

1st quarter
2020

- Sales for the quarter ended at a record high MNOK 103.1 (MNOK 88.7), a 16.2% increase. The growth was driven by strong growth in capital sales of systems in Japan after regulatory approval of MiraQ
- Currency-neutral sales of own products increased by 15.2%
- Operating profit (EBIT) ended at MNOK 24.8 (MNOK 19.9), a 24.3% increase, which is the best first quarter result ever recorded
- Medistim had MNOK 85 in cash by the end of the quarter
- 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 General Meeting in 2021
- The COVID-19 pandemic did not significantly affect Medistim in Q1

COMMENTS FROM CEO KARI E. KROGSTAD

The first quarter of 2020 takes Medistim to a **new record high**, delivering the best sales revenues ever, going above 100 MNOK for the first time in a quarter and delivering growth of 16.2%. Currency neutral growth of own products was 15.2%.

The main driver for this result was strong uptake of the **MiraQ platform in Japan**, resulting in 175% growth in Asia. MiraQ received regulatory approval in Japan in the third quarter last year, and a pipeline of prospect opportunities came to fruition in this first quarter. Sales of own products in Europe were also strong with a growth of 29.5%.

Sales of procedures as well as capital systems in the **USA were at the same level** as previous year, increasing 10.8% in NOK but flat in USD. Favorable currency contributed with 8% growth for Medistim in total.

The third party business in **Norway was down by 17.7%** in the first quarter. In the month of March, orders were slowing down as a consequence of Norwegian hospitals focusing on and building capacity for COVID-19 patients.

The operating result for the quarter was also **one of the best ever, with EBIT at MNOK 24.8** and a margin of 24%. The result is driven by high growth of 25% in own products, with higher margin.

In summary, the first quarter shows strong development in Asia and Europe. On the product side, both sales of the **vascular product portfolio as well as the imaging products showed strong performance**, growing 36.7% and 40.5%, respectively. This performance speaks to the clinical need for Medistim's technology in these areas, and demonstrates effect of our strategic focus on these areas over time.

As the first quarter results show, the **COVID-19 pandemic** has not yet had any significant negative implications on Medistim results and operations. The employees have stayed healthy, the component supply chain is intact and our operations, including production, are running as normal.

However, going forward, it is anticipated that negative effects on sales revenues are likely, as hospitals all over the world report that the need to treat COVID-19 patients takes priority over elective surgeries. A reduced activity level over time would negatively affect sales of consumables. Some hospitals have also implemented access restrictions, which may lead to delays in new sales projects.

On the other hand, there are indications that societies are opening up from their lock-downs and that hospitals are starting to open up for regular practice again. **Serious medical conditions such as heart disease and risk of stroke cannot be left untreated for too long.**

It remains to be seen how the various developments will eventually pan out, including how health budgets will be affected in the longer term. In order to safeguard the business, Medistim has implemented savings in its operating expenses, including reduced travel, conferences and marketing. The situation is being continuously monitored, a contingency plan is in place and the level of measures will be adjusted as appropriate.

*28th April 2020
Kari E. Krogstad
President and CEO*

1st quarter report and financials for 2020

The financial report as per March 2020 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 2019.

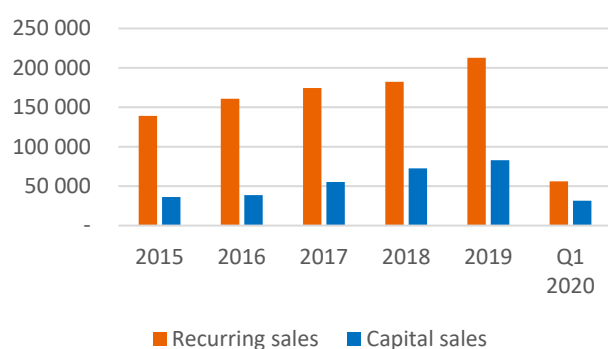
FINANCIAL DEVELOPMENT

(Comparative numbers for 2019 in parenthesis)

Sales and geographic split

Sales in the first quarter hit a record high of MNOK 103.1 (MNOK 88.7), increasing 16.2%. In NOK, there was growth in all geographical regions except "Rest of the World," which is the smallest region. Sales in the U.S. grew by 10.8%, while Asia and Europe were up 175% and 6.7%, respectively.

