Medistim ASA
Third quarter 2020

October 22nd 2020

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PRESIDENT & CEO

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CFO

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Disclaimer

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01 Highlights

Highlights 3rd quarter

Q3 2020		% Q o Q
Revenue	MNOK 83.4 (85.5)	▼ -2.5%
EBIT	MNOK 20.8 (19.2)	▲ +8.7%
Currency		▲ +7.3

No of capital units sold:

Flow systems	30	▲ +11.1%
Imaging systems	10	▼ -62.9%
Flow probes	1 323	▼ -21.1%
Imaging probes	16	▼ -48.3%
Procedures (USA)	14 599	▲ +2.3%

Third quarter sales ended at 83.4MNOK

- The COVID-19 pandemic continue to postpone elective surgeries and sales revenues were down by 2.5%
  - **Improvement from Q2** which declined 12.5 %
  - Currency neutral sales of own products down 12.3%
- **U.S. sales increased** 16.8% in NOK, currency neutral 6.5%
  - **All other regions were down**; Europe for own products with 3.3%, Asia down 23.3% and RoW down 63%
  - Currency neutral decline was 11.9%, 30.1% and 66.3%, respectively
- Sales of vascular portfolio at the same level as last year
- Sales of imaging portfolio down 25.1%

EBIT ended at MNOK 20.8 (19.2)

- EBIT margin of 25.0%

The Board resolved to pay a dividend of NOK 2.75 per share at the Board Meeting 21st of October

Year to date September

YTD 2020		% H o H
Revenue	MNOK 268.9 (268.1)	+0.3%
EBIT	MNOK 73.3 (70.0)	+4.7%
Currency		+7.3%

No of capital units sold:

Flow systems	106	+39.5%
Imaging systems	45	-33.8%
Flow probes	4 450	-15.9%
Imaging probes	76	-10.6%
Procedures (USA)	42 160	-9.8%

Year to date sales ended at 268.9 MNOK

- Two consecutive quarters with COVID-19 pandemic effect neutralize the sales growth from Q1
  - Currency neutral sales of own products down 6.0 %
- YTD **sales decrease** in the U.S. with 1.5% and RoW with 25.5% (currency neutral 10.3% and 32.1% respectively)
- YTD **sales growth** in Europe (own products) and Asia, up 9.5% and 22.3% respectively (currency neutral 0% and 11.5%)
- Sales of vascular portfolio up 20.2%
- Sales of imaging portfolio down 3.5%
- 3rd party products down 11.2%

EBIT ended at MNOK 73.3 (70.0), our best result ever for the period YTD September

