2023

CORPORATE ANNUAL REPORT

www.medistim.com

MEDISTIM

Contents

1. MEDISTIM IN BRIEF

Cardiac and vascular diseases continue to be the most common cause of death in the western world. Globally, more than 700,000 patients undergo coronary artery bypass surgery annually while more than 1,300,000 patients have vascular surgery procedures performed. Over the past four decades, Medistim's mission has been to serve patients, surgeons and health care providers with innovative and cost-effective medical devices that measure blood flow and visualize atherosclerosis, and thereby help improve the quality and outcome of cardiac and vascular surgery.

One million beating hearts later, Medistim has set the standard in the field.

Today, Medistim's proprietary products are regarded to be standard-of-care in most European countries and Japan, while market adoption is growing in the USA, Asia and the Middle East. In addition, Medistim's third party business represents about 100 different medical technology companies as a distributor of their products in Scandinavia.

Medistim is a market leader within intra-operative transit time flow measurement (TTFM) and ultrasound imaging, providing the MiraQ™ system to the global market. These systems enable medical professionals to reduce risk and enhance quality of cardiac, vascular and transplant surgery. They provide clinically relevant information that empowers surgeons to make better-informed decisions in the operating room.

The company's devices are developed by working closely together with surgeons, who in turn have produced a growing amount of clinical data and studies that point to their efficacy and cost-effectiveness. Medistim is committed to continuing to serve the cardiac and vascular surgeons by investing in new product development.

Medistim has wholly owned subsidiaries with marketing and sales organizations in the USA, Germany, China, Spain, Canada, the United Kingdom, Denmark, Sweden and Norway. In addition, a global distributor network is representing the company in more than 60 countries in Asia, Europe, Latin America and Africa. Medistim ASA is listed on the Oslo Stock Exchange and has its global head office in Oslo, Norway.

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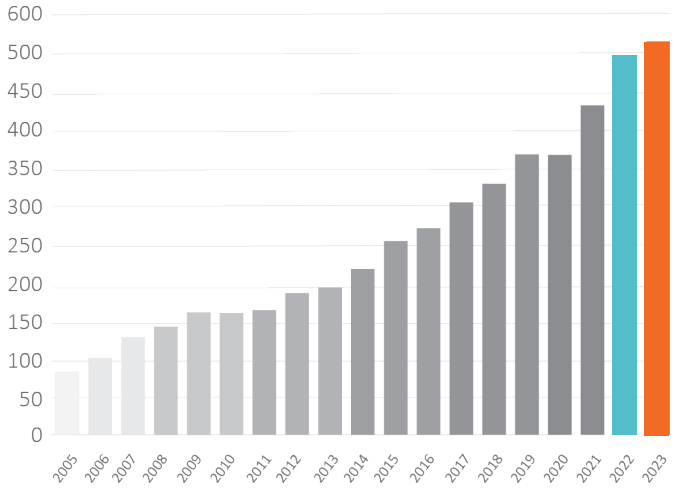
Each of us likely knows a friend or family member grappling with some form of cardiovascular disease. When facing invasive surgical procedures, we naturally seek out the expertise of top surgeons. These leaders in the field have already embraced flow measurement and ultrasound imaging technologies to guarantee the finest surgical quality and outcomes for their patients. Consequently, in numerous countries, the utilization of these techniques has become the gold standard in the operating room. It is Medistim’s vision to extend these benefits universally so that every patient and surgeon worldwide can access optimal cardiovascular health care.

