

3rd quarter 2018

- Sales ended at MNOK 77.6 for the quarter (MNOK 75.7), a 2.5 % growth. Sales as of September increased by 4.0 % and ended at MOK 228.0 (MNOK 219.2)
- Revenue from own products showed a currency neutral decline of 0.4 % for the quarter and a currency neutral growth of 4.2 % YTD
- Operating profit (EBIT) for the quarter ended at MNOK 14.5 (MNOK 19.4). Operating profit as of September ended at MNOK 46.2 (MNOK 49.1)
- Solid growth in system sales that creates the basis for future probe revenue. Number units year to date increases with 25.0 %
- The final results from the REQUEST study was presented during EACTS in Milano. The study confirms the value of the combined use of flow and imaging.

3rd quarter 2018

FINANCIAL DEVELOPMENT

(Comparative numbers for 2017 in parenthesis)

Sales and geographic split

Sales in the 3rd quarter ended at MNOK 77.6 (MNOK 75.7), a 2.5 % increase. In the largest regions, Europe and USA, there where growth in sales in NOK with 2.0 % and 0.6 % respectively. In Asia sales decreased with 14.8 %, while “the rest of the world” increased with 65.5 %. Both Asia and “the rest of the world” are smaller regions for Medistim with larger variations per quarter.

Sales as of September increased with 4.0 % and ended at MNOK 228.0 (MNOK 219.2). There was a growth measured in NOK in all regions except in the USA. In USA there was a decline measured in NOK of 3.5 %. Currency neutral growth USA was 0.0 %. In Europe and Asia there was a growth of 5.2 % and 16.6 % respectively. In the rest of the world there was a decrease of 20.3 %, which in NOK amounted to MNOK 2.1.

The effect from currency

With the same rates as in 2017 sales would have amounted to MNOK 77.4 for the quarter, a currency neutral growth of 2.2 %. Similar as of September would have resulted in sales of MNOK 226.8, a currency neutral growth of 3.5 %.

Split of own products and 3.party products.

Sales of own products amounted to MNOK 59.2 (MNOK 59.4). Sales of 3.party products ended at MNOK 18.4 (MNOK 16.3). As of September sales of own products ended at MNOK 173.4 (MNOK 165.3) and sales of 3.party products ended at MNOK 54.5 (MNOK 53.9).

For sales of own products in the third quarter MNOK 52.1 was sales within the cardiac segment, while MNOK 7.1 was sales to the vascular segment, so the vascular segment represented 12.0 % of sales of own products. Similar percentage year to date was 14.6 % towards the vascular segment.

Cost of goods sold

Cost of goods sold ended at MNOK 21.5 for the quarter (MNOK 15.3) and cost of goods sold represent a percentage of 27.7 % of total sales (20.2 %). As of September cost of goods sold ended at MNOK 58.4 (MNOK 52.6), which represent a percentage of 25.6 % (23.8 %). The main reason for the higher level of cost of goods sold was related to higher level of sales of third party products. In addition there was a lower margin on the third party products compared to last year. Also, product mix of own products, sales through direct channel or through distributors and a new more expensive flow probe also affects the cost of goods sold.

Salary, social and other operating expenses

Salaries and social expenses ended at MNOK 26.9 (MNOK 27.0) for the quarter. Other operating expenses ended at MNOK 11.6 (MNOK 10.6) for the quarter.

As of September salaries and social expenses ended at MNOK 74.5 (MNOK 71.6). Other operating expenses ended at MNOK 39.6 (MNOK 36.6).

The increase in salary expenses was related to the increased production capacity throughout 2017.

The increase in other expenses was in relation to recruitment, development expenses and increased IT expenses.

R & D expenses

For the quarter MNOK 2.6 (MNOK 2.1) was used within research and development (R&D). Result before R & D, depreciations and write offs was MNOK 19.6 (MNOK 25.0). This equals a margin of 25.2 % (33.0 %). During the quarter MNOK 0.7 of the R & D expense was activated in the balance sheet (MNOK 0.0).

As of September MNOK 7.0 (MNOK 6.2) was used within research and development (R&D). Result before R & D, depreciations and write offs was MNOK 60.0 (MNOK 64.6). This equals a margin of 26.3 % (29.5 %). As of September MNOK 2.4 (MNOK 1.0) of the R & D expense was activated in the balance sheet.

Earnings

Operating profit before depreciation (EBITDA) for the quarter ended at MNOK 17.6 (MNOK 22.8).

Operating profit before depreciation (EBITDA) as of September ended at MNOK 55.5 (MNOK 58.8).