- EBIT margin of 27.3%

02 Financial Statements

Profit and loss Q3 2020

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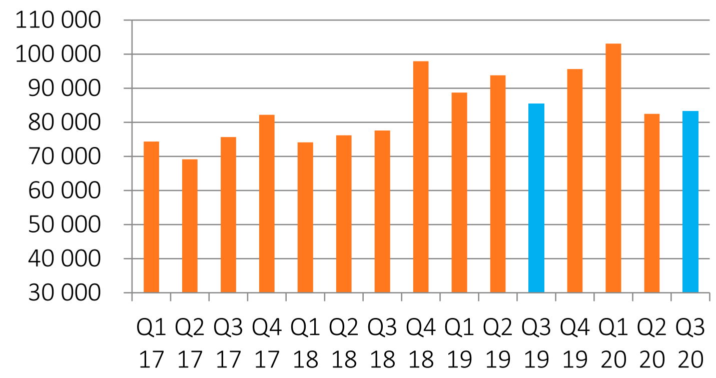
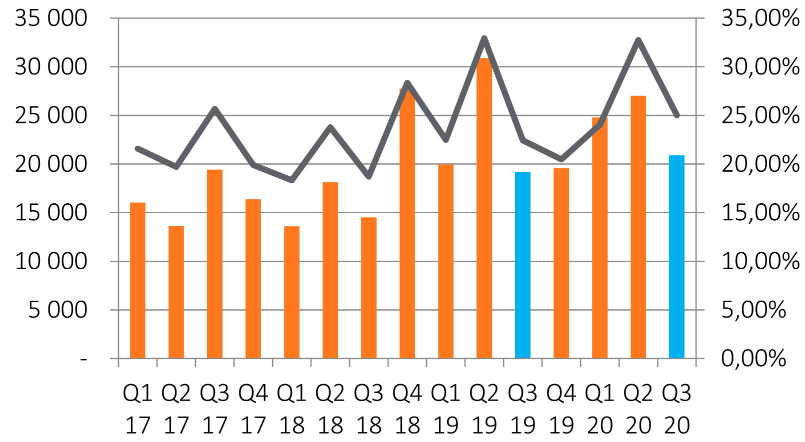
Profit & loss	Q3 2020	Q3 2019
All numbers in NOK 1000		
Sales	**83 361**	**85 517**
Cost of goods sold	15 379	18 463
Salary and social expenses	31 186	32 156
Other operating expenses	10 170	11 258
Total operating expenses	41 357	43 414
Op. res. before depr. and write-offs (EBITDA)	**26 625**	**23 640**
EBITDA %	*31,9 %*	*27,6 %*
Depreciation	5 772	4 462
Operating result (EBIT)	**20 853**	**19 178**
EBIT %	*25,0 %*	*22,4 %*
Financial income	4 678	3 255
Financial expenses	6 864	1 799
Net finance	(2 185)	1 455
Pre tax profit	**18 668**	**20 634**
Tax	4 225	3 916
Result	**14 442**	**16 717**

Sales per Quarter (TNOK)



EBIT per Quarter (TNOK)



Profit and loss YTD Sept 2020

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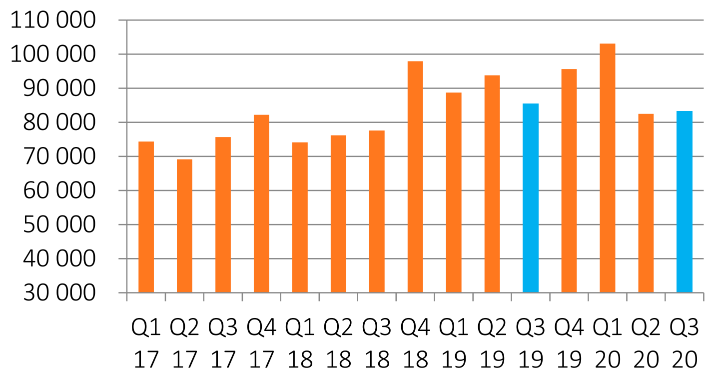
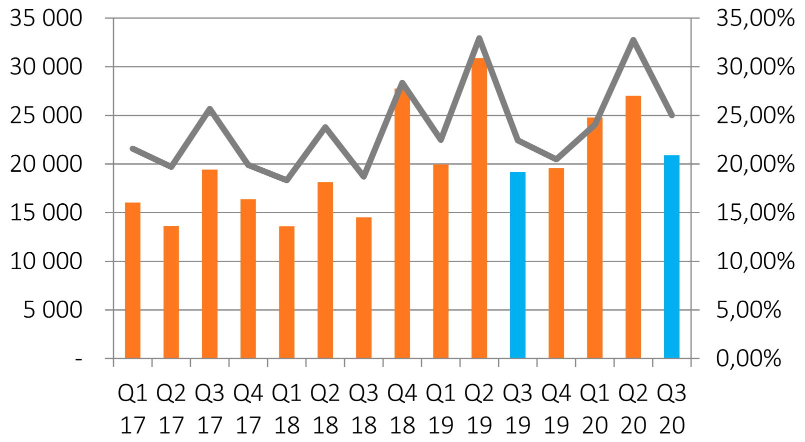
Profit & loss	YTD 30.09.20	YTD 30.09.19
All numbers in NOK 1000		
Sales	**268 949**	**268 050**
Cost of goods sold	54 346	60 302
Salary and social expenses	86 889	86 832
Other operating expenses	37 517	37 687
Total operating expenses	124 407	124 519
Op. res. before depr. and write-offs (EBITDA)	**90 197**	**83 229**
EBITDA %	*33,5 %*	*31,0 %*
Depreciation	16 848	13 214
Operating result	**73 348**	**70 015**
EBIT %	27,3 %	26,1 %
Financial income	12 704	4 161
Financial expenses	14 367	3 282
Net finance	(1 663)	879
Pre tax profit	**71 686**	**70 894**
Tax	15 867	16 076
Result	**55 818**	**54 818**

