

1. quarter 2019

- Sales for the quarter ended at MNOK 88.7 (MNOK 74.1), a 19,7 % increase. The growth was driven by USA where sales increased with 50 % in NOK compared to last year
- Currency neutral sales of own products increased with 20.0 %, while currency neutral sales in the US increased with 37.3 %
- Strong growth in capital sale of systems in the US contributes to sales growth for the quarter and future increased recurring revenue
- Operating profit (EBIT) ended at MNOK 19.9 (MNOK 13.6)
- The General Meeting decided to pay a dividend of NOK 2.25 per share (NOK 2.00 per share)

1. quarter report and financials for 2019

The financial report as per March 2019 has been prepared according to the IFRS (International Financial Reporting Standard) and follows IAS 34 for interim financial reporting, as do the comparable numbers for 2018.

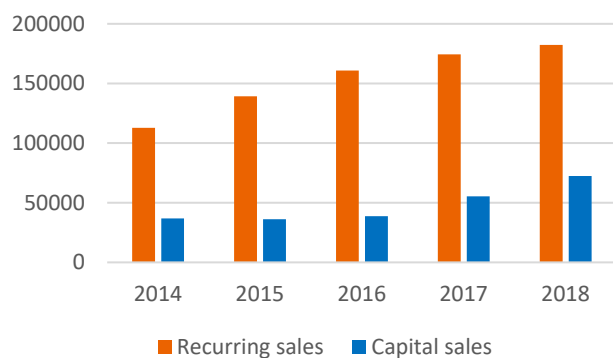
FINANCIAL DEVELOPMENT

(Comparative numbers for 2018 in parenthesis)

Sales and geographic split

Sales in the first quarter amounted to MNOK 88.7 (MNOK 74.1), a 19.7 % growth. Of the MNOK 14.6 in sales growth, MNOK 11.6 was from the US, where the sales increase in NOK was 50 % compared to last year. In Europe and Asia there was a decrease in sales of 4.6 % and 17.6 % respectively compared to last year. In other markets there was an MNOK 6.3 increase or a 260 % growth in NOK.

Split between recurring sales and capital sales in TNOK



Sale of Medistims own products can be split in capital sales of systems and repeating sales of probes, smatcards and lease revenue which is defined as recurring revenue. In the last years the recurring revenue has represented 80 % of revenue from own products. For 2018 this was reduced to 70 % since capital sales of systems increased. Increased capital sales of systems increases installed base and future recurring revenue.

Split of own products and 3. party products.

Sales of own products amounted to MNOK 69.9 (MNOK 55.4). Sales of 3. party products ended at MNOK 18.8 (MNOK 18.7).

Currency effect

With the same rates as in 2018 sales would have amounted to MNOK 85.3 for the quarter, which represent a currency neutral growth of 15.1 %.

Currency neutral development on own products was a 20.0 % increase, while 3. party products ended at the same level as last year.

Cost of goods sold

Cost of goods sold ended at MNOK 20.7 for the quarter (MNOK 18.3) and cost of goods sold represent a percentage of 23.3 % of total sales (24.6 %).

The higher level of sales of own products explains the decrease in cost of goods sold in percent of sales.

Salary, social and other operating expenses

Salaries and social expenses ended at MNOK 31.0 (MNOK 26.8) for the quarter. Other operating expenses ended at MNOK 12.6 (MNOK 12.5) for the quarter.

Salary expenses increased mainly because of more employees within production, administration and logistics. Increased sales trigger higher level of commission and bonuses and MNOK 1.0 is related to currency.

R & D expenses

For the quarter MNOK 3.7 (MNOK 2.5) was used within research and development (R&D). Result before R & D, depreciations and write offs was MNOK 27.3 (MNOK 18.1). This equals a margin of 30.8 % (24.4 %). During the quarter MNOK 0.9 (MNOK 0.9) of the R & D expense was activated in the balance sheet.

