Q1

2024

Interim Report

FIRST QUARTER 2024
FINANCIAL RESULTS

Medistim operates in a global, stable market for Cardiac, Vascular and Transplant surgery. We have installed >3,500 systems in more than 60 countries. Our equipment is used today in about 37 % of the total number of cardiac bypass surgeries performed worldwide.

Highlights Q1-2024

Sales ended at MNOK 133.8, 3.5% above first quarter last year (MNOK 129.3).

Currency neutral sales of own products was down 1%.

Recurring sales remain high at 75% or MNOK 83.5 (68% or MNOK 73.8) for the quarter.

Strong quarter for the direct sales operations in Europe and EMEA delivers 32% currency neutral growth while growth in AMERICAS and APAC was influenced by strong comparables from Q1 last year.

Operating profit (EBIT) for the quarter ended at MNOK 32.1 giving a 24.0% EBIT margin (MNOK 33.5, a 25.9% margin).

Medistim's third-party distribution business signed a contract with the cardiovascular company Peters Surgical, to distribute their products in Sweden and Norway.

Solid cash position at quarter end with MNOK 170.3 and no long-term interest-bearing debt.

The General Assembly decided a dividend of NOK 4.50 (NOK 4.50) per share, a total of MNOK 82.4. The dividend will be paid the 6th of May.

Letter from the CEO

As previously reported, the fourth quarter of 2023 closed with a disappointing EBIT margin of 16.4%, significantly deviating from Medistim's typical performance standards. **Today, I am pleased to report that the first quarter of 2024 demonstrates a positive trajectory, with the EBIT margin returning to a healthy level at 24%.**

Sales revenues amounted to 133.8 million NOK, reflecting a 3.7% increase in NOK. As the Norwegian currency continued to weaken against the USD and EUR, the currency-neutral growth stood at 2.2%. After experiencing negative sales trends for two consecutive quarters, **this result marks a positive turnaround, instilling cautious optimism for sustained sales growth throughout the year.**

Reviewing regional performance, it's truly uplifting to witness the **outstanding start to the year in EMEA**. With growth evident across all European countries where we maintain direct sales operations, particularly notable is the robust performance in key markets such as Germany and Spain. Sales through the EMEA direct channel surged by an impressive 50% in currency-neutral terms. Factoring in distributor sales, **EMEA demonstrates a strong 32% currency-neutral growth.** While we acknowledge the inherent quarterly fluctuations due to deal timing, I am confident that this performance can be attributed to the dedication and expertise of our local teams. Their unwavering commitment has fostered exceptional customer relationships and yielded strong results over the years.

The AMERICAS region has encountered difficulties in sustaining the same level of deals for Imaging devices sold as capital, compared to pre-2023 performance. We attribute this trend to funding constraints stemming from a period of challenging macroeconomic conditions. **In Q1, we observe a currency-neutral decline of 4.2% in AMERICAS.** However, considering the strong comparison from 2023, which included a quarter bolstered by a significant one-off deal involving the sale of 5 systems to a single hospital valued at 10 MNOK, **the result offers grounds for optimism. Particularly encouraging is the sale of flow probes, with 24% growth in units sold**, indicating robust utilization of our flow measurement technology. Furthermore, the exceptional performance in Canada is noteworthy. Since establishing a direct sales operation in May last year, they've had a stellar start to their journey, achieving 5.8 million NOK in sales in the first quarter, on par with the full year 2023.

The APAC region's Q1 growth was also impacted by the strong comparison from the previous year, which was fueled by a final sales surge from our former distributor prior to Medistim's direct operation initiation in China from the second quarter. Nevertheless, **I'm delighted to announce that we attained 8.4 million NOK in sales through our new direct setup in China** during the first quarter, signaling promising prospects for the year ahead.

In summary, total sales have not yet reached levels sufficient to secure the former EBIT margin levels, given the higher running cost base resulting from the establishment of direct operations in China, Canada, and Sweden, as well as the implementation of a second shift in probe production. However, **with the positive signals from the markets in Q1, we remain optimistic that we are on track to return to historical levels of sales growth and profitability.**

Medistim's financial position remains very strong, with an equity ratio of 81.4%, no interest-bearing debt and a cash position of 170.3 million NOK. Shareholders should be pleased to note that a dividend of NOK 4.50 per share was decided by the General Assembly.

24th April, 2024
Kari E. Krogstad
President & CEO

First quarter
2024 financial results

The financial report as per March 31st 2024 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 2023.

FINANCIAL DEVELOPMENT
(Comparative numbers for 2023 in parenthesis.)

Sales and geographic split

Sales revenues in the first quarter ended at MNOK 133.8 (MNOK 129.3), a 3.5% increase. Sales split in MNOK was as follows:

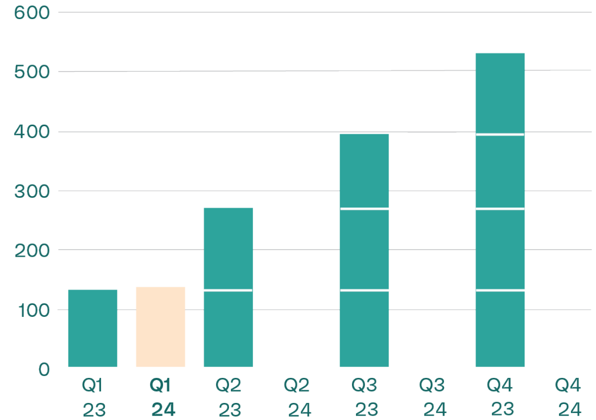
MNOK	Q1 2024	Q1 2023	CHANGE IN %
AMERICAS	54.7	55.7	-1.6 %
APAC	16.87	23.7	-29.1 %
EMEA	39.8	29.1	36.8 %
THIRD PARTY	22.4	20.8	7.8 %
TOTAL	133.8	129.3	3.5 %

In Q1 2023, sales in the AMERICAS region were boosted by a substantial one-off deal involving the sale of 5 systems to a single hospital, valued at 10 MNOK, providing a strong comparable for Q1 this year.

The APAC region growth for Q1 is also negatively influenced by the strong comparable from last year, driven by a last sales push from our former distributor in China, before Medistim started up our direct operation in China from the second quarter.

EMEA delivered another strong quarter driven by Medistim's direct operations in Germany, Spain, Denmark and Sweden.

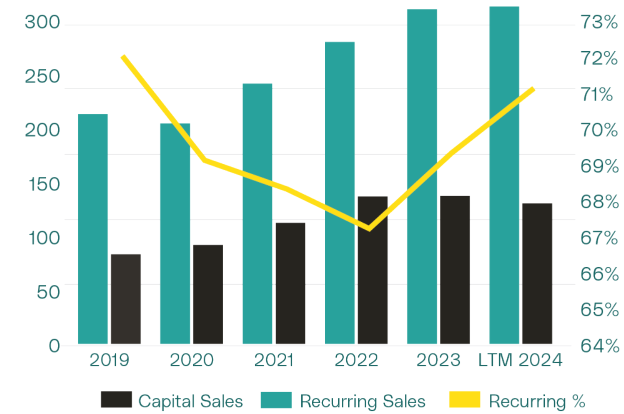
Accumulated sales per quarter in MNOK



Currency effect
With the same foreign currency exchange rates as in 2023, sales would have amounted to MNOK 130.2 for the quarter, which represents a currency-neutral growth of 2.2%. Currency-neutral decline of own products was 1.0%, while third party products increased by 7.8% compared to last year.

