

Medistim ASA Third quarter 2019

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Disclaimer

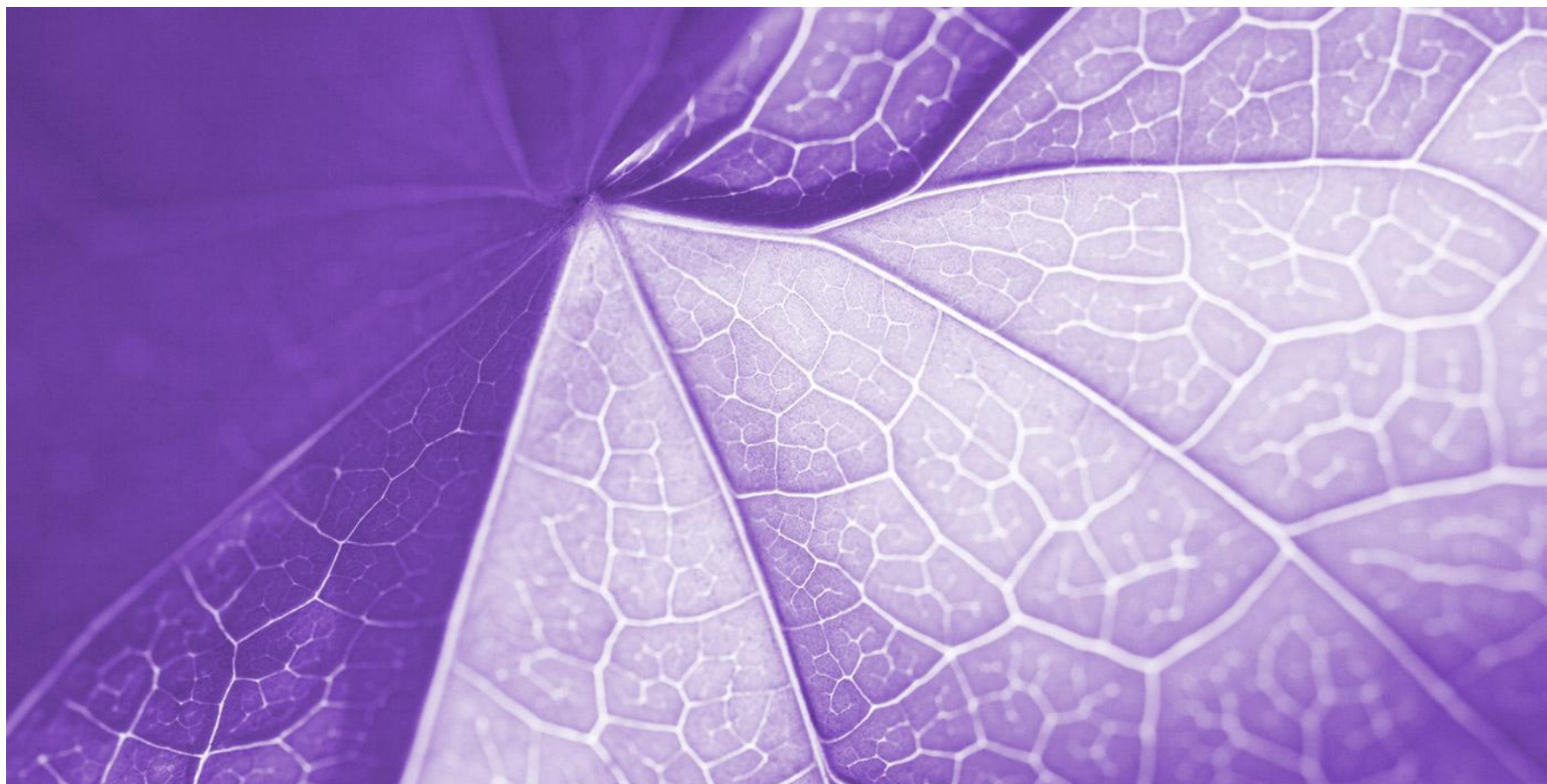
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1. Highlights 3rd quarter