Earnings

Operating profit before depreciation (EBITDA) for the quarter ended at MNOK 24.5 (MNOK 16.6). Result before tax and finance (EBIT) ended at MNOK 19.9 (MNOK 13.6).

As a consequence of the new rules after IFRS 16, leasing expenses are accounted for as depreciation expenses and not other operating expenses. As a result MNOK 1.4 is registered as depreciation and interest expenses and not other operating expenses which increases EBITDA with MNOK 1.4. See also attached note showing the effect of the changes after IFRS 16.

Net finance ended positive with MNOK 0.2 for the quarter (negative MNOK 1.3). Net finance was related to realized and unrealized gains or losses related to currency, hedging contracts, cash in USD and EUR and customer receivables.

Result before tax was MNOK 20.2 (MNOK 12.3) for the quarter. Result after tax for the quarter was MNOK 15.9 (MNOK 9.4).

Result per share for the quarter was NOK 0.88 (NOK 0.52). Average number of shares outstanding was 18.189.836 (18.173.336) by end of March 2019.

Balance sheet

Equity by the end of March was MNOK 223.5 (MNOK 191.0). This equals an equity ratio of 78.2 % (75.6 %).

The balance sheet ended at MNOK 286.0 from MNOK 269.6 by the beginning of the year.

The balance sheet has increased with MNOK 6.3 because of the new rules after IFRS 16. The user rights in lease agreements are recognized as assets with a corresponding liability. Long term debt has increased with MNOK 0.9 and short term debt increased with MNOK 5.4. See also attached note showing the effect of the changes after IFRS 16.

Cash as of 31st of March was MNOK 54.3 and the company had MNOK 9.75 in interest bearing debt.

OPERATIONAL STATUS

Europe

Sales of own products ended at MNOK 19.5, a decrease of MNOK 2.0 or 9.1 %. The reason for the decrease in sales was less probe sales in the direct market Germany after a strong fourth quarter in 2018. The number of systems sold in Europe was 13, which was the same as last year. 7 of the systems was the combined flow and imaging solution compared to 4 last year. The imaging probes increased in the same way from 4 to 7. Positive for the quarter was the development in UK where two systems was sold during the quarter.

USA

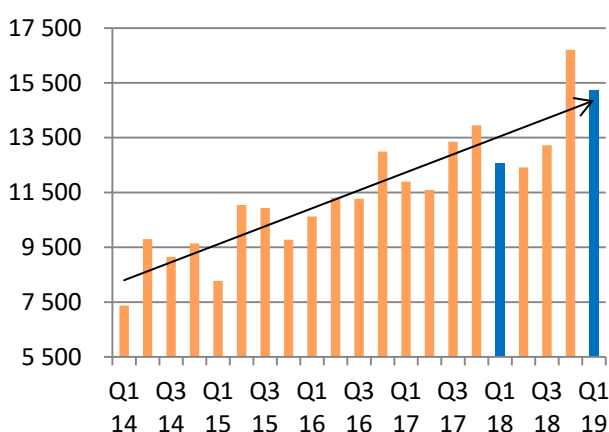
Medistim has a business model in the US that is mainly based upon sales of procedures, but also offers capital sale as in other markets.

1st quarter sales increased with 50.4 % in NOK, while sales in USD increased with 37.3 % and 13.1 % of the growth was related to foreign exchange.

For the quarter there was sold 15.245 procedures, compared to last year 12.576, a 21.2 % increase.

During the quarter 2.498 procedures was sold to customers using the combined flow and imaging system compared 1.585 procedures in 2018. Number of flow procedures was 12.747 (10.991). Capital sales increased from 4 units last year to 11 units in the first quarter of 2019.

Number of procedural sales per quarter in the US



In the US about 75 % of the bypass surgeries are performed with no other quality assurance of blood flow other than the surgeons experience by feeling pulse on the vessels using the finger. It is clinically proven that this method is not reliable. It is therefore a large potential and need for Medistims products in the US. Medistim has large ambitions in the US market. So far Medistim has achieved a market penetration of more than 23.0 % of the total market of approximately 220.000 bypass surgery procedures performed annually. Medistim has a market penetration of about 80 % in Germany, Scandinavia and Japan. Medistim expect that the market penetration in the US will develop in the same manner over time.

