Medistim ASA
Fourth quarter and preliminary year end financials for 2019

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1. Highlights 4th quarter

Highlights 4th quarter

- Second best sales quarter ever, 2.3 % down from Q4 last year
  - Currency neutral sales of own products down 6.8 %
  - Sales in the USA down 9.4 %
  - A strong quarter for own products in Europe with 39 % growth
  - Sales of imaging portfolio down 22.6 %
  - Sales of vascular portfolio up 34 %
- EBIT ended at MNOK 19.7 (MNOK 27.8) and a 20.6 % EBIT margin, reflecting a higher cost base due to organizational expansion and currency
- The Board suggests a dividend of NOK 2.75 per share up 22.2 % from last year with NOK 2.25 per share

Q4 2019	Q o Q
Revenue MNOK 95.7 (97.9)	↓ -2.3%
EBIT MNOK 19.7 (27.8)	↓ -28.8 %
Currency	↑ 4.0 %
No of capital units sold:	
Flow systems 40	↑ 60 %
Imaging systems 16	↓ -54 %
Flow probes 1 898	↓ -15.8 %
Imaging probes 29	↓ -31 %
Procedures (USA) 15 652	↓ -6.3 %

Highlights full year 2019

- Another record year with sales growth at 11.6 %
  - Currency neutral sales of own products up 10.3 %
  - Growth in all geographic regions, with US sales up 20.3 %
  - Sales of Imaging portfolio up 33 %
  - Sales of Vascular portfolio up 18 %
- EBIT ended at MNOK 89.8 (MNOK 74.0) and an EBIT margin of 24.7 % (22.7 %)
- The Board suggests a dividend of NOK 2.75 per share up 22.5 % from last year with NOK 2.25 per share

2019	Y o Y
Revenue MNOK 363.7 (325.9)	↑ 11.6%
EBIT MNOK 89.8 (74.0)	↑ 21.3 %
Currency	↑ 4.5 %
No of capital units sold:	
Flow systems 116	↑ 11.5 %
Imaging systems 79	↑ 4 %
Flow probes 7 190	↑ 3 %
Imaging probes 29	↑ 20 %
Procedures (USA) 62 439	↑ 14 %