Highlights 3rd quarter 2019

- Sales for the third quarter 2019 ended with a 10.2 % growth over Q3 2018
 - Currency neutral sales of own products up 15.9 %
 - 3rd party products down 25.0 %
 - Growth for the quarter was driven by high level of sales of combined flow-and-imaging systems and imaging probes
 - Asia delivered 103 % of revenue growth while USA had a flat quarter
- EBIT up MNOK 4.7 to MNOK 19.2, a 32.2 % increase
- MiraQ is cleared for sales in Japan

| Q3 2019 | Q o Q |
|-----------------------------|--|
| Revenue MNOK 85.5 (77.6) |  10.2% |
| EBIT MNOK 19.2 (14.5) |  32.2 % |
| Currency |  3.9 % |
| No of capital units sold: | |
| Flow systems 27 |  -3.6 % |
| Imaging systems 27 |  108 % |
| Flow probes 1 677 |  10.5 % |
| Imaging probes 31 |  34.8 % |
| Procedures (USA) 14 275 |  9.6 % |

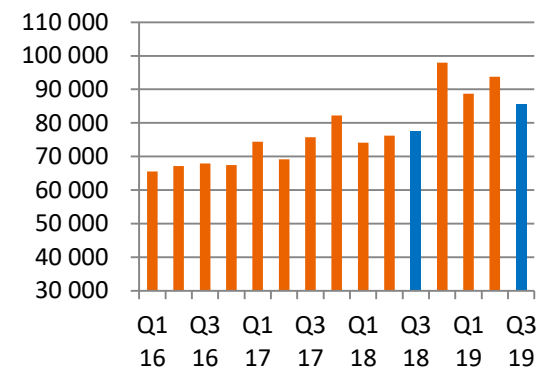
2. Financial statements



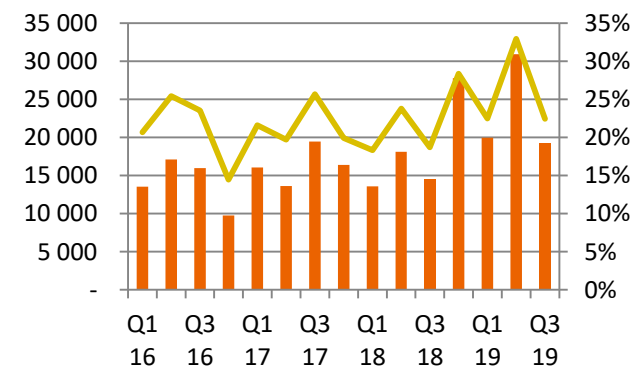
Profit and loss Q3 2019

| Profit & loss | Q3 2019 | Q3 2018 |
|--|---------------|---------------|
| <i>All numbers in NOK 1000</i> | | |
| Sales | 85 517 | 77 613 |
| Cost of goods sold | 18 463 | 21 521 |
| Salary and social expenses | 32 156 | 26 907 |
| Other operating expenses | 11 258 | 11 606 |
| Total operating expenses | 43 414 | 38 513 |
| Op. res. before depr. and write-offs (EBITDA) | 23 640 | 17 579 |
| <i>EBITDA %</i> | <i>27,6 %</i> | <i>22,6 %</i> |
| Depreciation | 4 462 | 3 070 |
| Operating result (ENIT) | 19 178 | 14 509 |
| <i>EBIT %</i> | <i>22,4 %</i> | <i>18,7 %</i> |
| Financial income | 3 255 | 1 425 |
| Financial expenses | 1 799 | 1 758 |
| Net finance | 1 455 | (333) |
| Pre tax profit | 20 634 | 14 177 |
| Tax | 3 916 | 3 151 |
| Result | 16 717 | 11 026 |

Sales per Quarter (TNOK)



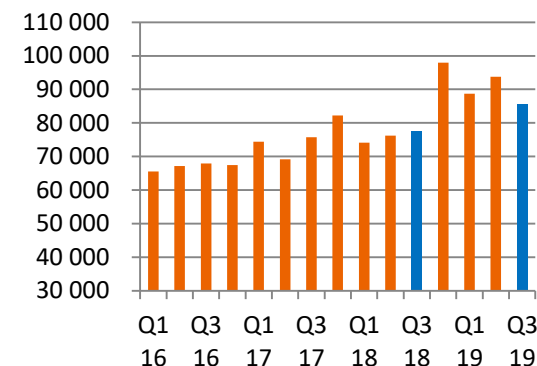
EBIT per Quarter (TNOK)