Result before tax and finance (EBIT) ended at MNOK 14.5 (MNOK 19.4) for the quarter. As of September result before tax and finance (EBIT) ended at MNOK 46.2 (MNOK 49.1).

Net finance ended negative with MNOK 0.3 for the quarter (negative MNOK 1.5).

As of September net finance ended negative with MNOK 2.1 (negative MNOK 0.8).

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 14.2 (MNOK 17.9) for the quarter. Result after tax for the quarter was MNOK 11.0 (MNOK 13.4).

As of September result before tax was MNOK 44.1 (MNOK 48.3). Result after tax as of September was MNOK 33.2 (MNOK 35.1).

Result per share for the quarter was NOK 0.61 (NOK 0.74). Result per share as of September was NOK 1.82 (NOK 1.93).

Average number of shares outstanding was 18.178.836 (18.161.336) by end of September 2017.

Balance sheet

Equity by the end of September was MNOK 180.3 (MNOK 169.2). This equals an equity ratio of 77.1 % (74.4 %).

Cash as of 30th of September was MNOK 35.7 (MNOK 27.7) and the company had MNOK 11.2 in interest bearing debt. A dividend of MNOK 36.4 was paid in May.

The balance sheet ended at MNOK 233.3, a reduction of MNOK 17.8 from MNOK 251.1 by the beginning of the year.

OPERATIONAL STATUS

Europe

In Europe there was an increase in sales of 2.0 % The growth was driven by a 13.1 % increase in 3.party products or MNOK 2.1. Own products ended down MNOK 1.4 or 9.0 %.

As of September sales of 3.party products increased with MNOK 0.6, or 1.2 %. Sales of own products ended at MNOK 61.5, which represent an 8.3 % increase or MNOK 5.1.

USA

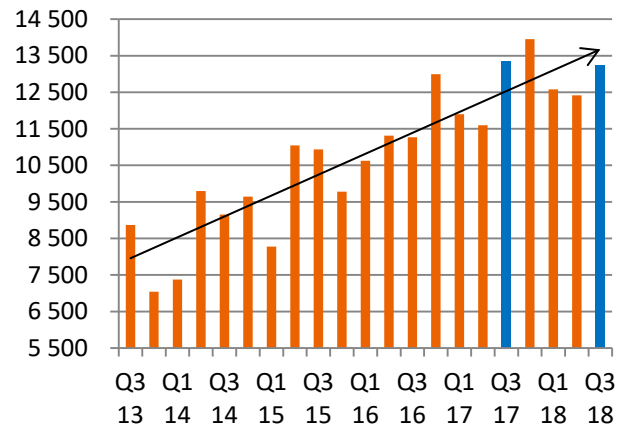
Medistim has a business model in the US that is mainly based upon a leasing model and sale of procedures, but also offer capital sale as in other markets.

The US ended the third quarter with an increase in sales in NOK of 0.6 % compared to last year. Currency neutral sales declined 1.8 %. For the quarter there was sold 13.222 procedures compared to last year 13.351. During the quarter 1.847 (1.608) procedures was sold to customers using the imaging system. Further, 11.375 flow procedures were sold (11.743) during the quarter.

Sales in NOK decreased with 3.5 % as of September 2018. Currency neutral sales was at the same level as last year. As of September there were sold 38.215 procedures (36.845) of which 5.110 were imaging procedures (4.658) and 33.105 flow procedures (32.178).

In the US about 80 % 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 18.0 % of the total market of approximately 240.000 bypass surgery procedures performed annually. Medistim has a market penetration of about 70-80 % in Germany, Scandinavia and Japan. Medistim expect that the market penetration in the US will develop in the same manner over time.

Number of procedures sold per quarter in the US



Asia

In Asia there was an decrease in sales for the quarter with 14.8 %, while as of September sales increased with 16.6 %. The number of flow- and the combined flow and ultrasound imaging systems sold in Asia in 2018 has had a solid growth with 58 % and 38 % respectively. The systems sales creates the basis for future sale of consumables like flow probes and imaging probes.

Other markets (Middle-East, Africa, South America and Canada)

In other markets sales for the third quarter increased with 65.5 %. Year to date sales increased with 20 %. In total this is marginal markets that have little effect on the total sales, and where quarterly sales vary.

In general for all markets

In general, there has for all markets been a positive development in system sales. For the quarter number of systems increased with 36.7 %, while so far this year the increase was 25.0 %. The system sales form the basis for future probe revenue of both flow probes and imaging probes. Of Medistims own products probe sales represent 55 % og annual revenue.

Clinical studies

The REQUEST study:

the final results from the REQUEST registry study was presented at the European Association of Cardiothoracic Surgery (EACTS) annual conference in Milan, Italy, on the 20th of October. The final results confirm earlier indications from the study.