Sales per Quarter (TNOK)



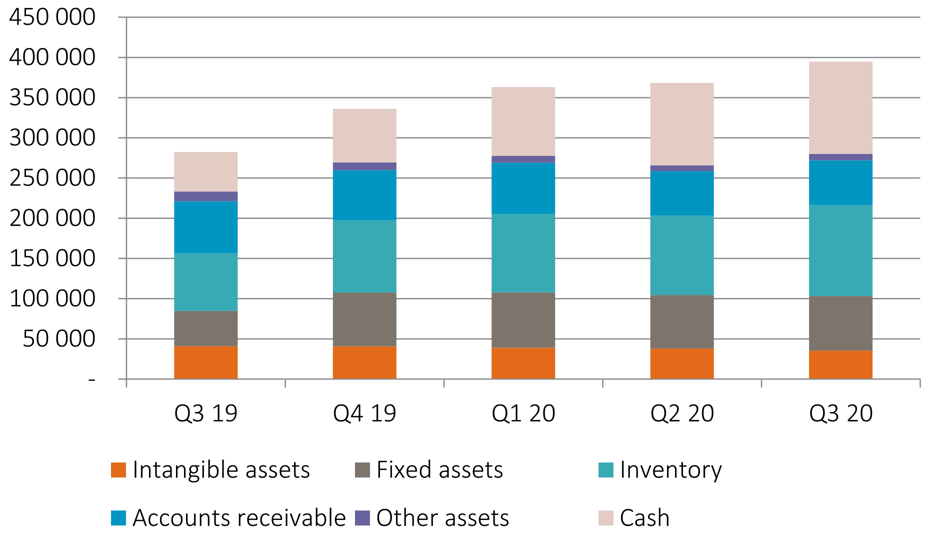
EBIT per Quarter (TNOK)



Balance sheet - Assets

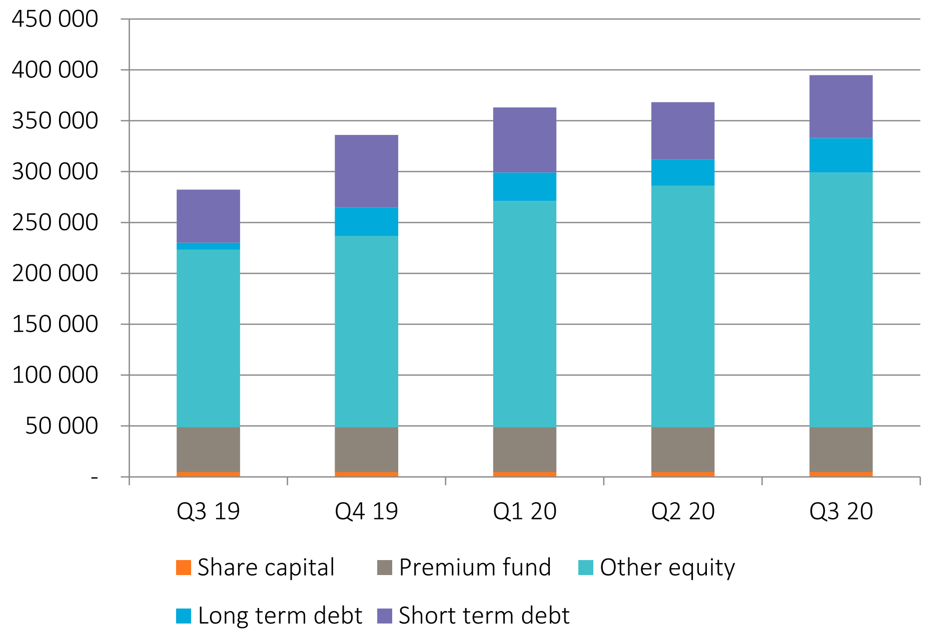
- Cash flow from operations was MNOK 54.4 and the cash position was MNOK 114.9 by end of September
- Securing end-of-life, security stock of components and lower sales due to COVID 19 resulted in increased inventory level
- The Board decided to pay, as previously proposed, a dividend of NOK 2.75 per share