Split between recurring sales and capital sales
Sales of Medistim's own products can be split into capital sales of systems and repeating sales of probes, smartcards, and lease revenue, which are all defined as recurring revenue. For the year 2023, recurring sales were 69% of total sales of own products. For the first quarter of 2024, the recurring sales represented 75%.

Split between recurring sales and capital sales in MNOK



Split of sales in own products and third party products
Sales of own products for the quarter amounted to MNOK 111.4 (MNOK 108.5), a growth of 2.7%. Sales of third-party products grew 7.8%, reaching MNOK 22.4 (MNOK 20.8).

Split of sales in Cardiac and Vascular products
For the quarterly sales of own products, MNOK 90.6 (MNOK 89.9) was within the Cardiac segment, growing at 0.6% and MNOK 20.8 (MNOK 18.5) was within the Vascular segment, growing at 12.6%.

The Vascular market represents a significant growth opportunity and has been strategically approached in recent years. We experience higher growth rate in this segment compared to Cardiac, and Vascular sales is becoming an increasing part of sales of own products. Vascular sales is making up 18.2% of own products sales in 2023, compared to 16.7% for the full year 2022.This is a trend we have seen over the past several years.

Split of sales in Flow and Imaging products
For the quarter, sales revenue from Flow products was MNOK 84.9 (MNOK 73.6), showing growth at 15.3%. Sales revenue from Imaging products was MNOK 26.5 (MNOK 34.9), a decline of 24%. This quarterly result must be seen in relation to the strong Q1-23 comparable from APAC and AMERICAS.

Through strategic initiatives over time, the Imaging product portfolio has experienced substantial growth, becoming a significant contributor to overall product sales. However, in 2023, there was a decline in Imaging product sales compared to this established trend. This decline is reminiscent of previous instances when the company faced macroeconomic challenges. During such times, customers often opt for the more economically feasible Flow-only model initially, with the intention to upgrade to the combined Flow-and-Imaging model at a later stage.

Cost of goods sold
For the quarter, cost of goods sold (COGS) ended at MNOK 25.0 (MNOK 25.9) representing 18.7% of total sales (20.0%). This gives a gross margin of 81.3% (80.0%).

The enhanced gross margin was attributed to an increased level of sales through the direct channel as opposed to sales through distributors, resulting in improved margins.

Salary, social and other operating expenses
Salaries and social expenses ended at MNOK 46.1 (MNOK 40.2) for the quarter. Other operating expenses amounted to MNOK 24.3 (MNOK 23.9).

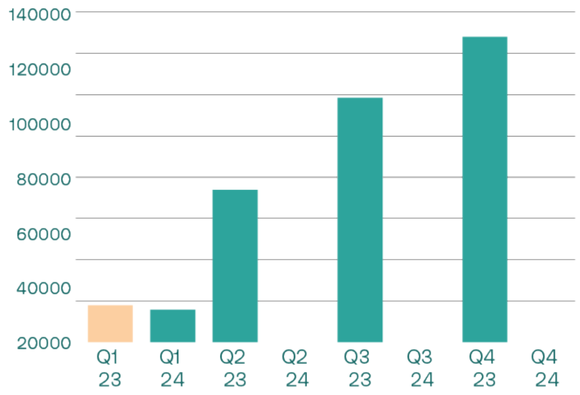
The rise in salaries and social expenses for the quarter reflects the impact of expanding headcount, driven primarily by the establishment of direct operations in Canada, China, and Sweden, as well as the introduction of a second shift in production.

R&D expenses
For the quarter, MNOK 8.1 (MNOK 6.7) was spent on research and development (R&D), of which MNOK 3.5 (MNOK 3.6) was activated in the balance sheet.

Medistim is currently spearheading two pivotal projects poised to boost our offerings and reinforce our commitment to innovation, see the 'Strategic Imperatives' chapter for further detail.

Earnings
Operating result before finance, tax, depreciation, and write-offs (EBITDA) for the quarter ended at MNOK 38.4 (MNOK 39.2). The result before finance and tax (EBIT) ended at MNOK 32.1 (MNOK 33.5). The increase in depreciation for the quarter was related to new leasehold contracts for premises in Norway and China.

Accumulated operating profit (EBIT) per quarter in MNOK:



Net finance ended negative with MNOK 1.4 for the quarter (positive MNOK 0.75). Net finance was related to realized and unrealized gains or losses related to currency, cash in USD and EUR, and customer receivables. The profit before tax was MNOK 30.7 (MNOK 34.2) for the quarter. Profit after tax for the quarter was MNOK 24.4 (MNOK 25.7).

Earnings per share for the quarter was NOK 1.33 (NOK 1.41). Average number of shares outstanding was 18,314,219 (18,262,303) at the end of the first quarter 2024.

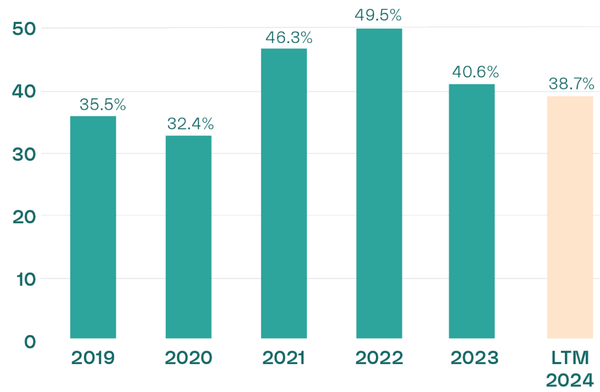
Balance sheet
Equity by the 31st of March 2024 was MNOK 429.9 (MNOK 397.9). This equals an equity ratio of 81.4% (78.7%).

Inventory levels are high due to company policy of securing end of life components, building security stock of critical components and finished goods. In Q1, the inventory of raw material increased by 27% to MNOK 82.4 This is related to previously committed purchase orders and weaker sales than expected at the time the purchase order was placed.

The cash position is strong and ended at MNOK 170.3 (MNOK 153.9) by the end of the year. The company's liabilities were related to lease contracts with a total of MNOK 17.4, where 9.1 was long term liability.

Return on invested capital (ROIC) was 38.7 % (40.6 %).

ROIC in %



OPERATIONAL STATUS

AMERICAS (USA, Canada and Latin America)
The largest target market for Medistim is USA, which is representing about 85% of sales in the AMERICAS region for the first quarter. In the USA, Medistim offers several business models, including sales of procedures (Pay Per Procedures or 'PPP'), leasing, and capital sales.

For the quarter, AMERICAS sales revenues in NOK are declining by 1.6 % ending at MNOK 54.7. Currency neutral, sales is declining with 4.2%.

The lower currency neutral revenue observed for the quarter is principally attributed to weaker capital sales. This is mainly due to the 5 imaging systems deal in the first quarter last year, that is commented on above.