The objective for the REQUEST study is to document how often the combination of high-frequency ultrasound imaging (HFUS) and transit time flow measurement (TTFM) performed with Medistim's VeriQ C or MiraQ devices will change the surgical procedure. The REQUEST surgical coronary artery bypass grafting (CABG) protocol includes ultrasound scanning of the aorta, conduits, target coronary

vessels and anastomoses, as well as TTFM graft assessment.

The final results, after more than 1000 patients were included, showed that 25 % of the patient population had one or more surgical changes made to the surgical strategy based on imaging and flow data. Of the sub-populations that went through aorta scanning and coronary target scanning, 10 % and 20 % of the patients had changes in the surgical strategy, respectively. Graft assessment with TTFM was performed in 99 % of the patients, with a result of 3 % anastomotic revision rate in 7 % of the patients. These results may be compared with previously published data showing about 4-5 % anastomotic revision rate in about 10 % of the patients.

Furthermore, the in-hospital outcomes showed a remarkably low mortality rate of 0.6 % and stroke/TIA rate of 1 %.

Medistim's interest in this study has been to investigate and document the clinical value of the combined use of TTFM and HFUS. With these final results, the REQUEST study has provided new insights that may positively impact clinical outcomes and change clinical practice going forward. The data will support initiatives for further guideline recommendations as well as reimbursement.

The CIDAC study:

During the quarter Medistim followed up its vascular opportunity and participated at the ESVS (European Society of Vascular Surgery). During this exhibition, a vascular study from the University hospital in Munich was presented. The study was performed and presented by C Knappic, A. Zimmernann and HH Eckstein. The purpose of the study was to compare the use of angiogram and Medistim's ultrasound imaging capability when performing carotid endarterectomy. This is a type of procedure where a stenosis inside the carotid artery is removed surgically. 150 patients were included in the study and it concluded that Medistim's ultrasound imaging capabilities improved reliability and images. This resulted in improved outcome for the patients. The published study is yet to come. The global vascular market represents a significant opportunity for Medistim and is estimated to represent approximately 600,000 procedures annually. In comparison, cardiac bypass surgery, a segment where Medistim has its strongest position with a global market penetration of about 25 %, represent 700,000 procedures annually.

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 Medistim's 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 Medistim's 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 Medistim's market potential, because of new applications and relevance and higher pricing compared to traditional flow measurement technology. Total market size within cardiac surgery is estimated to be 2 billion NOK annually. The imaging functionality 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 2500 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

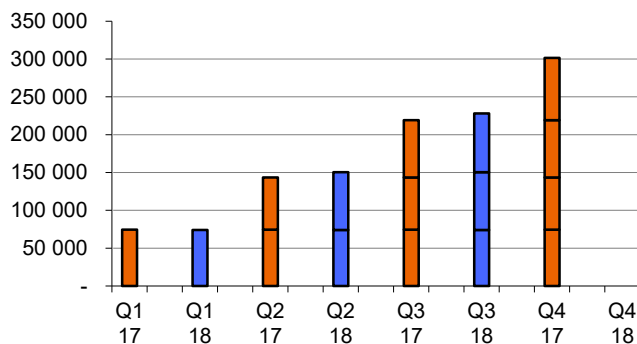
The company is exposed to EUR and USD. Exposure can vary depending on how large share of revenues and costs USD and EUR account for of total income and expenses. For 2018 a 10 % change in the exchange rate against USD and EUR would result in a 7.6 % change in sales and a 17.9 % change in operating result. The company partly secures its positions with hedging contracts.

SHARHOLDER AFFAIRS

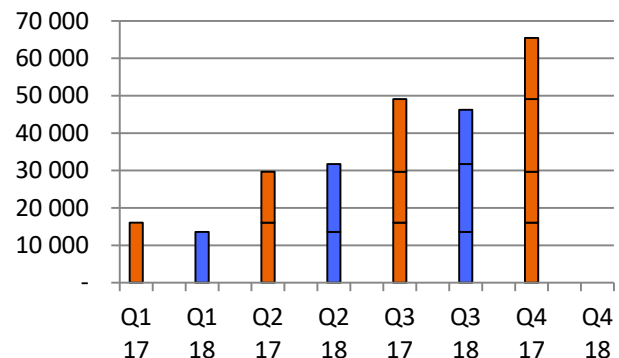
The company had 158.500 Medistim shares by the end of September 2018. The shares were purchased at a price per share of NOK 14.67. The share price was NOK 79.40 per share at the end of the quarter. The number of shares traded as of September 2018 was 4.399.864.