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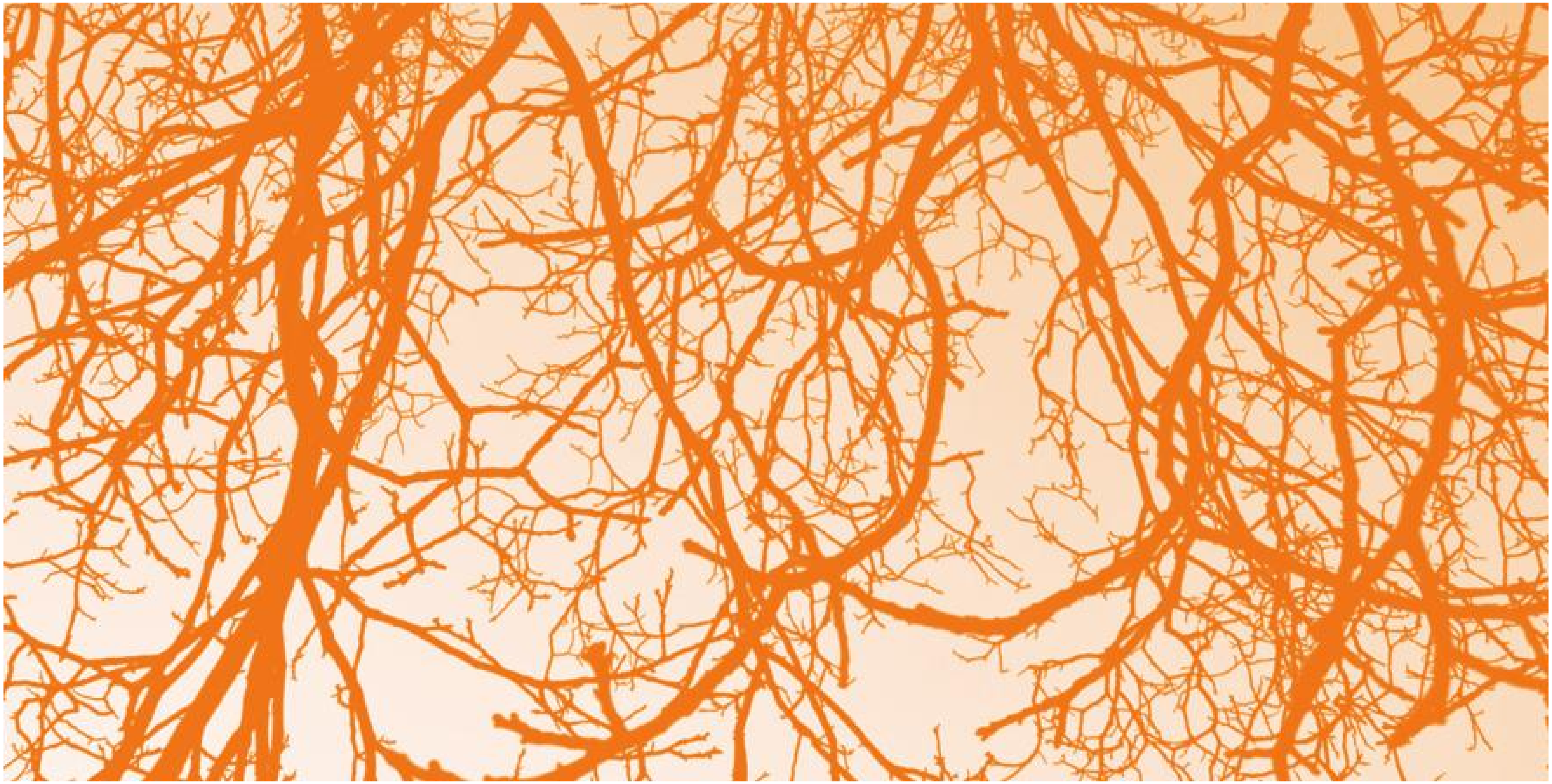
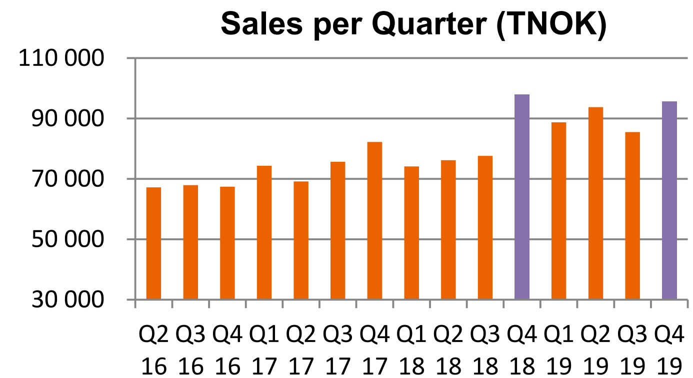
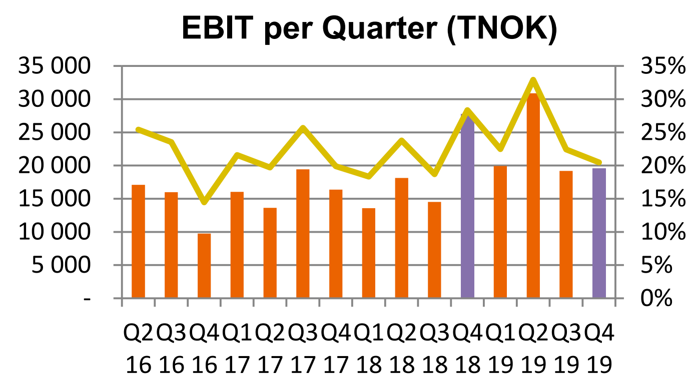
2. Financial statements



Profit and loss Q4 2019

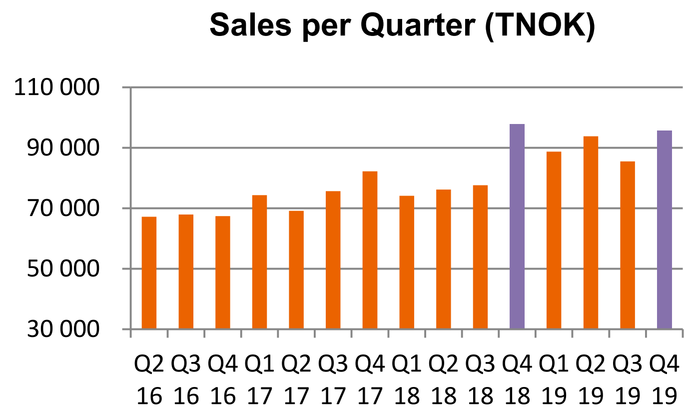
Profit & loss	Q4 2019	Q4 2018
All numbers in NOK 1000		
Sales	**95 672**	**97 923**
Cost of goods sold	19 836	20 999
Salary and sosial expenses	35 184	30 791
Other operating expenses	16 103	15 258
Total operating expenses	71 123	67 049
Op. res. before depr. and write-offs (EBITDA)	**24 549**	**30 874**
EBITDA %	*25,7 %*	*31,5 %*
Depreciation	4 796	3 120
Operating result (EBIT)	**19 753**	**27 754**
EBIT %	*20,6 %*	*28,3 %*
Financial income	2 488	9 197
Financial expenses	2 092	6 610
Net finance	**397**	**2 587**
Pre tax profit	**20 150**	**30 341**
Tax	4 662	6 449
Result	**15 488**	**23 892**

