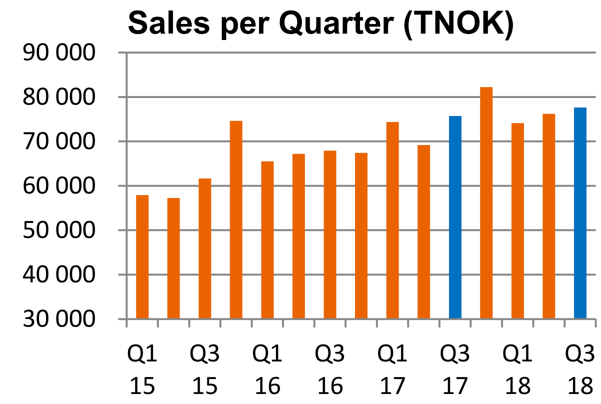


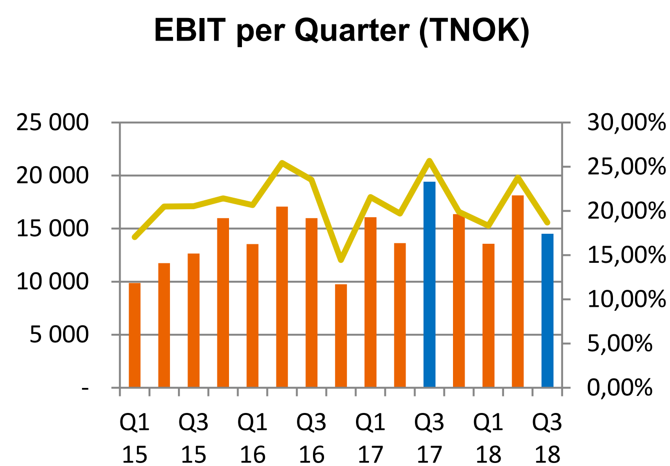
EBIT per Quarter (TNOK)



Profit and loss YTD 2018

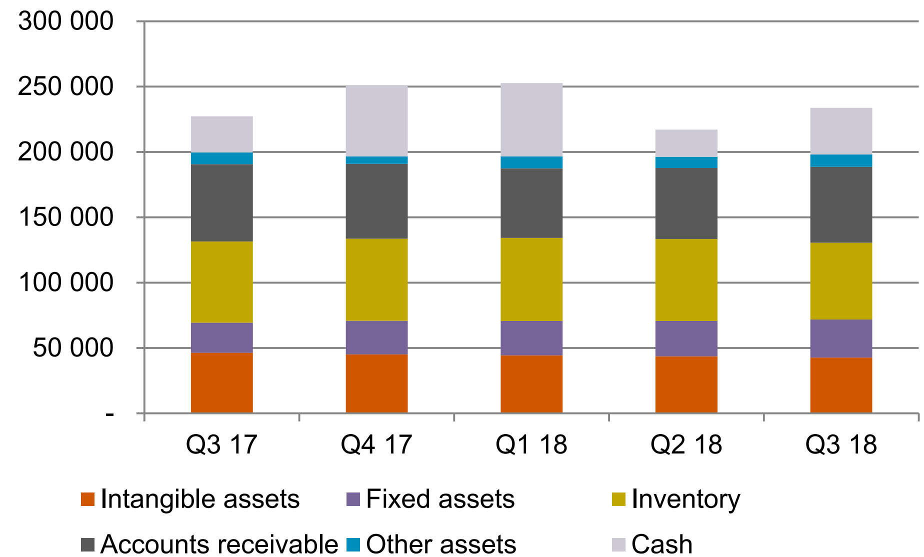
Profit & loss	YTD Sep 2018	YTD Sep 2017
All numbers in NOK 1000		
Sales	**227 967**	**219 231**
Cost of goods sold	58 382	52 206
Salary and sosial expenses	74 523	71 561
Other operating expenses	39 599	36 633
Total operating expenses	114 121	108 195
Op. res .befor. depr. and write-offs (EBITDA)	**55 464**	**58 831**
EBITDA %	*24,3 %*	*26,8 %*
Depreciation	9 240	9 729
Operating result (EBIT)	**46 223**	**49 102**
EBIT %	*20,3 %*	*22,4 %*
Financial income	4 179	5 327
Financial expenses	6 265	6 161
Net finance	(2 085)	(834)
Pre tax profit	**44 138**	**48 269**
Tax	10 974	13 171
Result	**33 164**	**35 097**





Balance sheet - Assets

Balance sheet	**30.09.2018**	**31.12.2017**
All numbers in NOK 1000		
Assets		
Intangible assets	42 609	45 090
Fixed assets	29 205	25 744
Total intangible and fixed assets	**71 814**	**70 834**
Inventory	58 786	62 722
Customers receivables	57 968	57 307
Other receivables	9 588	5 825
Cash	35 658	54 411
Total current assets	**162 000**	**180 265**
Total assets	**233 814**	**251 099**