Asia

In Asia there was a decrease in sales of 17.6 % after a record quarter in the fourth quarter 2018.

Sale of systems decreased from 12 units to 7 units, while sale of the combined flow and imaging solution was on the same level as last year with 7 units. Probe sales increased with 8.4 %. In total there was a growth in Japan and South-Korea, while in China there was a decrease. The decrease in China is related to random variation.

Other markets

Sales in other markets increased with MNOK 6.3, a 260 % growth. In total these are small markets with large variations from quarter to quarter. In the first quarter there was a positive development in the Middle-East where sales increased from MNOK 1 to MNOK 4.5. There was also a positive development in Australia where sales increased with MNOK 1.8.

PROSPECTS AND TRENDS

Goals and vision

The company aims to develop products to meet surgeons' growing need for quality control of heart-bypass surgery, peripheral vascular surgery and transplant surgery. Our vision is that Medistim's solutions should represent the «standard of care» for clinical practice and that blood flow measurements and intraoperative ultrasound imaging are performed on all patients.

Strategy

Medistim's focus is to strengthen the company's ability to effectively commercialize existing product portfolio on a global basis. One of the key tasks to achieve this is closer contact with customers through a strengthened sales and marketing organization. Another important task is to produce enhanced clinical documentation and focus on putting blood flow measurements, ultrasound imaging, surgical guidance and quality assurance on the agenda in relevant forums and channels.

Continuous technology and product development will secure Medistims products and leading position within cardiac surgery also in the future. The company also has ambitions to launch new products adapted to specialities within vascular- and transplant surgery.

Market size and trends

On a global basis it is performed more than 700,000 heart bypass surgeries per year. The US represents the largest market for Medistims products with 1/3 of the world market. The global number of procedures has in the past been constant. The decrease in number of procedures performed in the western countries has been compensated by an increase in the BRIC countries (Brazil, Russia, India and China). It is therefore expected to have a stabil growing trend in the years to come.

Adding intraoperative ultrasound imaging to flow measurements more than doubles Medistims market potential, because of new applications and relevance and higher pricing compared to traditional flowmeasurement technology. Total market size within cardiac surgery is estimated to be 2 billion NOK annually. The imagingfunctionality makes MiraQ™ and VeriQC relevant in other cardiac surgeries and not just by pass surgery. Medistim estimates this potential to be 1 billion NOK.

In addition, the company has a significant potential within the global vascular market, which is estimated to be about 600,000 vascular procedures annually. Total market size within vascular surgery is estimated to be over 1 billion NOK.

The trend in surgery moves towards less intervention and keyhole surgery, which gives the surgeon less workspace and the ability to control in a traditional way. It is therefore an increased need to verify the desired result in the future.

Global demographic trends are an important driving force for the many cost-efficiency measures around the world. Focus on quality is growing, driven by the need to reduce costs, particularly related to correction of errors, the need for repeated treatments and repeated hospital admissions. Medistim therefore has a good opportunity to position their products as an important contributor to achieving these goals.

Position and Competition

Medistim's flow meters have been in use in more than 2.0 million patients worldwide since it came on the market, and the company is the clear leader in its niche. In total Medistim has installed 2600 systems in more than 60 countries. The equipment is used today in more than 32 % of the total number of by-pass surgeries performed worldwide. Medistims penetration and market share is expected to increase gradually as quality assurance in surgery is getting more attention and acceptance.

There are competitors that use the transit time measurement principle. Equipment from competitors is estimated to be in use in about 5 % of the procedures performed. This means that in about 65 % of the cases where by pass surgery is performed there is no equipment in use to verify blood flow. This market represent Medistim's largest opportunity.