Balance sheet	30.09.2020	31.12.2019
All numbers in NOK 1000		
Assets		
Intangible assets	35 377	40 773
Fixed assets	67 890	66 835
Total intangible and fixed assets	**103 267**	**107 608**
Inventory	112 910	90 070
Customers receivables	55 943	62 188
Other receivables	7 731	9 497
Cash	114 899	66 745
Total current assets	**291 483**	**228 501**
Total assets	**394 750**	**336 109**



Balance sheet – Equity and Liability

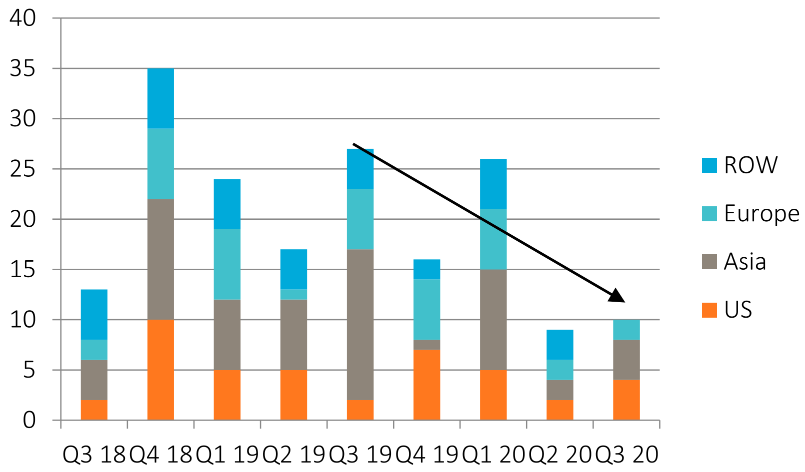
Balance sheet	30.09.2020	31.12.2019
All numbers in NOK 1000		
Share capital	4 585	4 585
Premium fund	44 172	44 172
Other equity	250 194	188 104
Total equity	**298 951**	**236 861**
Total long term debt	**33 872**	**27 801**
Total short term debt	**61 928**	**71 447**
Total equity and liability	**394 750**	**336 109**



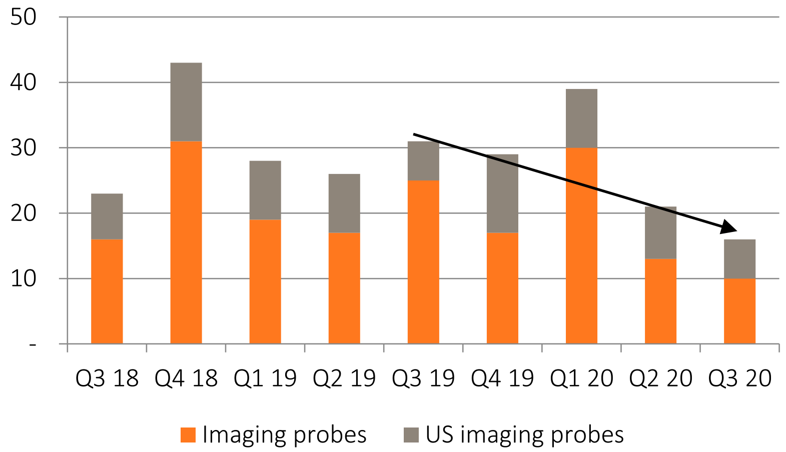
- 11.2 MNOK in interest-bearing debt, of which 6 MNOK is a U.S. Covid-related loan ('Paycheck Protection Program')
- 28.8 MNOK in obligations related to lease contracts where 22.5 MNOK is long term
- Strong balance sheet with 75.7% equity ratio