For the quarter, we sold 12 capital systems vs 12 in Q1 2023. 4 of the systems were sold through distributors in South America, hence at a lower price. Also, 5 of the 12 systems sold was with Imaging compared to last year where 8 of the systems was with imaging. On the positive side, 6 units were outplaced on a lease agreement, compared to 2 in Q1-23.

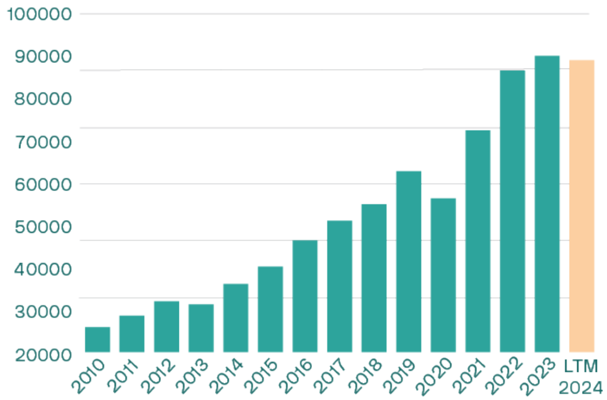
Further, we noted a tendency to opt for the Flow-only devices rather than the Flow-and-Imaging devices. As commented above Flow systems can later be upgraded to Flow-and-Imaging systems, hence providing customers with flexibility in a tighter funding situation.

For the sake of calculating market penetration in the USA, we count Flow procedures from both PPP smart-cards and capital probes sold, see following table.

There is a higher number of procedures sold to capital customers compared to PPP/lease customers for the quarter.

NUMBER OF PROCEDURES FROM:	Q1 2024	Q1 2023	CHANGE IN %
PPP or lease flow	6 323	6 568	-3.7 %
Flow probes to capital customers	12 235	10 294	18.9 %
Total flow procedures	**18 558**	**16 862**	**10.1 %**
PPP or lease imaging	1 998	2 151	-7.1 %
Imaging probes to capital customers	500	1 400	-64.3 %
Total imaging procedures	**2 498**	**3 551**	**-29.7 %**
Total flow and imaging procedures	**21 056**	**20 413**	**3.2 %**

Number of procedures sold in the USA



Medistim's new direct sales operation in Canada had a strong start to 2024 and delivered sales of MNOK 5.8 the first quarter of 2024. For comparison, sales for the full year 2023 ended at MNOK 6.7

APAC (China, Japan and rest of Asia Pacific)
In this region, Medistim has its strongest position in China representing 50% of sales and Japan representing about 21% of sales in the region.

For the quarter, sales revenues in NOK were down 29%, ending at MNOK 16.8. Currency neutral, sales decreased with 32%. Sales to China were high in the first quarter last year, representing the final quarter before the shift from distributor-based sales to direct sales operations in China. The Chinese organization is now successfully established and trained, logistics are functioning well, and the team is ready to grow the business in 2024.

EMEA (Europe, Middle East and Africa)
Sales of own products in the EMEA region include sale through direct sales channels in Germany, Spain, UK, Norway, Denmark and Sweden. In addition, the region covers European as well as Middle East and African distributor markets. More than 95% of sales from the region comes from Europe in the first quarter. 65% of the sales was through the direct channel and 35% of sales was through distributors.

For the quarter, EMEA sales revenues in NOK are increased by 37% reaching MNOK 39.8. Currency neutral, sales is increasing with 32%.

There was growth in all direct markets driven by the largest markets Germany and Spain with a growth in NOK of 47% and 68% respectively. In total, direct markets increased with 57% compared to last year in NOK and currency neutral growth was 50%.

Sales through distributors showed an 11% growth in NOK and a currency neutral growth of 6.7%.

THIRD PARTY PRODUCTS
(Norway, Denmark and Sweden)
Third party products are distributed through Medistim's subsidiaries in Norway and Denmark, with the addition of the newly established direct sales office in Sweden as of the fourth quarter of 2023. This direct presence in all three countries strengthens our position for securing new agencies across Scandinavia.

In Q1, Medistim signed a contract with the French cardiovascular company Peters Surgical, to distribute their products in Sweden and Norway. This is the third agency secured for Sweden, after A.M.I and Tisgenix.

Revenues from third-party sales reached MNOK 22.4 (MNOK 20.8) in the first quarter, growing 7.8% compared to last year.

RISKS

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 2024, a 10% change in the exchange rate against USD and EUR would result in an 8.5% change in sales and a 11% change in operating result. The company partly secures its positions with hedging contracts.

Global macro-economic uncertainties
Macro-economic turmoil, emerging energy crisis, inflation pressure, increasing interest rates and cost levels impact capital investments. Particularly in the USA, Medistim is experiencing prolonged sales cycles, fewer capital deals and fewer higher priced Flow-and-Imaging deals.
We believe these are signs of a conservative and cautious approach to investing in new medical equipment in the more challenging economic times.

The long-term consequences of the pandemic aftermath and growing geopolitical uncertainty are unclear but might lead to continuing challenges in the global flow of goods. Medistim is taking mitigating actions to ensure access to key components to secure production and maintain growth and profitability also for the future. Further, the company is financially solid to face future challenges, with no interest-bearing debt and an equity ratio of 80%.

Other risk factors
The group risk and uncertainty factors remain the same as described in the annual report for 2023.

SHAREHOLDER INFORMATION

The company had 23,117 Medistim shares by the end of March 2024. The share price was NOK 186.00 per share on the 31st of March 2024. For comparison, entering 2024 the share price was 214.00 per share.

The number of shares sold in Q1 2024 totaled 447,564. The five largest shareholders were ACAPITAL MEDI HOLDCO AS with 1,900,219 shares, Odin Fondene with 1,780,000 shares, State Street Bank with 1,307,359 shares, Fløtemarken AS with 1,285,000 shares and Follum Invest with 970,000 shares.

Transactions with related parties
There were no transactions between related parties in the period except for the share program to management approved by the General meeting the 24th of April last year.

Dividend
The General Assembly decided a dividend of NOK 4.50 per share, a total of MNOK 82.4 in dividend payment, based upon the 2023 results and the positive outlook for continued positive cash flow. Dividend will be paid the 6th of May.

Responsibility statement
The financial report per 31st of March 2024 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 2023. The board of Directors and Managing Director confirm to the best of our knowledge that the condensed set of financial statements for the period 1st of January to 31st of March 2024 has been prepared in accordance with IAS 34 "Interim Financial Reporting" and gives a true and fair view of the groups assets, liabilities, financial position and result for the period viewed in their entirety.

The board of Directors and CEO confirm that the interim management report includes a fair review of any significant events that arose during the three-month period and their effect on the Q1 financial report, any significant related parties' transactions, and description of the principal risks and uncertainties for the remaining nine months of the year.

STRATEGIC IMPERATIVES

Vision

Emerging from the fertile grounds of Norway's renowned ultrasound technology ecosystem, Medistim is firmly rooted in its ambition to maintain a dominant global standing within our specialized niche of surgical guidance and quality assessment. At our core, we remain commited to spearhead the advancement of pioneering products thoroughly crafted to align with the demands of surgeons specializing in Cardiac, Vascular, and Transplant surgery.

