Medistim ASA
First quarter 2020

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Table of contents

1. Highlights 1st quarter

Highlights 1st quarter

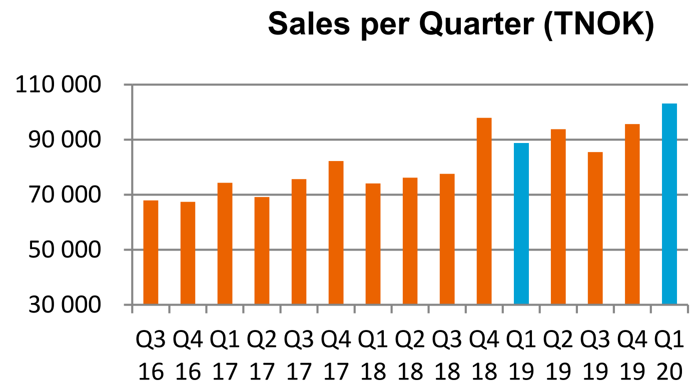
- First quarter ever over 100 MNOK in sales
  - Currency neutral sales of own products up 15.2%
  - Strong uptake of the MiraQ platform in Japan
  - Sales in the USA up 10.8% in NOK
  - Sales of imaging portfolio up 40.5%
  - Sales of vascular portfolio up 36.7%
- EBIT ended at MNOK 24.8 (MNOK 19.9), up 24.3%
  - EBIT margin of 24.0%
- The General Meeting decided to give the Board authorization to pay a dividend up to NOK 2.75 per share. The authorization is valid until the next ordinary General Meeting in 2021
- The COVID-19 pandemic has not yet had significant negative implications on Medistim results and operations

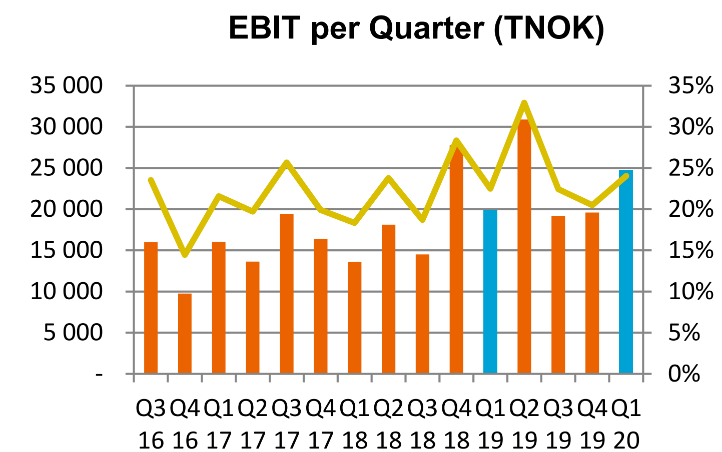
Q1 2020	Q o Q
Revenue MNOK 103.1 (88.7)	↑ 16.2%
EBIT MNOK 24.8 (19.9)	↑ 24.3%
Currency	↑ 8.0%
No of capital units sold:	
Flow systems 42	↑ 83%
Imaging systems 26	↑ 8.3%
Flow probes 1,673	↑ 1.5%
Imaging probes 39	↑ 39%
Procedures (USA) 15,047	↓ -1.3%