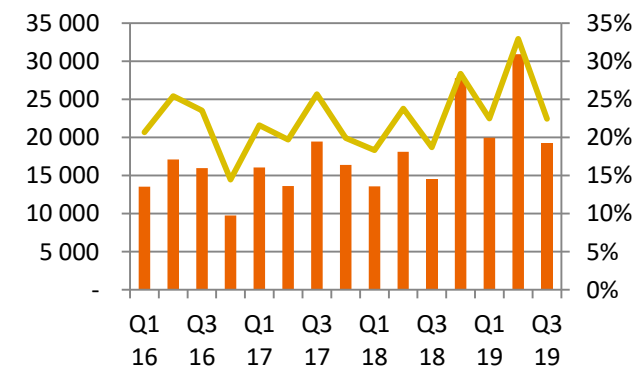
Profit and loss YTD September 2019

| Profit & loss | YTD Sept 2019 | YTD Sept 2018 |
|--|----------------|----------------|
| <i>All numbers in NOK 1000</i> | | |
| Sales | 268 050 | 227 967 |
| Cost of goods sold | 60 302 | 58 382 |
| Salary and sosial expenses | 86 832 | 74 523 |
| Other operating expenses | 37 687 | 39 599 |
| Total operating expenses | 124 519 | 114 122 |
| Op. res. before depr. and write-offs (EBITDA) | 83 229 | 55 463 |
| <i>EBITDA %</i> | <i>31,0 %</i> | <i>24,3 %</i> |
| Depreciation | 13 214 | 9 240 |
| Operating result (EBIT) | 70 015 | 46 223 |
| <i>EBIT %</i> | <i>26,1 %</i> | <i>20,3 %</i> |
| Financial income | 4 161 | 4 179 |
| Financial expenses | 3 282 | 6 265 |
| Net finance | 879 | (2 085) |
| Pre tax profit | 70 894 | 44 138 |
| Tax | 16 076 | 10 974 |
| Result | 54 818 | 33 163 |

Sales per Quarter (TNOK)

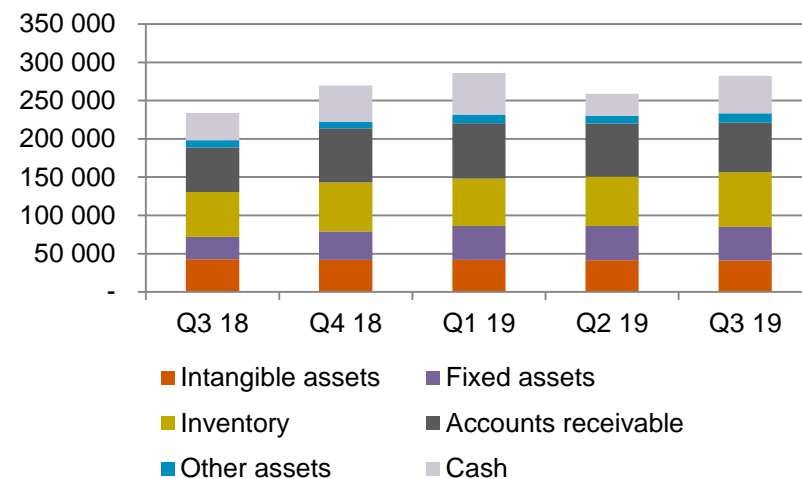


EBIT per Quarter (TNOK)



Balance sheet - Assets

| Balance sheet | 30.09.2019 | 31.12.2018 |
|--|----------------|----------------|
| <i>All numbers in NOK 1000</i> | | |
| Assets | | |
| Intangible assets | 40 943 | 41 944 |
| Fixed assets | 43 819 | 37 198 |
| Total intangible and fixed assets | 84 762 | 79 142 |
| Inventory | 71 631 | 63 843 |
| Customers receivables | 64 825 | 70 807 |
| Other receivables | 12 008 | 8 309 |
| Cash | 49 035 | 47 490 |
| Total current assets | 197 499 | 190 449 |
| Total assets | 282 261 | 269 591 |



