Medistim –
a niche market leader within ultrasound technology

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Kari E. Krogstad, President and CEO

Thomas Jakobsen, CFO

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Agenda

1. Medistim today
2. Medical need and technology
3. Market
4. Financial performance
5. Growth strategy
6. Impact from the COVID-19 pandemic

1. Medistim today

MEDISTIM TODAY

The Leader in Ultrasonic Surgical Guidance & Quality Assessment

Medistim

- Established 1984
- Headquarter in Oslo, Norway
- Global representation
- Market leader in intra-operative TTFM and ultrasound imaging
- Products made for cardiac, vascular and transplant surgery
- >2.800 systems on the market

Guidelines

- **Epiaortic ultrasound**
  2007 by ASE, SCA & STS
  2011 by ACCF, AHA , AATS, SCA, STS
  2015 by ASE & EACVI

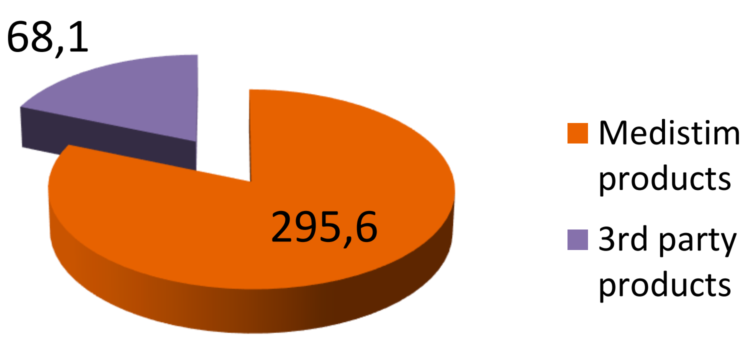
- **Transit Time Flow Measurements (TTFM)**
  2010, 2014 and 2018 by ESC & EACTS, ACCA, EACPR, EACVI, EHRA, HFA
  2011, 2018 NICE

ASE= American Sociaty of Echocardiography, SCA= Society of Cardiovascular Anesthesiology, STS= Society of Thoracic Surgeons, ACCF = American College of Cardiology Foundation, AHA = Amerian Heart Association, EACVI= European society of vardiovascular imaging, EACTS = European Association of CardioThoracic Surgery, ESC = European Society of Cardiology, ACCA= Acute Cardiovascular Care Associations, EACPR= European Association for Cardiovascular Prevention & Rehabilitation, EHRA= European Heart Rhythm Association, HFA= Heart Failure Association NICE = National Institute for Health and Care Excellence

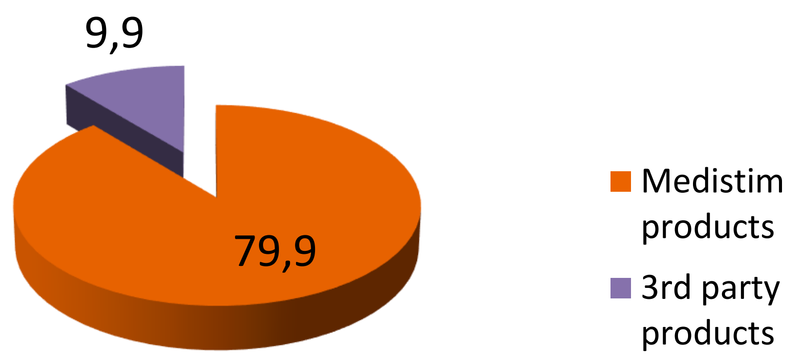
MEDISTIM TODAY

3rd party products contribution to revenues and profit

Revenues 2019
MNOK 363,7



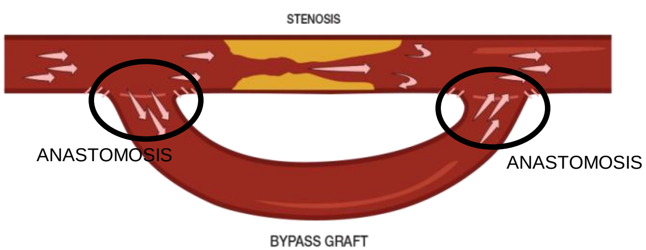
EBIT 2019
MNOK 89,8

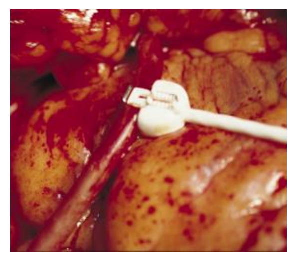


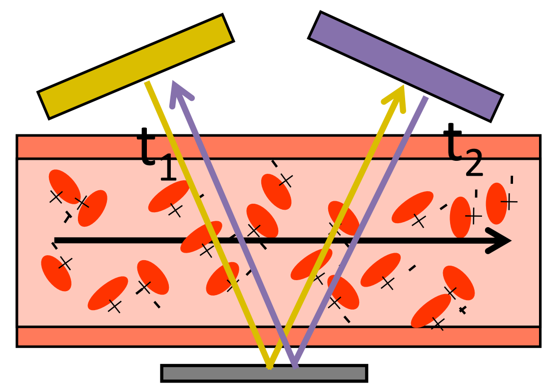
3rd party products represent
19 % of revenues and 11 % of EBIT