Split between recurring sales and capital sales in TNOK



Sales of Medistim's own products can be split into capital sales of systems and repeating sales of probes, smartcards and lease revenue, which is defined as recurring revenue. In recent years, recurring sales were around 70% of total sales of own products. For Q1, the recurring sales represented 64%. Increased capital sales of systems increases installed base and future recurring revenue.

Split of own products and third party products

Sales of own products amounted to MNOK 87.6 (MNOK 69.9). Sales of third party products ended at MNOK 15.5 (MNOK 18.8). Activities at Norwegian hospitals were lower than normal in March due to the priority placed on COVID-19 patients, affecting the third party business.

Currency effect

With the same rates as in 2019 sales would have amounted to MNOK 96.0 for the quarter, which represents a currency-neutral increase of 8.2%. Currency-neutral growth of own products was 15.2%, while third party products declined by 17.7% compared to last year.

Cost of goods sold

Cost of goods sold (COGS) ended at MNOK 23.1 for the quarter (MNOK 20.7) and represents 22.4% of total sales (23.3%). The higher level of sales of own products explains the decrease in COGS in percent of sales.

Salary, social and other operating expenses

Salaries and social expenses ended at MNOK 33.3 (MNOK 31.0) for the quarter. Other operating expenses amounted to MNOK 16.4 (MNOK 12.6) for the quarter. The increase in other expenses is related to the relocation to the new production facilities, including regulatory audit costs.

R&D expenses

For the quarter, MNOK 4.9 (MNOK 3.7) was spent on research and development (R&D). The result before R&D, depreciation and write-offs was MNOK 35.2 (MNOK 27.3). This equals a margin of 34.1% (30.8%). During the quarter, MNOK 0.0 (MNOK 0.9) of the R&D expense was activated in the balance sheet.

Earnings

Operating profit before depreciation and write-offs (EBITDA) for the quarter ended at MNOK 30.3 (MNOK 24.5), an increase of 23.7%. The result before tax and finance (EBIT) ended at MNOK 24.8 (MNOK 19.9), an increase of 24.6%.

Net finance ended positive with MNOK 2.7 for the quarter (positive MNOK 0.2). Net finance was related to realized and unrealized gains or losses related to currency, hedging contracts, cash in USD and EUR and customer receivables.

The result before tax was MNOK 27.5 (MNOK 20.2) for the quarter. The result after tax for the quarter was MNOK 21.7 (MNOK 15.9).

The result per share for the quarter was NOK 1.16 (NOK 0.88), an increase of 31.8%. Average number of shares outstanding was 18,199,503 (18,189,836) at the end of March 2020.

Balance sheet

Equity by the end of March was MNOK 271.1 (MNOK 223.5). This equals an equity ratio of 74.7% (78.2%).

The balance sheet ended at MNOK 363.1 from MNOK 336.1 at the beginning of the year.

Cash from operations for the period was strong, ending at MNOK 22.6 and was MNOK 85.4 as of the 31st of March. The company had MNOK 6.8 in interest-bearing debt and MNOK 27.4 in obligations related to lease contracts that are recognized in the balance sheet according to IFRS 16.

OPERATIONAL STATUS

Europe

In Europe, sales of own products ended at MNOK 25.5, an increase of 29.5% compared to last year. Sales of third party products ended at MNOK 15.5, a decrease of 17.8%. The increase in sales was driven by own products and system sales in particular. Sales grew both through the direct channels and the distribution channels. In addition, favorable currency contributed MNOK 1.5 to the growth.