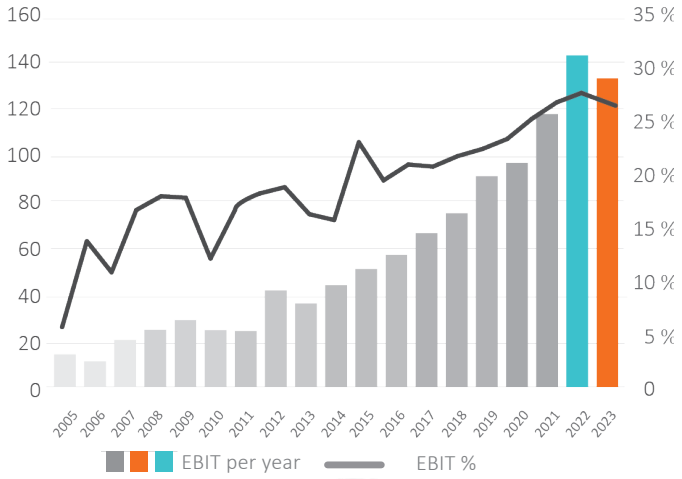
Kari E. Krogstad
President & CEO

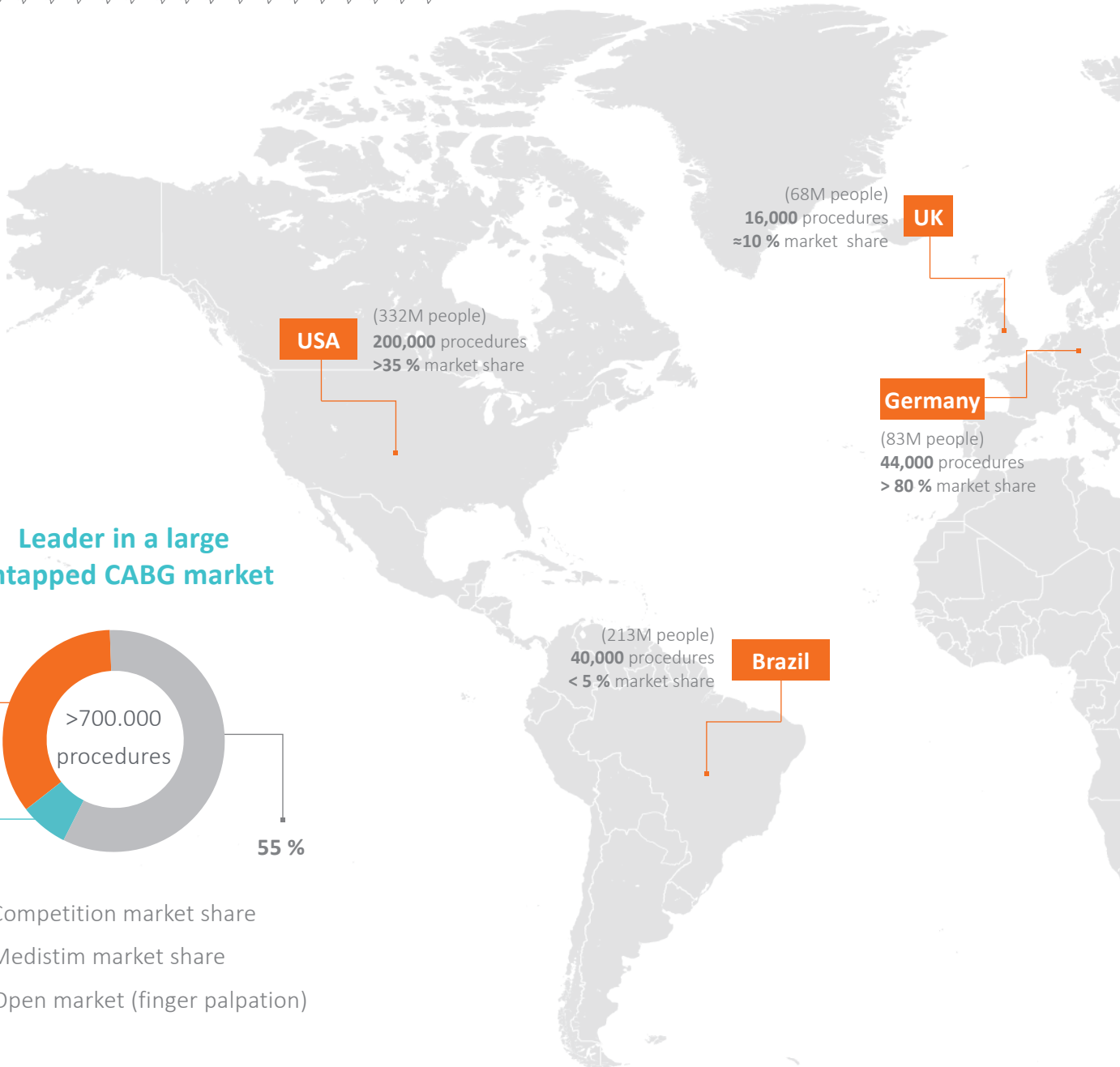
2. KEY FIGURES

Sales in MNOK



EBIT in MNOK and EBIT %

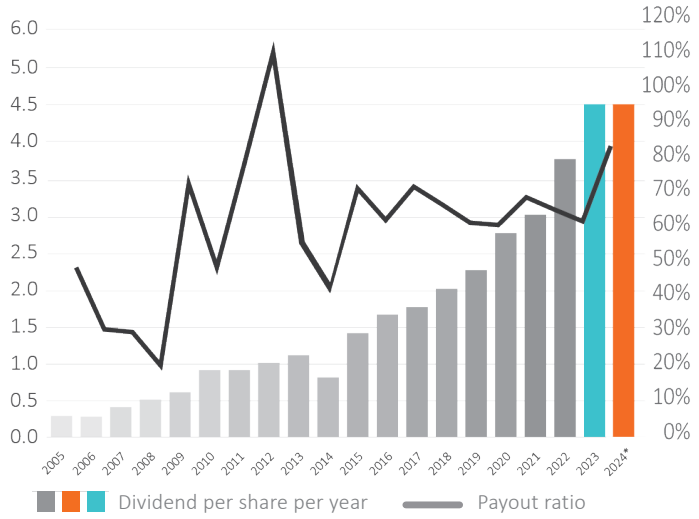




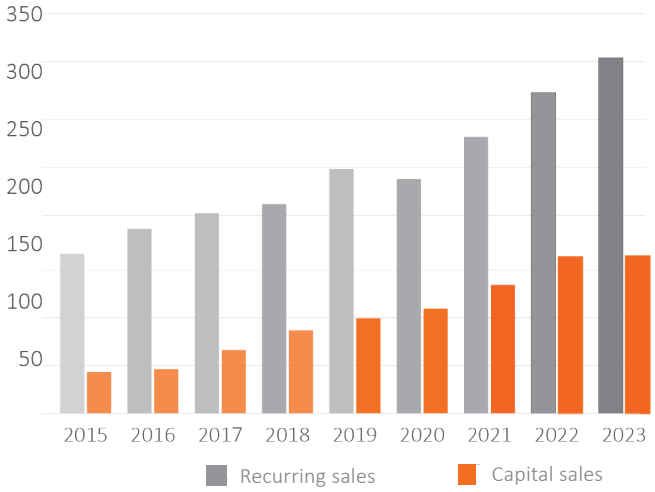
Leader in a large untapped CABG market

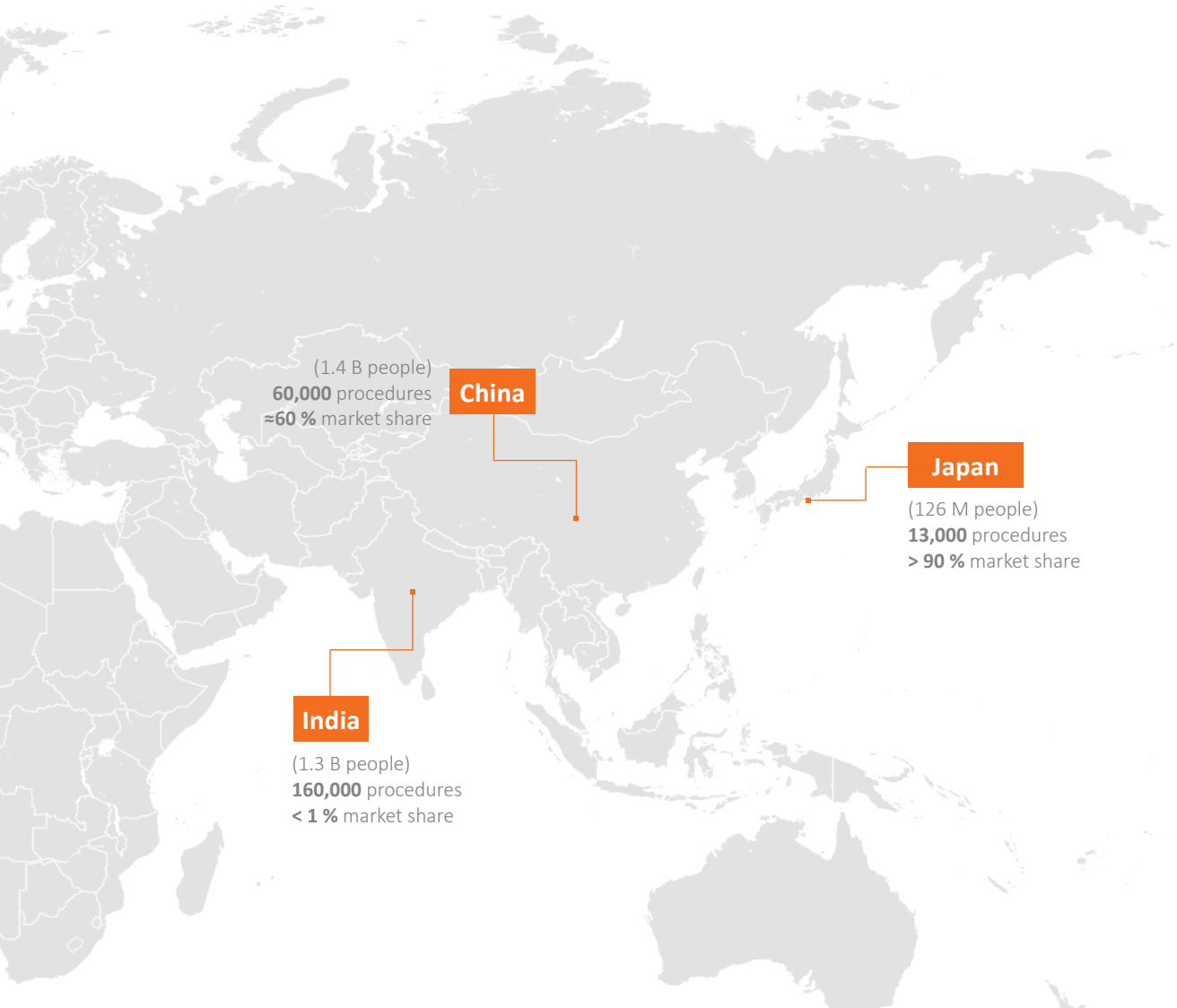
- Competition market share
- Medistim market share
- Open market (finger palpation)

Dividend in NOK per share and Pay-out ratio



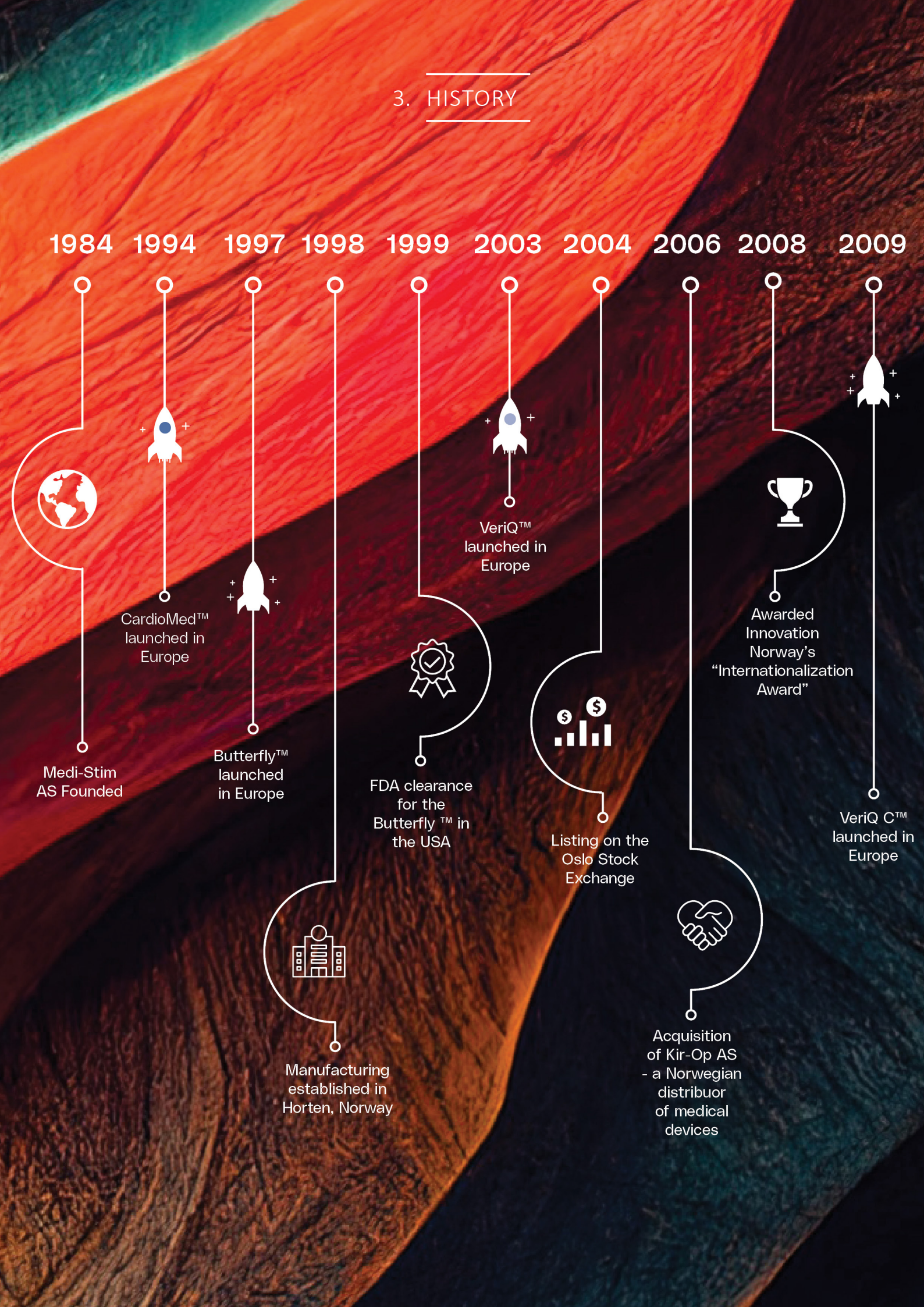
Capital sales and recurring sales of own products in MNOK