2. Financial statements

Profit and loss Q1 2020

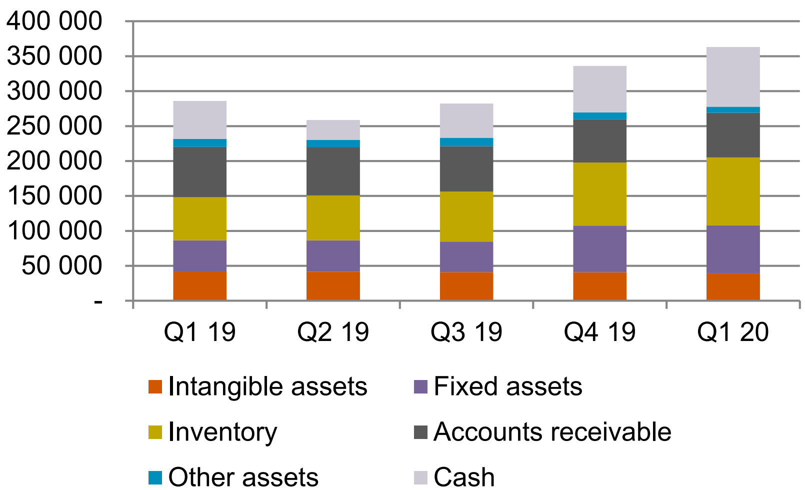
Profit & loss	Q1 2020	Q1 2019
All numbers in NOK 1000		
Sales	**103 106**	**88 736**
Cost of goods sold	23 075	20 694
Salary and sosial expenses	33 290	31 028
Other operating expenses	16 464	12 636
Total operating expenses	72 829	64 358
Op. res. before depr. and write-offs (EBITDA)	**30 277**	**24 378**
EBITDA %	*29,4 %*	*27,5 %*
Depreciation	5 493	4 434
Operating result (EBIT)	**24 785**	**19 944**
EBIT %	*24,0 %*	*22,5 %*
Financial income	6 638	229
Financial expenses	3 930	10
Net finance	2 709	218
Pre tax profit	**27 493**	**20 162**
Tax	6 386	4 191
Result	**21 107**	**15 971**





Balance sheet - Assets

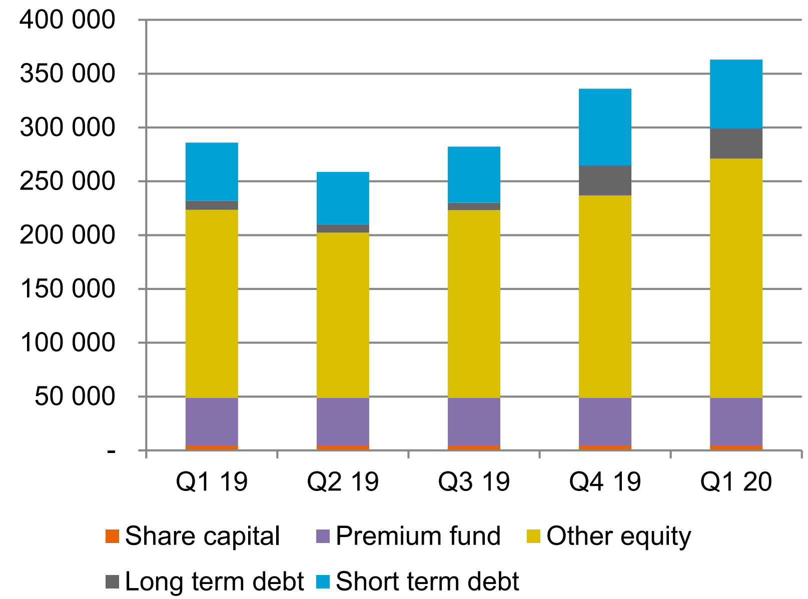
Balance sheet	31.03.2020	31.12.2019
All numbers in NOK 1000		
Assets		
Intangible assets	39 042	40 773
Fixed assets	68 721	66 835
Total intangible and fixed assets	**107 763**	**107 608**
Inventory	97 300	90 070
Customers receivables	63 933	62 188
Other receivables	8 659	9 497
Cash	85 426	66 745
Total current assets	**255 318**	**228 501**
Total assets	**363 081**	**336 109**



- Working capital continues to be high, due 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 relation to the relocation of manufacturing site, increases inventory level
- IFRS 16 concerning lease agreements increases assets in the balance sheet with MNOK 27.4
- The Board holds an authorization to pay a dividend up to NOK 2.75 per share within the next ordinary General Meeting in 2021

Balance sheet - Equity and liability

Balance sheet	31.03.2020	31.12.2019
All numbers in NOK 1000		
Share capital	4 585	4 585
Premium fund	44 172	44 172
Other equity	222 374	188 104
Total equity	**271 131**	**236 861**
Total long term debt	**28 025**	**27 801**
Total short term debt	**63 925**	**71 447**
Total equity and liability	**363 081**	**336 109**