2. Medical need and technology

How to ensure a coronary bypass graft is patent? – measure blood flow with TTFM

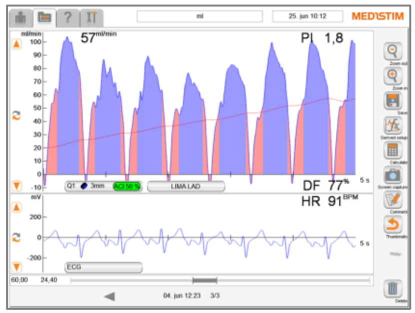






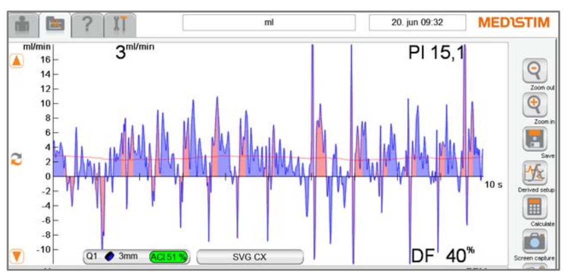
tΔ = t1 – t2 = proportional to blood flow (Q)

Instant feedback on graft functionality
- TTFM data before and after graft revision



ARTERIAL GRAFT:
TTFM of a well functioning LIMA-LAD graft

Transit Time Flow Measurement

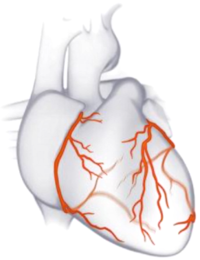


VEIN GRAFT:
TTFM of SVG-CX graft showing low flow, high PI, low DF and noisy curves

After revision (proximal anastomosis corrected)
High flow, low PI, normal DF and regular curves

A NEW WORKFLOW – AN EXPANDED VALUE PROPOSITION - A NEW STANDARD OF CARE

Ultrasonic Surgical Guidance & Quality Assessment



Reduce risk of strokes

Optimize graft strategy

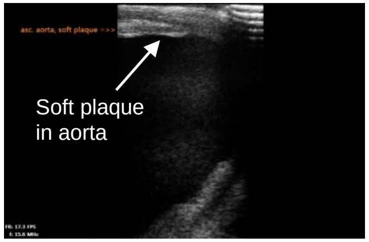
Verify graft functionality…revise when needed

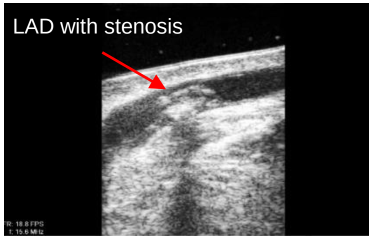
Evaluate ascending aorta prior to any manipulation

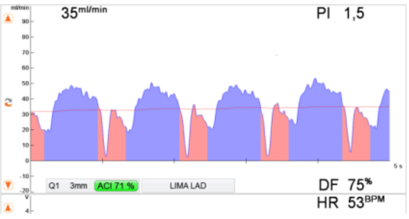
Evaluate morphology of coronaries & IMA's

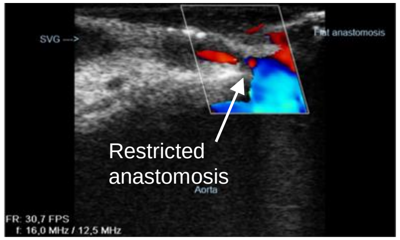
Assess graft functionality PI<5, DF>50%, Q>15ml/min

Evaluate morphology of anastomosis





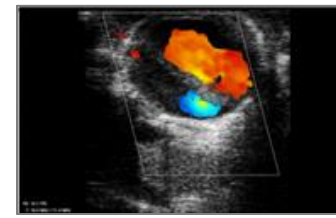




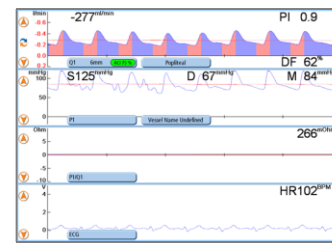
Improve surgical outcome, demonstrate quality and increase cost efficiency

Surgical guidance & quality assessment is needed in Vascular Surgery as well

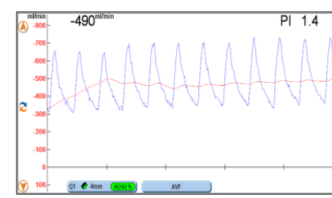
- Guide **carotid endarterectomy** and assess for technical imperfections



- Assess graft patency in **peripheral bypass** and evaluate anastomosis



- Quantify flow for guidance during **AV access** surgery



Immediate feedback to revise on the spot

THE PRODUCTS

Ultrasound systems

TTFM (transit time flow measurement) *system*

PRODUCTS ON THE MARKET:
- MiraQ™
- VeriQ™

- Designed for intraoperative TTFM during cardiac, vascular and transplant surgery
- Fast, accurate and reproducible method for graft patency verification
- Easy-to-interpret data to assist the surgeon
- Blood flow is measured with sterile probes and a real-time flow curve is displayed together with Mean Flow in ml/min, Pulsatility Index [PI] and Diastolic Filling percentage [DF%]

TTFM & *Ultrasound imaging system*

PRODUCTS ON THE MARKET:
- MiraQ™
- VeriQ C™

- Combines ultrasound imaging and proven TTFM in a single system specifically designed for cardiovascular surgery
- Combines quantitative, functional data [TTFM] with qualitative, morphological data [intra-operative ultrasound imaging]
- Imaging technology improves the quality assessment obtained from TTFM alone