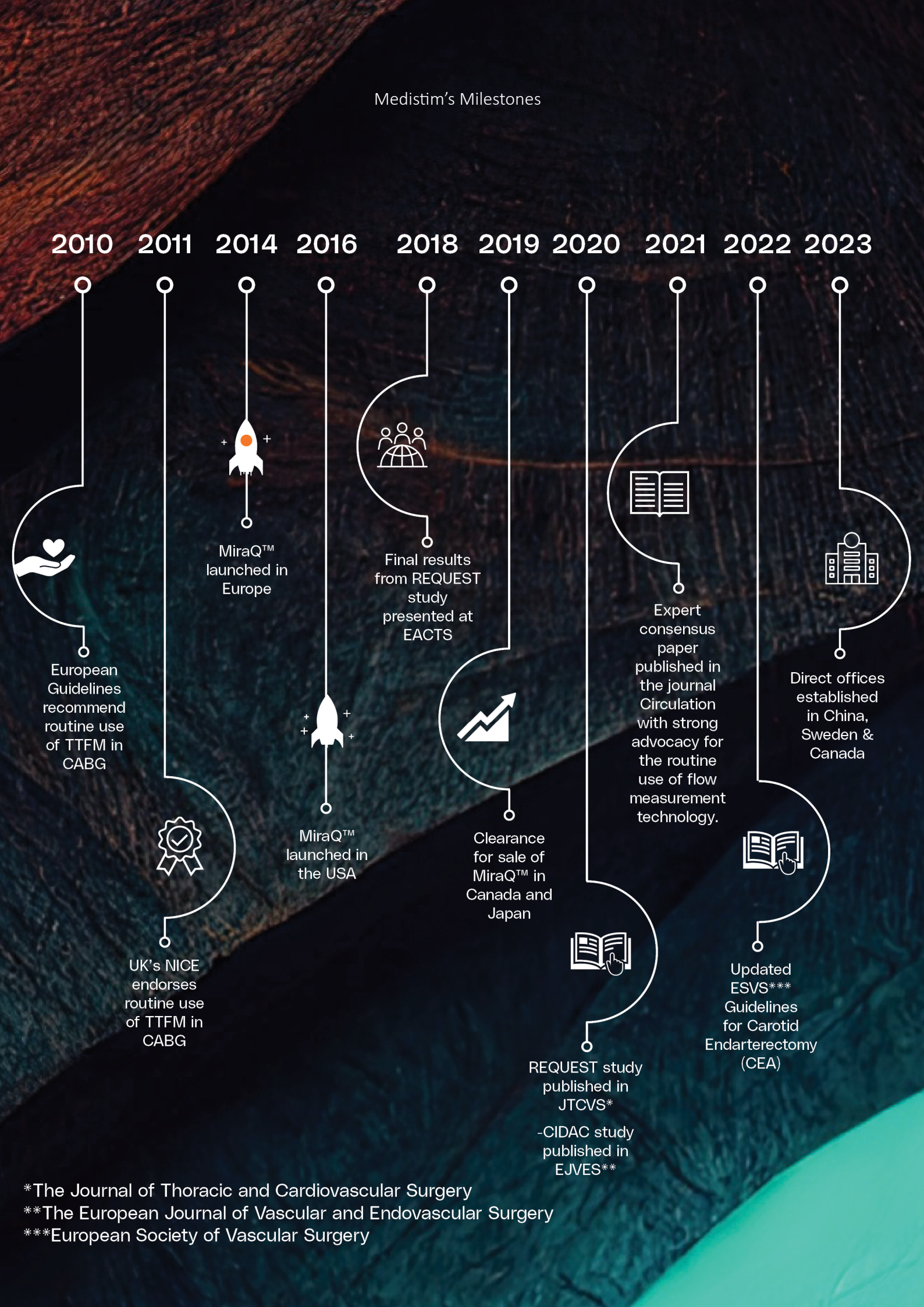


Headquartered in Oslo, with production facilities in Horten, Norway. Medistim sells its products through more than 60 distributors world-wide, including Medistim's own sales offices in USA, China, Germany, Spain, UK, Canada, Norway, Denmark, and Sweden.

3. HISTORY


1984
1994
1997
1998
1999
2003
2004
2006
2008
2009
Medi-Stim AS Founded
CardioMed™ launched in Europe
Butterfly™ launched in Europe
Manufacturing established in Horten, Norway
FDA clearance for the Butterfly ™ in the USA
VeriQ™ launched in Europe
Listing on the Oslo Stock Exchange
Acquisition of Kir-Op AS - a Norwegian distribuor of medical devices
Awarded Innovation Norway's "Internationalization Award"
VeriQ C™ launched in Europe

Medistim's Milestones



*The Journal of Thoracic and Cardiovascular Surgery
**The European Journal of Vascular and Endovascular Surgery
***European Society of Vascular Surgery

4. LETTER FROM THE CEO

I am pleased to report that our total sales for the year reached a new high of MNOK 526.4, representing 7 % growth over 2022.

Throughout the year, we remained committed to engaging with customers and prospects and educating them about the value proposition of our TTFM and HFUS technologies. These efforts have been met with positive response, particularly within the vascular product segment, which experienced significant growth over the past year. We are excited to further explore opportunities in this area, including the planning of a clinical study in vascular peripheral bypass surgery.

In 2023, Medistim strategically invested in several key areas to drive future growth and enhance our competitive position. We embarked on a journey of geographical expansion, significantly growing our direct sales footprint by adding China, Canada, and Sweden to our list of direct countries. By establishing closer relationships with end-users and reducing distributor mark-ups, we aim to accelerate revenue growth and capture market share more effectively.

Additionally, we made advancements in our operations by implementing a second shift in probe production, enabling us to meet growing demand and ensure timely delivery to our customers.

These initiatives have led to an increase in expenses, and we acknowledge the short-term impact on our EBIT margin, which ended at 25.0 % for the year. We remain confident in the long-term value that these initiatives will deliver to our business and our shareholders.

Medistim continues to maintain a robust competitive stance, coupled with significant interest in our product offerings. Notwithstanding the favorable momentum in our business, we remain aware of the hurdles posed by macroeconomic dynamics, such as increased deliberation in procurement processes and a lower inclination towards investment in higher-priced capital equipment within specific markets.

Looking to 2024 and beyond, we are excited about the opportunities that lie ahead. With a dedicated and increasingly global team, innovative products, and a clear strategic direction, we are well-positioned to deliver sustainable growth and create long-term value for our stake holders.

Thank you for your continued support and investment in Medistim. We look forward to updating you on our progress in the time to come.

21st March 2024
Kari E. Krogstad
President & CEO


MEDISTIM
Flow is not enough
See what you can't measure!
Optimize the outcome with HFUS
Leave the OR with Confidence
(High-Frequency Ultrasound imaging)

5. EXECUTIVE MANAGEMENT & BOARD OF DIRECTORS

5.1 Management Team

Kari Eian Krogstad

President and CEO, Medistim ASA

Kari E. Krogstad joined Medistim as CEO in September 2009. She has more than 30 years of experience from the biomedical industry, from commercial leadership roles within the international pharma, biotech and medtech sectors. Before joining Medistim, she spent 11 years at Dynal and held the position as General Manager of Invitrogen Dynal after the acquisition from U.S. based Invitrogen in 2005. Ms. Krogstad holds a Cand. Scient. degree in Molecular Biology from the University of Oslo as well as a Business degree from IHM Business School.

Helge Børslid

VP Manufacturing, Medistim ASA

Helge Børslid joined Medistim as Vice President Manufacturing in January 2017. Before joining Medistim, he was production manager at Halliburton, a company that offers products to the oil and gas industry. Previous experience ranges from test engineer to quality engineer at Norautron, Infineon Technologies, Kongsberg Maritime, and Sensor Development. Mr. Børslid holds a B.Sc. in Electronics Engineering from Vestfold University in Norway and a Master's degree in Management from the Norwegian Business School (BI).

Ole Arne Eiksund

Chief Business Development Officer, Medistim ASA

Ole Arne Eiksund joined Medistim as CBDO in April 2022. He has more than 25 years of experience from the biomedical industry, with commercial leadership roles within the pharma and biotech sectors. Former positions include Commercial Director at GSK Pharma, VP Global Sales at Hofseth BioCare and before joining Medisitim he was the CEO of Arctic Bioscience. Mr. Eiksund holds a M.Sc. degree in Computational Science from the University of Manchester (UMIST) and an Executive MBA from Hult International Business School, London.

Mike Farbelow

President, Medistim USA, Inc.

Mike Farbelow joined Medistim as Vice President of the US sales team in May 2012. He has extensive sales and management experience from the medical device industry. He served for many years with Smith & Nephew's Endoscopy division both as a sales representative and the Director of Sales for the central region. His most recent position prior to joining Medistim was with Richard Wolf USA where he served as their national sales manager in spinal endoscopy. Farbelow holds a degree in management from the University of Minnesota Carlson School of Management.

Håkon Grøthe

Chief Innovation Officer, Medistim ASA

Håkon Grøthe joined Medistim as CIO in April 2019. He is an experienced leader with a passion for increasing customer value through digital innovation. Grøthe has put disruptive technologies such as AI, VR and Machine learning into work in his leadership roles from IT technology companies such as Impact Reality and Inspera. He also brings methodology experience relevant for agile processes, such as Google Sprint, Design Thinking and Kanban. Grøthe holds an M.Sc. degree in Industrial Economics/Computer Science from the Norwegian University of Science and Technology (NTNU).

Thomas Jakobsen

CFO, Medistim ASA

Thomas Jakobsen joined Medistim as VP Finance in 2001. Previous experience includes Controller and Finance Manager at Sysdeco (1993-1998), and Finance Director of Microtronica Nordic (1998-2001), where he was responsible for building the finance team and converting to a new MIS system. Mr. Jakobsen holds a B.Sc. in Management from the Norwegian Business School (BI).

Roger Morberg

VP Sales APAC, Medistim ASA

Roger Morberg joined Medistim as VP Sales in June 2010. He has extensive experience from the healthcare industry and is a trained medical professional. Before joining Medistim he worked for Siemens Medical as Country Manager for Ultrasound. Morberg has previously held various roles within sales and senior management positions in Marquette Electronics, GE Healthcare and Hewlett Packard.

Stephanie d'Avout Stenhagen

VP Sales EMEA, Medistim ASA

Stephanie d'Avout Stenhagen joined Medistim in 2017 as Sales Manager Europe. With over two decades of experience in the medical device industry, she brings a wealth of expertise and strategic vision to drive Medistim's sales efforts across the EMEA region. Prior to joining Medistim she held various leadership roles in strategic marketing and business expansion at Medtronic Inc. and served in a Global Marketing capacity for Nobel Biocare. Ms. Stenhagen holds an MBA in Marketing from the Fox School of Business at Temple University.

Erik Swensen

VP R&D, Medistim ASA

Erik Swensen joined Medistim as VP Research & Development in 2002. Previous experience includes Development Engineer at ABB, Norway, where he participated in the development of advanced process control systems and developing ABB's new control system for safety critical applications. Swensen holds a M.Sc. degree in Engineering Cybernetics from the Norwegian University of Science and Technology (NTNU).

Tone Veiteberg

VP Regulatory Affairs & Quality Assurance, Medistim ASA

Tone Veiteberg joined Medistim as VP Quality Assurance & Regulatory Affairs in 2013. She has more than 35 years of experience in Medical and Regulatory Affairs from the pharmaceutical and medical device industry, including Clavis Pharma, the Norwegian Association of Pharmaceutical Manufacturers, Leo Pharmaceuticals, and Glaxo/GlaxoWellcome (now GlaxoSmithKline). Veiteberg holds a M.Sc. in Pharmacy from the University of Oslo.

Hæge J.K. Wetterhus

VP Marketing, Medistim ASA

Hæge J.K. Wetterhus joined Medistim as VP Marketing in 2010. She has more than 25 years of experience working with diagnostic, analytical and biotech device companies. Before joining Medistim, she worked for Invitrogen Dynal where she held a variety of leadership roles in strategic marketing, product development and business development in the area of life science and biotechnology – always with an international focus. Wetterhus is a business economist from BI Norwegian School of Management, a chemical engineer from the Technical University of Bergen and holds a B.Sc. Honour in molecular biology from the University of Glasgow, United Kingdom.

Anne Waaler

VP Medical Department, Medistim ASA

Anne Waaler joined Medistim as VP Medical Department in 2016. She has more than 25 years of experience from the pharma and medtech industry, including roles within medical, marketing and strategy with Nycomed and GE Healthcare. Waaler holds a M.Sc. in Pharmacy from the University of Oslo, an MBA from the BI Norwegian School of Management in Oslo, and an ESCP-EAP in Paris.