Our vision is that Medistim's solutions shall represent the "standard of care" in clinical practice across the globe. We envision a future where blood flow measurements and intraoperative ultrasound imaging become universally accessible, delivering optimal outcomes for each patient, and enriching the practice of every surgeon, fostering a culture of excellence in healthcare.

Sustainability and corporate social responsibility are integral pillars of Medistim's operations across the entire value chain. Our commitment is driven not only by our mission to enhance human health through advanced surgery but also by our dedication to product stewardship for minimal environmental impact, ethical business practices, and fostering a workplace culture where equal opportunities, collaboration, and innovation thrive.

Market position and outlook

The Cardiac Market

Building upon our established leadership in graft patency assessment for Coronary Artery Bypass Grafting (CABG), Medistim embarks on a trajectory poised for further growth and innovation. The global market size is stable with over 700,000 cardiac bypass surgeries performed annually worldwide. However, procedure volumes are shifting, by notably declining in Western countries but ascending in emerging markets like China and India.

While advancements in medications like GLP-1 agonists combatting obesity may influence trends, we anticipate a sustained to growing market for our products. This projection is backed by the many other risk factors for cardiovascular disease, and the advent of cutting-edge diagnostic technologies such as AI-supported coronary CT-FFR, alongside a demographic tide increasing the population aged 60 and above.

The CABG market segment presents an annual sales potential exceeding 2 billion NOK for Medistim, complemented by an additional 1 billion NOK opportunity within other open-heart surgeries. Presently, Medistim serves approximately 37% of CABG procedures through Transit Time Flow Measurement (TTFM) adoption. However, our share of the total CABG market opportunity remains notably lower, with revenues from this segment reaching MNOK 366 in 2023.

In summary, substantial growth opportunities exist within the CABG market, driven by several strategic imperatives. These include geographic expansion efforts, growing adoption of TTFM technology, and the transition towards combined utilization of TTFM and High-Frequency Ultrasound Imaging (HFUS) technology.

The Vascular Market

While Cardiac bypass surgery has historically been Medistim's primary focus since the introduction of the first flowmeter in 1994, the relevance of TTFM and HFUS technologies extends far beyond this domain. Indeed, these technologies hold considerable promise across various applications within the Vascular surgery landscape.

Medistim targets several key segments within the Vascular surgery domain, including Peripheral Bypass Surgery, Carotid Endarterectomy, AV (Arteriovenous) access surgery, and Liver transplant surgery. Collectively, these segments present an even larger market size and growth potential than CABG alone, encompassing over 1.3 million procedures globally and offering an annual sales opportunity exceeding 4 billion NOK for Medistim.

Competition

In CABG, direct competition remains limited, with only one alternative supplier offering a Flow-only product, and no contenders presenting a combined Flow-and-Imaging solution. Thus, our primary competition arises from the rooted practices of surgeons, who traditionally rely on palpation of grafts–a method charged with subjectivity and unreliability.

Conversely, within Vascular procedures, surgeons are more accustomed to leveraging technology for guidance and procedural control, such as Doppler technology or angiography. Here, Medistim anticipates demonstrating a competitive edge over alternatives by delivering products capable of not merely estimating, but precisely measuring blood flow. Additionally, our solutions eliminate the necessity for hazardous substances like x-rays or contrast media, further enhancing their appeal and safety profile.

Strategy

With our state-of-the-art products already established in the market and a mature operation in place to sustain ongoing innovation, the accelerated growth we aspire to achieve hinges upon effective commercialization strategies. This entails fostering close connections with both potential and existing customers through a highly competent and efficient sales and marketing organization. By maintaining proactive engagement with our clients and leveraging their insights, we aim to optimize our commercial efforts, drive adoption of our solutions, and propel Medistim towards sustained profitable growth and success.

Geographical Adaptation of the Strategic Approach: Conversion to Flow-and-Imaging

Our strategic approach is finely attuned to the regional adoption rates of flow measurement in CABG procedures. Geographically, there is a wide variance in adoption rates, and our strategy accounts for these differences. Notably, regions such as Japan, China, and numerous European countries exhibit robust adoption rates surpassing 70%. In markets where flow measurement is already widely adopted, our objective shifts towards converting the market from a flow-only paradigm to a comprehensive flow-and-imaging approach.

This transition enhances clinical value by providing surgeons with two complementary modalities that together offer an optimal foundation for decision-making and ensure the viability of grafts. In instances where sub-optimal flow values are observed, the inclusion of HFUS imaging aids in investigating the anatomical morphology of the graft anastomosis. This enables surgeons to determine whether any technical imperfections necessitate corrective measures before concluding the procedure, thereby avoiding unnecessary revisions, and optimizing patient outcomes.

From a business standpoint, the pricing of a flow-and-imaging system typically amounts to twice that of a flow-only system. Consequently, the conversion to a comprehensive approach presents significant growth opportunities in both Cardiac and Vascular procedures, underscoring the strategic importance of driving this evolution.

Central to both our TTFM adoption and HFUS conversion strategies are a focus on clinical marketing, which entails collaborative partnerships with key opinion leaders and prominent teaching institutions. Through educational initiatives and clinical studies, we engage with the medical community, foster knowledge sharing, and cultivate a deep understanding of the clinical benefits offered by our technologies.
By leveraging the expertise and influence of thought leaders in the field, we ensure high levels of awareness and interest in our innovative solutions. These collaborative endeavors serve as foundational pillars in driving widespread adoption, empowering healthcare professionals with the insights and confidence needed to embrace our technologies and integrate them into their clinical practice.

Global Reach with the US Market as Primary Target and China and India as Runners Up

Presently, Medistim maintains a direct presence in key markets across the Americas, Europe, and Asia, including the USA, Canada, China, Germany, Spain, the UK, Denmark, Sweden, and Norway. Additionally, our reach extends to over 60 other countries through strategic distributor partnerships.

Our strategic roadmap entails establishing a direct presence in new geographic territories when the business size and growth potential align to deliver a favorable return on investment. This approach ensures a prudent allocation of resources while maximizing our global footprint and market impact.

The USA stands as the largest individual market for Medistim's products, commanding nearly one-third of the global market. Within this pivotal market, the adoption of TTFM in CABG procedures is estimated to encompass approximately 40% of the 200,000 annual procedures conducted. Of this adoption, Medistim accounts for approximately 35%.

Our strategy to accelerate TTFM adoption in the USA remains anchored in clinical marketing and education initiatives. By collaborating closely with key stakeholders and educational institutions, we aspire to elevate awareness, promote understanding, and drive uptake of our technologies among healthcare professionals.

In the USA, our objective is to secure guideline support and reimbursement for the utilization of our technologies. Presently, reimbursement frameworks typically cover the total procedure, such as CABG or Peripheral Bypass, rather than specific technologies employed within it, such as TTFM. To advance this goal, we are considering new clinical studies that could serve as catalysts for policy development and reimbursement reform, thereby enhancing accessibility to our solutions and fortifying our position in this critical market.