EXECUTING THE STRATEGY – PRODUCT INNOVATION FOR EASE OF USE

MiraQ launch in Europe 2014, USA 2016, China 2017, Japan and Canada 2019

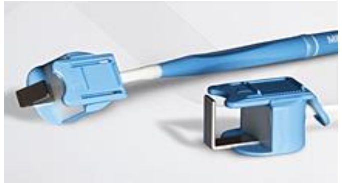
- A platform built for the future
- Application specific versions for cardiac and vascular surgery
- Focus on ease of use
- **Field upgradable to Imaging**



THE PRODUCTS

Probes are sold as consumables

TTFM probes



- The flow probes gets attached to the blood vessel and provide fast, accurate and reproducible measurements of blood volume flow intra-operatively
- Compatible with a range of cleaning and sterilization methods

Doppler probe

- The doppler X-plore probe is used on the surface of the heart/vessel to search for intramural coronary arteries or to locate and quantify the degree of a stenosis
- The X-plore stabilizer makes the velocity measurement on the beating heart easier

High-frequency ultrasound imaging probe

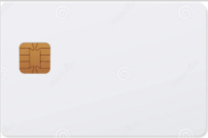
- High-frequency probe providing excellent resolution in the near-field
- Specifically designed for cardiovascular surgery
- Approved for direct contact with cardiac tissue without the use of a sterile sleeve

Alternative business models

CAPITAL SALES MODEL

- System is sold as capital equipment
  - Flow: € 45.000
  - Flow and imaging: € 90.000
- Flow probes are sold as consumables
  - € 1.800 – 2.000
  - Reusable 50x
- Imaging probe is sold as consumable
  - € 10.000
  - Reusable 100x

PAY PER PROCEDURE MODEL
(USA only, MiraQ excluded)



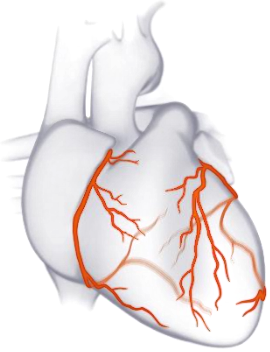
- System and probes are placed at the hospital ‘free of charge’
  - Ownership with Medistim
- Customer pays per procedure and buys smart cards that activate the system for one operation
  - Flow procedure: $250
  - Flow & imaging procedure: $470

LEASE MODEL

- System is leased out over a period of time
  - Ownership with Medistim
- Flow probes are sold as consumables
  - € 1.800 – 2.000
  - Reusable 50x
- Imaging probe is sold as consumable
  - € 10.000
  - Reusable 100x

3. Market

MEDISTIM



Large untapped global coronary bypass market

GLOBAL MARKET SIZE

- > 700,000 CABG[1] procedures annually
  - 80% arrested heart (on-pump)
  - 20% beating heart (off-pump)

- **Medistim owns about 33% of these procedures**
- Competitors own about 7%
  - Medistim share of penetrated market is >80%
  - **60% of the market is OPEN**

- **Market value (TTFM only); NOK 1 Billion**
- **Market value (Imaging & TTFM); NOK 2 Billion**

MARKET TRENDS

- Cardiovascular diseases (CVDs) continue to be the number one cause of death globally
  - Taking an estimated 17.9 million lives each year (2016)
  - This is 1/3 of all deaths globally
  - Obesity and diabetes risk factors are increasing

- The population size of 60+ years is increasing

- CABG remains the gold standard for multi-vessel disease
  - PCI[2] covers > 80% of all procedures today
  - Clinical data document superior results with CABG for multi-vessel disease
    (SYNTAX 2013, Bernadetto 2016, NOBLE 2016, EXCEL 2016)