5.2 Board of Directors

Øyvin Brøymer

Chair

Øyvin Brøymer has served as Chair of Medistim since 2000. He works as an investor through his own company Intertrade Shipping AS and Fløtemarken AS, holds the position as Chair in Vistin Pharma ASA. Previous experience includes executive positions in The Aker Group, Hafslund Nycomed ASA and Leif Höegh & Co ASA, as well as broad board room experience from many other companies. He holds a degree within economics and business from Norwegian School of Management and an MBA from the University of Wisconsin. He is also Chair of the remuneration committee.

Anna Ahlberg

Board Member

Anna Ahlberg is the CFO at the Swedish medical simulation company Surgical Science. Her previous career includes executive positions at several listed Swedish companies, such as med-tech companies Q-Med and Vitrolife. Ms. Ahlberg holds a MSc in Business Administration and Economics from the School of Business, Economics and Law, University of Gothenburg. She is an independent Board member and is a member of the audit committee.

Anthea Arff-Pettersen

Board member

Anthea Arff-Pettersen is a Partner and Investment Director at Aeternum Capital. She holds a Master's in Investment Management from Cass Business School and a BSc in Business Administration from the University of Bath. Her previous experiences are from Schroders and M&G investments in London, private equity firm Credo Partners in Oslo, as well as Höegh Autoliners in New York. She is a member of the audit committee.

Ole J. Dahlberg

Board Member

Ole Dahlberg is CEO at Curida, a life science company that develops and manufactures medicines, ensuring a safe supply of life-improving products. He has been in executive leadership roles both on the commercial side and in R&D at Dynal Biotech, German Biotech company Qiagen, and more recently for Thermo Fisher Scientific in the US. Mr. Dahlberg holds a MSc in Genetics and Marine Biology from the University of Oslo.

Jon H. Hoem

Board member

Jon Hoem was one of the early employees at Medistim, joining the company in 1994, and contributing to structuring Medistim's initial sales effort in Europe, Japan, and the United States. He has founded multiple early-stage cardiovascular medical device companies. Mr. Hoem holds a MSc degree in microelectronics and organizational development from the Norwegian Institute of Technology (NTNU).

Lars Rønn

Board member

Lars Rønn has been board member in Medistim since 2010. He works as a consultant for Korn Ferry with focus on recruitment of executives within the med-tech area. He has previous experience as Executive Vice President, Sales & Marketing in Ambu, a Danish med-tech company and as CEO in Origio. He has also experience from several positions in Maersk-Medical AS. Rønn holds a BSc in Business, Language & Culture and has a Graduate Diploma in Int. Trade from Copenhagen Business School. He also has a Management Program from INSEAD. He is member of the remuneration committee.

Tove Raanes

Board member

Tove Raanes has been board member in Medistim since 2014. She works as an advisor in the investment companies Dyvi Invest AS and Nore-Invest AS and serves as board member in Bouvet ASA, Multiconsult ASA, Krefting AS, and Noria Group AS. Her experience includes strategy, finance and business development from investment companies and management consulting from McKinsey & Company. Raanes holds a MSc from the Norwegian School of Economics (NHH). She is also Chair of the audit committee.

6. BOARD OF DIRECTOR'S REPORT

The global market is facing macro-economic turmoil, with energy crisis, inflation pressure, increasing interest rates and cost levels and uncertainty related to the Palestinian and Ukrainian war. In this situation the company has been able to deliver solid profit and cash flow, and the need for Medistim's products has not changed. The long-term consequences of the 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 sound to face future challenges, with no interest-bearing debt and an equity ratio of 78.7 %.

With these uncertainties, the need for Medistim's products has been confirmed through the last two years' development. The company's solutions continue to be in increasing demand among cardiac and vascular surgeons.

Medistim's core business is within developing, producing, servicing, leasing and distributing medical devices. The Group is headquartered in Oslo, with production facilities in Horten, Norway. Medistim sells its products through 60 distributors world-wide, including Medistim's own sales offices in USA, Germany, China, Spain, UK, Canada, Denmark, Sweden and Norway. At the end of 2023, Medistim's equipment was in use in more than 60 countries with about 3,500 clinics all over the world.

The business is focused on ensuring quality within cardiac and vascular surgery. Cardiovascular diseases are the most common cause of death in the western world and on the rise in Asian and Latin American countries adopting western lifestyles. The Group's products contribute to improved quality of surgery, which in turn reduces risk to the patients and contributes to a more efficient health economy. Worldwide, over 700,000 CABG (Coronary artery bypass Graft procedures) and 1,300,000 vascular procedures are performed each year. On a global scale Medistim has a leading position within quality control of CABG.

Medistim is also a distributor of other medical devices through its subsidiaries Medistim Norge AS, Medistim Danmark Aps and Medistim Sverige AB. The products distributed are medical devices within all types of surgery.

6.1 Operational review

Note:
Medistim has adjusted its geographic regions from the former USA, Asia, Europe and ROW to AMERICAS (USA, Canada and Latin America), APAC (China, Japan and rest of Asia Pacific and EMEA (Europe, Middle East and Africa) when reporting sales of own products. Third party sales will be reported separately without any geographic split, as sales are only in Norway and Denmark. All comparable numbers are adjusted according to the new region split.

Medistim increased its coverage of cardiovascular surgery procedures in 2023. The medical facilities strict requirements for distance-keeping and comprehensive infection control regimes during the pandemic has affected Medistim's customer relations activities positively. During the pandemic Medistim adopted digital solutions for conferences and meetings by applying digital communication platforms and remotely controlling ultrasound systems. This has created a new meeting place that Medistim actively continues to use to demonstrate products and perform end-user training efficiently. However, with less restrictions and infection control, physical meetings and exhibition participation has increased in 2023. Medistim experiences that this improves close customer contact, exchange of information, influence and business progress. Cost related to travel and physical meetings went up in 2023, but the improved customer contact contributed to a positive development and a solid pipeline of leads entering 2024. However, due to the macroeconomic turmoil, Medistim experienced weaker capital sales in 2023 compared to 2022, especially in USA. As a consequence, operating profit (EBIT) ended at MNOK 131.4 with an EBIT margin of 25 % compared to last year EBIT of MNOK 141.2 or 28.7 %.

Adjusted for currency effects, sales revenue declined 2.5 %. Sale of own products declined 3.8 % while sale of third-party products was up 4.7 % from 2022.

Despite weaker capital sales the consumable sales were maintained in the major markets like AMERICAS and EMEA. The reduction in consumables in APAC and Europe was related to stock buildup due to the 10 % price increase entering 2023 and the transition period changing the Chinese setup establishing a direct presence in the Chinese market.

During 2023, Medistim sold 240 new systems (250), where 50 were replacement of old systems and at year-end the total installed base of Medistim systems was 3500 units (3300). Probes and other consumables related to use of the medical systems represent a significant share of total sales for Medistim, depending on number of systems installed and utilization. Increased market penetration and surgical activity positively impacted Medistim's sales of consumables for the year.

Medistim continues to strengthen its position within both cardiac and vascular segments. Sales revenue from the cardiac segment ended in 2023 at MNOK 365.6 (MNOK 346.5), a 5.5 % growth. Sales revenue from the vascular segment ended at MNOK 81.3 (MNOK 69.5), a 16.9 % growth. Sales of imaging products decreased with 1.6 % after a record year in 2022 with 44 % growth.

Medistim's strategic progress relies on strong clinical documentation by leading medical centers to create support from Key Opinion Leaders (KOLs) within cardiac surgery and vascular surgery. It is a strategic priority to support this by increasing the focus on blood flow measurements, ultrasound imaging, surgical guidance, and quality assurance in relevant forums and channels. Clinical studies is described in more detailed under chapter 7.

For some time and in parallel with cardiac surgery, it is Medistim's goal to develop a strong position for the transit time flow measurement (TTFM) and high-frequency ultrasound (HFUS) imaging devices within the Vascular market. The recommendation of ultrasound imaging as an alternative to the current gold-standard angiography marks another milestone for Medistim in the efforts to establish HFUS technology for completion control in Carotid Endarterectomy (CEA). In the CIDAC study, which was part of the Knappich meta-analysis, Medistim's MiraQ Vascular device was used, and it demonstrated the benefits of using HFUS compared to angiography. In 2023 the vascular product portfolio revenues have grown 16.9 %, and with the support of these revised Guidelines, Medistim is in a great position to continue this growth path.

Medistim's success is explained by the company's focus on customer, market, product development and people skills. This requires a strong and competent management and Medistim's team represent several years of experience within the MedTech field.

A key to succeeding with winning in both Cardiac (CABG) and Vascular markets is continued innovation and product development. Customers expect to see improved performance from both the Flow and Imaging core technologies, as well as new features that will advance the clinical value and make the products even more user-friendly and attractive to build into their workflows.

Medistim has expanded the Innovation and Product Development teams with additional headcount, as an important investment for the future. Not only does this increase the capacity to drive innovation initiatives, but it also brings in new competencies, experience, and ideas.

6.2 Regional development

MNOK	2023	2022	CHANGE IN %
AMERICAS	209.0	203.6	2.7 %
APAC	83.0	79.0	5.0 %
EMEA	155.0	133.5	16.0 %
THIRD PARTY	79.4	75.8	4.7 %
TOTAL	**526.4**	**491.9**	**7.0 %**

Americas

USA is the largest market within the region and is the largest market in the world for Medistim's products, representing 33 % of global CABG procedures. Total U.S. sales amounted to MNOK 197.1 (MNOK 198.1) in 2023 and represented 95 % of sales for the region. Adjusted for currency effects, sales were down 9.5 %.

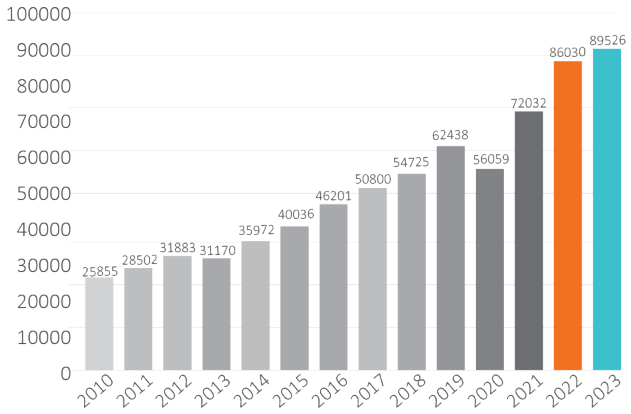
Sales development for the USA has been weak in 2023 compared to 2022 and 2021 with less capital sales in general, but especially the combined flow and imaging system.