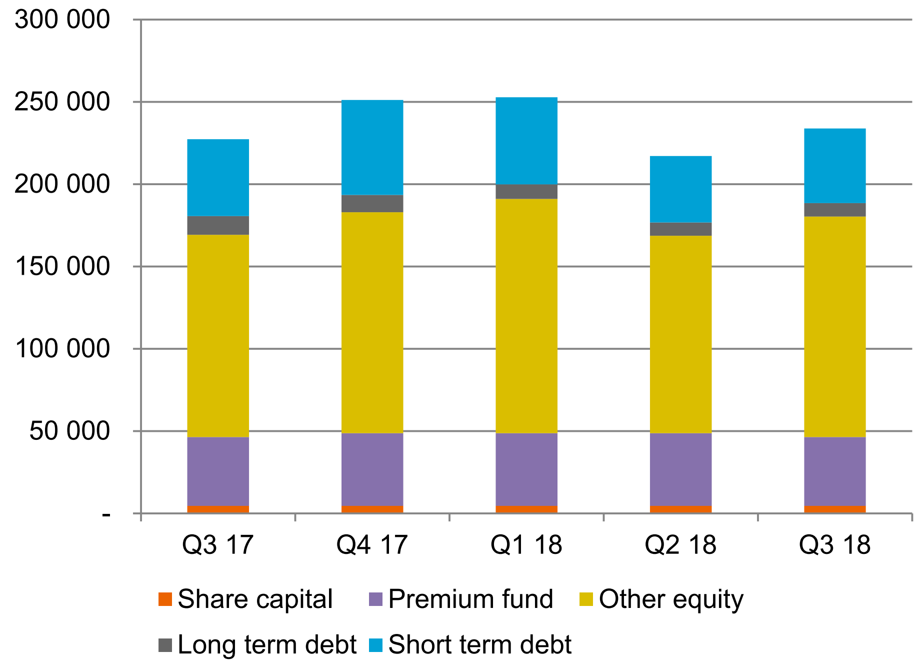
Working capital continues to be high, related to:

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

MEDISTIM

Balance sheet - Equity and liability

Balance sheet	30.09.2018	31.12.2017
All numbers in NOK 1000		
Share capital	4 585	4 585
Premium fund	44 172	44 172
Other equity	131 530	134 226
Total equity	**180 287**	**182 983**
Total long term debt	**8 250**	**10 500**
Total short term debt	**45 278**	**57 616**
Total equity and liability	**233 814**	**251 099**



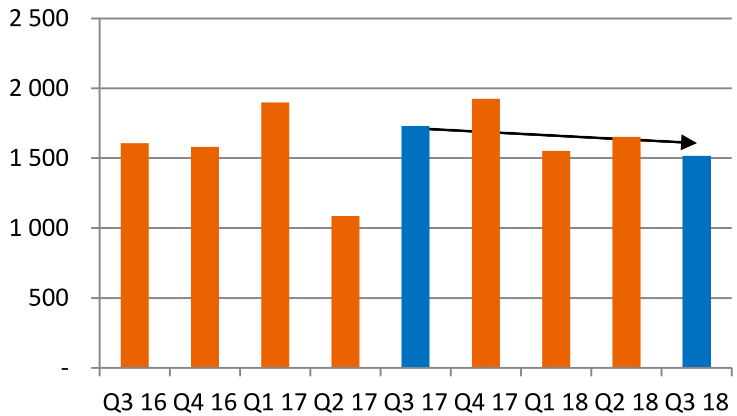
- 11.25 MNOK in interest bearing debt

3. Business segments update

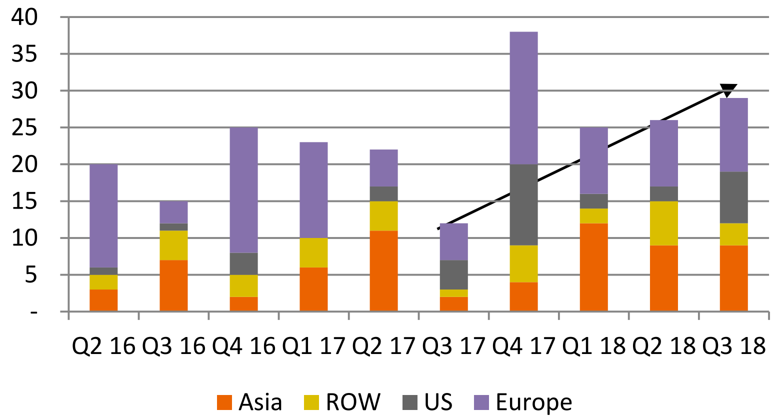
MEDISTIM

Flow probes and systems in units

Flow probes in units (excl USA)



Flow systems in units (VeriQ & MiraQ capital sales)

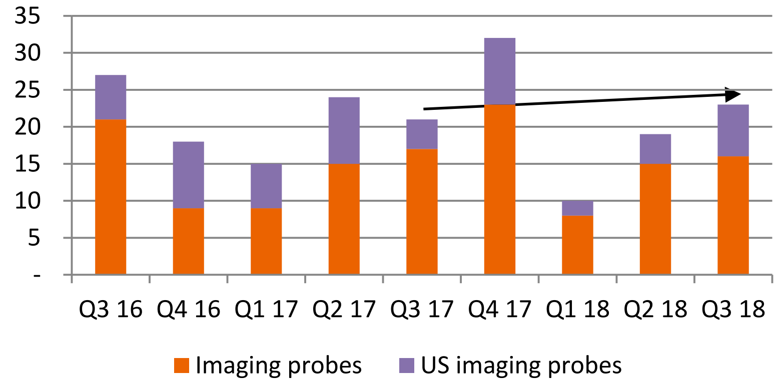


- 12% decrease in probe sales quarter over quarter

- 133 % increase in flow system in number of units
- Strong development in all regions