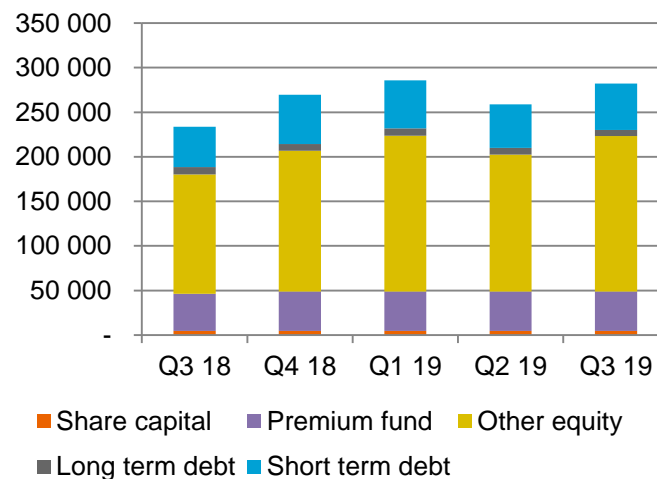
- Working capital continues to be high, related to high customers receivables from strong sales and high inventory due to security stocks of end-of-life components

Balance sheet - Equity and liability

Balance sheet 30.09.2019 31.12.2018

All numbers in NOK 1000

| | | |
|-----------------------------------|----------------|----------------|
| Share capital | 4 585 | 4 585 |
| Premium fund | 44 172 | 44 172 |
| Other equity | 174 387 | 157 955 |
| Total equity | 223 144 | 206 712 |
| Total long term debt | 6 929 | 7 500 |
| Total short term debt | 52 188 | 55 380 |
| Total equity and liability | 282 261 | 269 592 |



- 8.25 MNOK in interest bearing debt
- Strong balance sheet with 79.1 % equity ratio
- IFRS 16 increases assets and debt in the balance sheet with 3.5 MNOK

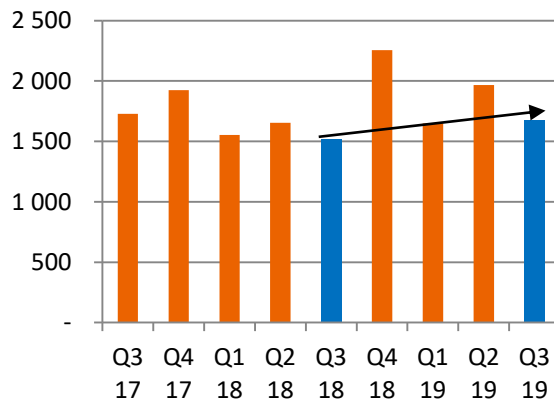
3. Business segments update



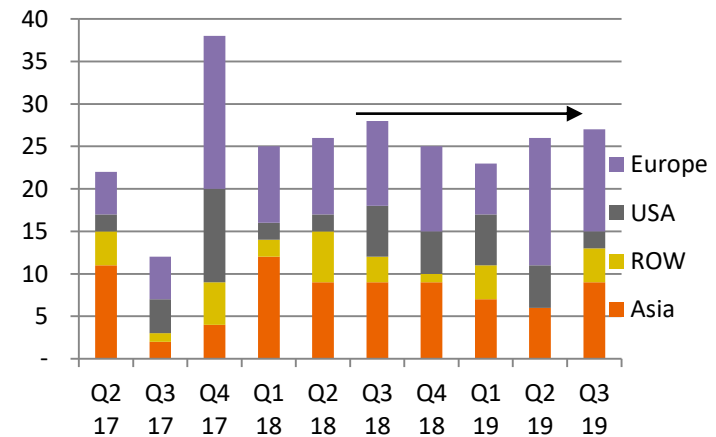
Flow probes and systems in units



Flow probes in units (excl USA)



Flow systems in units (VeriQ & MiraQ capital sales)