03 Business segments update

Imaging systems in units



Imaging probes in units (Incl USA)



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Imaging probes and systems in units

- The COVID-19 pandemic continues to affect all geographies, seen as a reduced number of elective surgeries and restrictions in access to hospitals for new sales projects, resulting in reduced sales of consumables as well as systems
- **Number of imaging systems sold in Q3 was down by 63%** and YTD down by 34%

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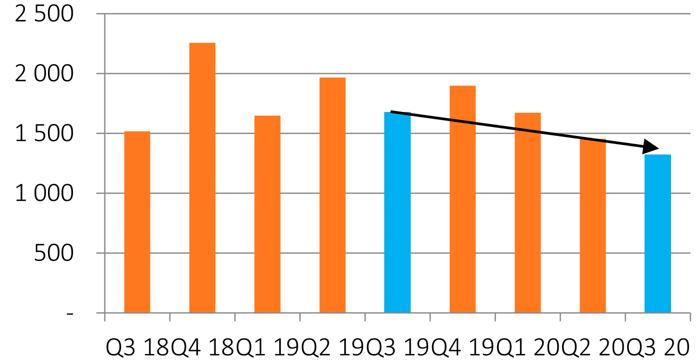
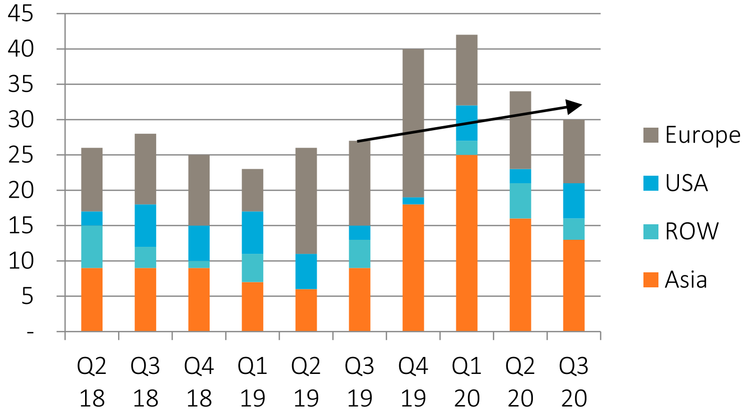
Flow probes and systems in units

- The COVID-19 pandemic continues to affect all geographies, seen as a reduced number of elective surgeries and restrictions in access to hospitals for new sales projects, resulting in reduced sales of consumables as well as systems
- Nevertheless, the number of **flow systems sold in Q3 increased by 11%** and YTD by 39.5%
- **The total number of systems** (Flow only and Flow&Imaging combined) sold in Q3 was down by 26% and **YTD up by 4.9%**

Flow probes in units (excl USA)



Flow systems in units (MiraQ capital sales)



Q3 and YTD 2020 revenue performance by region

Mill NOK	Q3 '20	Q3 '19	Q / Q	YTD '20	YTD '19	Y / Y	2019
Europe	35,9	36,1	-0,6 %	117,4	117,1	0,3 %	163,9
USA	34,5	29,5	16,8 %	99,4	101,0	-1,5 %	136,1
Asia	10,8	14,1	-23,3 %	38,0	31,0	22,3 %	41,8
ROW (MEA, CAN, SA, AUS)	2,1	5,7	-63,0 %	14,1	19,0	-25,5 %	22,0
Total	**83,4**	**85,5**	**-2,5 %**	**268,9**	**268,1**	**0,3 %**	**363,7**