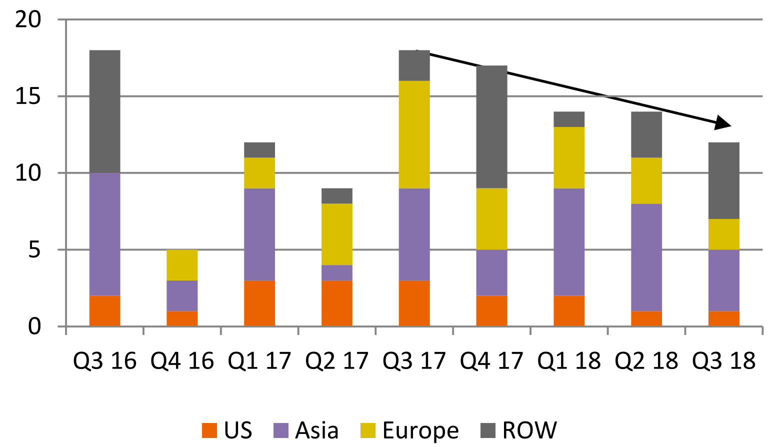
Imaging probes and systems in units

Imaging probes in units (incl USA)



- After a weak quarter, imaging probe sales is back to an average level

Imaging systems in units (VeriQC & MiraQ capital sales)



- 27% decline quarter over quarter

Q3 and YTD revenue performance by region

Mill NOK	Q3 '18	Q3 '17	Q / Q	YTD 18	YTD 17	Y/Y	2017
Europe	37,5	36,8	2,0 %	116,1	110,3	5,2 %	150,3
USA	27,5	27,3	0,6 %	74,4	77,1	-3,5 %	104,6
Asia & Jp	7,0	8,2	-14,8 %	24,8	21,3	16,6 %	27,0
ROW (MEA, CAN, SA, AUS)	5,6	3,4	65,5 %	12,7	10,6	20,3 %	19,6
Total	**77,6**	**75,7**	**2,5 %**	**228,0**	**219,2**	**4,0 %**	**301,5**

- In Europe, sales increased with 2.0 % in Q3. Own products decreased with 6.8 % while 3. party products increased with 13.2 %.
- In the USA, sales in NOK increased with 0.6 %, but currency neutral sales was down 1.8 %.
- Both Asia/Japan and ROW are so far smaller sales territories with significant quarter to quarter variation. Q3 2018 was a very strong quarter for ROW in particular. Both regions have solid growth YTD.

Positive currency effects for the full year 2018 vs 2017 was 1.2 MNOK .

Average actual exchange rate for USD 8.023 and EUR 9.59 versus last year USD 8.31 and EUR 9.23.

MEDISTIM

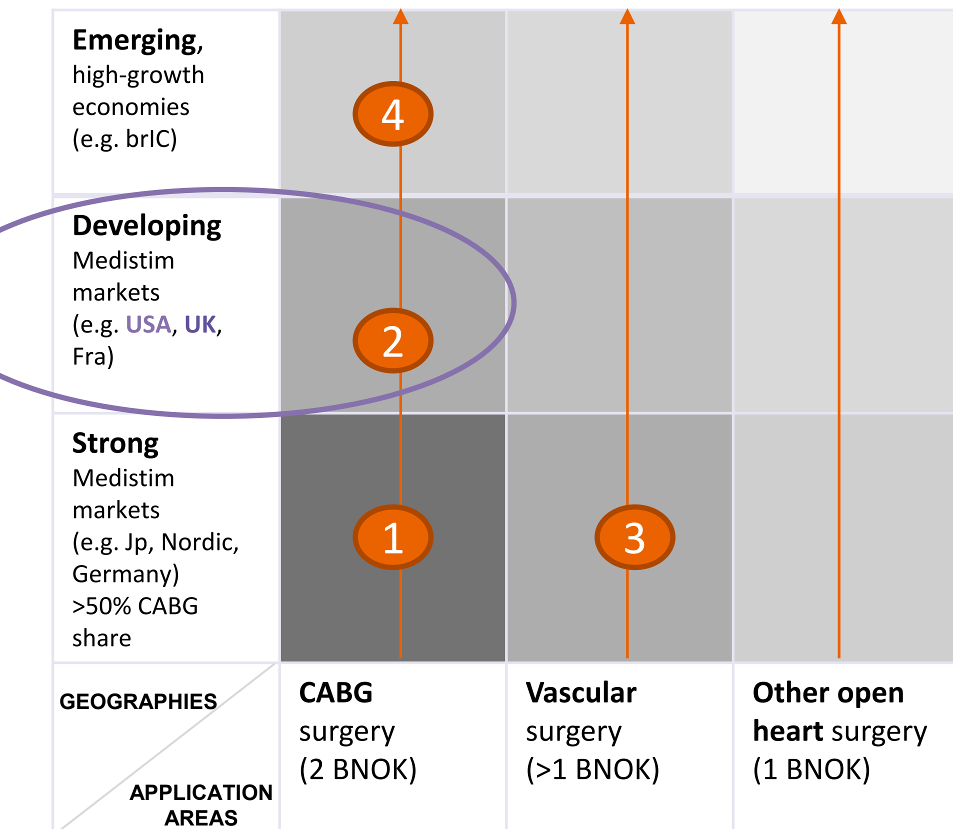
Q3 and YTD revenue performance by product