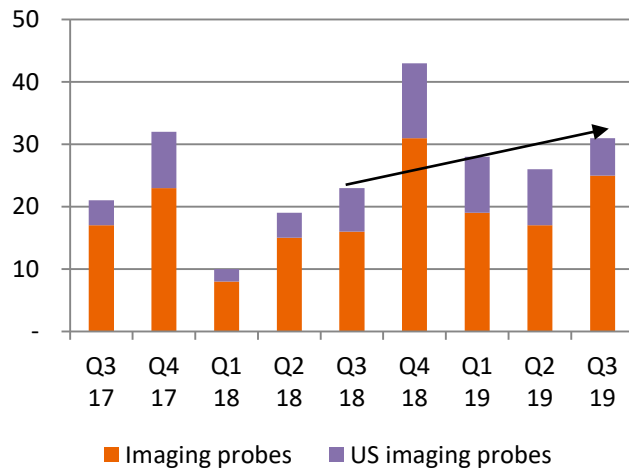
- 10.5 % % quarter over quarter growth in number of flow probes driven by growing installed base

- Stable sales of flow-only systems

Imaging probes and systems in units

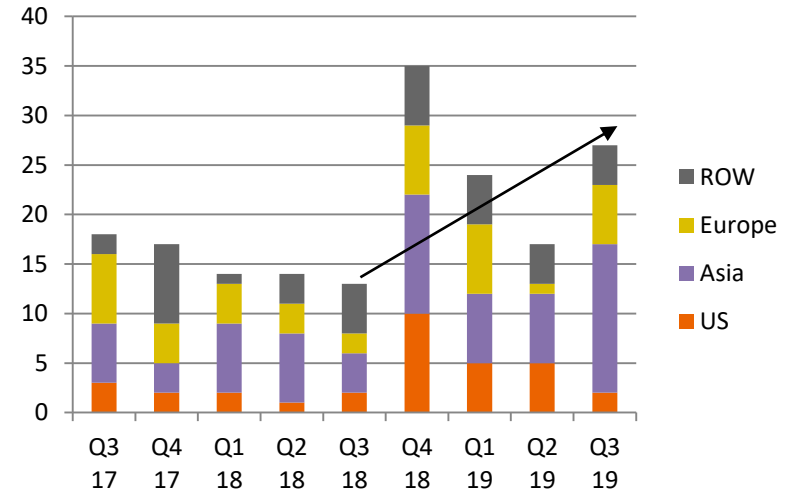


Imaging probes in units (incl USA)



- 34.8 % increase quarter over quarter
- Increased sale in Asia drives growth for the quarter

Imaging systems in units (VeriQC & MiraQ capital sales)



- 107 % increase in sales of imaging systems
- Sales increase this quarter is driven by strong sales in Asia

Q3 and YTD September revenue performance by region

| Mill NOK | Q3 '19 | Q3 '18 | Q / Q | YTD 19 | YTD 18 | H / H |
|----------------------------|-------------|-------------|---------------|--------------|--------------|---------------|
| Europe | 36,1 | 37,5 | -3,7 % | 117,1 | 116,1 | 0,9 % |
| USA | 29,5 | 27,5 | 7,3 % | 101,0 | 74,4 | 35,8 % |
| Asia | 14,1 | 7,0 | 102,8 % | 31,0 | 24,8 | 25,2 % |
| ROW (MEA, CAN, SA, AUS) | 5,7 | 5,6 | 2,3 % | 19,0 | 12,7 | 48,8 % |
| Total | 85,5 | 77,6 | 10,2 % | 268,1 | 228,0 | 17,6 % |

- **In Europe**, sale of own products increased with 16.7 % in NOK while 3. party decreased with 25.0 %. The decline in 3. party product sales was related to one non-recurring investment contract amounting to 3 MNOK in Q3 2018. Sale of own products YTD ended at MNOK 64.9 which represent a 5.6 % increase. 3. party decreased with 4.4 % YTD.
- **In the USA**, currency neutral sales was down 1 % because of weaker capital sales for the quarter. YTD the currency neutral growth is 25.3 %.
- **Both Asia/Japan and ROW** are so far smaller sales territories with significant quarter to quarter variation. Asia contributed strongly to the quarterly sales with >100 % growth. In both territories, it is the sales of the combined flow-and-imaging products that drive the sales increase.

Positive currency effects for YTD 2019 vs YTD 2018 was 9.9 MNOK .

Average actual exchange rate for USD 8.70 and EUR 9.77 versus last year USD 8.03 and EUR 9.59.