Looking ahead, Medistim anticipates significant growth opportunities in Asian markets, particularly in high-growth regions like China and India. In China, we have established a strong foothold with TTFM, commanding approximately 70% of the estimated 60,000 CABG procedures conducted annually. With the strategic establishment of a direct sales operation last year, Medistim is positioned for sustained growth in the coming years. India presents another promising market for future growth, with an annual CABG procedure volume exceeding 100,000 and surpassing the global market average growth rate. Our product offering in India is completed with an adapted version of the flowmeter, to meet the price expectations in the private market segment.

Adding Vascular Targets: Enhancing Sales Force Productivity and Growth Opportunities
In regions where our foothold in Cardiac surgery is firmly established, with a significant portion of heart centers already in our customer portfolio, our strategic focus shifts towards targeting Vascular departments and hospitals to cultivate new client relationships. This deliberate approach not only amplifies sales productivity but also unlocks substantial growth opportunities.

The familiarity of our sales teams with vascular technologies, products, and procedures aligns with the customer acquisition process and accelerates market penetration. Moreover, Vascular surgery departments often share resources, equipment, and administrative infrastructure with Cardiac surgery departments, facilitating seamless integration and collaboration.

Product Innovation: Enhancing Value and Ease-of-Use
At the forefront of our product innovation endeavors lies a singular objective: to enhance value and ease-of-use for our customers. Every facet aimed at reducing barriers for customers to explore, learn, and appreciate the clinical value of our products is carefully considered in our innovation process.

Our commitment extends beyond merely enhancing functionality; we strive to make our products more user-friendly, intuitive, and accessible. This includes improvements that simplify handling, storage, cleaning, and disposal processes, ensuring a seamless experience throughout the product lifecycle.

Medistim is currently spearheading two pivotal projects poised to boost our offerings and reinforce our commitment to innovation:

1. Impactful Software Upgrade: Our first initiative involves a significant software upgrade aimed at delivering enhanced data interpretation, documentation, and reporting capabilities. Leveraging a completely new and future-proof software architecture platform, this upgrade promises to elevate ultrasound image quality while streamlining workflow efficiency.

2. Next Generation Medistim Device Proof-of-Concept: Furthermore, we are diligently advancing the proof-of-concept for our Next Generation Medistim device. This project represents a forward-looking undertaking to develop solutions that anticipate and address evolving clinical needs.

At Medistim, we have embraced a novel approach to product innovation characterized by rapid prototyping and piloting. A dedicated team collaborates closely with surgeon users to swiftly iterate and refine concepts, while a larger R&D team assumes responsibility for formal development and design review processes. We look forward to unveil the outcomes of this transformative change, which promises to expedite the journey from concept to market, allowing us to more efficiently introduce groundbreaking solutions that enhance patient care.

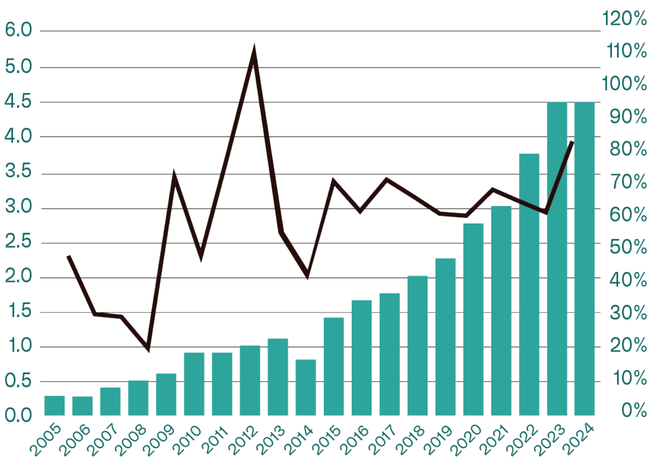
Production Productivity: Enhancing Gross Margins through Scale and Sustainability
At our Operations site in Horten, Norway, Medistim is dedicated to the assembly of both the MiraQ ultrasound devices and the flow probe product families. The production of flow probes entails intricate tasks such as gluing and soldering of tiny components under microscope scrutiny. While our manual processes ensure precision, they also impose limitations on scalability and productivity.

To address this challenge, we have embarked on a transformative project aimed at redesigning the probes and revamping the manufacturing process through automation implementation. This endeavor holds the promise of significantly enhancing productivity while maintaining the quality standards synonymous with Medistim's products. Improved sustainability requirements are part of the project charter. Moreover, upon completion, this project is expected to yield substantial positive impacts on product cost, further bolstering our competitive edge in the market.

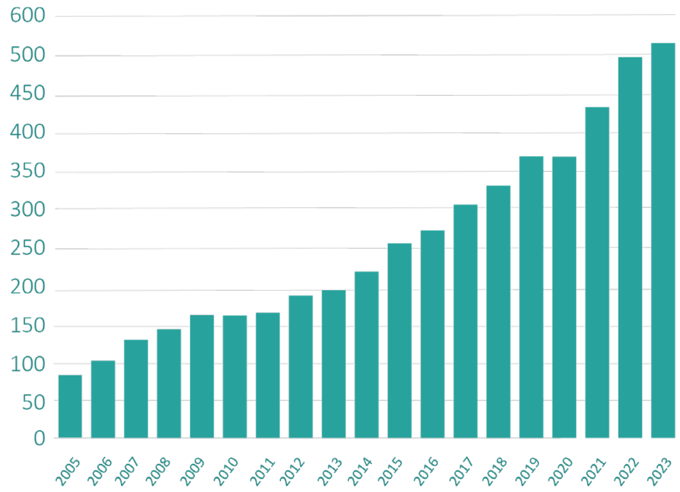
Oslo, April 24th, 2024
Board of Directors and CEO of Medistim ASA

Øyvin A. Brøymer Chair *Sign.*	Anna Ahlberg Board member *Sign.*	Ole J. Dahlberg Board member *Sign.*
Gry Dahle Board member *Sign.*	Jon H. Hoem Board member *Sign.*	Tove Raanes Board member *Sign.*
Peder Strand Board member *Sign.*	Kari Eian Krogstad President & CEO *Sign.*	