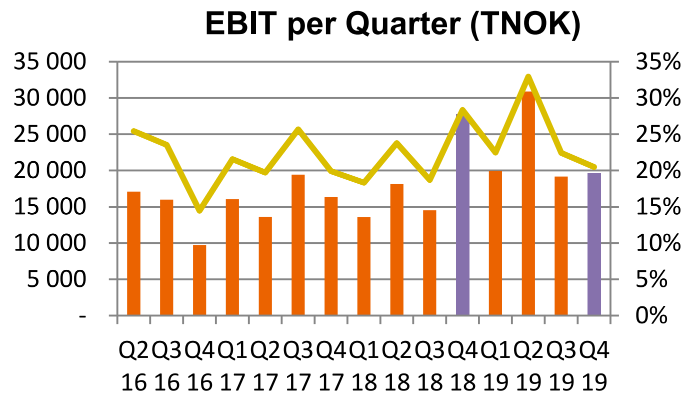




Profit and loss 2019

Profit & loss	2019	2018
All numbers in NOK 1000		
Sales	**363 723**	**325 890**
Cost of goods sold	80 138	79 381
Salary and sosial expenses	122 016	105 314
Other operating expenses	53 790	54 857
Total operating expenses	255 944	239 553
Op. res. before depr. and write-offs (EBITDA)	**107 778**	**86 337**
EBITDA %	*29,6 %*	*26,5 %*
Depreciation	18 010	12 361
Operating result (EBIT)	**89 768**	**73 977**
EBIT %	*24,7 %*	*22,7 %*
Financial income	6 649	7 977
Financial expenses	5 373	7 475
Net finance	**1 276**	**502**
Pre tax profit	**91 044**	**74 479**
Tax	20 738	17 423
Result	**70 306**	**57 055**





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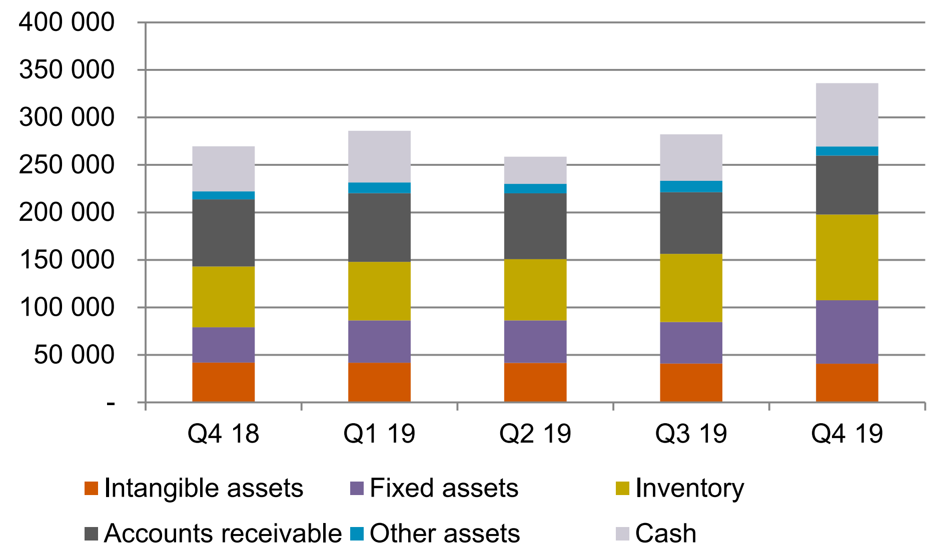
Balance sheet - Assets