Q3 and YTD revenue performance by product

| Mill NOK | Q3 '19 | Q3 '18 | Q / Q | YTD 19 | YTD 18 | H / H |
|--|-------------|-------------|---------------|--------------|--------------|---------------|
| Procedures (USA) | 25,1 | 20,7 | 21,2 % | 78,5 | 61,9 | 26,7 % |
| Flow probes | 22,5 | 18,9 | 19,1 % | 68,4 | 60,7 | 12,6 % |
| Flow systems (VeriQ & MiraQ) | 8,2 | 11,0 | -25,8 % | 24,4 | 24,7 | -1,6 % |
| Imaging systems (VeriQ C & MiraQ) | 14,0 | 7,0 | 101,5 % | 37,5 | 20,8 | 80,8 % |
| Imaging probes | 1,7 | 0,9 | 101,3 % | 3,9 | 2,4 | 66,7 % |
| 3rd party | 13,8 | 18,4 | -25,0 % | 52,1 | 54,6 | -4,4 % |
| Other | 0,2 | 0,8 | -75,3 % | 3,2 | 2,9 | 10,3 % |
| Total revenues | 85,5 | 77,6 | 10,2 % | 268,0 | 228,0 | 17,6 % |

- **Procedure sale in the USA:** The total number of procedures increased with 9.6 % in Q3. The higher growth in NOK compared to volume growth is due to higher share of flow-and-imaging procedures with higher price compared to a flow-only procedure. In addition there is a positive currency effect . YTD, the number of procedures grows with 23.1 %, in line with the growth in revenue adjusted for currency effects.
- **Flow probes:** 10.5 % increase in units while revenue increases 19.1 %, due to higher sales through the direct sales channels. YTD the unit increase is 12.0 % vs 12.6 % in revenue.
- **Flow systems:** 4.5 % decrease in units and 25.8 % decrease in NOK for the quarter due to currency as well as sales channel. YTD number of units decreased with 3.8 % while revenue decreases with 1.6 %.
- **Imaging systems:** Imaging systems increase with 107 % in units in Q3 and 66 % YTD. Increased sales through direct channel and currency contributes to higher revenue than growth in units for the YTD figures.
- **3rd party products:** Steady performance YTD. The decline in Q3 was related to one large investment contract in Q3 2018 that amounted to 3.0 MNOK.

4. Implementing the strategy



Growth opportunities – in developing Medistim markets

| | | | |
|---|------------------------------------|---|---|
| Emerging, high-growth economies (e.g. brIC) | | | |
| Developing Medistim markets (e.g. USA , UK , Fra) | | | |
| Strong Medistim markets (e.g. Jp, Nordic, Germany) >50% CABG share | | | |
| GEOGRAPHIES | CABG surgery (2 BNOK) | Vascular surgery (>1 BNOK) | Other open heart surgery (1 BNOK) |
| APPLICATION AREAS | | | |

- 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
- 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 capacity**
- Build and strengthen position** in vascular surgery
 - Dedicated system (MiraQ Vascular) & probes
 - Build position with societies and KOLs
- Offer an **entry-level solution** to reach emerging, price-sensitive, high-growth markets

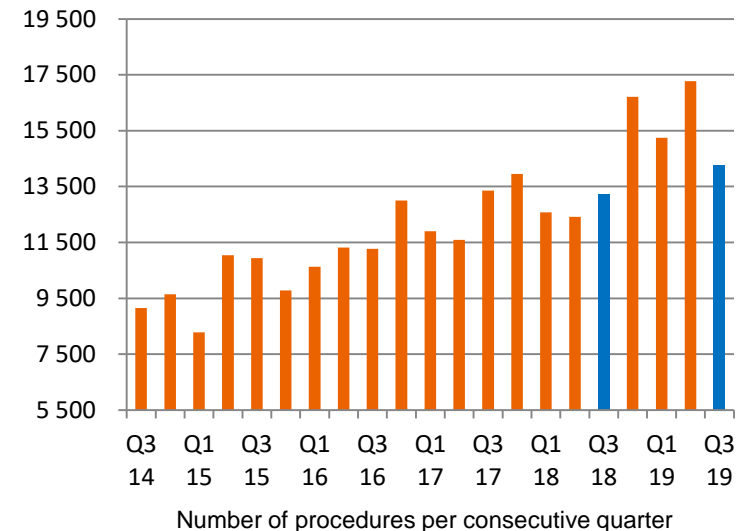
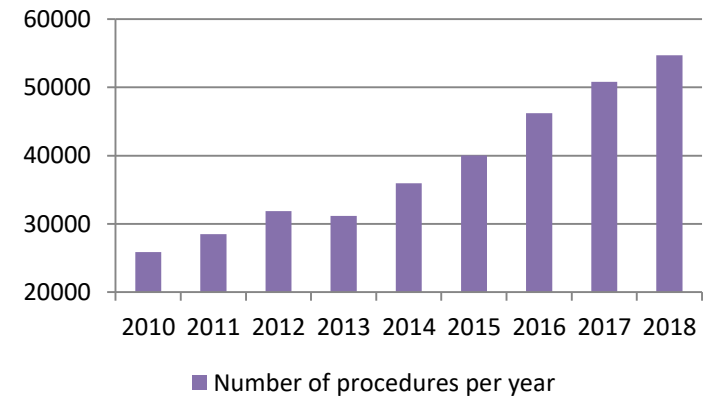
Performance US sales organization