With Medistim's Ultrasound imaging technology and MiraQ™ platform, the company has acquired a new edge compared to competitors, with unique and differentiated products that is currently alone in its segment.

Exposure towards currency

The company is exposed to EUR and USD. Exposure can vary depending on how large share of revenues and costs USD and EUR account for of total income and expenses. For 2019 a 10 % change in the exchange rate against USD and EUR would result in a 8.0 % change in sales and a 13.3 % change in operating result. The company partly secures its positions with hedging contracts.

SHARHOLDER AFFAIRS

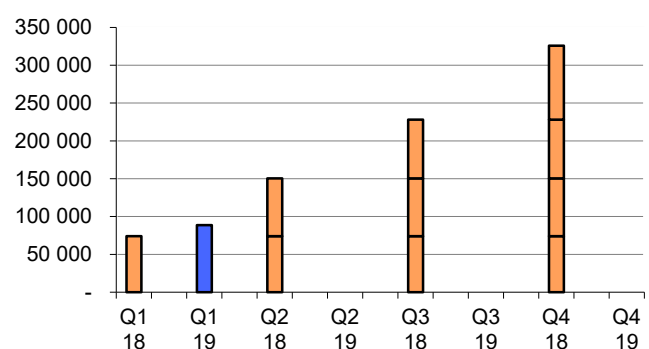
The company had 148.500 Medistim shares by the end of March 2019. The shares were purchased at a price per share of NOK 14.70. The share price was NOK 103.00 per share at the end of the quarter. For comparison entering 2019 the share price was 71.00 per share.

The number of shares sold in the first quarter of 2019 was 1.279.905. The five largest shareholders were Intertrade Shipping AS with 4.003.500 shares, Salvesen & Thams Invest AS with 1.862.500 shares, Rorbur with 1.100.246, Follum Capital with 1.000.000 shares and State Street Bank with 882.111 shares.

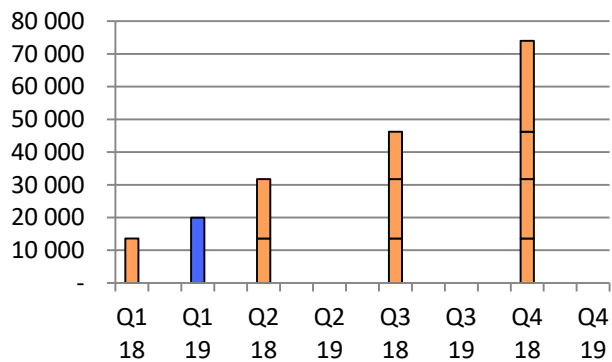
CEO, Kari Krogstad received 10.000 shares entering 2019. By quarter end the CEO had 122.500 Medistim shares.

The General Meeting decided a dividend of NOK 2,25 per share (NOK 2.00). The equals a pay out ratio of 71.6 % (76 %). The shares are traded ex dividend the 25th of April 2019. The dividend is expected to be paid the 3rd of May 2019.