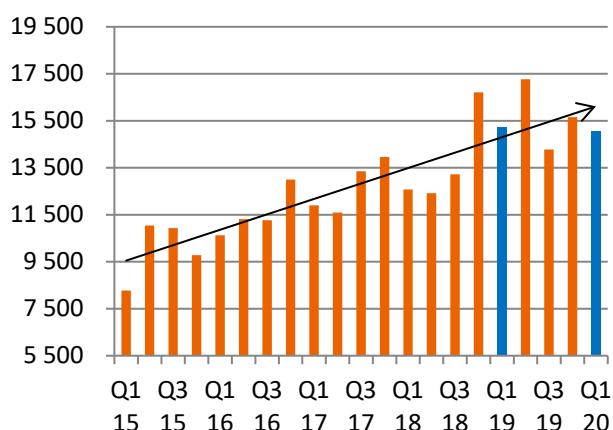
USA

Medistim offers several business models in the USA, including sales of procedures, leasing and capital sales.

First quarter sales increased by 10.8% in NOK thanks to favorable currency. Sales in USD were at the same level as last year.

For the quarter, a total of 15,047 procedures were sold, compared to last year's 15,245. 2,563 (2,498) were imaging procedures and 12,484 (12,747) flow procedures. Capital sales were 10 (11) units.

Number of procedural sales per quarter in the US



In the U.S., about 70% of bypass surgeries are performed with no quality assurance of blood flow other than surgeons using their fingertips to check for a pulse. It is clinically proven that this method is not reliable. There is therefore a large potential and need for Medistim's products and the company has high ambitions in the U.S. market. So far, Medistim has achieved a market penetration of about 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 expects that the market penetration in the U.S. will develop in the same manner over time.

Asia

Asia saw a 175% increase in sales mainly driven by Japan, where system sales showed strong growth after the introduction of MiraQ in late 2019.

Sales of flow systems in Asia increased from seven units to 25 units, while sales of the combined flow and imaging solution increased from seven to 10 units.

Probe sales also showed strong growth and increased by 76%, driven by inventory build-up at the distributor for China. As probes manufactured at the new production facility cannot be sold in China until updated certificates have been obtained, probes produced at the former manufacturing facility must be used to secure delivery.

Rest of the World

Sales in Rest of the World decreased from MNOK 8.7 to MNOK 4.8. In total, these are small markets with wide variations from quarter to quarter.

Publication of the REQUEST study in The Journal of Thoracic and Cardiovascular Surgery

The REQUEST study was published as a paper in the Journal of Thoracic and Cardiovascular Surgery (JTCVS).

The REQUEST study was a multicenter, prospective study among seven international centers performing coronary artery bypass grafting procedures. The primary endpoint was any change in the planned surgical procedure. Major secondary endpoints consisted of the rate and reason for surgical changes related to the aorta, in situ conduits, coronary targets, and completed grafts, and the rate of in-hospital mortality and major morbidity.

1,016 patients were included in the final analyses. Surgical changes related to the aorta, conduits, coronary targets, and anastomosis were made in 25% of patients. This was associated with low operative mortality and low major morbidity. The authors concluded that "transit-time flow measurement (TTFM) and high-frequency ultrasound (HFUS) may improve the quality, safety, and efficacy of coronary artery bypass grafting procedures and should be considered as a routine procedural aspect."

This marks the finish line for a large clinical study performed by highly regarded and experienced coronary surgeons in this field. Their support for routine use of TTFM and HFUS as standard of care will be of great value to the further endorsement of Medistim's equipment and adoption of its technology across the globe.

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 its 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 continue to secure Medistim's products and leading position within cardiac surgery in the future. The company also has ambitions to launch new products adapted to specialties within vascular- and transplant surgery.

Market size and trends

On a global basis, more than 700,000 heart bypass surgeries are performed each year. The U.S. represents the largest market for Medistim's products, with 1/3 of the world market. The global number of procedures has kept stable over the past several years. The decrease in the number of procedures performed in the Western countries has been compensated by an increase in the BRIC countries (Brazil, Russia, India and China). A stable to growing trend is therefore expected in the years to come.