The five largest shareholders by the end of September 2018 were Intertrade Shipping AS with 4.003.500 shares, Salvesen & Thams Invest with 1.862.500 shares, Swedbank Robur with 1.376.596 shares, Skandinaviska Enskilda med 1.034.379 shares and Follum Capital with 1.000.000 shares.

Accumulated sales per quarter



Accumulated operating profit per quarter



Oslo 24th of October 2018,
Board of Directors and managing director in Medistim ASA

Profit & loss	3. quarter 18	3. quarter 17	As of 30.09.18	As of 30.09.17	2017
All numbers in NOK 1000					
Sales	77 613	75 694	227 967	219 231	301 461
Cost of goods sold	21 521	15 321	58 382	52 206	72 782
Salary and sosial expenses	26 907	26 998	74 523	71 561	98 281
Other operating expenses	11 605	10 588	39 599	36 633	51 705
Total operating expenses	38 512	37 586	114 121	108 195	149 986
Opr. res.before. depr. and write offs	17 579	22 788	55 464	58 831	78 693
EBITDA %	22,7 %	30,1 %	24,3 %	26,8 %	26,1 %
Depreciation	3 070	3 358	9 240	9 729	13 223
Operating result	14 510	19 430	46 223	49 102	65 470
EBIT %	18,7 %	25,7 %	20,3 %	22,4 %	21,7 %
Financial income	1 425	1 494	4 179	5 327	8 838
Financial expenses	1 758	2 993	6 265	6 161	7 696
Net finance	(333)	(1 499)	(2 085)	(834)	1 142
Pre tax profit	14 177	17 931	44 138	48 269	66 612
Tax	3 151	4 514	10 974	13 171	19 038
Result	11 026	13 417	33 164	35 097	47 574
Dividend	-	-	31 782	29 950	29 950
Comprehensive income					
Result after tax	11 026	13 417	33 164	35 097	47 574
Exchange differences arising on translation of foreign operations	- 188	- (548)	- -	- (824)	- (223)
Total comprehensive income	11 214	12 869	33 164	34 273	47 351

Key figures	3. quarter 18	3. quarter 17	As of 30.09.18	As of 30.09.17	2017
Equity share	77,1 %	74,4 %	77,1 %	74,4 %	72,9 %
Earnings per share	0,61	0,74	1,82	1,93	2,62
Earnings per share diluted	kr 0,61	kr 0,74	kr 1,82	kr 1,93	kr 2,62
Average shares outstanding in 1000	18 179	18 161	18 178	18 161	18 161
Average shares outstanding in 1000 diluted	18 179	18 161	18 178	18 161	18 161

Split of operating profit per segment	3. quarter 18	3. quarter 17	As of 30.09.18	As of 30.09.17	2017
All numbers in NOK 1000					
Res from Medistim products	13 627	17 938	40 650	41 948	56 293
Margin Medistim products	23,0 %	30,2 %	23,4 %	25,4 %	24,5 %
Res from 3rd party products	883	1 492	5 573	7 154	9 177
Margin 3rd party products	4,8 %	9,2 %	10,2 %	13,3 %	12,8 %
Total result	14 510	19 430	46 223	49 102	65 470
Margin	18,7 %	25,7 %	20,3 %	22,4 %	21,7 %

Balance sheet	30.09.2018	30.09.2017	31.12.2017
All numbers in NOK 1000			
Assets			
Intangible assets	42 609	46 335	45 090
Fixed assets	29 205	23 033	25 744
Total tangible and fixed assets	71 814	69 368	70 834
Inventory	58 786	62 136	62 722
Customers receivables	57 968	59 199	57 307
Other receivables	9 588	8 847	5 825
Cash	35 658	27 718	54 411
Total current assets	162 000	157 900	180 265
Total assets	233 814	227 268	251 099
Equity and liability			
Share capital	4 585	4 585	4 585
Share premium reserve	41 852	41 852	44 172
Other equity	133 849	122 758	134 226
Total equity	180 286	169 195	182 984
Deferred income	0	153	0
Other long term debt	8 250	11 250	10 500
Total long term debt	8 250	11 403	10 500
Total short term debt	45 278	46 670	57 616
Total equity and liability	233 814	227 268	251 099
Net interest bearing debt	(24 408)	(10 656)	(39 036)

Change in equity	30.09.2018	30.09.2017	31.12.2017
All numbers in NOK 1000			
Equity start of period	182 984	166 703	166 703
Result for the period	33 164	35 097	47 574
Dividend	(36 358)	(31 782)	(31 782)
Medistim shares	-	-	711
Changes in exchangerates	497	(824)	(223)
Equity end of period	180 286	169 195	182 984