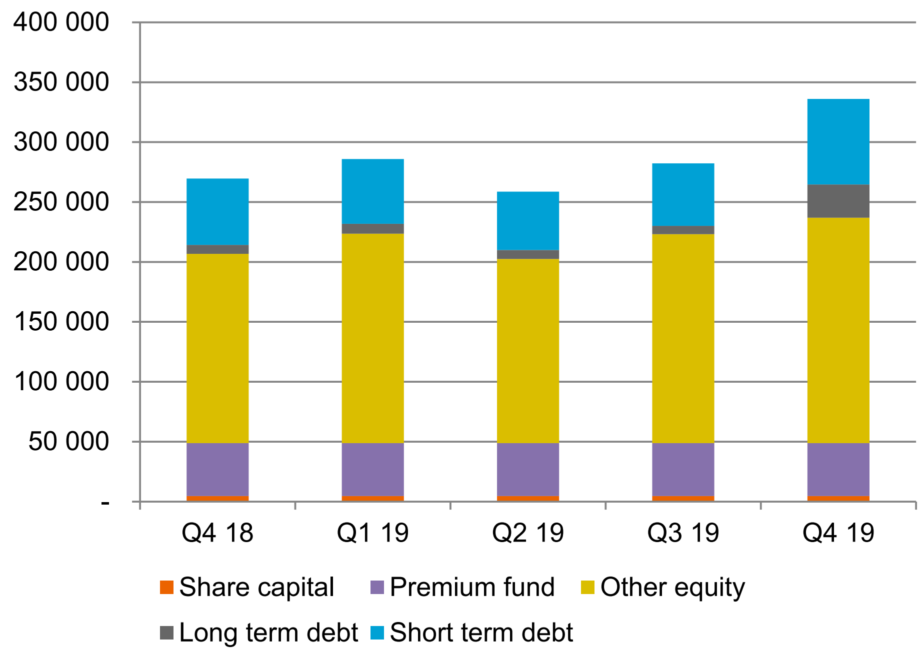
Balance sheet	31.12.2019	31.12.2018
All numbers in NOK 1000		
Assets		
Intangible assets	40 773	41 944
Fixed assets	66 835	37 198
Total intangible and fixed assets	**107 608**	**79 142**
Inventory	90 070	63 843
Customers receivables	62 188	70 807
Other receivables	9 497	8 309
Cash	66 745	47 490
Total current assets	**228 501**	**190 449**
Total assets	**336 109**	**269 591**



- Working capital continues to be high, related to high customers receivables related to strong sales
- Securing end-of-life and security stock of components as well as increased finished goods build up in preparation of the relocation of manufacturing site increases inventory level
- IFRS 16 increases assets in the balance sheet with MNOK 28.6
- The Board suggest a dividend of NOK 2.75 per share (NOK 2.25)