Adding intraoperative ultrasound imaging to flow measurements more than doubles Medistim's market potential thanks to new applications and relevance and higher pricing compared to traditional flow measurement technology. Total market size within cardiac surgery is estimated to be NOK 2 billion annually. The imaging functionality makes MiraQ™ relevant in other cardiac surgeries and not just bypass surgery. Medistim estimates this potential to be NOK 1 billion.

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 NOK 1 billion.

The trend in surgery is moving towards minimally invasive and keyhole procedures, which gives the surgeon less workspace and ability to verify in a traditional way. There 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 its

products as an important contributor to achieving these goals.

Position and Competition

Medistim's flow meters have been in use in more than two million patients worldwide since entering the market, and the company is the clear leader in its niche. In total, Medistim has installed 2,700 systems in more than 60 countries. The equipment is used today in about 31% of the total number of bypass surgeries performed worldwide. Medistim's penetration and market share are 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 bypass surgery is performed there is no equipment in use to verify blood flow. This market represents Medistim's largest opportunity. With Medistim's ultrasound imaging technology and MiraQ™ platform, the company has acquired a new edge compared to its competitors, with unique and differentiated products that are currently alone in their segment.

Exposure towards currency

The company is exposed to EUR and USD. Exposure can vary depending on the share of its revenues and costs in USD and EUR relative to its total income and expenses. For 2019, a 10% change in the exchange rate against USD and EUR would result in an 8.5% change in sales and a 16.5% change in operating result. The company partly secures its positions with hedging contracts.

The COVID-19 pandemic

The COVID-19 pandemic has not had significant negative implications for Medistim's results and operations in the first quarter. The employees have stayed healthy, the component supply chain intact and our operations, including production, has been running as normal.

However, going forward, it is anticipated that negative effects on sales revenues are likely, as hospitals all over the world report that the need to treat COVID-19 patients takes priority over elective surgeries. A reduced activity level over time would negatively affect sales of consumables. Some hospitals have also implemented access restrictions, which may lead to delays in new sales projects. Medistim's most important market is the U.S., which contributes more than 40% of sales revenues from own products, and the pandemic is expected to continue to challenge the U.S. health care system for some time yet.

On the other hand, there are indications that countries are gradually starting to opening up from the lock-downs and that hospitals are starting to open up for regular practice again.

In order to safeguard the business and protect short- and long-term liquidity and solidity, Medistim has implemented savings in its operating expenses, including reduced travel, conferences and marketing.

The situation is being continuously monitored, a contingency plan is in place and the level of measures will be adjusted as appropriate.

SHAREHOLDER INFORMATION

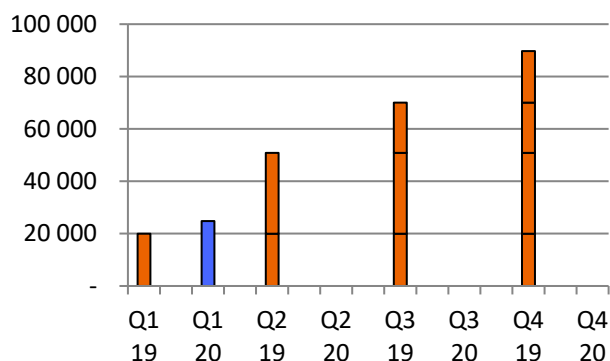
The company had 136,500 Medistim shares by the end of March 2020. The shares were purchased at a price per share of NOK 14.70. The share price was NOK 160.00 per share at the end of the quarter. For comparison, entering 2020 the share price was 192.00 per share.

The number of shares sold in the first quarter of 2020 totaled 4,090,369. The five largest shareholders were Intertrade Shipping AS with 2,203,500 shares, Salvesen & Thams Invest AS with 1,862,500 shares, Odin Fondene with 1,800,000 shares, SEB Europafond with 1,139,634 shares and Follum Capital with 1,000,000 shares.