RESULTS Q3 2019

- Revenues down 1.0 % in USD
 - Revenues up 7.3 % in NOK, to MNOK 29.5, due to favorable currency
 - YTD up 25.3 % in USD

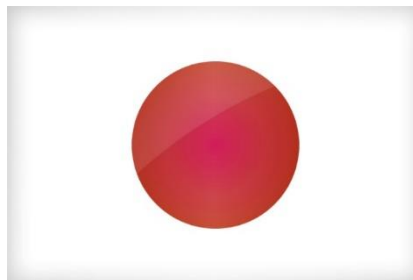
- Total number of procedures up by 9.6 %
 - 4.5 % growth in flow procedures
 - 44.8 % growth in imaging procedures
 - YTD up 23.1 % in total number of procedures
 - 4 capital sales for the quarter compared to 8 for the same period last year

- Continued growth in new customers
 - 6 completely new accounts in Q3
 - 22 new accounts YTD



MiraQ approved for sale in Japan

- A large market for Medistim due to > 600 cardiovascular centers and about 20.000 coronary bypass procedures performed per year
- Medistim has a large installed base of > 700 systems and is covering over 80 % of coronary surgeries performed
- With the latest MiraQ generation, there is a big potential to upgrade the installed base and convert to the combined use of imaging-and-flow



20 largest shareholders

| Rank | Holding | Shares in % | Name |
|------|-----------|-------------|------------------------------------|
| 1 | 4 003 500 | 21,8 | INTERTRADE SHIPPING AS |
| 2 | 1 862 500 | 10,2 | SALVESEN & THAMS INVEST AS |
| 3 | 1 000 000 | 5,5 | FOLLUM CAPITAL AS |
| 4 | 910 246 | 5,0 | SWEDBANK ROBUR SMABOLAGSFOND |
| 5 | 649 373 | 3,5 | Skandinaviska Enskilda Banken AB |
| 6 | 633 403 | 3,5 | State Street Bank and Trust Comp |
| 7 | 587 828 | 3,2 | Skandinaviska Enskilda Banken AB |
| 8 | 581 577 | 3,2 | SEB EUROPAFOND SMÅBOLAG |
| 9 | 536 469 | 2,9 | Skandinaviska Enskilda Banken S.A. |
| 10 | 494 936 | 2,7 | BUANES |
| 11 | 336 456 | 1,8 | HSBC TTEE MARLB EUROPEAN TRUST |
| 12 | 331 095 | 1,8 | JPMorgan Chase Bank, N.A., London |
| 13 | 272 914 | 1,5 | HOLBERG NORGE |
| 14 | 262 643 | 1,4 | Nordnet Bank AB |
| 15 | 258 310 | 1,4 | Danske Bank A/S |
| 16 | 251 358 | 1,4 | BNP Paribas Securities Services |
| 17 | 250 000 | 1,4 | Danske Invest Norge Vekst |
| 18 | 240 106 | 1,3 | Danske Bank A/S |
| 19 | 211 000 | 1,2 | State Street Bank and Trust Comp |
| 20 | 200 616 | 1,1 | CORE NY TEKNIK |



Seeing is believing