We attribute these repercussions to the prevailing macroeconomic landscape characterized by high inflation and escalating interest rates, corresponding also to what we experienced during the financial crisis around 2009 and during Covid in 2020. In addition to the macroeconomy, burnout among nurses post-Covid may be adding to the hospitals'

expenses as well as challenging their ability to uphold surgical procedure volumes. However, the total number of flow procedures sold in 2023 is up by 5 %. While the global economy is expected to remain uncertain throughout 2024, there are signs of an improving economic outlook, that will fuel our US growth engine. Utilization of installed base however continue to grow as number of procedures covered increases.

Note:
From 2023 onwards, Medistim will report on the split between the number of procedures sold based on sales of 'pay per procedure' (PPP) smart cards and estimated number of procedures from sales of capital probes, see table geographic split of sales in units.

Number of procdures from:	2023	2022	CHANGE IN %
PPP smart cards or lease flow	**29 168**	30 005	-2.8 %
Flow probes to capital customers	**43 706**	39 412	10.9 %
Total flow procedures	**72 873**	69 417	5.0 %
PPP smart cards or lease imaging	**11 153**	10 713	4.1 %
Imaging probes to capital customers	**5500**	5900	-6.8 %
Total imaging procedures	**16 653**	16 613	0.2 %
Total flow and imaging procedures	**89 526**	86 029	4.1 %



During the year, 89,526 procedures were sold, (86,030) of which 72,873 were flow procedures (69,417) and 16,653 were imaging (16,613). Capital sales were 33 units, compared with 46 units in 2022. In 2023, 86 % of sales was within the cardiac segment, hence the vascular segment is a large untapped opportunity for Medistim USA.

Some 60 % of all bypass surgeries in the U.S. are performed by surgeons, using their fingertips to check for a pulse as the only quality assurance. This is a clinically proven unreliable method, highlighting the need and potential for Medistim's products. Medistim's current market penetration is 30 % of the total market of approximately 200,000 bypass surgery procedures performed annually. In comparable markets like Germany, Scandinavia, and Japan, Medistim has achieved TTFM market penetration exceeding 80 %. Medistim expects that market penetration in USA will develop in the same manner over time.

To strengthen its market outreach, Medistim offers several business models in the USA. In addition to traditional capital investments and purchase of consumables, hospitals can choose to either pay per procedure or enter leasing agreements. In 2023, procedural sales amounted to 76 % of the total sales, ending at MNOK 151.6 (MNOK 139.1). This is up 9 % from 2022 (0 % currency adjusted).

Total capital sales in systems and probes as consumable in number of units for the region is shown in table below.

AMERICAS	2023	2022	CHANGE IN %
Flow systems	16	17	-5.9 %
Flow & imaging systems	23	32	-28.1 %
Flow probes	1 806	1 707	5.8 %
Imaging probes	58	60	-3.3 %

Medistim strengthened its position in the region and announced in 2023 that a direct sales operation had been established in Canada. Medistim already had a strong position in Canada with presence in 15 of Canadas 38 cardiac centers. About 18 000 coronary bypass surgeries are performed in Canada per year, and about 37 % are supported with Medistim's technology. The company is well positioned to continue the growth with local sales representatives who will focus on attracting new customers as well as driving the conversion from devices with Transit Time Flow Measurement (TTFM) technology only, to devices combining TTFM and High Frequency Ultrasound (HFUS). In addition, the market within Vascular surgery provides further opportunities for growth. The Canadian team is supported by the US management in the daily operations. Sales to Canada ended at MNOK 6.7 in 2023.

In Latin America, Medistim is represented through local distributors and sales ended at MNOK 5.1.

Sales in APAC and EMEA

In these markets, the systems are owned by the hospitals and revenues are more evenly split between capital sales and sale of consumables. In 2023, sales of flow and imaging measurement probes amounted to 64 % of total sales, ending at MNOK 152, compared with MNOK 134 in 2022. Currency neutral sales were at the same level as last year, where EMEA had a 3 % increase and APAC 12 % decline year-over-year. The increased market penetration within both the cardiac segment and Vascular segment contributes to increase sale of consumables. In 2023, consumable sale amounted to 62 % of total sales. Sale of consumables is expected to increase as sale of systems continues to increase from MNOK 78 in 2022 to MNOK 85 in 2023.

EMEA

More than 90 % of the revenue from the region is from Europe either through direct representation or through distributors. Medistim has developed a strong market position in Europe with about 1150 systems installed, representing a solid base for future recurring revenues. Total European sales of own products in 2023 ended at MNOK 143.6, up 15 % from MNOK 124.8 in 2022. Currency neutral sales were up 2 %. 59 % of sales from Europe was through direct channel and 41 % of the sales was through distributors. Direct sales channel had a 5.5 % currency neutral increase while distributor sales had a 2.5 % currency neutral decrease in sales. Total capital sales in systems and probes as consumable in number of units for the region is shown in table below.

EMEA	2023	2022	CHANGE IN %
Flow systems	58	57	1.8 %
Flow and imaging systems	37	35	5.7 %
Flow probes	4 737	4 943	-4.2 %
Imaging probes	50	63	-20.6 %

Medistim's direct representation in Europe is in Norway, Denmark, UK, Spain, Germany and Sweden. Both Spain and Germany are mature markets within cardiac, but have large opportunities within the vascular segment and converting cardiac customers to the combined flow and imaging solution. Norway and Denmark are well penetrated in both segments, while in the UK there is growth potential within both segments. In Sweden Medistim established a direct sales office in 2023. The company is well positioned to continue its growth by further developing the conversion from devices with Transit Time Flow Measurement (TTFM) technology only, to devices combining TTFM and High-Frequency Ultrasound (HFUS). In addition, the company has established exclusive distribution agreement with the Austrian manufacturer Agency for Medical Innovations (A.M.I.) with their product portfolio in urology, coloproctology and urogynecology. Medistim already has the rights for A.M.I. products in Norway and Denmark. With a direct presence in these three countries, Medistim is positioned to build a broader, Scandinavian distribution business for third party products.

Sales through distributors of own products ended at MNOK 53.8, up 11 % compared to 2022. The installed base continued to increase, which will secure future consumable sales of probes.

APAC

Sale to Asian markets were MNOK 83 for the year, up from MNOK 79 in 2022. Currency neutral sales was a 7 % decline. Sales in the region was driven by sales to China. Sales to China ended at MNOK 42.6, up 15 % compared to 2022. Currency neutral growth was 5 %. The number of CABG procedures increased with 5 to 10 % per year, and China is a strategic market for Medistim. Medistim covers about 70 % of the 60,000 procedures performed in China.

To follow this opportunity Medistim established a direct sales representation in 2023. Medistim's equipment is today installed in all the nation's top 10 cardiac surgical centers. The company is well positioned to continue its growth by further expanding the local distributor network and building on the ongoing conversion from devices with Transit Time Flow Measurement (TTFM) technology only, to devices combining TTFM and High-Frequency Ultrasound (HFUS). In addition, a large market within Vascular and Transplant surgery provides opportunities for further growth.

The second largest market in the region is Japan and sales ended at MNOK 24.0, down 6 % compared to 2022. The introduction of MiraQ to the Japanese market late 2019 continues to drive system sales in Japan. Total capital sales in systems and probes as consumable in number of units for the region is shown in table below.

APAC	2023	2022	CHANGE IN %
Flow systems	70	75	-6.7 %
Flow & imaging systems	33	34	-2.9 %
Flow probes	2 573	3 296	-21.9 %
Imaging probes	60	48	-25.0 %

The volume reduction of flow probes is explained by the 10 % price increase announced in 2022 for 2023, where distributors purchased for inventory. It is also explained by the transition period with the former Chinese distributor completed projects and filled local Chinese distributors inventory before Medistim established direct presence during the first half of the year.

Third party products

Medistim established a presence in Sweden during 2023 explained under EMEA section. Medistim also has agency on third party products in Sweden and can now offer to distribute third party products in Scandinavia.

6.3 Organization, HSEQ and sustainability

Medistim has sales representation in its main markets and production and main office functions in Norway. At year-end 2023, Medistim had 152 employees, compared to 131 in 2022. The working environment and culture in Medistim are considered strong, and there is continuous focus on initiatives for improvement. In 2023, absence due to sickness was 4.0 % or 1598 days. This compares to 4.4 % or 1510 days in 2022.

Medistim strives to be an attractive workplace that offers challenging and motivating jobs and equal development opportunities for all. There is no discrimination due to gender, nationality, culture or religion with respect to remuneration, promotion or recruitment. The Company is committed to recognize diversity and ensure equal opportunities, including fair employment conditions. Medistim supports the United Nations Universal Declaration of Human Rights and the standards advised by the International Labour Organisation (ILO).

For more information, please see Chapter "9. Sustainability Report" of this Annual Report.

6.4 Financial Review

Going concern

The Board of Directors confirms that the financial statement has been prepared based on the assumption of a going concern.

Profit & Loss

Medistim's sales for the full year 2023 ended at MNOK 526.4 (MNOK 491.9). Currency neutral, sales declined 2.5 %.

Sales in AMERICAS increased 2.7 %, while sales in APAC and EMEA increased 5 % and 16 %, respectively. Sales of third-party product in Scandinavia through the subsidiaries in Norway, Denmark and Sweden rose 4.7 %.

Total sales of own products in 2023, amounted to MNOK 446.9 (MNOK 416.1), while sales of third-party products were MNOK 79.4 (MNOK 75.8). Currency adjusted, sales of own products, decreased 3.8 % during the year, while sale of third-party products increased 4.7 %. The development in the markets are described under 1.2 regional development. Average NOK exchange rates towards USD and EUR in 2022 were 9.61 and 10.10

respectively, while equivalent rates in 2023 were 10.56 for USD and 11.42 for EUR.

Cost of goods sold (COGS) amounted to MNOK 112.3 (MNOK 106.5), representing 21.3 % of sales (21.7 %). Weaker sales through direct operation and a growth in sale of third-party products, explain why COGS in percent is unchanged from 2022. In recent years, COGS in precent of sales has declined, since sales of Medistim's own products have grown at a higher pace than third party products.

Salary and social expenses were MNOK 162.6 (MNOK 146.4), while other operating expenses were MNOK 96.4 (MNOK 74.5). The main reason for higher salary and social expenses is related to increased number of employees. The organization has been strengthened primarily within Innovation and Product development (R&D), but also within business development, sales, service, and administration. The increase is also related to the establishing direct presence in China, Canada and Sweden.