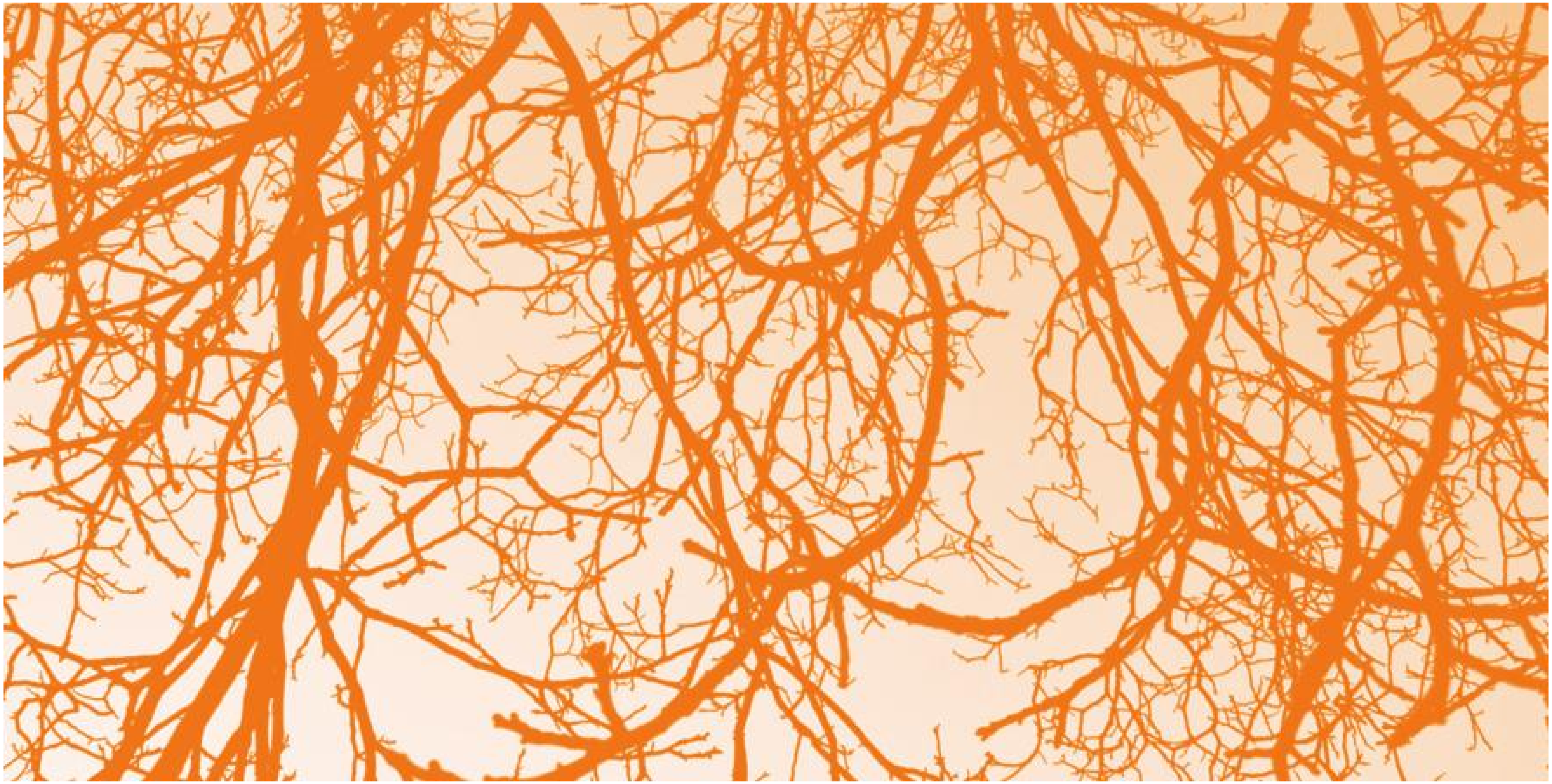
Balance sheet - Equity and liability

Balance sheet	31.12.2019	31.12.2018
All numbers in NOK 1000		
Share capital	4 585	4 585
Premium fund	44 172	44 172
Other equity	188 104	157 955
Total equity	**236 861**	**206 712**
Total long term debt	**27 801**	**7 500**
Total short term debt	**71 447**	**55 380**
Total equity and liability	**336 109**	**269 592**



- 7.5 MNOK in interest bearing debt
- Strong balance sheet with 70.5 % equity ratio
- IFRS 16 increases assets and debt in the balance sheet with 28.6 MNOK

3. Business segments update



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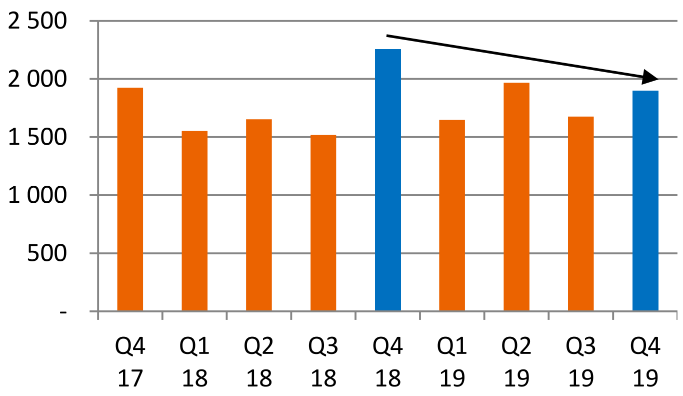
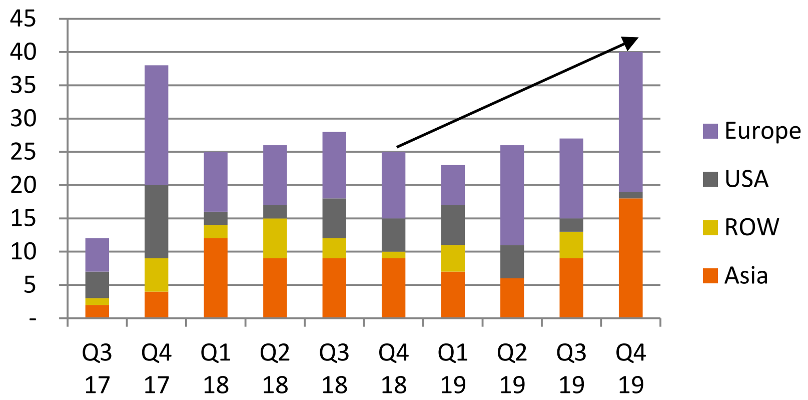
Flow probes and systems in units

Flow probes in units (excl USA)



- Flow probe sales down 16 % from record comparison

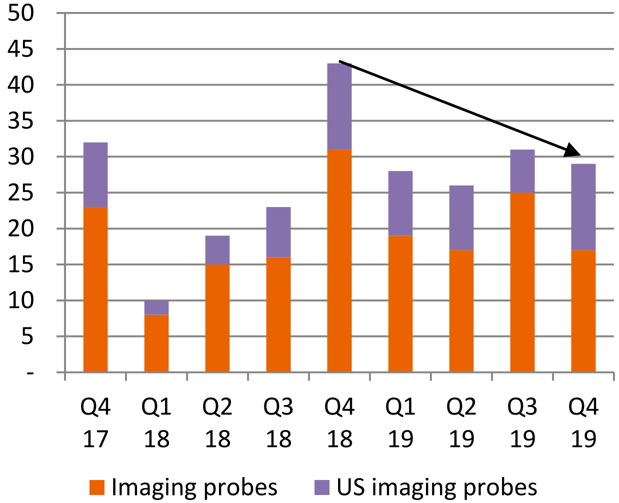
Flow systems in units (VeriQ & MiraQ capital sales)