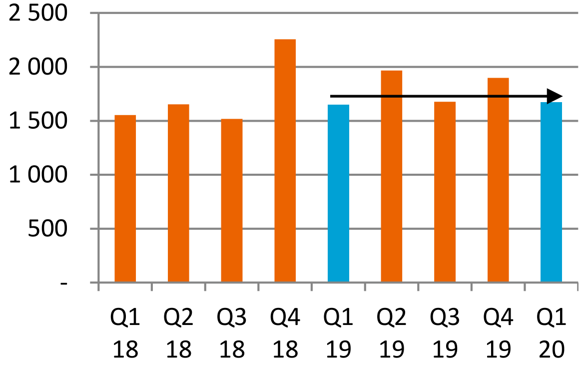


- 6.8 MNOK in interest-bearing dept
- 27.4 MNOK in obligations related to lease contracts
- Strong balance sheet with 74.7 % equity ratio

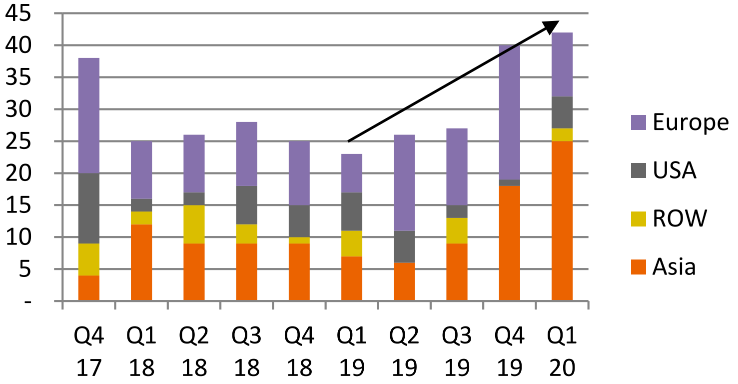
3. Business segments update

Flow probes and systems in units

Flow probes in units (excl USA)



Flow systems in units (MiraQ capital sales)



- 1.5% increase in flow probe sales
- Strong growth in Asia with 77%

- Strong flow system sales in Asia with +18 units, driven by Japan after regulatory approval and launch of MiraQ in Q3-19
- Secures future sale of consumables

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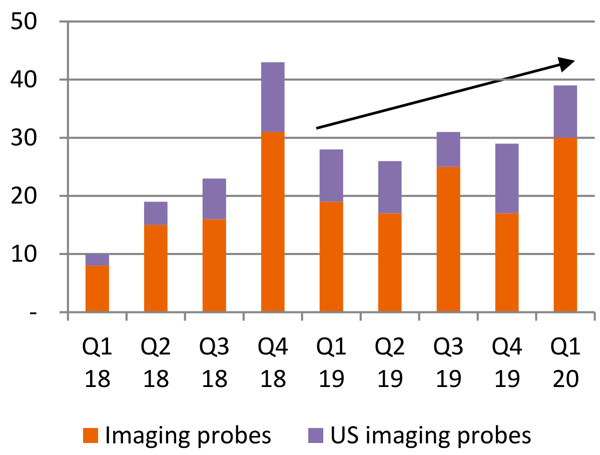
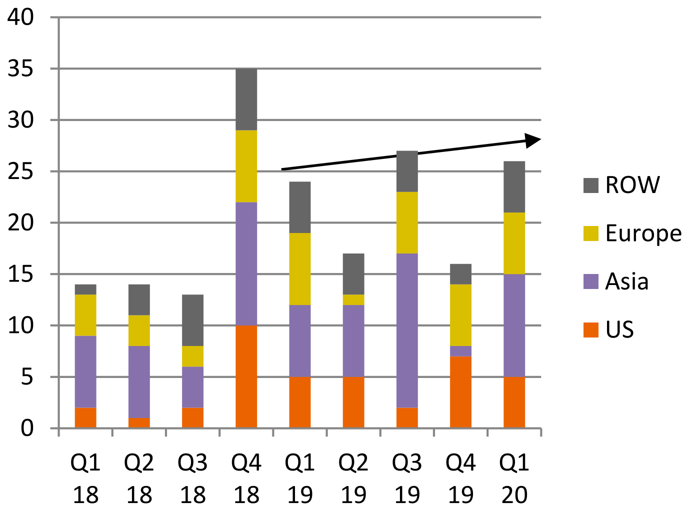
Imaging probes and systems in units