The activity level in marketing and sales were higher this year, explaining the increased other operating expenses in addition to the establishment of direct operations described above. In total for salaries and other operating expenses, there is a negative impact of MNOK 11.7 related to foreign exchange rates differences.

Medistim continuously invests in existing and new products to cover the surgical requirements for quality verification. The company has historically invested between 4 % and 10 % of annual sales in research and development (R&D). In 2023, total R&D investments amounted to MNOK 29.0 (MNOK 23.8), corresponding to 6.5 % of sales of own products. Of this, MNOK 13.3 (MNOK 9.9) was activated in the balance sheet.

Operating profit before depreciation and amortization expenses (EBITDA) ended at MNOK 155.1 (MNOK 164.5). Depreciation for the year amounted to MNOK 23.6 (MNOK 23.4).

The operating profit (EBIT) ended at MNOK 131.4 (MNOK 141.3), corresponding to an EBIT-margin of 25.0 % (28.7 %)

The Group recorded net financials of MNOK 3.8 (MNOK 4.8), of which MNOK 13.3 of financial expenses (MNOK 11.7) and MNOK 17.1 of financial income (MNOK 16.5). Net finance was related to realized and unrealized gains or losses related to currency, cash in USD and EUR and customer receivables.

Profit before tax was MNOK 135.2 (MNOK 146.0). Tax amounted to MNOK 31.4 (MNOK 32.1) and the net profit for the year was MNOK 103.8 (MNOK 114.0), corresponding to earnings per share for the full year of NOK 5.68 (NOK 6.25).

The average number of shares outstanding during the year was 18.267.157 (18.247.550).

Cash Flow Statement

Net cash flow from operating activities amounted to MNOK 113.2 (MNOK 113.5). Working capital increased MNOK 3.1 during the year, driven by a MNOK 31.1 increase in inventories and MNOK 27.3 decrease in receivables.

Net cash flow from investing activities was negative MNOK 29.7 (MNOK 21.1) where MNOK 16.4 as related to investments in assets and MNOK 13.3 was related to product development.

Net cash flow from financing activities was negative MNOK 84.9 (MNOK -70.3), of which MNOK 82.2 (MNOK 68.4) was payment of dividends. Leases amounted to MNOK 8.7 (MNOK 7.3).

At 31 December 2023, total cash and cash equivalents amounted to MNOK 153.9 (MNOK 152.6).

Financial position

At 31 December 2023, Medistim’s working capital totaled MNOK 188.8, compared with MNOK 185.7 the year before. During the year, inventory increased by MNOK 31.1. Even with increased sales, account receivables decreased MNOK 27.3 during the year. Account payables ended at the same level as last year. By year end the group had MNOK 17.6 in interest bearing liability related to lease contracts. MNOK 9.3 of this was long term liability and MNOK 8.3 was short term liability. Total long term liability of MNOK 13.5 was related to MNOK 9.3 lease contracts and MNOK 4.2 was related to deferred revenue.

The total balance sheet amounted to MNOK 505.7 (MNOK 482.7). Total equity was MNOK 397.9 (MNOK 367.7), corresponding to an equity ratio of 79 % (76 %). Book value of properties, plants and equipment amounted to MNOK 57.3 (MNOK 51.3). Intangible assets were MNOK 45.4 (MNOK 36.1), of which product development and goodwill represented MNOK 31.3 and MNOK 14.1 respectively. The group

has a deferred tax asset of MNOK 5.1 (MNOK 3.6) related to temporary differences between carrying amount and tax values. The year-end cash position was MNOK 153.9 (MNOK 152.6).

Medistim's financial position, cash flow and ability to finance its activities is considered satisfactory.

Share capital and number of shareholders

At 31 December 2023 the share capital of the Medistim ASA parent company was NOK 4,584,334 distributed on 18,337,336 shares outstanding at par value of NOK 0.25 per share. The share is freely traded on the Oslo Stock Exchange. The company had over 1000 shareholders and owned 55,617 treasury shares at year-end.

6.5 Parent company financial review

The parent company Medistim ASA had 2023 sales of MNOK 341.0 (MNOK 308.6). Operating profit was MNOK 108.0 (MNOK 101.7) and profit before tax amounted to MNOK 124.7 (MNOK 129.4). Medistim received a dividend from its subsidiary in Norway of MNOK 11.0 in 2023 (MNOK 26.8). No group contribution was received in 2023 or 2022. Profit after tax for the parent company was MNOK 99.5 for the full year (MNOK 108.1).

At 31 December 2023, the parent company's total assets amounted to MNOK 402.2 compared to MNOK 382.2 as of 31 December 2022. Equity in the company was NOK 201.1 (MNOK 191.7), corresponding to an equity ratio of 50.0 % (50.2 %).

At year-end 2023, the parent company had MNOK 82.5 in cash. The company's financial position and ability to finance future activities and investments was considered satisfactory. Cash flow from operating activities was MNOK 96.9 for the parent company in 2023.

Allocation of profit

The Board of Directors suggests that MNOK 82.3 of the 2023 net profit is allocated to ordinary shareholder dividend, equal to NOK 4.50 per share (NOK 4.50 for 2022). The remaining MNOK 17.2 is allocated to other equity.

The Board of Directors will propose the dividend to the general meeting general. The proposed dividend equals a pay ratio of 79.2 % (72.1 %). The dividend reflects the Board's positive expectations of future earnings. Over the past 10 years, the company has paid MNOK 490 in accumulated dividends to shareholders.

6.6 Corporate governance

Medistim depends upon good relations with its stakeholders to succeed. Good corporate governance is important to build and maintain trust and confidence in the company and ensure long-term value creation in the best interest of the company's shareholders. The company's corporate governance structure is based on Norwegian legislation and the Norwegian Code of Practice for Corporate Governance, last revised in October 2021. Medistim complies with the Code of Practice, with certain deviations, as outlined and explained in the Corporate Governance Report in this annual report.

6.7 Main risk factors

MARKET/OPERATIONAL RISK

Competition: Medistim has one single direct competitor for TTFM technology. Medistim today has about 80 % of the penetrated market. Medistim is not aware of new competitors or technologies that could change the competitive landscape significantly.

Risks related to device malfunction: Medistim has established comprehensive procedures as part of its Quality Management System in compliance with ISO 13485:2016 to ensure the safety of its products. There were no events reported in 2023.

FINANCIAL RISK

Foreign exchange risk

Medistim is exposed to changes in exchange rates with most of the company's revenues generated in USD and EUR. The company has entered hedging contracts to reduce exposure to changes to foreign exchange rates and the potential impact on financial performance.

Liquidity risk

Medistim prioritizes managing liquidity risk to ensure the company meets its obligations in time and maintains its financial flexibility. Cash generated from operations is Medistim's main source of liquidity. Over the past five years, Medistim has utilized strong revenue and profit development to build a cash reserve to meet increased working capital requirements as the company grows.

Interest rate risk

The company is exposed to changes in interest rate levels through its long-term lease contracts.

Macroeconomic risk, international conflicts and pandemics

The global market is facing macro-economic turmoil, with energy crisis, inflation pressure, increasing interest rates and cost levels. 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 79 %.

The global economic situation will affect the company since Medistim is a supplier to the health care sector in many countries. Management closely monitors the associated financial risks.

Credit risk

Medistim considers the risk that customers are unable to fulfill economic obligations as low, which is confirmed by the level of historic losses on receivables. The customers are mainly public hospitals with secure financing.

OTHER RISK FACTORS

Regulatory risk

Medistim depends upon regulatory approvals from health authorities for permission to sell its products. The company is revised on a regular basis to verify that approvals can be maintained. There is a latent risk that changes in regulatory conditions can result in a loss-off-approval to sell products in a given market.

Health care priorities

In general, health care institutions have many priorities and limited resources. For this reason, it is imperative for Medistim that the company's solutions have clinical acceptance in order for health care systems and institutions to invest in Medistim's products.

The Russia/Ukraine and Israel/Palestine conflicts

The Russia/Ukraine and Israel/Palestine conflicts are expected to have minor impact on Medistim sales, since sales revenues from these countries were less than 2 % of total sales in 2023.

Insurance and transparency act

The company has director and officer's liability insurance. The insurance covers the board of directors' and management officers' legal personal liability for pure property damage related to the duties performed as directors and officers.

The updated transparency act report from Medistim will no later than the 30th of June be published on the Medistim website www.medistim.com

6.8 Events after the balance sheet date

The Board of directors has no knowledge about events after 2023 that will affect the annual report and financial statement for 2023.

6.9 Outlook

Medistim's ambition is making blood flow measurements and intraoperative ultrasound imaging standard-of-care in clinical practice for CABG procedures and vascular surgery and making its technology available for all patients and surgeons worldwide.

Medistim is already the global leading provider of flow and imaging systems, with dominant market positions in most developed markets, continuously expanding its footprint represented by a current installed base of about 3,500 systems in more than 65 countries.

However, market penetration varies from above 80 % in selected European and Asian markets, to 30 % in USA, the world's largest market for CABG procedures. This represents a significant market opportunity for Medistim. Through continued strengthening of its sales organization, introduction of alternative business models and convincing clinical documentation and support from KOLs, Medistim aims to develop this large under-penetrated market. The company has also extensive growth ambitions in developing economies.

Medistim has delivered solid profit and cash flow despite the impact from conflicts and macro-economic turmoil in 2023. The need for Medistim's products has not changed.

Medistim will also continue its technology and product development to improve its offering and combined with recurring revenues from its already installed base of about 3,500 systems, the company is well positioned to continue its journey of profitable growth.

6.10 Shareholder information

Share price development

Medistim ASA has one class of shares. There were 18,337,336 shares issued at the end of 2023, each with a nominal value of NOK 0.25, unchanged from end of 2022. During the year, the shares traded between NOK 181 and NOK 300 per share, and 3.85 million shares were traded in total.

Major shareholders and voting rights

Medistim had 1028 registered shareholders in the Norwegian Central Securities Depository (VPS) at 31 December 2023, whereof the 20 largest shareholders owned 73.3 %. The percentage of issued shares held by foreign shareholders was 57 %. All the shares registered by name carry equal voting rights. The shares are freely negotiable. 20 largest shareholders is shown in note 20. An overview of the 20 largest shareholders is available on Medistim's website, updated every week.