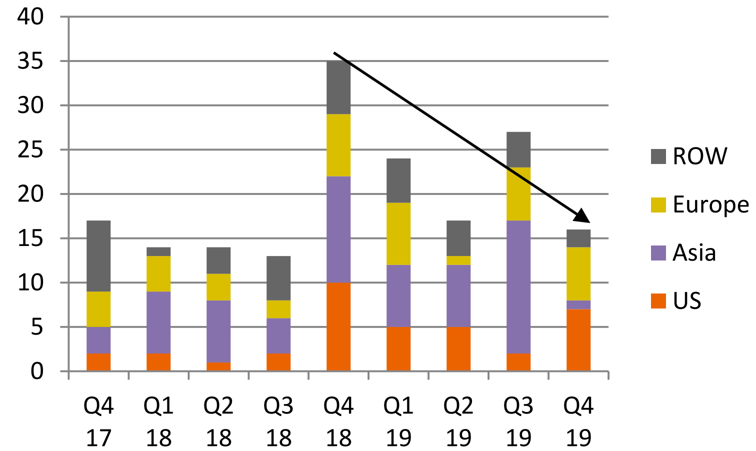
- Strong flow system sales in Europe (+11) and Asia (+ 9)

Imaging probes and systems in units

Imaging probes in units (incl USA)



Imaging systems in units (VeriQC & MiraQ capital sales)



- 32.5 % decrease quarter over quarter, but still a quarter that is on the average level compared to the last 4 quarters.

- Imaging systems sales down 54 % from all time high comparison
- After several strong quarters in Asia sales of imaging decreases in Q4 while flow system sales were up 100 %

Q4 and YTD 2019 revenue performance by region

Mill NOK	Q4 '19	Q4 '18	Q / Q	2019	2018	H / H
Europe	46,8	38,8	20,7 %	163,9	154,8	5,8 %
USA	35,1	38,8	-9,4 %	136,1	113,1	20,3 %
Asia	10,7	13,8	-22,4 %	41,8	38,7	8,1 %
ROW (MEA, CAN, SA, AUS)	3,0	6,5	-53,9 %	22,0	19,3	14,0 %
Total	**95,7**	**97,9**	**-2,3 %**	**363,7**	**325,9**	**11,6 %**

- In Europe, sale of own products increased with 39.0 % in Q4 while 3. party decreased with 3.8 %. Sale of own products in 2019 increased with 14.4 % while 3. party decreased with 4.3 %.
- In the USA, currency neutral sales was down 16.2 % because of weaker capital sales for the quarter. For 2019 the currency neutral growth is 11.0 %.
- Both Asia/Japan and ROW are so far smaller sales territories with significant quarter to quarter variation. There was solid growth for both regions for the total year.

Positive currency effects for 2019 vs 2018 was 14.5 MNOK .

Average actual exchange rate for USD 8.81 and EUR 9.85 versus last year USD 8.13 and EUR 9.6.