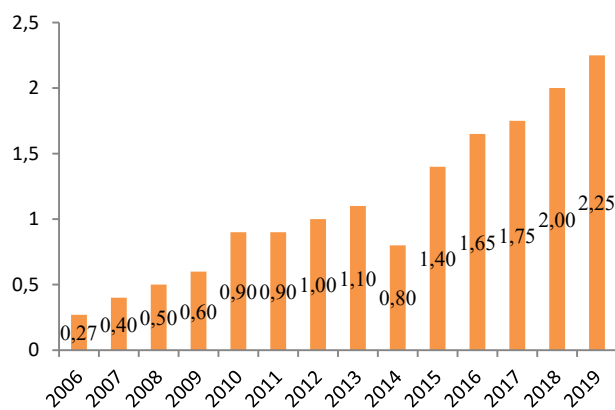
Sales per quarter in TNOK



Operating profit per quarter in TNOK



Historical dividend paid by Medistim in NOK per share



Oslo 24. April 2019,
Board of Directors and managing director in Medistim ASA

Profit & loss	1. quarter 19	1. quarter 18	2018
All numbers in NOK 1000			
Sales	88 736	74 133	325 890
Cost of goods sold	20 694	18 255	79 381
Salary and social expenses	31 028	26 784	105 314
Other operating expenses	12 636	12 519	54 857
Total operating expenses	64 358	57 558	239 553
Opr. res.before. depr. and write offs	24 378	16 576	86 337
<i>Opr. res before depr and write off %</i>	27,5 %	22,4 %	26,5 %
Depreciation	4 434	2 988	12 361
Operating result	19 944	13 588	73 977
<i>Operating result in %</i>	22,5 %	18,3 %	22,7 %
Financial income	229	1 387	7 977
Financial expenses	10	2 665	7 475
Net finance	218	(1 279)	502
Pre tax profit	20 162	12 309	74 479
Tax	4 191	2 865	17 423
Result	15 971	9 444	57 055
Dividend	-	-	36 358
Comprehensive income			
Result after tax	15 971	9 444	57 055
Exchange differences arising on translation of foreign operations	875	(1 405)	1 916
Total comprehensive income	16 846	8 039	58 971

Key figures	1. quarter 19	1. quarter 18	2018
Equity share	78,2 %	75,6 %	76,7 %
Earnings per share	kr 0,88	kr 0,52	kr 3,14
Earnings per share diluted	kr 0,88	kr 0,52	kr 3,14
Average shares outstanding in 1000	18 189	18 175	18 178
Average shares outstanding in 1000 diluted	18 189	18 175	18 178

Split of result per segment	1. quarter 19	1. quarter 18	2018
All numbers in NOK 1000			
Res from Medistim products	17 063	11 957	65 791
Margin Medistim products	24,4 %	21,6 %	25,8 %
Res from 3 party products	2 881	1 631	8 186
Margin 3 party prod.	15,3 %	8,7 %	11,5 %
Totalt result	19 944	13 588	73 977
Margin	22,5 %	18,3 %	22,7 %

Balance sheet	31.03.2019	31.03.2018	31.12.2018
All numbers in NOK 1000			
Assets			
Intangible assets	41 822	44 406	41 944
Fixed assets	44 598	26 256	37 198
Total tangible and fixed assets	86 420	70 662	79 142
Inventory	61 602	63 555	63 843
Customers receivables	72 226	53 269	70 807
Other receivables	11 356	9 178	8 309
Cash	54 351	56 077	47 490
Total current assets	199 535	182 079	190 450
Total assets	285 955	252 741	269 592
Equity and liability			
Share capital	4 585	4 585	4 585
Share premium reserve	44 172	44 172	44 172
Other equity	174 801	142 266	157 955
Total equity	223 558	191 023	206 712
Pension liability	-	-	-
Deferred income	571	0	-
Other long term debt	7 660	8 813	7 500
Total long term debt	8 230	8 813	7 500
Total short term debt	54 167	52 905	55 380
Total equity and liability	285 955	252 741	269 592
Net interest bearing debt	(43 691)	(43 515)	(36 990)
Change in equity			
All numbers in NOK 1000			
Equity start of period	206 712	182 984	182 984
Result for the period	15 971	9 444	57 055
Share based payments	-	-	1 115
Dividend	-	-	(36 358)
Changes in exchangerates	875	(1 405)	1 916
Equity end of period	223 558	191 023	206 712
Cash flow analysis			
All numbers in NOK 1000			
Result for the period	15 971	9 444	57 055
Cash flow from operation	(5 089)	(3 064)	(8 062)
Cash flow from operation	10 882	6 380	48 993
Cash flow from investments	(3 272)	(2 919)	(15 731)
Cash flow from investment	(750)	(1 795)	(40 182)
Change in cash for the period	6 860	1 666	(6 920)
Cash at start of period	47 491	54 411	54 411
Cash by the end of period	54 351	56 077	47 491