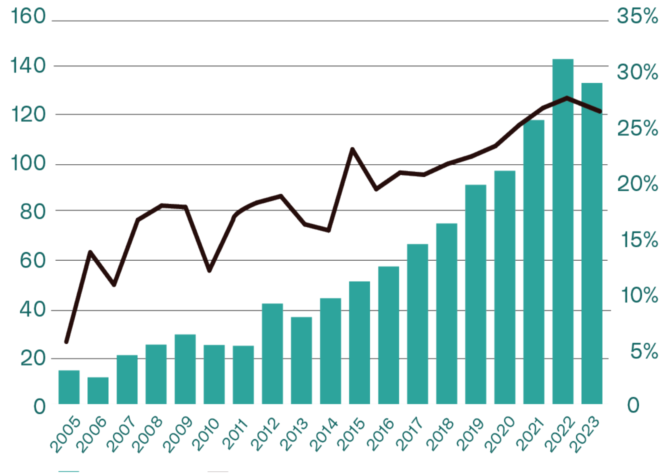
Dividend per share in NOK



Sales per year in MNOK



EBIT in MNOK and EBIT %



Profit & loss

PROFIT & LOSS	Q1 2024	Q1 2023	FY 2023
All numbers in NOK 1000			
Total revenue	133 788	129 261	526 364
Cost of goods sold	24 979	25 900	112 280
Salary and social expenses	46 069	40 213	162 597
Other operating expenses	24 333	23 917	96 388
Total operating expenses	95 381	90 030	371 265
EBITDA	38 406	39 231	155 099
EBITDA%	28.7 %	30.4 %	29.5 %
Depreciation	6 339	5 779	23 657
Operating profit (EBIT)	**32 067**	**33 452**	**131 442**
EBIT %	24.0 %	25.9 %	25.0 %
Financial income	3 584	7 555	17 123
Financial expenses	4 987	6 810	13 352
Net finance	**(1 403)**	**746**	**3 770**
Pre tax profit	30 664	34 198	135 212
Tax	6 284	8 532	31 389
			-
Profit after tax	24 380	25 666	103 823
Dividend	-	-	82 180
Comprehensive income			
Result after tax	24 380	25 666	103 823
Exchange differences arising on translation of foreign operations	7 450	5 834	2 612
Total comprehensive income	31 830	31 500	106 435

Balance sheet

BALANCE SHEET	3/31/2024	3/31/2023	12/31/2023
All numbers in NOK 1000			
ASSETS			
Deferred tax	4 497	3 586	5 142
Capitalized product development	33 896	24 261	31 246
Branding	1	1	1
Goodwill	14 128	14 128	14 128
Intangible assets	52 522	41 976	50 517
Fixed assets	61 611	53 082	63 635
Total intangible and fixed assets	**114 133**	**95 058**	**114 152**
Inventory	157 373	129 441	145 391
Accounts receivables	68 084	104 698	74 303
Other receivables	18 498	21 076	18 000
Cash	170 264	149 270	153 872
TOTAL CURRENT ASSETS	**414 219**	**404 484**	**391 566**
TOTAL ASSETS	**528 352**	**499 542**	**505 718**
EQUITY AND LIABILITY			
Share capital	4 585	4 585	4 584
Share premium reserve	44 172	44 172	44 172
Other equity	381 176	350 435	349 185
Total equity	**429 933**	**399 192**	**397 941**
Lease obligations	9 062	8 025	9 260
Deferred income	3 499	2 173	4 233
Total long term liability	**12 561**	**10 198**	**13 493**
Total short term liability	**85 858**	**90 152**	**94 284**
TOTAL EQUITY AND LIABILITY	**528 352**	**499 542**	**505 718**

Key figures

KEY FIGURES	Q1 2024	Q1 2023	FY 2023
Equity share	81.4 %	79.9 %	78.7 %
Earnings per share	kr 1.33	kr 1.41	kr 5.68
Earnings per share diluted	kr 1.33	kr 1.40	kr 5.67
Average shares outstanding in 1000	18 314	18 264	18 267
Average shares outstanding in 1000 diluted	18 314	18 289	18 296

Change in equity

CHANGE IN EQUITY	3/31/2024	3/31/2023	12/31/2023
All numbers in NOK 1000			
Equity start of period	397 941	367 692	367 692
Profit for the period	24 380	25 666	103 823
Dividend	-	-	(82 180)
Other	-	-	6 009
Changes in exchange rates	7 612	5 834	2 597
Equity end of period	**429 933**	**399 192**	**397 941**

Cash flow analysis

CASH FLOW ANALYSIS	3/31/2024	3/31/2023	12/31/2023
All numbers in NOK 1000			
Profit before tax	30 664	34 198	135 212
Cash from depreciation, tax and change in working capital	(8 546)	(33 551)	(19 372)
Cash flow from operation	22 118	647	115 840
Cash flow from investments	(3 630)	(2 246)	(29 726)
Cash flow lease obligations	(2 096)	(1 771)	(84 883)
Change in cash for the period	16 392	(3 370)	1 231
Cash at start of period	153 872	152 641	152 641
Cash by the end of period	**170 264**	**149 270**	**153 872**

ACCOUNTING PRINCIPLES

Medistim ASA is a public company listed at the Oslo stock exchange. Medistim ASA is incorporated in Norway. The main office is located in Økernveien 94, 0579 Oslo, Norway. The Medistim group's business is within developing, producing, service, leasing and distribtion of medical devices. The board of Directors and the CEO authorized these financial statements for issue on April 24,2024.

Basis for preparation of financial statements. The financial statement for the group is prepared in accordance with International Financial Reporting standard (IFRS) as adopted by the EU for interim reports according to IAS 34 Interim Financial reporting.

The annual accounts for the group has been prepared based on historical cost with exception of financial derivatives which are measured at fair value. The consolidated accounts have been prepared using consistent accounting policies for similar transactions and events. The accounting principles for the group for 2024 are the same as for the principles used in the annual report for 2023. This report provides an update of previously reported information.

REVENUE RECOGNITION AND SEGMENTS

Group revenue can be split in three different categories that have different risk and return on investment profile. The split is according to the company's internal reporting structure. The categories are as follows:

1. Revenue from sale of capital equipment (MiraQ) and consumable (probes)
2. Revenue from lease of equipment (MiraQ and probes)
3. Distribution and sales of third-party products

Category 1 and 2 covers the same equipment (MiraQ system) and consumables (probes). This is the products that are developed and produced by Medistim and is distributed through local partners unless Medistim has local representation.

1. Sale of capital equipment and consumable:
The sale of the equipment and the sale of the consumables are considered separate deliveries (performance obligations).

Revenue recognition varies with shipping and delivery terms that decide the timing of when the customer takes over control of the goods.

Payment terms varies from 30 to 90 days. The Group provides warranties for general repairs of defects that existed at the time of sale. This is considered an ordinary assurance type warranty, and not a separate performance obligation. A warranty provision is recognized.

2. Revenue from lease of equipment and probes:
The group has a range of contracts related to lease of equipment and probes and can be split in two categories

- Payment per procedures
- Lease of equipment and sale of probes

Payment per procedure:
Under this model, the equipment and probes are placed at the customer site free of charge. Medistim owns all equipment placed at the customer site. For the customer to be able to use the equipment a procedure (smart card) must be purchased. One procedure equals one surgery. The customer purchases a smart card that makes the system available for use.

The agreement is considered a lease with variable lease payments. Revenue is variable and recognized related to the actual use of the equipment and probes. For Medistim this means that revenue is recognized when a new card is shipped to a customer. There are two types of customers, flow customers and flow and imaging customers. Flow customers purchases a flow procedure, while flow and imaging customers purchase both a flow procedure and an imaging procedure. It is therefore a split of revenue between flow procedures and imaging procedures. Revenue is recognized when smartcards are purchased by the customer. The customer is dependent upon the smartcard in order to open the equipment and probe for use. The agreements are operational since equipment is returned when the agreement expires.

The individual agreement contains a minimum use clause. The duration of the agreement is 1-3 years, but divided into 12-month cycles, so minimum usage applies for 12 months at a time. If minimum usage is not achieved, Medistim has the right to extract the equipment from the customer site.