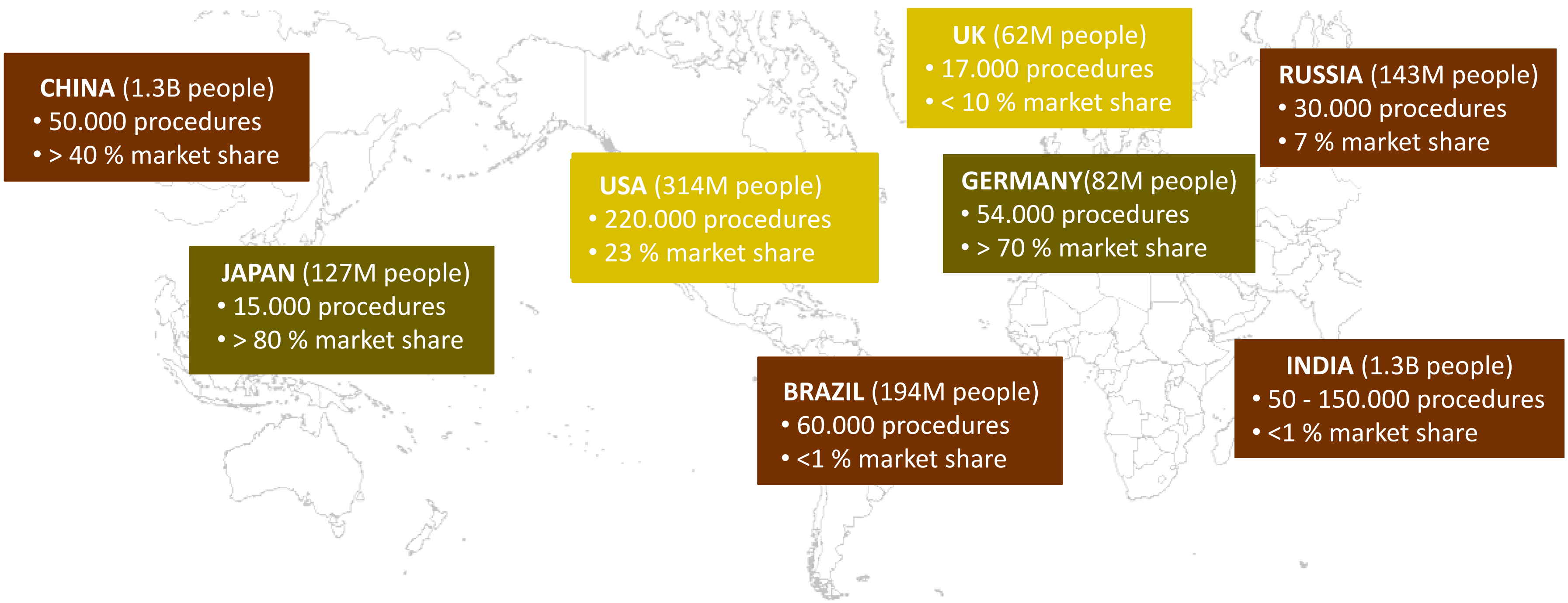
- Developing economies expected to drive CABG growth
  - OECD countries do 47 CABG per 100,000 inhabitants
  - China and India do <5 CABG per 100,000 inhabitants

1) CABG = coronary artery bypass grafting

2) PCI = percutaneous coronary intervention

CABG

Huge variation in technology adoption



Target segments in Vascular Surgery

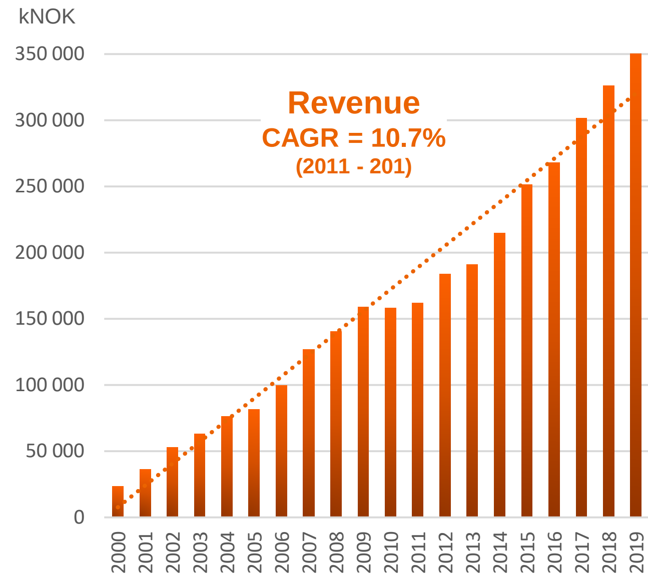
- Global vascular market is **> 600 000 procedures** annually
- **> 1 Billion NOK** of market opportunity for Medistim

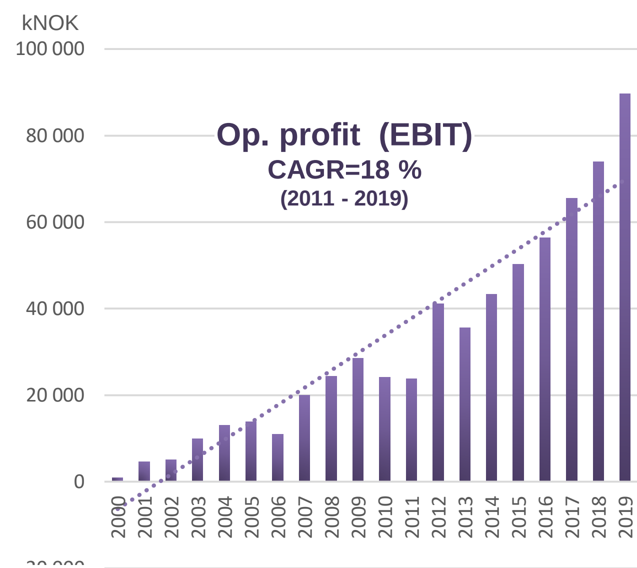
Application areas	Size of key markets # of procedures (USA, Germany, Nordic)	Clinical needs
CEA surgery 	>**135 000**	Reduce risk of death and stroke Improve cost-effectiveness
Peripheral bypass surgery 	>**200 000**	Improve long-term graft patency Improve quality of life
AV access surgery 	**>200 000**	Secure maturation of shunt/fistula Reduce risk of cardiac failure & hand ischemia
Liver transplant Surgery	**20 000** (globally)	Increase success rate for a costly procedure