Cash flow analysis	30.09.2018	30.09.2017	31.12.2017
All numbers in NOK 1000			
Result for the period	33 164	35 097	47 574
Cash flow from operation	(2 839)	(10 228)	12 339
Cash flow from operation	30 325	24 869	59 913
Cash flow from investments	(8 596)	(7 121)	(14 291)
Cash flow from financial activities	(40 482)	(21 095)	(22 276)
	-	-	-
Change in cash for the period	(18 753)	(3 347)	23 346
	-	-	-
Cash at start of period	54 411	31 065	31 065
Cash by the end of period	35 658	27 718	54 411

Geographic split of sales	3. quarter 18	3. quarter 17	As of 30.09.18	As of 30.09.17	2017
All numbers in NOK 1000					
USA	27 482	27 319	74 358	77 072	104 590
Asia	6 974	8 182	24 801	21 271	26 954
Europe	37 542	36 801	116 061	110 292	150 317
Rest of the world	5 615	3 392	12 747	10 596	19 600
Total sales	77 613	75 694	227 967	219 231	301 461

Geographic split of sales in number of units	3. quarter 18	3. quarter 17	As of 30.09.18	As of 30.09.17	2017
USA					
Procedures flow measurement	11 375	11 743	33 105	32 187	43 957
Procedures imaging and flow	1 847	1 608	5 110	4 658	6 843
Capital sales MiraQ and VeriQ flowmeasurement instrument	6	4	10	6	17
Capital sales MiraQ and VeriQC imaging and flowmeasur	2	3	5	9	11
Lease flow instrument	2	5	9	7	8
Lease imaging and flow instrument	1	-	2	3	5
Asia					
MiraQ and VeriQ flowmeasurement instrument	9	2	30	19	23
MiraQ and VeriQC imaging and flowmeasurement instrume	4	6	18	13	16
Imaging probes	5	7	15	12	16
Flowmeasurement probes	325	502	1 042	1 299	1 666
Europe					
MiraQ and VeriQ flowmeasurement instrument	10	5	28	23	41
MiraQ and VeriQC imaging and flowmeasurement instrume	2	7	9	13	17
Imaging probes	7	7	15	23	36
Flowmeasurement probes	933	1 078	3 160	2 944	4 057
Rest of the world					
MiraQ and VeriQ flowmeasurement instrument	3	1	11	9	14
MiraQ and VeriQC imaging and flowmeasurement instrume	5	2	9	4	12
Imaging probes	4	3	9	6	12
Flowmeasurement probes	260	148	522	470	915
Total sales outside the US in units					
Number of MiraQ and VeriQ flow instruments outside USA	22	8	69	51	78
MiraQ and VeriQC imaging and flowmeasurement instrum	11	15	36	30	45
Total number of imaging probes	16	17	39	41	64
Total number of flowmeasurement probes outside USA	1 518	1 728	4 724	4 713	6 638

Split of sales per segment	3. quarter 18	3. quarter 17	As of 30.09.18	As of 30.09.17	2017
All numbers in NOK 1000					
USA					
Procedural revenue flow	16 603	17 728	51 309	54 842	73 609
Procedural revenue Imaging and flow	4 127	3 577	10 608	9 534	12 412
Capital sales MiraQ and VeriQ flowmeasurement instrument	4 700	2 722	7 420	3 651	7 564
Capital sales MiraQ and VeriQC imaging and flowmeasure	2 051	3 292	5 022	9 046	11 006
Outside USA					
MiraQ and VeriQ flowmeasurement instrument	6 296	1 757	17 326	10 253	15 770
MiraQ and VeriQC imaging and flowmeasurement instrume	4 899	6 517	15 732	14 253	20 976
Imaging probes	853	919	2 368	2 716	4 177
Flowmeasurement probes	18 890	21 101	60 710	55 923	78 850
Other	800	1 823	2 920	5 117	5 407
Total sale of Medistim products	59 220	59 437	173 414	165 334	229 771
Sale of 3 party products	18 393	16 256	54 553	53 897	71 690
Total sales	77 613	75 693	227 967	219 231	301 461

Split of sales between coronary and vascular surgery and 3 party products	3. quarter 18	3. quarter 17	As of 30.09.18	As of 30.09.17	2017
All numbers in NOK 1000					
Sales within coronary surgery	52 102	51 195	148 012	139 779	196 138
Sales within vascular surgery	7 118	8 242	25 402	25 555	33 633
Sales of 3. party products	18 393	16 256	54 553	53 897	71 690
Total sales	77 613	75 693	227 967	219 231	301 461