Lease of systems and sales or lease of probes:
Under this model, the customer leases the system and purchases probes when needed. The system revenue is recognized on a straight-line basis over the lease term. Probe revenue is recognized when the probe is delivered to the customer.

When probes are leased the expected probe consumption according to the contract is recognized on straight line basis but on a regular adjusted for actual probe consumption.

Other terms in the agreements:
If a customer with a pay per procedure or lease agreement does not handle the equipment properly, the customer is liable towards Medistim to compensate for the damage and repair. It happens that customers after too low consumption want to keep the equipment. In such cases, the customer may purchase the equipment. In this case, this is registered as a system sale.

3. Third party sales:
Sale of other third-party medical equipment is recognized when the equipment is delivered to the customer.

Payment from customers are mainly due within 30 days. Other revenue in the P&L includes service, spare parts, grants and other revenue that is not own products or third-party products.

SEGMENTS

The Group's activities are divided into strategic business units that are organized and managed separately. The division is also in accordance with the Group's internal reporting structure. The main divisions are sale of own products and sale of 3. party products. Sale of own products has two business models, the capital model and the lease model.

Own Products: Medistim sells its own products either through a lease or as capital.

Medistim has a flexible business model in the US and leaves it up to the customer whether they want to lease the equipment or purchase the capital equipment and buy probes as consumable. Most customers in the US lease the equipment. The lease model in the USA has been successful since it does not demand upfront capital to have the equipment available. Medistim has direct representation in the USA, which makes it manageable to handle the lease model properly. However, several customers prefer to invest in the equipment and purchase probes as consumables and Medistim promotes both solutions.

The lease model has not been successful outside USA. It is often so that hospitals have a policy that the equipment they use must be hospital property. In addition, Medistim can only follow up this model properly where the company has direct representation, since lease customers require Medistim property at the customer site. Medistim serves around 60 distributors around the world. To follow up assets placed at customer sites in a global scale, and have distributors to manage Medistim assets, is considered to be to complex and risky.

Third party products:
Distribution of third-party products:
Distribution and sale of third-party products is a separate segment. The group sells medical devices from third party manufacturers in Norway, Sweden and and Denmark. The product portfolio is carefully selected and mainly instruments and consumables within surgery. Transactions between internal business units are performed at market terms. Revenue, cost and result for each segment includes transaction between the segments. On group level these transactions are eliminated.

RESEARCH AND DEVELOPMENT

Research cost is expensed as incurred. Cost to internal development of technology or software is capitalized as an intangible asset when it is demonstrated that:
- it is technical feasible to complete the asset,
- the company has the resourse to complete the project
- the product will generate future economic benefits, and
- expenditure can be reliably measured.

Cost capitalized include materials, salary and social expenses and other expenses that can be allocated to the development of the asset. Internally developed intangible assets are amortized on a straight-line basis over the expected useful life. Amortization starts when the asset is available for use. Intangible assets not ready for use, is tested for impairment on a yearly basis. Capitalized development costs are written down when a new product is ready for sale, or an improved product is ready for sale. Internally developed intangible asset is tested for impairment on a regular basis by discounting expected cash flow generated from the asset. If the discounted value is lower than the carrying amount the asset is written down.

INVENTORY

Inventory is valued at the lower of cost, using the FIFO principle, and net realizable value. Production cost includes the cost for components, cost of conversion (including direct labor cost) and other cost in bringing the inventories to their present location and condition. Net realizable value is the estimated sales price in the ordinary course of business less cost of completion and selling cost.

GOODWILL

Business combinations are accounted for using the acquisition method.

Goodwill is recognized as the difference between the aggregate of the consideration transferred and the amount of any non-controlling interest less the fair value of the net identifiable assets at the acquisition date. Goodwill is not depreciated, but is tested for impairment at least annually.

Note 1
Revenue split and segments

GEOGRAPHIC SPLIT OF SALES IN NOK	Q1 2024	Q1 2023	FY 2023
All numbers in NOK 1000			
USA	46 370	52 102	197 157
Canada	5 826	3 016	6 734
South America	2 553	548	5 132
Total AMERICAS	**54 749**	**55 666**	**209 023**
China	8 432	13 796	42 565
Japan	3 595	6 278	23 970
Rest of APAC	4 793	3 652	16 448
Total APAC	**16 820**	**23 726**	**82 983**
Europe	38 955	28 156	145 487
MEA	856	935	9 442
Total EMEA	**39 811**	**29 091**	**154 929**
Third party products	22 408	20 778	79 429
Total sales	**133 788**	**129 261**	**526 364**

Note 1 cont.

GEOGRAPHIC SPLIT OF SALES IN NUMBER OF UNITS	Q1 2024	Q1 2023	FY 2023
AMERICAS			
PPP and lease:			
Flow procedures (PPP/card based)	6 323	6 568	29 168
Imaging and flow procedures (PPP/card based)	1 998	2 151	11 152
Flow systems (PPP or lease)	2	-	-
Flow and imaging systems (PPP or lease)	4	2	4
Capital sales:			
Flow systems	7	4	16
Flow and imaging systems	5	8	23
Flow probes	540	436	1 806
Imaging probes	9	14	58
APAC			
Flow systems	14	29	70
Flow and imaging systems	3	8	33
Flow probes	554	754	2 573
Imaging probes	8	12	60
EMEA			
Flow systems	7	11	58
Flow and imaging systems	7	8	37
Flow probes	1 300	880	4 737
Imaging probes	9	11	50
Total sales in units			
PPP and lease revenue:			
Flow procedures (PPP/card based)	6 323	6 568	29 168
Imaging and flow procedures (PPP/card based)	1 998	2 151	11 152
Flow systems (PPP or lease)	2	-	-
Flow and imaging systems (PPP or lease)	4	2	4
Capital sales:			
Flow systems	28	44	144
Flow and imaging systems	15	24	93
Flow probes	2 394	2 070	9 116
Imaging probes	26	37	168

Note 1 cont.

GEOGRAPHIC SPLIT OF SALES IN NOK PER PRODUCT GROUP	Q1 2024	Q1 2023	FY 2023
All numbers in NOK 1000			
AMERICAS			
PPP and lease:			
Flow procedures (PPP/card based)	16 411	16 997	64 369
Imaging and flow procedures (PPP/card based)	9 416	9 820	36 242
Capital sales:			
Flow systems	5 765	2 997	15 492
Flow and imaging systems	6 551	12 831	35 566
Flow probes	15 345	10 988	48 980
Imaging probes	1 261	2 034	8 374
Total sales AMERICAS	**54 749**	**55 666**	**209 023**
APAC			
Flow systems	4 629	6 631	19 468
Flow and imaging systems	2 199	5 032	20 027
Flow probes	9 277	11 089	40 019
Imaging probes	715	974	3 469
Total sales APAC	**16 820**	**23 726**	**82 983**
EMEA			
Flow systems	3 044	3 447	20 589
Flow and imaging systems	5 409	3 645	25 892
Flow probes	30 416	21 464	104 059
Imaging probes	942	535	4 389
Total sales EMEA	**39 811**	**29 091**	**154 929**
Total sales in NOK			
PPP and lease revenue:			
Flow procedures (PPP/card based)	16 411	16 997	64 369
Imaging and flow procedures (PPP/card based)	9 416	9 820	36 242
Capital sales:			
Flow systems	13 438	13 075	55 548
Flow and imaging systems	14 159	21 508	81 485
Flow probes	55 038	43 541	193 058
Imaging probes	2 918	3 542	16 232
Total sales own products	111 380	108 483	446 935
Total sales third party products	22 408	20 778	79 429
Total sales	**133 788**	**129 261**	**526 364**

Note 1 cont.