Mill NOK	Q3 '18	Q3 '17	Q/Q	YTD 2018	YTD 2017	Y/Y	2017
Procedures (USA)	20,7	21,3	-2,7 %	61,9	64,4	-3,8 %	86,0
Flow probes	18,9	21,1	-10,5 %	60,7	55,9	8,6 %	78,9
Flow systems (VeriQ & MiraQ)	11,0	4,5	145,5 %	24,7	13,9	78,0 %	23,3
Imaging systems (VeriQ C & MiraQ)	7,0	9,8	-29,1 %	20,8	23,3	-10,9 %	32,0
Imaging probes	0,9	0,9	-7,2 %	2,4	2,7	-12,8 %	4,2
3rd party	18,4	16,3	13,1 %	54,6	53,9	1,2 %	71,7
Other	0,8	1,8	-56,1 %	2,9	5,1	-42,9 %	5,4
Total revenues	**77,6**	**75,7**	**2,5 %**	**228,0**	**219,2**	**4,0 %**	**301,4**

- Procedure sale in the USA: The total number of procedures decreased with 1.0 % in Q3 and increased with 3.7 % YTD. Decline in NOK is due to currency.
- Flow probes: 12.2 % decrease in units and 10.5 % decrease in NOK for the quarter. YTD number of units is at the same level as last year, while sales in NOK increases with 8.5 %. The increase is related to higher level of direct sales (4.6 %) and favorable currency (3.9 %).
- Flow systems: 133 % increase in units and 145.5 % in NOK for the quarter. YTD growth in units was 40.3 % in units and 78 % in NOK. The NOK growth is driven by higher level of direct sales and currency.
- Imaging systems and probes: Imaging systems decrease with 27 % in units and 29 % in NOK. YTD number of units is flat and NOK revenue down 10.9 % due to less sales in direct markets and more units sold through distributors. Probe revenue at the same level.
- 3rd party products: Strong sales but with weak margin for the quarter. At the same level as last year YTD.

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

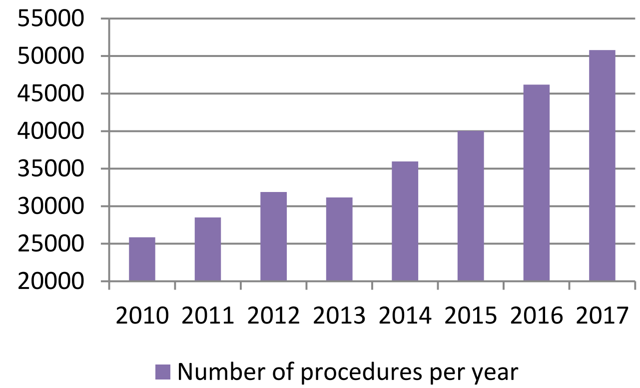
2. **Achieve routine use** of both Flow and Imaging by fighting ignorance, indifference and ease-of-use objections through
   - Clinical marketing, **Guidelines** and Educational programs
   - Product innovation for ease of use
   - **Increased sales force capacaity**