Imaging probes in units (incl USA)



Imaging systems in units (VeriQC & MiraQ capital sales)



- 39% increase quarter over quarter. Strong increase in probe sales to distributors in Asia

- Imaging systems sales up 8.3% from a high level in Q1 19
- Asia led by Japan drives growth after MiraQ release in late 2019

Q1 2020 revenue performance by region

Mill NOK	Q1 '20	Q1 '19	Q / Q
Europe	40,8	38,4	6,3 %
USA	38,4	34,6	10,8 %
Asia	19,2	7,0	175,4 %
ROW (MEA, CAN, SA, AUS)	4,8	8,8	-45,7 %
Total	**103,1**	**88,7**	**16,2 %**

- In Europe, sale of own products increased with 29.5% in Q1 while 3. party decreased with 17.7%
- In the USA, currency neutral sales was flat while sales in NOK was up 10.8%
- In Asia, the high growth was driven by strong uptake of MiraQ systems in Japan
- ROW continues to be a small sales territory for Medistim, with significant quarter to quarter variation

Positive currency effects for Q1 2020 vs Q1 2019 was 7.1 MNOK .

Average actual exchange rate for USD 9.49 and EUR 10.46 versus last year USD 8.58 and EUR 9.74.

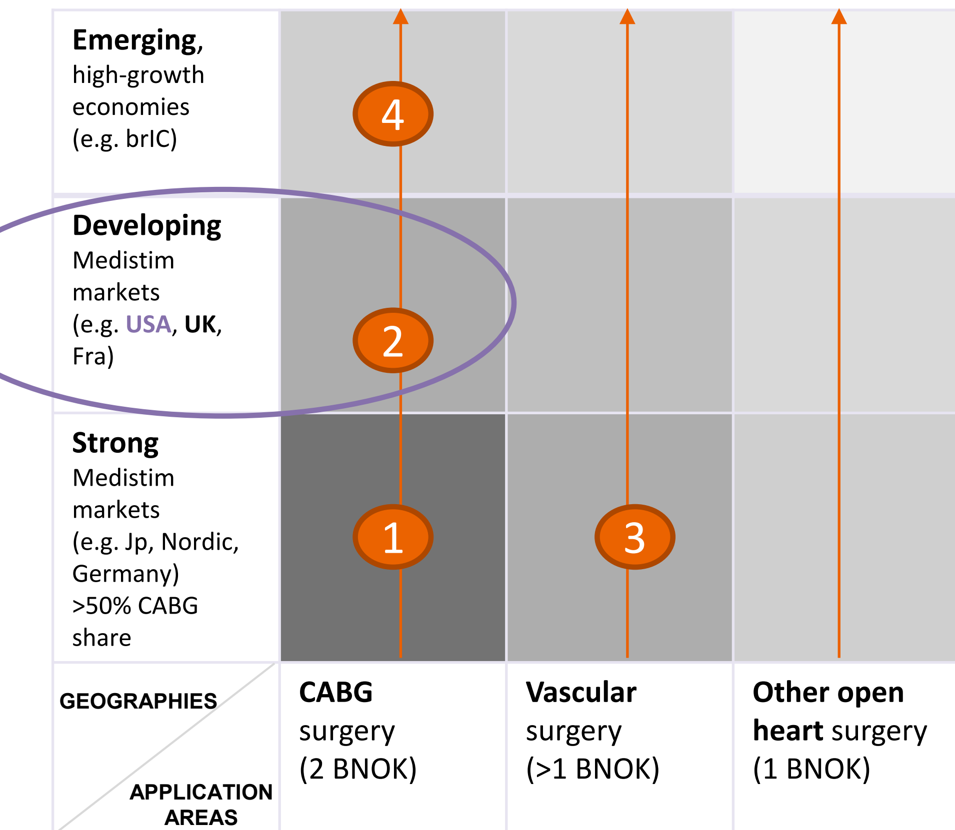
Q1 2020 revenue performance by product

Mill NOK	Q1 '20	Q1 '19	Q / Q
Procedures (USA)	28,3	26,3	7,5 %
Flow probes	24,7	21,9	12,9 %
Flow systems (MiraQ)	14,1	7,2	95,2 %
Imaging systems (MiraQ)	17,4	12,3	42,0 %
Imaging probes	2,1	1,3	63,4 %
3rd party	15,5	18,8	-17,7 %
Other	1,0	0,9	
Total revenues	**103,1**	**88,7**	**16,2 %**

- Procedure sale in the USA: The total number of procedures decreased with 1.3% in Q1 (imaging procedures up 2.6% and flow procedures down 2.1%). The variation in NOK compared to volume development is due to a positive currency effect.