- In Europe, sale of own products decreased with 3.3% in Q3 and increased 9.5% YTD. The growth in NOK was driven by favorable currency. **3. party increased with 3.8% for the quarter** and decreased 11.2 % YTD.
- In the USA, currency neutral sales increased with 6.5% for the quarter, but show 10.3% decline YTD
- In Asia, a slow quarter, but solid growth year to date, 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 YTD 2020 vs YTD 2019 was 19.2 MNOK .
Average actual exchange rate for USD 9.55 and EUR 10.72 versus last year USD 8.70 and EUR 9.77.

Q3 and YTD 2020 revenue performance by product

Mill NOK	Q3 '20	Q3 '19	Q / Q	YTD '20	YTD '19	Y / Y
Procedures (USA)	25,3	25,1	0,7 %	76,0	78,5	-3,1 %
Flow probes	23,4	22,5	4,1 %	69,8	68,4	2,1 %
Flow systems (MiraQ)	9,9	8,2	20,8 %	33,8	24,4	38,6 %
Imaging systems (MiraQ)	9,3	14,0	-33,9 %	34,2	37,5	-8,8 %
Imaging probes	0,8	1,7	8,5 %	3,9	3,9	-0,5 %
3rd party	14,3	13,8	3,9 %	46,3	52,1	-11,2 %
Other	0,4	0,2	92,4 %	4,9	3,2	52,5 %
Total revenues	**83,4**	**85,5**	**-2,5 %**	**268,9**	**268,0**	**0,3 %**

- Procedure sale in the USA: The total number of **procedures increased with 2.2% in Q3** and decreased with 9.9% YTD September. The lower decrease in NOK is due to favorable currency.
- Flow probes: 21.1% decline in units for the quarter and 15.9% YTD September. Favorable currency in addition to price increase explains the slight revenue growth for the quarter and YTD September.
- **Flow systems: In Q3, 11.1% increase in units** gave a 20.8% increase in NOK due to more units sold through direct channel compared to last year. YTD September, unit sales increased by 39.5%, in line with the increase in NOK.
- Imaging systems: In Q3, imaging systems decreased with 62.9% in units and 33.9% in NOK. YTD September, unit sales decreased by 33.8%, while sales in NOK decreased by 8.8%. For both the quarter and YTD favorable currency and more sales through the direct channel partly compensates for the decline in units.
- 3rd party products: Recovering in Q3, but decreased YTD September due to COVID-19

04 Implementing the strategy

Medistim growth strategy

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GEOGRAPHIES

	CABG surgery (2 BNOK)	Vascular surgery (>1 BNOK)	Other open heart surgery (1BNOK)
Emerging high-growth economies (e.g. BRIC)	4		
Developing Medistim markets (e.g. USA, UK, France)	2		
Strong Medistim markets (e.g. Jp, Nordic, Germany) >50% CABG share	1	3	

APPLICATION AREAS

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 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