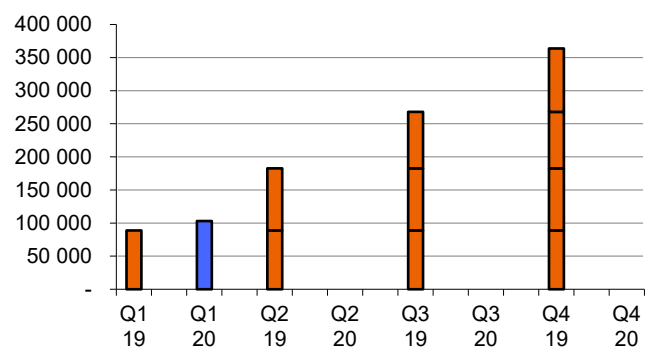
CEO Kari Krogstad received 10,000 shares entering 2020. By the end of the quarter, the CEO had 132,500 Medistim shares. CFO Thomas Jakobsen received 2,000 shares during the quarter. By the end of the quarter, the CFO had 77,000 Medistim shares.

With reference to the COVID-19 situation mentioned above and as previously announced on the 3rd of April, the board of directors decided to change its dividend proposal for the financial year 2019 due to the pandemic. Given the uncertainty in this situation, the board of directors were of the opinion that it is prudent, and in the best interest of the company and its shareholders, to await further developments before potentially deciding to resolve a dividend for the financial year 2019. The changed dividend proposal from a fixed dividend to an authorization to the board of directors to resolve a dividend based on the financial statements for the financial year 2019 was approved by the Annual General Meeting on April 28th.

Operating profit per quarter in TNOK



Sales per quarter in TNOK



Oslo, April 28, 2020,
Board of Directors and managing director of Medistim ASA

Profit & loss	1. quarter 2020	1. quarter 2019	2019
All numbers in NOK 1000			
Sales	103 106	88 736	363 723
Cost of goods sold	23 075	20 694	80 138
Salary and sosial expenses	33 290	31 028	122 016
Other operating expenses	16 464	12 636	53 790
Total operating expenses	72 829	64 358	255 944
Opr. res.before. depr. and write offs	30 277	24 378	107 778
<i>Opr. res before depr and write off %</i>	29,4 %	27,5 %	29,6 %
Depreciation	5 493	4 434	18 010
Operating result	24 785	19 944	89 768
<i>Operating result in %</i>	24,0 %	22,5 %	24,7 %
Financial income	6 638	229	6 649
Financial expenses	3 930	10	5 373
Net finance	2 709	218	1 276
Pre tax profit	27 493	20 162	91 044
Tax	6 386	4 191	20 738
Result	21 107	15 971	70 306
Dividend	-	-	40 925
Comprehensive income			
Result after tax	21 107	15 971	70 306
Exchange differences arising on translation of foreign operations	12 350	875	(87)
Total comprehensive income	33 457	16 846	70 219

Key figures	1. quarter 2020	1. quarter 2019	2019
Equity share	74,7 %	78,2 %	70,5 %
Earnings per share	kr 1,16	kr 0,88	kr 3,87
Earnings per share diluted	kr 1,16	kr 0,88	kr 3,86
Average shares outstanding in 1000	18 120	18 188	18 188
Average shares outstanding in 1000 diluted	18 156	18 222	18 222

Split of result			
per segment	1. quarter 2020	1. quarter 2019	2019
All numbers in NOK 1000			
Res from Medistim products	22 967	17 063	79 883
Margin Medistim products	26,2 %	24,4 %	27,0 %
Res from 3 party products	1 818	2 881	9 885
Margin 3 party prod.	11,7 %	15,3 %	14,5 %
Totalt result	24 785	19 944	89 768
Margin	24,0 %	22,5 %	24,7 %