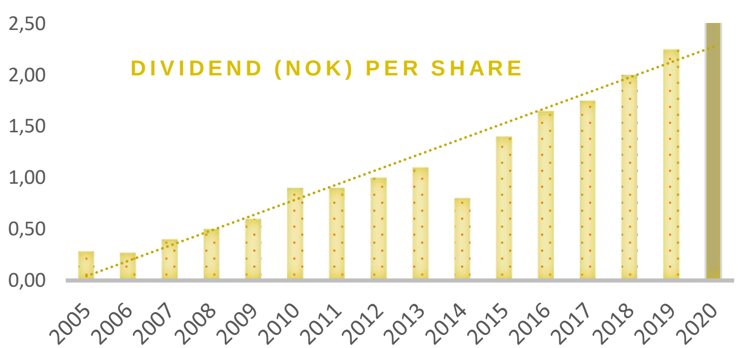
4. Financial performance

Financial highlights

- 367.7 mill NOK in revenues (2019)
- Strong revenue and profit growth
- EBIT margin of 24.7 %
- Strong cash flow
- No net long term liabilities
- Equity ratio of 70.5%
- MCAP of > 4 Bill NOK
- Dividend paid since IPO in 2004







2020 dividend:
The Board is authorized to decide level of dividend up to NOK 2.75 per share until the next Annual General Meeting in 2021

Highlights 2nd quarter

- Second quarter sales ended at 82.5 MNOK
  - The COVID-19 pandemic led to postponement of elective surgeries, hence sales revenues declined by 12.1%
  - Currency neutral sales of own products down 20.3%
  - U.S. sales decreased 27.8%, Asia down 20%
  - Sales growth in Europe (own products) and RoW, up 5.1% and 62.6%, respectively
  - Sales of vascular portfolio up 23.8%

- EBIT ended at MNOK 27.7 (MNOK 30.9), our third best quarter ever
  - EBIT margin of 33.6%

- Publication of the CIDAC study, supporting the use of Medistim's equipment to improve outcomes during Carotid Endarterectomy procedures

Q2 2020	Q o Q
Revenue MNOK 82.5 (93.8)	↓ - 12.1%
EBIT MNOK 27.7 (30.9)	↓ - 10.3%
Currency	↑ + 7.2%
No of capital units sold:	
Flow systems 34	↑ + 30.8%
Imaging systems 9	↓ - 47.1%
Flow probes 1,454	↓ - 26.1%
Imaging probes 21	↓ - 19.2%
Procedures (USA) 12,514	↓ - 27.5%

Highlights 1st half

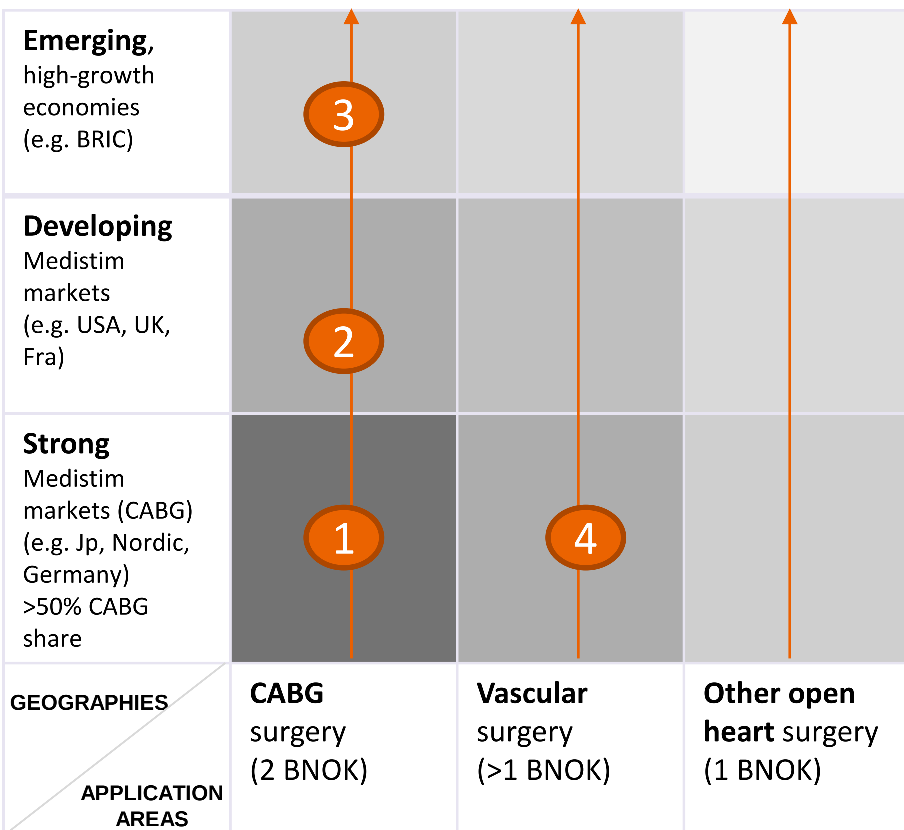
- First half sales ended at 185.6 MNOK
  - The COVID-19 pandemic effect in Q2 neutralizes the 16% sales growth in Q1
  - Currency neutral sales of own products down 4.5%
  - U.S. sales decreased 9.1%, RoW down 9.3%
  - Sales growth in Europe (own products) and Asia, were up 16.3% and 60.4%, respectively
  - Sales of vascular portfolio up 30.7%
  - Sales of imaging portfolio up 11%
- EBIT ended at MNOK 52.5 (MNOK 50.8), our best first half ever
  - EBIT margin of 28.3%
- The Board holds an authorization to pay a dividend up to NOK 2.75 per share within the next ordinary General Meeting in 2021