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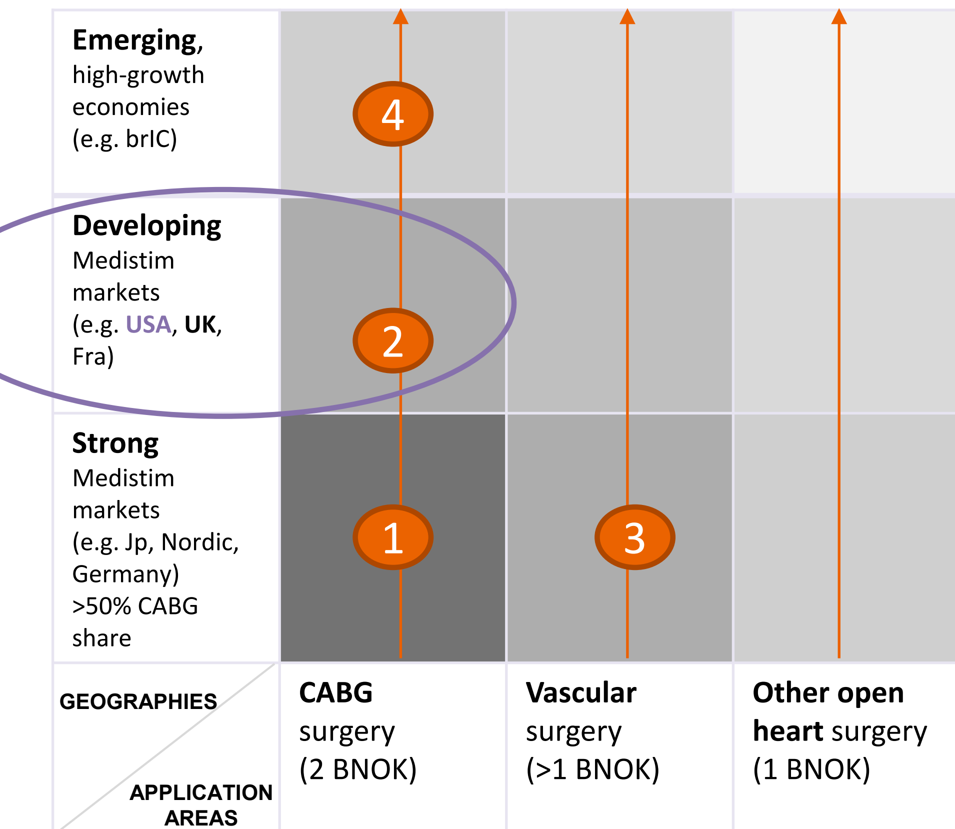
Q4 and 2019 revenue performance by product

Mill NOK	Q4 '19	Q4 '18	Q / Q	2019	2018	H / H
Procedures (USA)	28,3	27,5	2,6 %	106,7	89,5	19,3 %
Flow probes	26,6	25,0	6,5 %	95,0	85,7	10,9 %
Flow systems (VeriQ & MiraQ)	8,5	7,8	10,0 %	32,9	32,5	1,2 %
Imaging systems (VeriQ C & MiraQ)	11,7	19,2	-38,9 %	49,2	39,9	23,3 %
Imaging probes	1,1	1,9	-45,6 %	5,0	4,3	16,2 %
3rd party	15,9	16,6	-3,9 %	68,1	71,1	-4,3 %
Other	3,6	0,0		6,8	2,9	136,4 %
Total revenues	**95,7**	**97,9**	**-2,3 %**	**363,7**	**325,9**	**11,6 %**

- Procedure sale in the USA: The total number of procedures decreased with 6.3 % in Q4 where imaging procedures increased with 14.1 % and flow procedures decreased with 9.9 %. The variation in NOK compared to volume development is due to mix of procedures and a positive currency effect . For 2019, the number of procedures increases with 14.1 % while currency neutral growth was 10.1 %.
- Flow probes: 15.8 % decrease in units while revenue increases 6.5 % for Q4. For 2019 the unit increase is 3.0 % vs 10.9 % in revenue. Higher sales through direct operation, price increase and favorable currency explains revenue growth for both quarter and full year.
- Flow systems: 60 % increase in units and 10 % increase in NOK for Q4. For 2019 the number of units increased with 11.5 % and revenue with 1.2 %. The lower growth in NOK for the quarter and full year is explained by product configuration and higher level of sales through distributors.
- Imaging systems: Imaging systems decrease with 54 % in units in Q4 and increases with 3.9 % in 2019. Increased sales through direct channel and currency contributes to higher revenue than growth in units for the quarter and 2019.
- 3rd party products: Slight decrease both for the quarter and for the year 2019.

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**

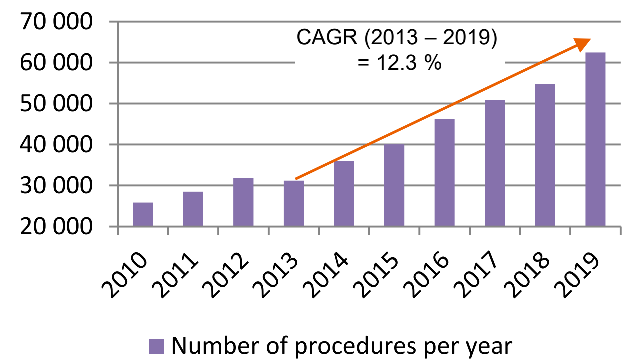
3. **Build and strengthen position** in vascular surgery
   - Dedicated system (MiraQ Vascular) & probes
   - Build position with societies and KOLs