- Flow probes: 1.5 % increase in units while revenue increases 12.9 % for Q1. Price increase and favorable currency explains revenue growth for the quarter.
- Flow systems: 83% increase in units and 95.2% increase in NOK for Q1. The higher growth in NOK for the quarter is explained by currency.
- Imaging systems: Imaging systems increase with 8.3% in units in Q1. Higher system configurations in the USA and currency contributes to higher revenue than growth in units for the quarter.
- 3rd party products: Weak quarter after decreased activity at hospitals in Norway in March.

4. Implementing the strategy

Growth opportunities – in developing Medistim markets

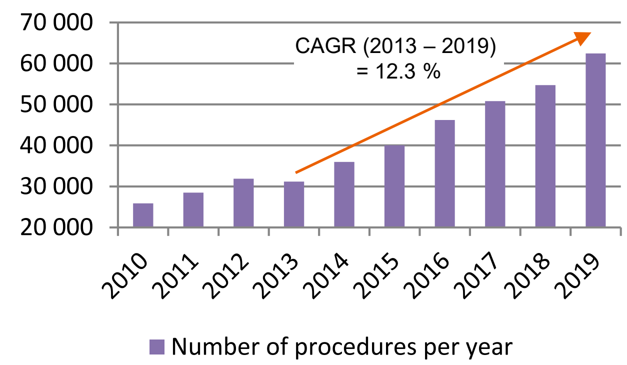


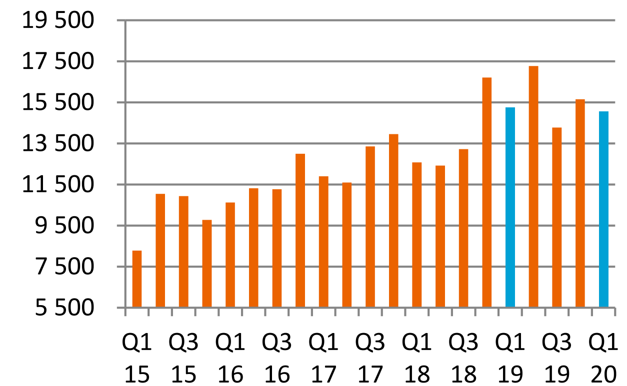
1. **Convert the routine Flow market to a Flow-and-Imaging market** by establishing *Surgical Guidance and Quality Assessment* as the new standard of care through
   - Early adopter & KOL support
   - REQUEST study
   - Ease conversion from flow to imaging with MiraQ
2. **Achieve routine use** of both 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 Q1 2020

- Revenues at the same level in USD in Q1 2020 compared to Q1 2019, but this was a strong comparable
    - Revenues up 10.8% in NOK due to currency
- Total number of procedures down 1.3% in Q1
    - 2.1% down for flow procedures
    - 2.6% up for imaging procedures
- 10 capital sales for Q1 compared to 11 last year
- Continued growth in new customers
    - 6 completely new accounts in Q1