H1 2020	H o H
Revenue MNOK 185.6 (182.5)	↑ + 1.7%
EBIT MNOK 52.5 (50.8)	↑ + 3.3%
Currency	↑ + 8.7%
No of capital units sold:	
Flow systems 76	↑ + 55.1%
Imaging systems 35	↓ - 14.6%
Flow probes 3,127	↓ - 13.5%
Imaging probes 60	↑ + 11.1%
Procedures (USA) 27,561	↓ - 15.2%

5. Growth strategy

EXECUTIVE SUMMARY

Medistim growth strategy



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 evidence, training & education
   - Product innovation for ease of use
   - Getting closer to the customers

3. **Offer an entry-level solution** to reach emerging, price-sensitive, high-growth markets

4. Build and **strengthen position in vascular surgery**
   - Dedicated products (MiraQ Vascular & probes)
   - Lobby with societies and KOLs

5. Expand our **direct market coverage**
   - Go direct in all key geographies

MEDISTIM

6. Impact from the COVID-19 pandemic

Impact from the COVID-19 pandemic (1/2)

- 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 negatively affected by continued reduced activity level
  - Lower access to customers are delaying new sales projects
  - The 3. party business in Norway and the U.S. operation was affected the most, with 15.5 % and 36.2% reduction in revenues, respectively

- No significant negative implications on Medistim's internal operations - solid profit and cashflow in Q2
  - Healthy employees
  - Intact supply chain
  - Production running as normal
  - Cost containment
  - 3rd best operating profit for a quarter and best 1st half result ever
  - Solid cash from operations with MNOK 40.6 for the 1st half and a cash position of MNOK 102.4 by quarter end

Impact from the COVID-19 pandemic (2/2)

- 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:
      - Out-of-hospital cardiac arrests increased 5-fold and deaths doubled in the New York metropolitan area when comparing March-April 2020 against March-April 2019
      - This corresponded with a 56% reduction in the number of acute coronary syndrome hospitalizations in the same period
        [Research letter published in the Journal of the American College of Cardiology, JACC]
  - **Hospitals are now signaling that they have built capacity and are 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
  - Cost savings implemented, including travel, meetings, marketing
  - The situation is being continuously monitored
  - Contingency plans are in place
  - The level of measures will be adjusted as appropriate


Q
A

Appendix

Implementing the strategy

… establishing *Surgical Guidance and Quality Assessment* as the new standard of care…

Now supported by

the REQUEST clinical study

REQUEST*)

Clinical Registry Study

Prof. DP Taggart
Oxford University

…..

Prof. G Di Giammarco
University of Chieti

…..

Dr. J Puskas

Mount Sinai St Luke's

…..

Dr. D Wendt

University of Essen

…..

Dr. G Trachiotis

George Washington University

…..

Dr. T Kieser
University of Calgary

…..

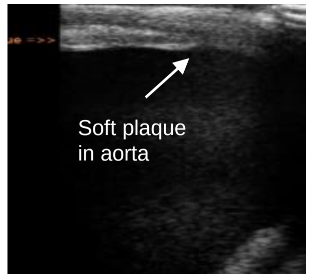
Prof. AP Kappetein
Erasmus MC Rotterdam

*) Registry for Quality Assessment with Ultrasound imaging and TTFM in cardiac surgery

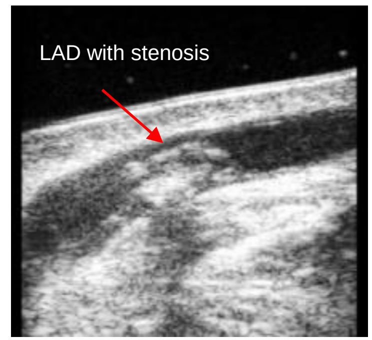
EXECUTING THE STRATEGY - THE REQUEST STUDY

Protocol (*ClinicalTrials.gov* in Feb 2015)

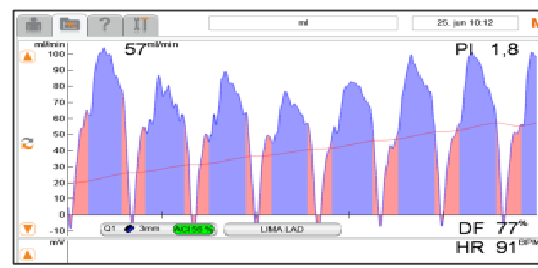
1) HF Ultrasound assessment of aorta prior to manipulation



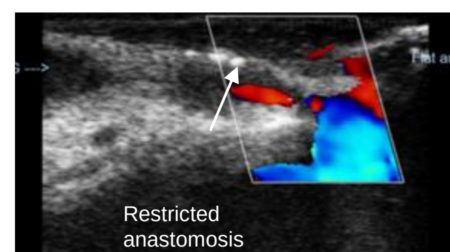
2) HF Ultrasound assessment of arterial conduits and coronary target arteries



3) TTFM graft assessment (Flow, PI, DF, BF)



4) HF Ultrasound assessment of anastomosis



April 2020:
Published in the Journal of Thoracic and CardioVascular Surgery

EXECUTING THE STRATEGY - THE REQUEST STUDY

Conclusions

Surgical Guidance	**Quality Assessment**	**In-hospital outcome**
HFUS of aorta, conduit & coronary target: Changes 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% off-pump CABG 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)