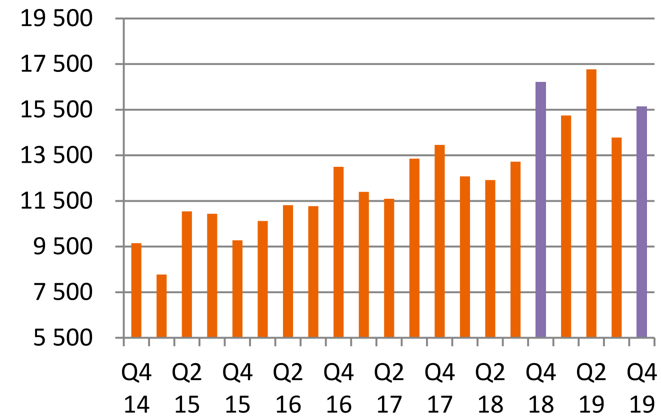
4. **Offer an entry-level solution** to reach emerging, price-sensitive, high-growth markets

Performance US sales organization

RESULTS Q4 and FY 2019

- Revenues down 16.2 % in USD in Q4
  - Revenues down 9.4 % in NOK
  - Full year up 11 % in USD and 20.3 % in NOK
- Total number of procedures down in Q4, but full year was strong
  - 6.3 % down for the quarter
    - 9.9 % down for flow procedures
    - 14.1 % up for imaging procedures
  - 14.1 % up for the full year 2019
    - 10.3 % up for flow procedures
    - 38.7 % up for imaging procedures
  - 8 capital sales for Q4 compared to 15 last year
  - 33 capital sales for 2019 compared to 30 last year
- Continued growth in new customers
  - 10 completely new accounts in Q4
  - 38 new accounts in 2019





Number of procedures per quarter

MiraQ approved for sale in Canada

- A large market for Medistim with about 30 cardiac centers performing about 18,000 CABG per year
- Medistim is covering about 16 centers and almost 40 % of the CABG surgeries
- Still a large open market and an upgrade potential for MiraQ with imaging
- Market served by Medtronic as distributor

➢ *MiraQ is now cleared for sale in all significant markets and the production of VeriQ and VeriQC are closed down*

Manufacturing site relocation

- Medistim has during 2019 prepared for the relocation of its Operations, i.e. Logistics, Manufacturing, Service and supporting functions in Horten, Norway
- The new site gives about 1400 m2 of modern layout production space, offices and meeting rooms
- The layout offers process improvement opportunities to increase efficiency and productivity
- Research done in the ProdTek[*)] project may further lead to fundamental improvements to the processes in the future

  **) Project to develop new manufacturing technologies funded by the Research Council of Norway. Collaboartion with GE, Sensocure, Norner, Sintef & USN*

- With this relocation, Medistim is ready for further growth in the years to come

➢ *The relocation was successfully completed and audited by DNV GL Preafe AS in February 2020 and new ISO certificates have been issued, meaning that the new site is in full operation*

20 largest shareholders

Rank	Holding	Shares in %	Name	Country (post)	Type of account
1	4 003 500	21,8	INTERTRADE SHIPPING AS	Norway	Ordinary
2	1 862 500	10,2	SALVESEN & THAMS INVEST AS	Norway	Ordinary
3	1 184 611	6,5	SEB EUROPAFOND SMÅBOLAG	Sweden	Ordinary
4	1 000 000	5,5	FOLLUM CAPITAL AS	Norway	Ordinary
5	820 246	4,5	JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee
6	627 289	3,4	State Street Bank and Trust Comp	United States	Nominee
7	626 486	3,4	Skandinaviska Enskilda Banken AB	Denmark	Nominee
8	504 411	2,8	Skandinaviska Enskilda Banken S.A.	Norway	Nominee
9	494 936	2,7	BUANES	Norway	Ordinary
10	471 864	2,6	HUMLE SMABOLAGSFOND	Sweden	Ordinary
11	400 000	2,2	JPMorgan Chase Bank, N.A., London	United Kingdom	Nominee
12	296 356	1,6	HSBC TTEE MARLB EUROPEAN TRUST	United Kingdom	Ordinary
13	258 310	1,4	Danske Bank A/S	Denmark	Nominee
14	251 000	1,4	The Bank of New York Mellon SA/NV	Belgium	Nominee
15	250 000	1,4	Danske Invest Norge Vekst	Norway	Ordinary
16	244 562	1,3	BNP Paribas Securities Services	France	Nominee
17	228 891	1,2	Nordnet Bank AB	Sweden	Nominee
18	211 000	1,2	State Street Bank and Trust Comp	United States	Nominee
19	200 616	1,1	CORE NY TEKNIK	Sweden	Ordinary
20	200 000	1,1	Bank Julius Bär & Co. AG	Switzerland	Nominee
20	200 000	1,1	MONTANARO SMALLER COMP PLC	Belgium	Ordinary
20	200 000	1,1	VERDIPAPIRFONDET HOLBERG NORGE	Norway	Ordinary

Seeing is believing