Corporate actions	2023
2022 Financial statements approved by the Board	**23.03.23**
Annual report 2022 disclosed	**30.03.23**
Annual General Meeting	**24.04.23**
Resolution to distribute dividend of NOK 4.50 per share	**24.04.23**
Ex dividend NOK 4.50	**25.04.23**

Dividends and dividend policy

Medistim aims to maximize shareholder value. This will be achieved through sound business development and an ambitious growth strategy. Medistim will seek to provide annual dividends, depending upon the company's financial capacity and financing needs to ensure future growth. The company will at all times ensure that it has the financial capacity and equity to achieve future plans for growth.

Based on the 2023 results, the Board of Directors will propose to pay a dividend of 4.50 for 2023 corresponding to a pay-out ratio of 79 %. For 2022, Medistim paid a dividend of NOK 4.50 per share corresponding to and a pay-out ratio of 71 %. Over the last ten years, Medistim has paid MNOK 490 in accumulated dividend to shareholders.

Analyst coverage

DNB, Danske Bank and Sparebank1 had active coverage of Medistim ASA in 2023. For contact details, please see the company website www.medistim.com.

General Meetings and Board authorisations

The 2023 AGM granted the Board of Directors the following authorizations:

1. Authorisation to increase the share capital by up to NOK 458,433.25.
2. Authorisation to acquire treasury shares in Medistim ASA for up to a maximum nominal value of NOK 458,433.25.

Further information can be found in the minutes from the Annual General Meeting, available from the company's website www.medistim.com and www.newsweb.no

Oslo, 21st March 2024

Board of Directors and CEO of Medistim ASA

Øyvin A. Brøymer
Chair
Sign.

Anna Ahlberg
Board member
Sign.

Anthea Arff-Pettersen
Board member
Sign.

Ole J. Dahlberg
Board member
Sign.

Jon H. Hoem
Board member
Sign.

Tove Raanes
Board member
Sign.

Lars Rønn
Board member
Sign.

Kari Eian Krogstad
President & CEO
Sign.

7. COMPANY DESCRIPTION

7.1 Vision, mission, values

Medistim's technologies and solutions increase the probability of a positive outcome of surgery for the patient and enable greater efficiency and lower costs for health care providers by reducing additional and unnecessary surgical re-interventions. The company's long-term vision is stated as:

Medistim is standard-of-care in the operating room.

This implies, making Medistim's solutions the standard-of-care in clinical practice for Coronary Artery Bypass Graft (CABG) surgery procedures and vascular surgery, ensuring that blood flow measurements and intraoperative ultrasound imaging are performed on all patients.

Values

All conduct is based on the four elements of the company's core values – Courage, Innovation, Quality and People.

COURAGE	INNOVATION	QUALITY	PEOPLE
To set challenging goals	Encourage creativity, discovery, and innovation	Outstanding quality in everything we do	Trustworthy, honest, and ethical
To be open and transparent	Value new ideas and test them out	Commitment to Medistim QMS	Generous and welcoming to customers and colleagues
To share knowledge and experience	Problem-solving and solution-oriented mindset	High competence and unique expertise	Value, trust and respect each other
To try without fearing to fail		World-class products and services	Promote physical and emotional health and quality of life
To challenge accepted beliefs		Amazing customer experience	

Addressing serious, common and increasing global medical problems

Cardiovascular diseases (CVDs) are the number one cause of death, representing approximately 1/3 of all deaths worldwide[1]. CVD is a general term for conditions affecting the heart or blood vessels. It is usually associated with a build-up of fatty deposits inside the arteries (atherosclerosis) and an increased risk of blood clots. It can also be associated with damage to arteries in organs such as the brain, heart, kidneys and eyes.

The main risk factors for CVD are high blood pressure, dietary risks leading to obesity, diabetes, smoking, in addition to higher age. Both obesity and diabetes are increasing world-wide, reflecting economic growth and a growing middle class in developing economies. In parallel, the number of people above 60 years of age is also growing globally.

Treatment alternatives include the use of pharmaceuticals, endovascular procedures and open surgery.

1 Journal of the American College of Cardiology Volume 76, Issue 25, 22 December 2020

Endovascular procedures, including Percutaneous Coronary Intervention (PCI), are considered less invasive by accessing blood vessels through a surgical small incision and using a catheter to insert and to place a stent inside the arteries to obtain revascularization.

A coronary artery bypass graft (CABG) is an open chest surgery and involves taking a blood vessel, also known as a graft from another part of the body (usually the chest, leg or arm) and attaching it to the coronary artery above and below the narrowed area or blockage.

7.2 Medistim's solutions

Medistim's devices are increasingly used to support CABG and other vascular surgical procedures. The solutions enable cardiac imaging, blood flow measurement and provides surgeons with immediate feedback on procedure outcome.

Intraoperative surgical guidance and quality assessment with ultrasonic imaging and blood flow measurement reduces risk of stroke for the patient. It also provides the surgeon with a tool to verify graft functionality, indicate when revisions are needed and to optimize graft strategy during surgery.

Globally, more than 700,000 CABG procedures are carried out on an annual basis. Although the use of solutions for real-time blood flow measurement and ultrasound imaging during procedures is increasing, the vast majority are executed by surgeons merely relying on experience and physical finger palpation for graft patency assessment.

Currently only approximately 45 % of the global CABG market is utilizing support systems. Development of the overall market, by increasing acceptance and use of supporting technology such as Transit Time Flow Measurement (TTFM) and High-Frequency Ultrasound Imaging (HFUS) represents Medistim's main growth opportunity.

Medistim is already the leading provider of flow and imaging systems, with dominant market positions in most developed markets. The offering is two-fold; 1) medical systems for monitoring and analysis, and 2) consumables, including re-usable cardiac and vascular probes and ultrasound imaging probes. Sales of consumable correlates to the number of procedures executed and is highly dependent on size of installed base of systems. The company is continuously expanding its footprint represented by a current installed base of approximately 3,500 systems in more than 65 countries.

Medistim develops this large under-penetrated market through convincing clinical documentation and support from Key Opinion Leaders (KOLs), to make HFUS and TTFM standard of care for CABG surgery.

Medistim will continue its technology and product development to maintain its strong position and strengthen its sales and marketing organization improving capacity and outreach. Medistim's ambition is that its products and solutions shall benefit all patients and surgeons all over the world.

Medistim assembles and manufactures its devices and probes in Horten, Norway, except for the imaging probes which are produced by third parties.

7.3 Strategy

Medistim's strategic progress relies on strong clinical documentation, technology and product innovation and development, and the ability to effectively commercialize its product portfolio worldwide.

Strong clinical studies by leading medical centers create support from KOLs, and it is a strategic priority to support this by sharpening the focus on blood flow measurements, ultrasound imaging, surgical guidance, and quality assurance in relevant forums and channels.

Continuous technology and product development are required to maintain and develop Medistim's leading position within cardiac as well as vascular surgery, and the company plans to launch new products tailored to the specialties within these fields.

The company is continuously strengthening all parts of its organization. This includes the sales, service, marketing and medical teams which interact directly with customers, and the innovation, R&D, QA & Regulatory, and manufacturing departments.

Medistim's strategic priorities

1. Convert Flow-only market to a Flow-and-Imaging market by establishing surgical guidance and quality assessment as the new standard of care through:
   a. Early adopter and KOL support
   b. REQUEST study
   c. 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:
   a. Clinical marketing, guidelines and educational programs
   b. Product innovation for ease of use
   c. Increased sales force capacity
3. Offer an entry-level solution to reach emerging, price-sensitive, high-growth markets
4. Build and strengthen position in vascular surgery through:
   a. Dedicated system (MiraQ Vascular) & probes
   b. Building position with societies and KOLs
5. Expand direct market coverage

7.4 Technology and Products

Medistim's medical devices are used to improve quality of cardiovascular surgery and are subject to high requirements and product certifications with regards to quality and safety, and require high competence and excellent quality systems.

Technology

Medistim's blood flow measurement (TTFM) and high-frequency ultrasound imaging (HFUS) systems measure, monitor and image blood flow through veins or arteries with precise accuracy during surgery.

The solution comprises two different modalities: a quantitative measuring modality (TTFM) and a qualitative imaging modality (HFUS).

The sensor technology is based on probes. The flow probes are placed on a blood vessel, with the volumetric flow measured and analyzed by the system unit and displayed on-screen as blood flow curves, values, and images. The imaging functionality provides surgeons with real-time guidance during surgery and enables them to uncover possible causes of poor blood flow, correct technical problems, and achieve optimal clinical outcomes.

Transit Time Flow Measurement -TTFM

With TTFM, ultrasound is used to measure blood flow volume directly, based on the fact that the time required for ultrasound to pass through blood is slightly longer upstream (tu) than downstream (td).

The MiraQ offers the fastest and most accurate flow measurements, verifying graft patency while the patient is still in the operating table.

High-Frequency Ultrasound Imaging – HFUS

Ultrasound Imaging can generate images of target areas by transmitting ultrasound pulses and receiving different echoes depending on density. To help locate and understand technical imperfections during blood vessel surgery, the high frequency ultrasound imaging probe can image areas of concern on a real-time basis and reveal morphological (structural) issues for immediate correction before closure.

Epiaortic imaging allows a sensitive, direct diagnosis of aortic disease, which can lead to modifications in intraoperative surgical management.

Epicardial imaging can be used intraoperatively to assess coronary quality, strategize graft placement, and visualize constructed anastomosis (connections).

Imaging of the major carotids blood vessels in the neck after carotid endarterectomies (CEA) can reveal technical imperfections that may lead to thrombus formation and stroke if left unrepaired.

Medistim also provides equipment for Doppler measurements of blood flows. However, this technology is increasingly being replaced by HFUS.

Products

Medistim launched its first flowmeter based on transit time flow measurement (TTFM) technology in 1994, the CardioMed. Since then, the company has developed several generations of quality assurance equipment. In 2009, Medistim introduced the first ultrasound imaging probe, and the company is currently the only supplier in the world that offers a user-friendly integrated TTFM and intraoperative high frequency ultrasound (HFUS) imaging system.

Solutions for cardiac and vascular surgery

The MiraQ™ is Medistim's most advanced product line with configurations for both cardiac and vascular surgery. The MiraQ platform offers specialized configurations for cardiac and vascular applications in the products MiraQ Cardiac and MiraQ Vascular, respectively. The MiraQ Vascular system includes a

specialized application menu with a customized user interface adapted to vascular surgeons' requirements, and probes tailored for vascular applications. The MiraQ is also available with both configurations, as the MiraQ Ultimate.