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

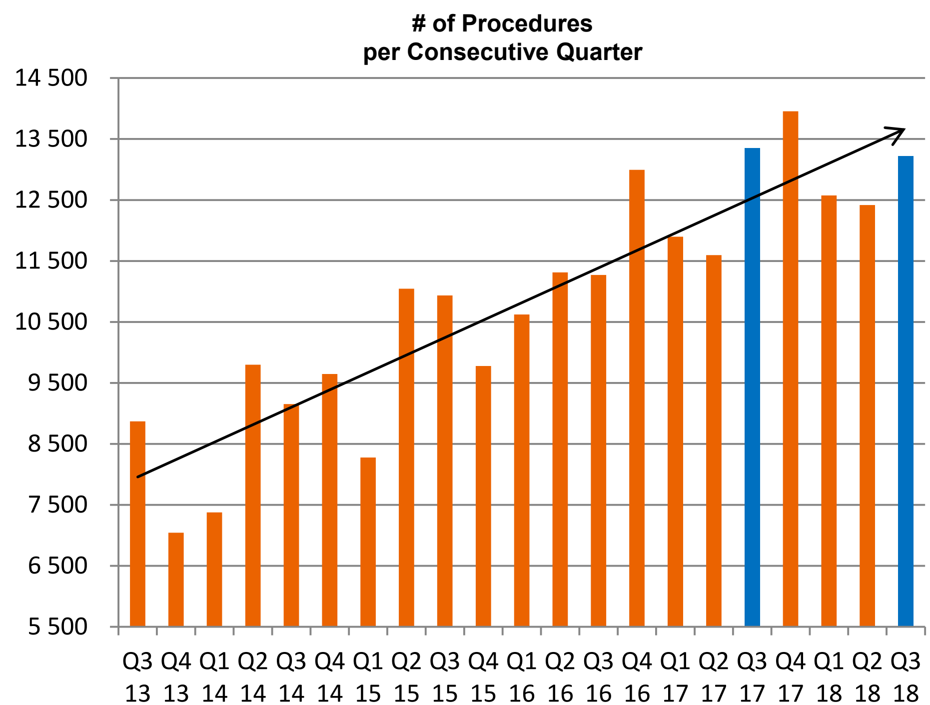
MEDISTIM

Performance US sales organization

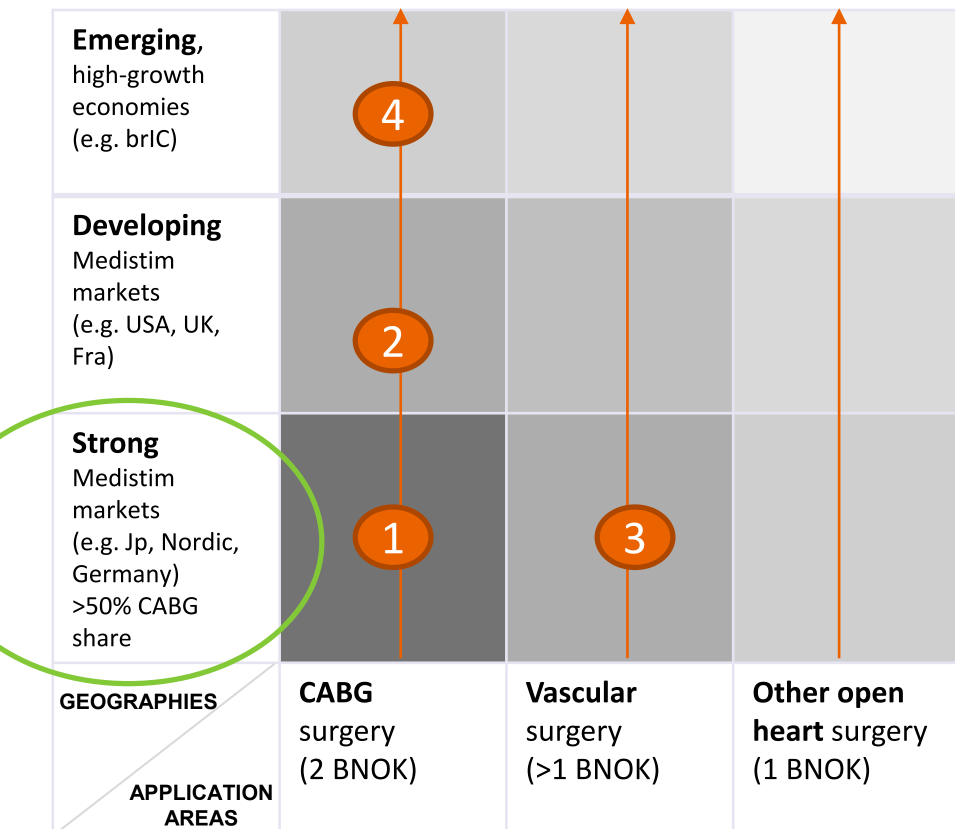


RESULTS YTD September

- Revenues at same level as last year in USD
  - Revenues down 3.5 % in NOK, to MNOK 74.4, due to unfavourable currency
- Number of procedures up by 3.7 %
  - 2.8 % growth in flow procedures
  - 9.7 % growth in imaging procedures
- Continued growth in new customers
  - 8 completely new accounts in Q3, 21 YTD



Growth opportunities – in developed 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 & Educational programs
   - Product innovation for ease of use
   - Increased sales force capacity

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

REQUEST

Clinical Study
2018 EACTS

Prof. DP Taggart
Oxford University

…..

Prof. G Di Giammarco
University of Chieti

…..

Dr. J Puskas

Mount Sinai St Luke's

…..

Dr. D Wendt

University of Essen

…..

Dr. G Trachiotis

George Washington University

…..

Dr. T Kieser
University of Calgary

…..

Prof. AP Kappetein
Erasmus MC Rotterdam

Study objectives

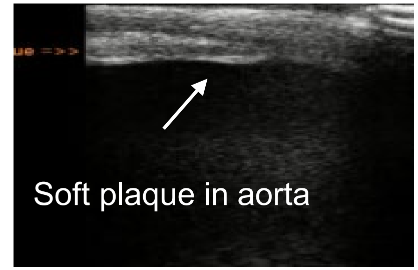
Four endpoints

1. Any CHANGE in planned surgical procedure
2. Type of CHANGE (aorta, coronary target, conduit, anastomosis)
3. Number and reason for anastomotic revisions
4. MACCE (during hospitalization)

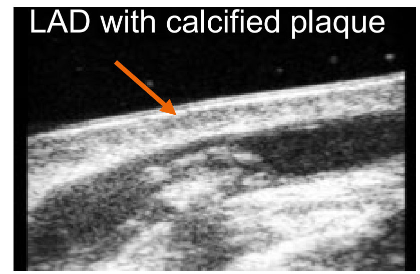
REQUEST protocol

ClinicalTrials.gov in Feb 2015

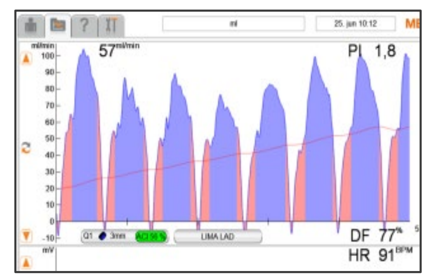
1. HFUS assessment of aorta prior to manipulation