MACCE = Major Adverse Cardiac and Cerebrovascular Events

Implementing the strategy

… achieve routine use…

… by getting closer to the customers

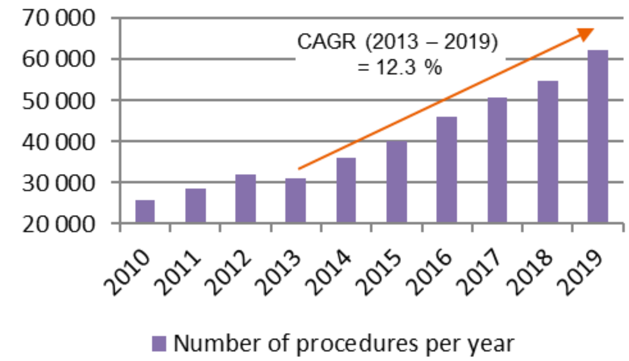
in the USA

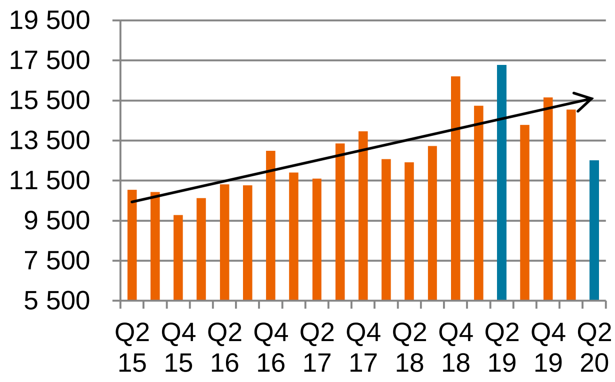
IMPLEMENTING THE STRATEGY

Performance USA

RESULTS Q2 and H1 2020

- **Revenues** in USD declined 36.2% in Q2 and 19.7% in H1 due to COVID-19
    - In NOK, revenues declined 27.8% in Q2 and 9.0% for H1 due to favorable currency
- Total **number of procedures** was down 27.5% in Q2 and 15.2% for H1, reflecting the lower surgical activity level
    - **Flow** procedures were down 30.6% in Q2 and 17.4% for H1
    - **Imaging** procedures were down 9.7% in Q2 and 3.6% for H1
- **4 capital** systems sales for Q2 compared to 10 last year. For H1 there was 14 capital sales compared to 21 last year.
- Continued growth in **new customers**
    - 6 completely new accounts in Q1, 2 new in Q2. The 8 new accounts in H1 can be compared to 16 last year.





Number of procedures per quarter

Implementing the strategy

… build and strengthen position...