Balance sheet	31.03.2020	31.03.2019	31.12.2019
All numbers in NOK 1000			
Assets			
Intangible assets	39 042	41 822	40 773
Fixed assets	68 721	44 598	66 835
Total tangible and fixed assets	107 763	86 420	107 608
Inventory	97 300	61 602	90 070
Customers receivables	63 933	72 226	62 188
Other receivables	8 659	11 356	9 497
Cash	85 426	54 351	66 745
Total current assets	255 319	199 535	228 501
Total assets	363 081	285 955	336 109
Equity and liability			
Share capital	4 585	4 585	4 585
Share premium reserve	44 172	44 172	44 172
Other equity	222 374	174 801	188 104
Total equity	271 131	223 558	236 861
Lease obligations	21 186	909	22 683
Deferred income	3 088	571	618
Other long term debt	3 750	6 751	4 500
Total long term debt	28 025	8 230	27 801
Total short term debt	63 925	54 167	71 447
Total equity and liability	363 081	285 955	336 109
Net interest bearing debt	(72 415)	(39 149)	(53 039)
Change in equity	31.03.2020	31.03.2019	31.12.2019
All numbers in NOK 1000			
Equity start of period	236 861	206 712	206 712
Result for the period	21 107	15 971	70 306
Share based payments	-	-	854
Dividend	-	-	(40 925)
Changes in exchangerates	13 163	875	(87)
Equity end of period	271 131	223 558	236 861
Cash flow analysis	31.03.2020	31.03.2019	31.12.2019
All numbers in NOK 1000			
Result for the period	21 107	15 971	70 306
Cash flow from operation	1 482	(5 090)	10 022
Cash flow from operation	22 589	10 882	80 327
Cash flow from investments	(1 608)	(3 272)	(13 682)
Cash flow finance activities	(2 247)	(750)	(47 444)
Change in cash for the period	18 734	6 860	19 201
Cash at start of period	66 692	47 491	47 491
Cash by the end of period	85 426	54 351	66 692

Geographic split of sales	1. quarter 2020	1. quarter 2019	2019
All numbers in NOK 1000			
USA	38 353	34 606	136 094
Asia	19 182	6 966	41 790
Europe	40 802	38 383	163 863
Rest of the world	4 769	8 781	21 975
Total sales	103 106	88 736	363 723

Geographic split of sales in number of units	1. quarter 2020	1. quarter 2019	2019
USA			
Procedures flow measurement	12 484	12 747	52 206
Procedures imaging	2 563	2 498	10 233
Capital sales flow instrument	5	6	14
Capital sales imaging and flow instrument	5	5	19
Lease flow instrument	2	-	6
Lease imaging and flow instrument	-	1	13
Asia			
Flow instrument	25	7	40
Imaging and flow instrument	10	7	25
Imaging probes	17	5	28
Flow probes	592	335	1 909
Europe			
Flow instrument	10	6	54
Imaging and flow instrument	6	7	20
Imaging probes	9	7	25
Flow probes	935	931	4 269
Rest of the world			
Flow instrument	2	4	8
Imaging and flow instrument	5	5	15
Imaging probes	4	7	25
Flow probes	146	382	1 012
Sales outside USA			
Flow instrument	37	17	102
Imaging and flow instrument	21	19	60
Imaging probes	30	19	78
Flow probes	1 673	1 648	7 190

Split of sales per segment	1. quarter 2020	1. quarter 2019	2019
All numbers in NOK 1000			
USA			
Procedural revenue flow	21 053	20 829	83 185
Procedural revenue Imaging and flow	7 226	5 476	23 540
Capital sales flow instruments	3 616	3 664	9 852
Capital sales imaging and flow instrument	6 458	4 637	19 517
Outside USA			
Flow instrument	10 514	3 576	23 047
Imaging and flow instrument	10 936	7 615	29 725
Imaging probes	2 080	1 273	5 000
Flow probes	24 749	21 925	94 985
Other	978	901	6 809
Total sale of Medistim prod.	87 609	69 897	295 660
Sale of 3 party products	15 497	18 839	68 063
Total sales	103 106	88 736	363 723

Split of sales between coronary and vascular surgery and 3 party products	1. quarter 2020	1. quarter 2019	2019
All numbers in NOK 1000			
Sales within coronary surgery	74 052	59 981	252 371
Sales within vascular surgery	13 557	9 916	43 289
Sales of 3. party products	15 497	18 839	68 063
Total sales	103 106	88 736	363 723