2. HFUS assessment of arterial conduits & coronary target arteries



3. TTFM graft assessment (Flow, PI, DF, BF)



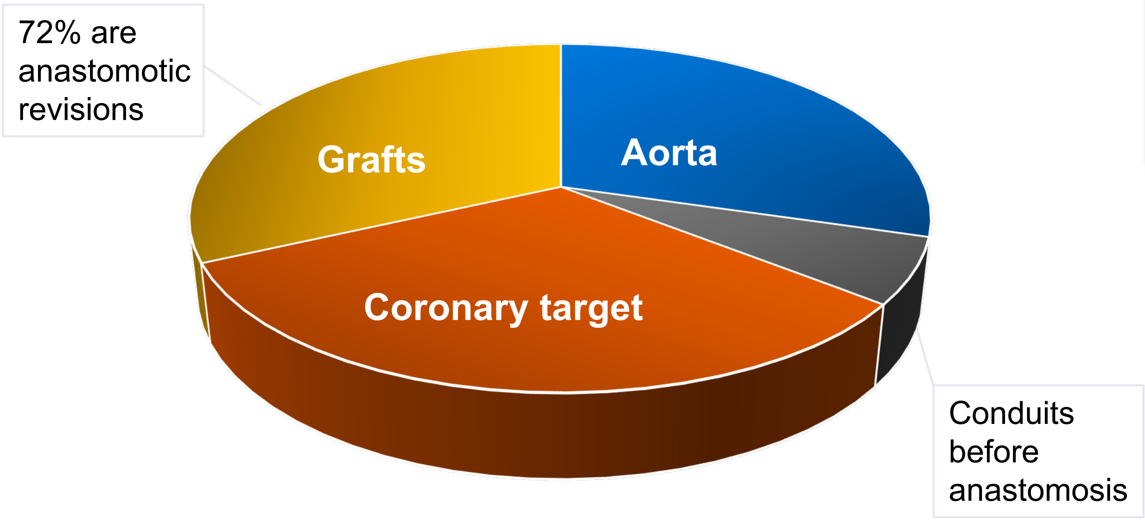
4. HFUS assessment of anastomosis

RESULTS (1)

Changes to overall surgical strategy

A total of 357 surgical strategy changes were registered in 259 patients.
1.4 change/patient

25 %
of patients
with
changes in surgical strategy



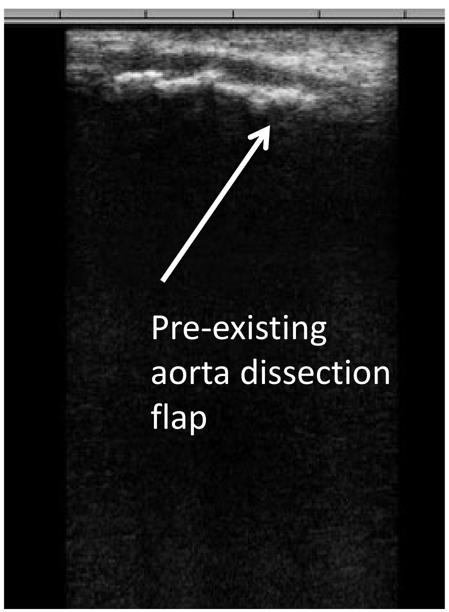
Distribution of surgical strategy changes (n=357)

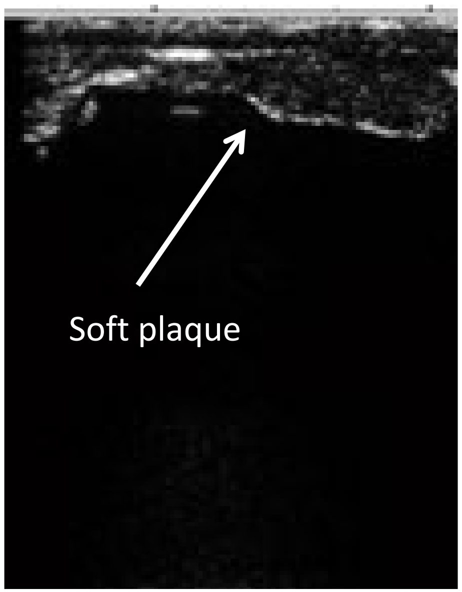
RESULTS (2)

Changes in planned aorta manipulation

10% (80/806) of patients with HFUS of aorta had changes to the planned aorta manipulation:
site selection for cannulation, clamping, proximal anastomosis