SPLIT OF SALES BETWEEN CARDIAC SURGERY, VASCULAR SURGERY AND THIRD-PARTY PRODUCTS	Q1 2024	Q1 2023	FY 2023
All numbers in NOK 1000			
Sales within Cardiac surgery	90 535	89 973	365 641
Sales within Vascular surgery	20 845	18 510	81 294
Sales of 3rd party products	22 408	20 778	79 429
Total sales	**133 788**	**129 261**	**526 364**

SPLIT OF SALES BETWEEN FLOW PRODUCTS, IMAGING PRODUCTS AND THIRD PARTY PRODUCTS	Q1 2024	Q1 2023	FY 2023
All numbers in NOK 1000			
Flow products	84 837	73 613	312 976
Imaging products	26 543	34 870	133 959
Sales of third-party products	22 408	20 778	79 429
Total sales	**133 788**	**129 261**	**526 364**

Note 2 Salary expenses

NOTE 2 SALARY EXPENSES	Q1 2024	Q1 2023	FY 2023
All numbers in NOK 1000			
Salary	32 216	27 148	129 501
Employees tax	5 162	4 902	18 786
Bonus/commission	4 947	4 930	6 283
Cost for contribution pension plan	2 461	2 160	6 260
Compensation to the Board	558	516	2 122
Other social costs	726	556	(354)
Total salary and social cost	**46 069**	**40 213**	**162 597**

Note 3 Intangible assets and goodwill

NOTE 3 INTANGIBLE ASSETS AND GOODWILL	Product under development	Completed product	Goodwill	Deferred tax
All numbers in NOK 1000				
Historic cost				
Historic cost 31.12.2023	25 178	81 928	14 128	5 142
Internal additions	2 411	-	-	(645)
External additions	1 065	-	-	-
Additions under development				
Historic cost 31.03.2024	28 654	81 928	14 128	4 497
Accumulated depreciations and write downs				
Accumulated depreciation and write downs	4 021	71 839	-	-
Depreciations for the year	-	826	-	-
Total depreciation as of 31.03.2024	4 021	72 665	-	
Carrying amount 31.03.2024	**24 633**	**9 263**	**14 128**	**4 497**

Note 4 Specification of inventory

NOTE 4 SPECIFICATION OF INVENTORY	3/31/2024	12/31/2023
All numbers in NOK 1000		
Raw material	82 440	65 035
Work in progress	4 118	3 604
Finished goods	63 231	64 047
Spare parts	8 368	9 638
Third party products	11 134	11 285
Inventory provision	-11 918	-8 217
Total	**157 373**	**145 391**

Finished goods are measured at cost which includes cost for components and internal labor cost. Work in progress is valued at the total of the component cost and labor cost. It is necessary for the company to keep an additional security inventory for critical components for own developed products. Due to a strict regulatory regime within medical device, it takes time to introduce new devices or components. At the same time the tendency is that electronical components life circle is shorter. For this reason, inventory level is high to secure future deliveries for Medistim developed products.

Note 5 Financial income and expense

NOTE 5 FINANCIAL INCOME AND EXPENSE	Q1 2024	Q1 2023	FY 2023
All numbers in NOK 1000			
Interest income	889	299	3 275
Other financial income	99	359	137
Gains on foreign exchange	2 596	6 898	13 710
Total financial income	**3 584**	**7 556**	**17 123**
Loss on foreign exchange	-4 827	-6 735	-12 780
Interest cost on loans	0	0	(151)
Other financial expenses	-160	-75	-422
Total financial expenses	**-4 987**	**-6 810**	**-13 352**
Net finance	**-1 403**	**746**	**3 770**

Note 6 Alternative performance measures

NOTE 6 ALTERNATIVE PERFORMANCE MEASURES RETURN ON INVESTED CAPITAL (ROIC)	2020	2021	2022	2023	LTM March 2024
1 = 1 MNOK					
Numerator: Profit for the year	69	91	114	104	103
Denominator: Invested capital (avg)	214	196	230	258	265
Total assets	346	403	483	506	528
Minus: Cash	-72	-129	-153	-154	-170
Minus: Non interest bearing current liabilities	-59	-78	-100	-94	-86
Equals: Invested capital	214	196	230	258	272
ROIC Net Income in %	**32.4 %**	**46.3 %**	**49.5 %**	**40.3 %**	**38.7 %**

Return On Invested Capital: In the numerator 12 months rolling net profit is used. As denominator the capital that circulates the business is used. For Medistim this is noncurrent assets plus current assets minus current liabilities.

Note 6 cont.

RECONCILIATION OF CURRENCY NEUTRAL REVENUE:	Rates 2024	Rates 2023
USD average rate for the year	10,51	10,24
EUR average rate for the year	11,42	10,98

Split of revenue in USD, EUR and NOK	Q1 2024	REVENUE Q1 2024 WITH 2023 RATES
Sales in USD		
Procedural revenue Imaging and flow	25 828	25 153
Capital sales MiraQ flowmeasurement instruments	5 765	5 614
Capital sales MiraQ imaging and flowmeasurement instrument	6 551	6 380
Flow probes	15 345	14 944
Imaging probes	1 261	1 213
Sales in EUR		
MiraQ flowmeasurement instrument	7 673	7 383
MiraQ imaging and flowmeasurement instrument	7 608	7 321
Imaging probes	1 657	1 595
Flowmeasurement probes	39 693	38 194
Other	-	-
Revenue in USD and EUR	111 380	107 797
Revenue in NOK	22 408	22 408
Total revenue	133 788	130 205

OTHER ALTERNATIVE PERFORMANCE MEASURES

Profit before R & D, depreciation and impairment:	Margin after cost of goods, salary and social expenses and other operating expenses are deducted except for R & D expenses.
EBITDA:	Earnings before interest, taxes, depreciation and amortization. Corresponds to operating profit before depreciations and impairment loss.
Currency neutral growth:	Compares this year's sales with previous year sale when sale in foreign currency is recalculated using the same average currency rate in the reporting period to get a neutral comparison.
Working Capital	Inventory plus accounts receivable minus accounts payable

Note 6 cont.

RECONCILIATION OF WORKING CAPITAL:	31.03.2024	FY 2023
All numbers in NOK 1000		
Accounts receivable in balance sheet at year end	68 084	74 303
Inventory in the balance sheet at year end	157 373	145 391
Accounts payable in balance sheet at year end	(34 170)	(30 871)
Working capital	191 286	188 823

Note 7 Events after 31.03.2024

The Board of directors has no knowledge about other events after 31.03.2024 that will affect the Q1 report and financial statement as of 31.03.2024.

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