Number of procedures per quarter

The REQUEST study published in the Journal of Thoracic and Cardiovascular Surgery (JTCVS)

Surgical Guidance	Quality Assessment	In-hospital outcome
TTFM and HFUS of aorta, conduits & coronary targets: Change of surgical strategy in 25 % of patients	TTFM & HFUS of anastomosis: Revision rate 3%	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)

- JTCVS is highly recognised and read by cardiac surgeons
- Marks the finish line for a large study with highly experienced and regarded coronary surgeons
- Will continue to be of great value for the endorsement and adoption of Medistims equipment and technology

5. The COVID 19 pandemic

The COVID-19 pandemic (1/2)

- No significant negative implications on Medistim in Q1
    - Healthy employees
    - Intact supply chain
    - Production running as normal
    - 3. party business in Norway affected by hospital access restrictions and no plastic surgery

- Anticipate negative effects on sales revenues in Q2
    - Lock-downs, travel and hospital access restrictions
    - Hospital resources and capacity focused on, and keeping ready for, COVID-19 patients
    - Elective surgeries postponed
    - Medistim consumables sales would be negatively affected by continued reduced activity level
    - Lower access to customers may delay new sales projects

The COVID-19 pandemic (2/2)

- Light at the end of the tunnel
  - The pandemic seems to be in some level of control
  - Some countries have started a gradual opening up of their societies
  - Hospitals signal that they start to open up for regular practice
  - **Serious medical conditions such as heart disease and risk of stroke cannot be left untreated for too long**

- Uncertainties
  - How seriously will Medistim be affected
  - For how long will the pandemic and its aftermath last

- Measures taken
  - Cost savings implemented, including travel, meetings, marketing, recruitment freeze
  - The situation is being continuously monitored
  - Contingency plans are in place
  - The level of measures will be adjusted as appropriate

20 largest shareholders

Rank	Number of shares	Shares in %	Shareholder	Citizenship	Type of account
1	2 203 500	12,0 %	INTERTRADE SHIPPING AS	Norway	Ordinary
2	1 862 500	10,2 %	SALVESEN & THAMS INVEST AS	Norway	Ordinary
3	1 800 000	9,8 %	VERDIPAPIRFOND ODIN NORDEN	Norway	Ordinary
4	1 209 644	6,6 %	SEB EUROPAFOND SMÅBOLAG	Sweden	Ordinary
5	1 000 000	5,5 %	FOLLUM CAPITAL AS	Norway	Ordinary
6	820 246	4,5 %	SWEDBANK ROBUR SMABOLAGSFOND NORD	Sweden	Ordinary
7	633 630	3,5 %	Skandinaviska Enskilda Banken AB	Denmark	Nominee
8	557 409	3,0 %	State Street Bank and Trust Comp	United States	Nominee
9	506 933	2,8 %	Skandinaviska Enskilda Banken S.A.	Luxembourg	Nominee
10	479 936	2,6 %	BUANES	Norway	Ordinary
11	465 000	2,5 %	SWEDBANK ROBUR MEDICA	United States	Ordinary
12	268 310	1,5 %	Danske Bank A/S	Denmark	Nominee
13	265 239	1,4 %	BNP Paribas Securities Services	Italy	Nominee
14	262 656	1,4 %	HSBC TTEE MARLB EUROPEAN TRUST	United Kingdom	Ordinary
15	250 000	1,4 %	MONTANARO EUR SMALLER COMP TR PLC	United Kingdom	Ordinary
15	250 000	1,4 %	Danske Invest Norge Vekst	Norway	Ordinary
17	241 894	1,3 %	HUMLE SMABOLAGSFOND	Sweden	Ordinary
18	225 000	1,2 %	VERDIPAPIRFONDET HOLBERG NORGE	Norway	Ordinary
19	204 913	1,1 %	State Street Bank and Trust Comp	United States	Nominee
20	202 000	1,1 %	MONTANARO SMALLER COMP PLC	Ireland	Ordinary
Sum	13 708 810	75% of total number of shares			

Seeing is believing