Changes in planned aortic manipulation in
10 %
of patients



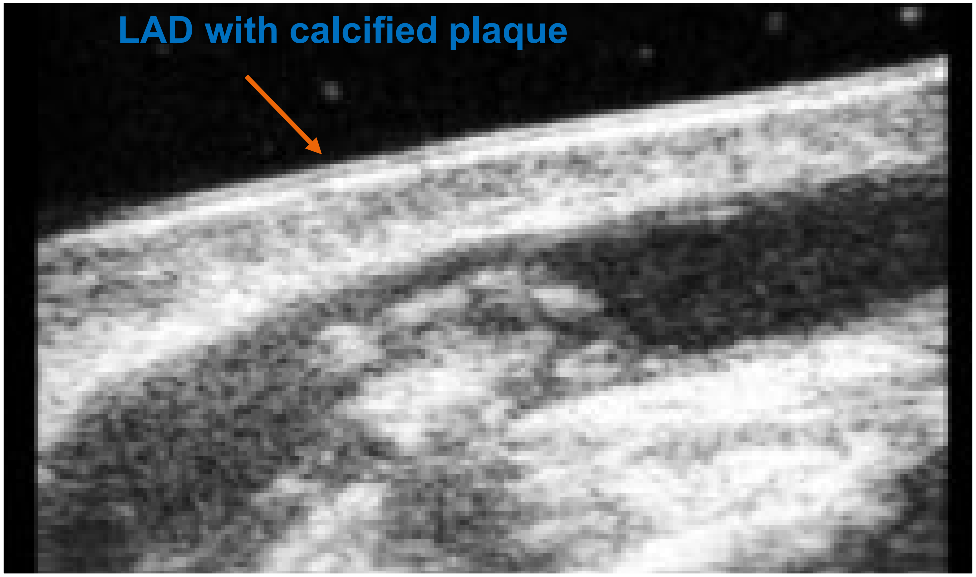


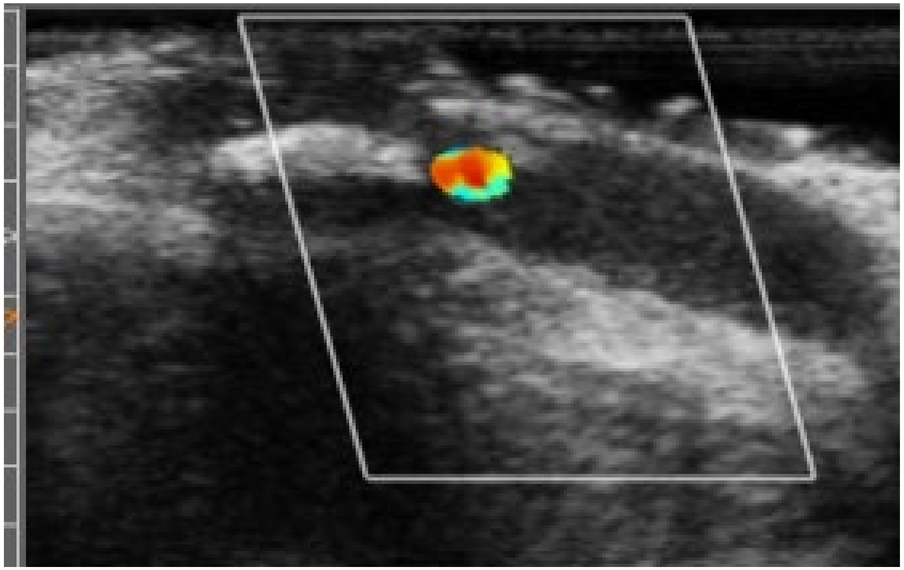
RESULTS (3)

Surgical strategy changes in coronary target

20% (97/483) of patients with HFUS of coronary target arteries had changes, mostly due to selection of anastomotic site due to diseased or intramural vessel

Surgical
strategy changes to planned anastomotic site of coronary
in **20 %**
of patients