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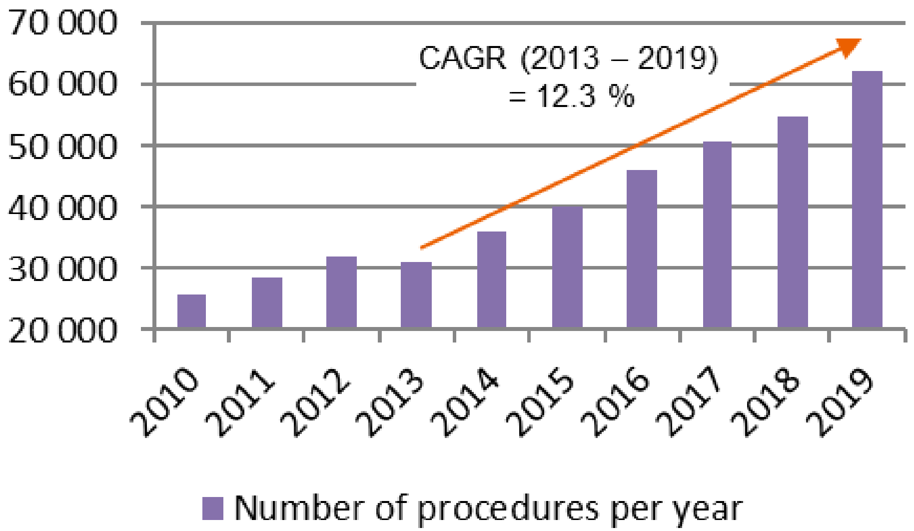
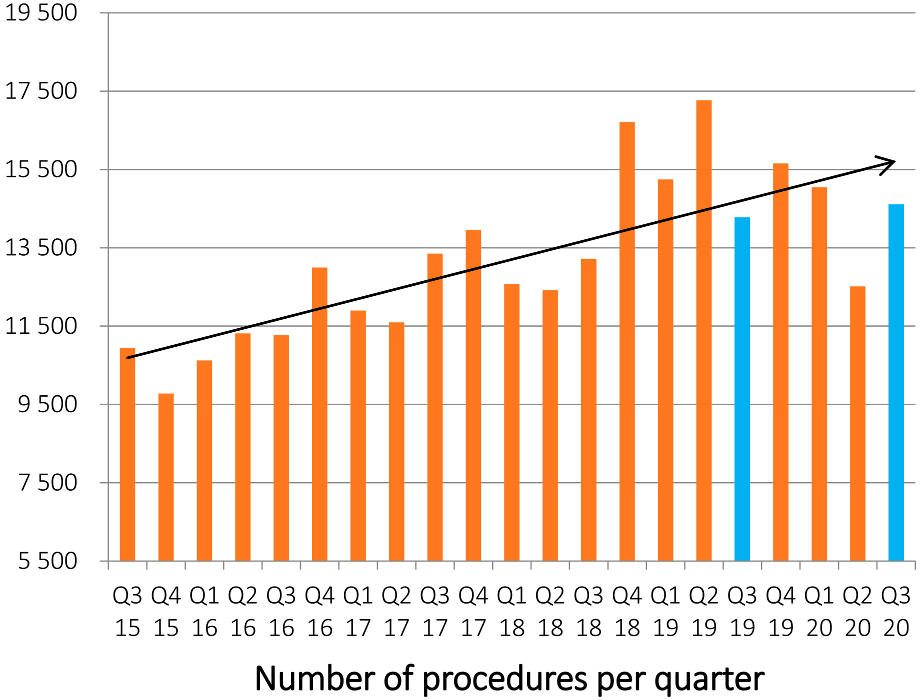
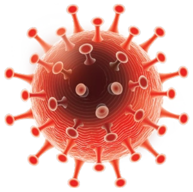
Sales expansion in the USA

Performance US sales

- **Revenues** in USD increased 6.5% in Q3 and decreased 10.3% YTD September due to COVID-19
  - In NOK, revenues increased 16.8% in Q3 and 1.5% YTD September due to favorable currency
- Total **number of procedures** was up 2.3% in Q3 and down 9.9% YTD, reflecting the lower surgical activity level
  - **Flow** procedures were up 5.8% in Q3 and down 10.4% YTD September
  - **Imaging** procedures were down 15.4% in Q3 and 7.4% YTD September
- **Capital systems sales** still good: 9 units for Q3 compared to 4 last year. YTD September there was 23 capital sales compared to 25 last year.
- Continued growth in **new customers**
  - 10 (6) completely new accounts in Q3
  - 18 (22) completely new accounts YTD