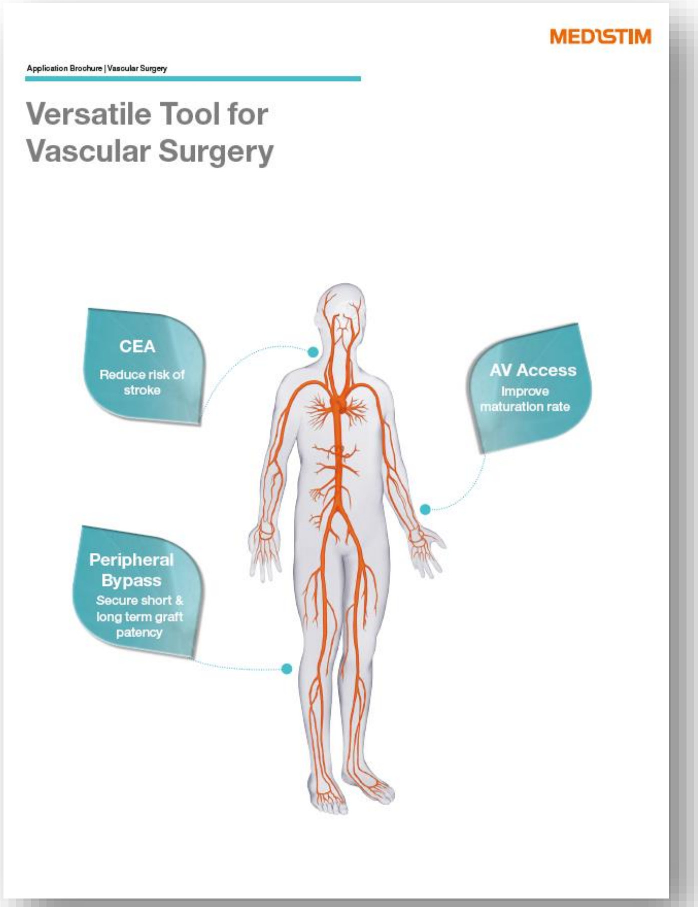
in Vascular Surgery

EXECUTING THE STRATEGY - BUILDING THE VASCULAR MARKET

Vascular sales development

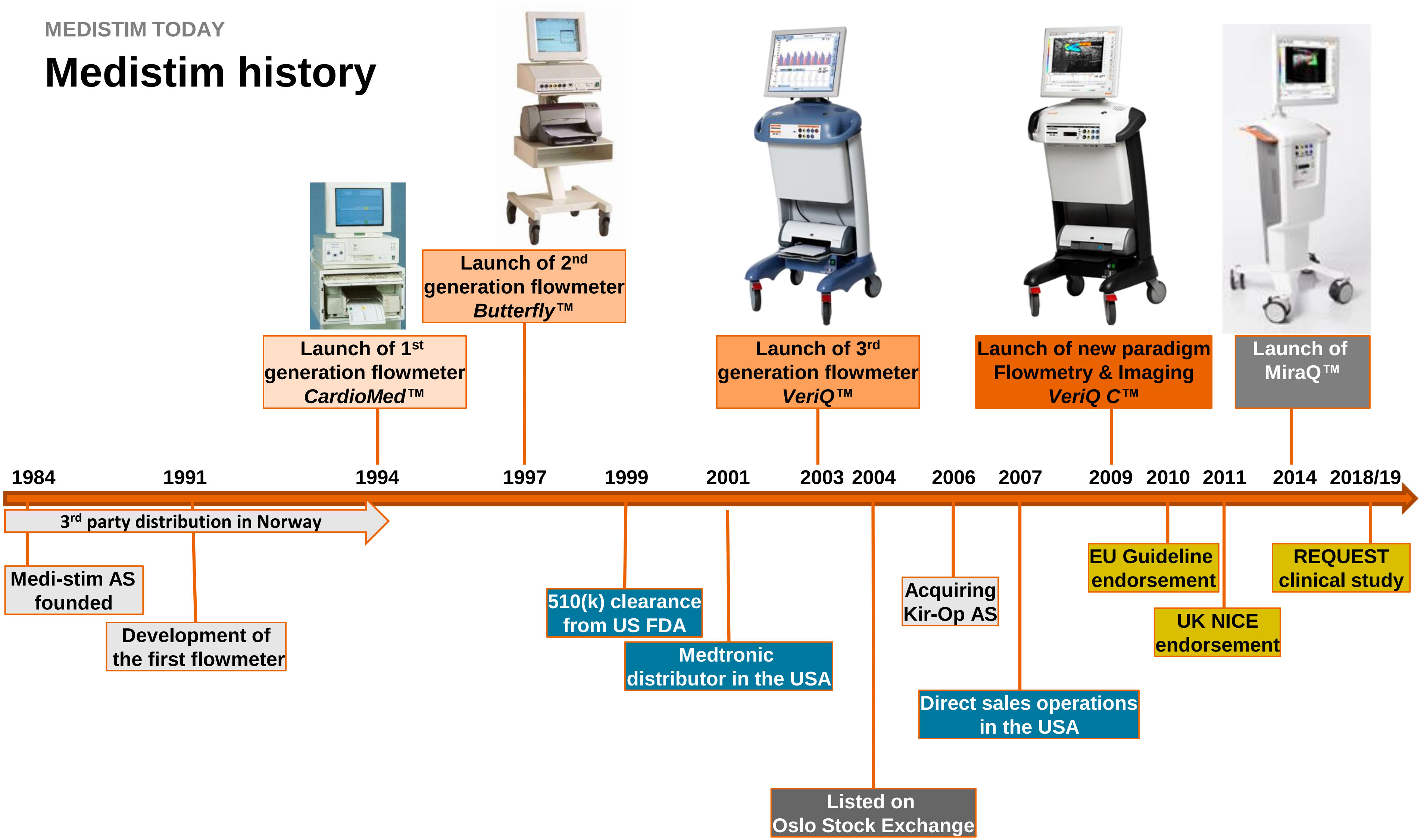
RESULTS 1st HALF 2020

- 24.4 MNOK in sales revenues, a growth of 31 %
- Vascular sales revenues make up 15.9 % of total sales of own products
  - Nordic countries & Germany are leading markets
- The CIDAC study got published in March 2020
  - Comparing angiography to ultrasound as completion control in Carotid Endarterectomy in 150 patients
  - Ultrasound came out better than angiography:
    - Detected more of the major defects
    - Lead to more intraoperative revisions
    - Had higher inter-observer reliability



MEDISTIM TODAY

Medistim history



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Shareholders list (per 13.8.2020)

Rank	Shareholder	# of shares	% of total	Country	Type of acco
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	1 199 342	6,5 %	United States	Nominee
5	SEB EUROPAFOND SMÅBOLAG	1 013 135	5,5 %	Sweden	Ordinary
6	FOLLUM CAPITAL AS	970 000	5,3 %	Norway	Ordinary
7	Skandinaviska Enskilda Banken AB	513 982	2,8 %	Denmark	Nominee
8	State Street Bank and Trust Comp	508 112	2,8 %	United States	Nominee
9	Skandinaviska Enskilda Banken AB	472 723	2,6 %	Luxembourg	Nominee
10	BUANES	479 936	2,6 %	Norway	Ordinary
11	Danske Bank A/S	268 310	1,5 %	Denmark	Nominee
12	HUMLE SMABOLAGSFOND	241 894	1,3 %	Sweden	Ordinary
13	BNP Paribas Securities Services	239 188	1,3 %	France	Nominee
14	TIN NY TEKNIK	238 314	1,3 %	Sweden	Ordinary
15	Danske Invest Norge Vekst	228 000	1,2 %	Norway	Ordinary
16	State Street Bank and Trust Comp	217 113	1,2 %	United States	Nominee
17	Montanaro saller comp	208 500	1,1 %	Belgium	Ordinary
18	FOLKETRYGDFONDET	203 500	1,1 %	Norway	Ordinary
19	VERDIPAPIRFONDET HOLBERG NORGE	200 000	1,1 %	Norway	Ordinary

Total 19 largest shareholders	12 864 549
In % of total number of shares	70,2 %
Total number of shares	18 337 336