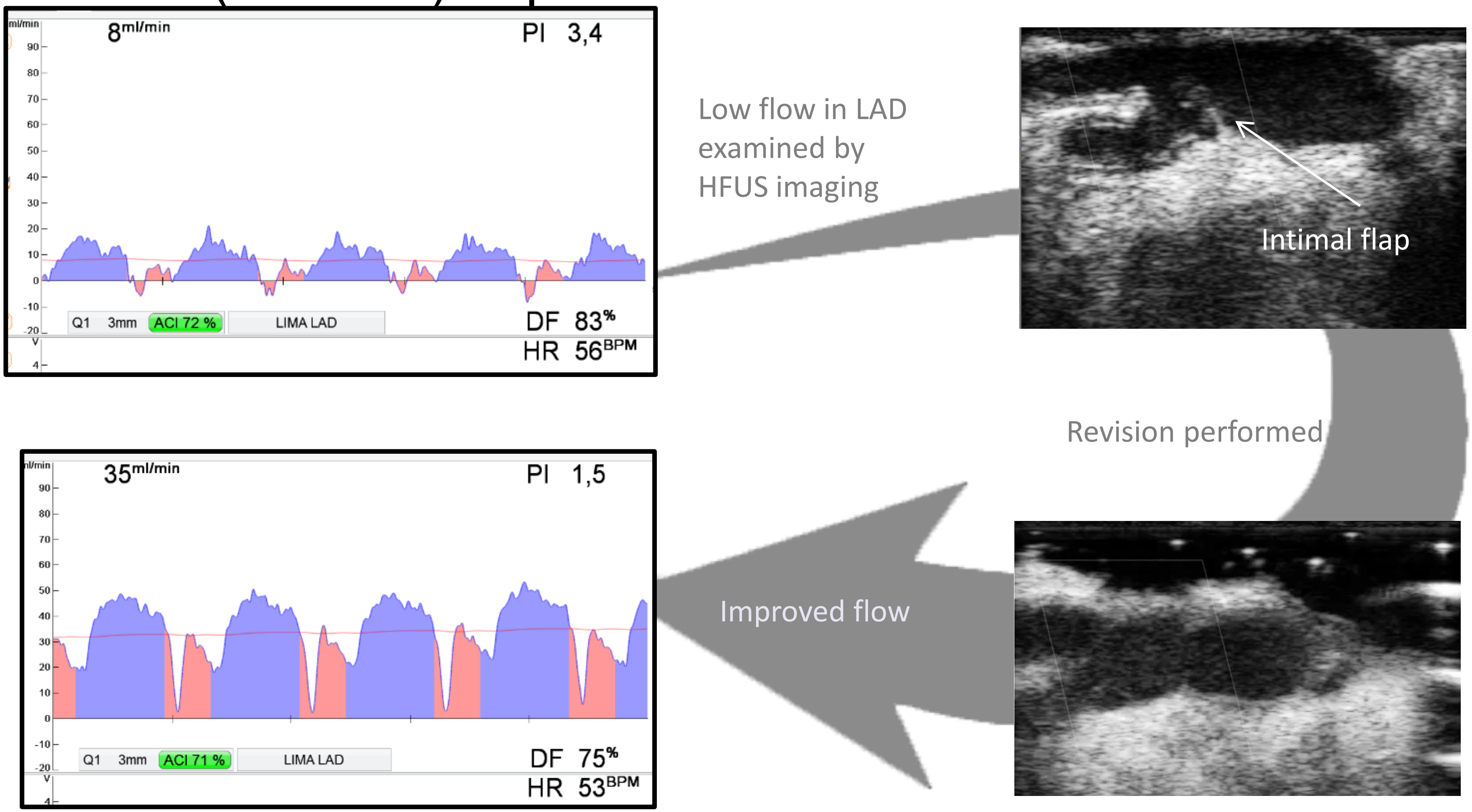


Avoid placing anastomosis over a stenosis

RESULTS (4)

Anastomotic revision rate of 3%

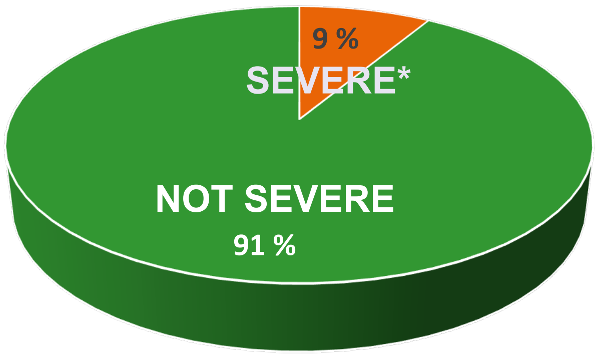
3 % (80/2959) of distal anastomoses were revised in 7% (73/1016) of patients



RESULTS (5)

Adverse events

1051 Adverse events in 529 patients.
Assessed by principal investigators and two independent adjudicators



MACCE 1.9 %

Mortality 0.6%
Stroke 0.9%
MI 0.3%
Revasc. 0.1%

*Severe: Incapacitating or requiring immediate treatment, requiring or prolonging hospitalization, life threatening, or death.

Conclusions

Surgical Guidance

HFUS of aorta, conduit & coronary target

Quality Assessment

TTFM & HFUS of anastomosis
Revision rate 3%

In-hospital outcome

MACCE 1,9%
Mortality 0,6%
Stroke 0,9%

In the hands of experienced cardiac surgeons
(40% OPCABG and 55% of patients with 2 or more arterial grafts),
and state-of-the-art surgical procedure,
HFUS & TTFM for surgical guidance and graft assessment
was associated with a 25% change to planned surgical strategy
3% graft revision rate and
low-level in-hospital MACCE rates (especially mortality and stroke)

20 largest shareholders (per October 22nd 2018)

Shareholder	Number of shares	Shares in %
INTERTRADE SHIPPING	4 003 500	21,83
SALVESEN & THAMS INV	1 862 500	10,16
SWEDBANK ROBUR SMABO NORDEN	1 375 246	7,50
Skandinaviska Enskil A/C CLIENTS ACCOUNT	1 034 379	5,64
FOLLUM CAPITAL AS	1 000 000	5,45
State Street Bank an SSB LUX OBO ITS CLIE	815 109	4,45
Skandinaviska Enskil	743 220	4,05
Skandinaviska Enskil SEB AB, UCITS V - Sw	524 005	2,86
BUANES ASBJØRN JOHN	494 936	2,70
HOLBERG NORGE VERDIPAPIRFONDET V/HOLBERG	448 656	2,45
HSBC TTEE MARLB EURO HSBC Bank Plc	420 656	2,29
GRANDEUR PEAK INTERN BROWN BROTHERS HARRI	420 559	2,29
RBC Investor service S/A LUX SCV-EXEMPT-U	317 562	1,73
Danske Bank A/S 3993 NORDIC SETTLEME	284 852	1,55
BNP Paribas Securiti BPSS MLN/PENSION FUN	258 938	1,41
Danske Invest Norge	250 000	1,36
NN PARAPLUFONDS 1 N. BNY MELLON SA/NV	202 346	1,10
Bank Julius Bär & Co s/a Client Assets	200 000	1,09
REGENTS OF THE UNIVE The Bank of New York	181 728	0,99
MP PENSJON PK	174 500	0,95
Total 20 largest shareholders	15 012 692	81,87 %
Total shares outstanding	18 337 336	


Seeing is believing