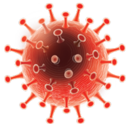






05 The COVID-19 pandemic

The COVID-19 pandemic



Continued negative effects on sales revenues in Q3

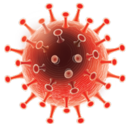
- Lock-downs, travel and hospital access restrictions
- Hospital resources and capacity still treating, and keeping ready for, COVID-19 patients
- Elective surgeries being postponed

- Medistim consumables sales negatively affected by the reduced activity level
- New sales projects delayed due to less access to customers

No significant negative implications on Medistim’s operations

- Healthy employees
- Intact supply chain
- Production running as normal
- Cost containment

- Best operating profit year to date ever
- Solid cash from operations with MNOK 54.4 year to date and a cash position of MNOK 114.9



The COVID-19 pandemic (cont'd)

Light at the end of the tunnel

- **Serious medical conditions such as heart disease and risk of stroke cannot be left untreated for too long**
- Lack of treatment capacity and reluctance amongst patients to seek care have had serious consequences
- Hospitals are signaling that they have built capacity and are actively encouraging patients to seek care

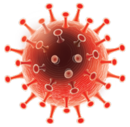
Uncertainties

- For how long will the pandemic and its aftermath last
- How will Medistim continue to be affected (severity, duration)

Measures taken

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

The COVID-19 pandemic (cont'd)



The sales revenues development from Q2 to Q3 may indicate decreasing impact from COVID

- Q2: -12.5% vs LY
- Q3: -2.5% vs LY

Continued positive development will take surgical activity back to normal capacity

- Improved handling of the COVID situation
- Increasing pressure to treat patients on waiting lists
- Increasing confidence from patients to seek medical care

We do not assume that COVID goes away yet

- Vaccine(s) in large quantities unlikely before 2022
- Demanding to treat patients while COVID is still present
  - Need for space in order to keeping distance
  - Increased cleaning and desinfection procedures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Shareholders list per 20.10.2020

Rank	Shareholder	# of shares	% of total	Country	Type of account
1	INTERTRADE SHIPPING AS	2 000 000	10,9	Norway	Ordinary
2	SALVESEN & THAMS INVEST AS	1 862 500	10,2	Norway	Ordinary
3	VERDIPAPIRFOND ODIN NORDEN	1 800 000	9,8	Norway	Ordinary
4	State Street Bank and Trust Comp	1 170 903	6,4	United States	Nominee
5	Skandinaviska Enskilda Banken AB	1 031 742	5,6	Sweden	Nominee
6	FOLLUM CAPITAL AS	970 000	5,3	Norway	Ordinary
7	Skandinaviska Enskilda Banken AB	561 041	3,1	Denmark	Nominee
8	BUANES	479 936	2,6	Norway	Ordinary
9	State Street Bank and Trust Comp	461 486	2,5	United States	Nominee
10	Skandinaviska Enskilda Banken AB	450 663	2,5	Luxembourg	Nominee
11	FD INVT TR: FD SRS INTL SML CP FD	382 845	2,1	United Kingdom	Ordinary
12	State Street Bank and Trust Comp	289 396	1,6	United States	Nominee
13	Danske Bank A/S	258 310	1,4	Denmark	Nominee
14	The Bank of New York Mellon SA/NV	250 000	1,4	Belgium	Nominee
15	BNP Paribas Securities Services	239 188	1,3	France	Nominee
16	Skandinaviska Enskilda Banken AB	238 314	1,3	Sweden	Nominee
17	Danske Invest Norge Vekst	228 000	1,2	Norway	Ordinary
18	MONTANARO SMALLER COMP PLC	216 500	1,2	Belgium	Ordinary
19	FOLKETRYGDFONDET	203 500	1,1	Sweden	Ordinary
20	State Street Bank and Trust Comp	191 977	1,1	United States	Nominee

Total 20 largest shareholders	13 286 301
Total shares outstanding	18 337 336
20 largest in %	72,5 %

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