Geographic split of sales	1. quarter 19	1. quarter 18	2018
All numbers in NOK 1000			
USA	34 606	23 003	113 147
Asia	6 966	8 460	38 650
Europe	38 383	40 240	154 822
Rest of the world	8 781	2 430	19 271
Total sales	88 736	74 133	325 890

Geographic split of sales in number of units	1. quarter 19	1. quarter 18	2018
USA			
Procedures flow measurement	12 747	10 991	47 345
Procedures imaging	2 498	1 585	7 380
Capital sales flow instrument	6	2	15
Capital sales imaging and flow instrument	5	2	15
Lease flow instrument	-	3	10
Lease imaging and flow instrument	1	1	9
Asia			
Flow instrument	7	12	39
Imaging and flow instrument	7	7	30
Imaging probes	5	4	24
Flow probes	335	309	1 743
Europe			
Flow instrument	6	9	38
Imaging and flow instrument	7	4	16
Imaging probes	7	4	30
Flow probes	931	1 094	4 425
Rest of the world			
Flow instrument	4	2	12
Imaging and flow instrument	5	1	15
Imaging probes	7	-	16
Flow probes	382	150	812
Sales outside USA			
Flow instrument	17	23	89
Imaging and flow instrument	19	12	61
Imaging probes	19	8	70
Flow probes	1 648	1 553	6 980

Split of sales per segment	1. quarter 19	1. quarter 18	2018
All numbers in NOK 1000			
USA			
Procedural revenue flow	20 829	16 315	75 163
Procedural revenue Imaging and flow	5 476	3 275	14 301
Capital sales flow instruments	3 664	1 378	10 101
Capital sales imaging and flow instrument	4 637	2 036	13 582
Outside USA			
Flow instrument	3 576	5 338	22 409
Imaging and flow instrument	7 615	5 233	26 358
Imaging probes	1 273	567	4 302
Flow probes	21 925	20 465	85 684
Other	901	779	2 880
Total sale of Medistim prod.	69 897	55 385	254 780
Sale of 3 party products	18 839	18 748	71 110
Total sales	88 736	74 133	325 890

Split of sales between coronary and vascular surgery and 3 party products	1. quarter 19	1. quarter 18	2018
All numbers in NOK 1000			
Sales within coronary surgery	59 981	46 049	218 005
Sales within vascular surgery	9 916	9 336	36 775
Sales of 3. party products	18 839	18 748	71 110
Total sales	88 736	74 133	325 890

Note Right-of-use assets and lease liabilities - effects of IFRS 16 changes

Right-of-use assets	Buildings	Vehicles	Total
Addition of right-of-use assets	5 829	1 839	7 668
Acquisition cost 31 March 2019	5 829	1 839	7 668
Accumulated depreciation and impairment 1 January 2019	-	-	-
Depreciation	1056	306	1362
Accumulated depreciation and impairment 31 March 2019	1 056	306	1 362
Carrying amount of right-of-use assets 31 March 2019	4 773	1 533	6 306
Lower of remaining lease term or economic life	1-2 years	1-3 years	
Depreciation method	Linear	Linear	
Lease liabilities			
Undiscounted lease liabilities and maturity of cash outflows			Total
1-2 years	4 834	1 449	6 283
3-4 years		107	107
4-5 years		-	-
More than 5 years		-	-
Total undiscounted lease liabilities at 31 March 2019	4 834	1 556	6 390
Summary of the lease liabilities in the financial statements	Statement of:		Total
At initial application 01.01.2019			7 668
Cash payments for the principal portion of the lease liability	Cash flows		1 376
Interest expense on lease liabilities	Profit and loss		55
Depreciation on lease liabilities	Profit and loss		1 362
Total lease liabilities at 31 March 2019			6 306
Current lease liabilities	Financial position		5 451
Non-current lease liabilities	Financial position		855
Total cash outflows for leases	Cash flows		1 376