TTFM probes (cardiac and vascular family)

Flow probes utilize the reliable transit time technology to accurately measure blood volume flow intraoperatively in a wide range of applications, from cardiac and vascular, to transplant surgery. Used together with Medistim's systems, they provide fast, accurate and reproducible information to the surgeon instantaneously to provide verification of graft patency and function. The ultimate benefit is quality assurance with immediate feedback that leads to improved surgical outcomes.

Imaging probes

Medistim's imaging probes are used to provide intraoperative surgical guidance. Epiaortic imaging allows a sensitive, direct diagnosis of aortic disease, which can lead to modifications in intraoperative surgical management. Epicardial imaging can be used intraoperatively to assess coronary quality, strategize graft placement and visualize constructed anastomosis. Medistim's flow probes can be used 50 times and the imaging probe can be used 100 times and even more if treated properly. All the electrical components in use comply with environmental standards for electronic waste.

7.5 Research and Development

Medistim continuously invests in existing and new products to cover the surgical requirements for quality verification. The company has historically invested between 4 % and 10 % of annual sales in research and development (R&D). In 2023, the company invested 6,5 % of annual sales of own products in research and development (R&D).

Product development for increased "ease of use"

In order to grow technology adoption, it is pivotal to make the products as easy to learn and use as possible. Medistim is therefore focusing on innovation to develop new features and ensure "ease of use" for the end-customer. The company's innovation team collaborates closely with a network of surgeons and hospitals to test prototypes and new ideas. The goal is to capture the end-customers' needs and expectations before initiation of costly development projects which are subject to strict regulatory regimes. The ambition is to accelerate product innovation and reduce development time by clarifying product design and functionality before a formal development process is initiated. The Innovation team has developed a prototype of a new user interface which is under development.

New production technology

A separate project is established to redesign the flow probes in order to be able to automate the production process of flow probes. The project is expected to go on for several years and will improve the probe production capacity vastly.

Guideline endorsements

Inclusion in the leading health organizations' guidelines for clinical surgery is vital to achieve «Standard of Care» status for TTFM and HFUS in coronary bypass surgery. Medistim engages in continuous dialogue with a broad range of organizations to increase awareness of and knowledge on the company's solutions.

Currently, TTFM during CABG procedures are endorsed by the guidelines from the European Society of Cardiology (ECS), the European Association for Cardio-Thoracic surgery (EACTS), and The British National Institute for Health and Clinical Excellence (NICE). All are highly respected organizations and their recommendations are expected to influence clinical practice also in countries outsides their jurisdictions, including in the USA.

The health care providers and surgeons performing CABG procedures are conservative and it is hard to measure the direct effect from recommendations and studies. However, it is Medistim's experience that the recommendations have influenced demand positively over time and expects increasing recognition to continue to support demand in the years to come.

Clinical studies support routine use of Medistim's technology

Medistim's strategic progress relies on strong clinical documentation by leading medical centers to create support from Key Opinion Leaders (KOLs) within cardiac surgery and vascular surgery. It is a strategic priority to support this by increasing the focus on blood flow measurements, ultrasound imaging, surgical guidance, and quality assurance in relevant forums and channels.

The circulation publication in 2021 and the use of TTFM during CABG: In 2021 Medistim 's Transit Time Flow Measurement (TTFM) technology received strong support from leading experts, in a new publication in the top journal Circulation.

Circulation – the official journal of the American Heart Association – and one of the highest ranked journals in cardiology and cardiovascular medicine, published a consensus paper by 19 of the world's highest renowned specialists in coronary artery bypass surgery (CABG) on October 5th. The study describes a systematic review to identify best practice evidence for guideline development published the last 20 years. Over 2,200 articles identified, more than 1,550 of them screened, and 38 of them included in this review paper. The expert consensus process resulted in a new flowchart for decision making guidance to cardiac surgeons on how to utilize TTFM during surgery. The first of the 10 consensus statements and justifications states "TTFM should be used in every CABG case". The panelists agree "that quality assurance in CABG procedures should be established as a key component to improve patient outcomes".

This is a pivotal paper for Medistim that clearly graces all the initiatives to position MiraQ™ technology for routine use during CABG surgery. Having the technology in focus in one of the world's most renowned cardiovascular journals indicate that Medistim is moving in the right direction with its strategy. Medistim's REQUEST study published in 2020 was one of the key papers that was assessed to underpin the importance of routine use of quality assessment. This strong advocacy will not only exert peer influence within the community of cardiac surgeons, but it may pave the way for new and enhanced clinical guidelines worldwide.

In 2022, Mojgan Laali et al. published the study "Impact of transit-time flow measurement on early postoperative outcomes in total arterial coronary revascularization with internal thoracic arteries: a propensity score analysis on 910 patients". Outcome in 430 CABG patients where TTFM was used was compared with outcome from 480 CABG patients where the surgeons were unwilling to perform TTFM. The key finding is a significant reduction in Major Adverse Cardiovascular Events (MACE) from 6.9 % to 3.3 %- a 50 % reduction by adding 3 extra minutes on TTFM. This result was so convincing that the previous non-believers at the hospital have adopted TTFM for graft evaluation. This set of data is included in a large multi-center study in France that Medistim believe might ease the adaptation of TTFM in France.

In 2023 Medistim announced its partnership with ROMA-Women, a groundbreaking cardiac surgery trial that is specifically focused on women. Historically, cardiovascular research and treatment protocols have primarily focused on men, leaving women underrepresented in clinical studies and potentially receiving suboptimal care. Recognizing this disparity, Medistim has joined forces with the trial to champion gender-specific healthcare advancements.

The multicenter randomized clinical trial, ROMA-Women, will enroll about 2,000 women, studying the use of single versus multiple arterial grafts in coronary artery bypass (CABG) surgery. The trial is spearheaded by renowned experts in the field of cardiac surgery, including principal investigators Mario Gaudino, Professor at Weill Cornell Medicine, USA, and Stephen Fremes, Professor at Sunnybrook Health Sciences, Canada. More than 100 centers across the world are expected to participate. The trial is an extension of the ongoing ROMA trial and has already enrolled about 700 women.

ROMA-Women aims to address the unique cardiovascular needs and challenges faced by women. Compared to men, women are referred for CABG at an older age and have more frequently diabetes, hypertension, and dyslipidemia. From a surgical perspective, the CABG operation is generally more complex in women because of smaller and more spastic coronary arteries than men. Hence, it is believed that graft assessment may be even more important in women, and in this trial, graft patency will be assessed with Medistim's Transit Time Flow Measurement (TTFM) and High Frequency Ultrasound (HFUS) technologies.

Guidelines recommend intraoperative ultrasound after Carotid Endarterectomy (CEA) in 2022: The European Society of Vascular Surgery (ESVS) revised their Clinical Practice Guidelines in 2022 on the management of atherosclerotic carotid and vertebral artery disease by among others, adding a recommendation of the use of intra-operative completion control with ultrasound imaging, to reduce risk of peri-operative stroke for patients undergoing carotid endarterectomy.

The Guidelines are set to identify luminal thrombus after flow restoration, diagnose intimal flaps and diagnose residual stenoses during surgery. The new recommendation is based on a meta-analysis by Knappich et al. 2021 that shows that both ultrasound imaging and angiography are associated with a reduced risk of death and stroke after CEA.

Professor Eckstein, University Hospital Rechts der Isar, Munich, Germany, states that "This new guideline recommendation clarifies that intraoperative

morphological control is worthwhile. In my practice, ultrasound imaging for completion control after CEA has become the standard of care, especially when surgery is performed under locoregional anesthesia. Intraoperative angiography is only needed if a cerebral problem is suspected."

It is Medistim's goal to develop a strong position for its transit time flow measurement (TTFM) and high-frequency ultrasound (HFUS) imaging devices within the Vascular market, including the CEA segment. The recommendation of ultrasound imaging as an alternative to the current gold-standard angiography marks another milestone for Medistim in the efforts to establish the HFUS technology for completion control in CEA. In the CIDAC (Comparison of Intra-operative Duplex Ultrasound and Angiography after Carotid Endarterectomy) study, which was part of the Knappich meta-analysis, Medistim's MiraQ Vascular device was used, and it demonstrated the benefits of using HFUS compared to angiography.

The results demonstrated that HFUS detected significantly more high-grade defects that needed revision compared to angiography, and with significantly higher interobserver reliability. The authors conclude that given the lesser invasiveness, HFUS could be considered as an alternative to angiography for intra-operative completion control in CEA, further strengthening the support of using Medistim's ultrasound imaging device and probe for reducing the risk of stroke after CEA. Based upon the results from the study The European Society of Vascular Surgery (ESVS) included the use of HFUS when treating CEA patients.

7.6 Clinical application areas and target markets

Lifestyle diseases such as obesity and diabetes have increased significantly in recent decades, increasing the need for revascularization procedures. Cardiovascular diseases (CVDs) are the most common cause of death in the western world and on the rise in Asian and Latin American countries adopting western lifestyles.

The adoption of TTFM and HFUS for surgical guidance and quality control is increasing. However, over 60 % of surgeons still rely on physical palpation for graft patency assessment, even though "feeling" the pulse is an unreliable indicator of actual blood flow through the vessel.

Hospitals and payers for surgery, such as insurance companies, are increasingly requiring documentation of performance and quality control during any procedure, which is expected to support the adoption of Medistim's solution over time.

7.7 Market for cardiac procedures

Percutaneous Coronary Intervention (PCI), i.e. the use of stents, covers approximately 80 % of the revascularization procedures, with CABG covering the remaining 20 %. Clinical trials document superior results achieved with CABG compared to PCI for patients with multi-vessel disease.

The number of coronary artery bypass surgeries performed has been stable over the past several years, of more than 700,000 globally per annum.

A decrease in the number of procedures performed in Western countries in recent years has been compensated by an increase in the BRICS countries (Brazil, Russia, India, China and South Africa). Globally, Medistim expects a stable to growing trend in coming years.

Approximately 80 % of CABG procedures are on-pump procedures while 20 % are off-pump. Both are equally relevant for Medistim's technology for Transit Time Flow Measurement (TTFM) and High Frequency Ultrasound Imaging (HFUS). The US is the single largest market for Medistim's products, representing close to 30 % of the world market, with a combined European market of a similar size.

Large untapped market

To date, Medistim has installed about 3,500 systems in more than 65 countries, and Medistim's flow meters have been used on more than two million patients worldwide. Medistim is the clear market leader in its niche, and its systems are currently being used in about 37 % of all bypass surgeries performed worldwide. Competing providers using the transit time measurement principle are estimated to be used in about 8 % of the procedures performed.

This implies that no equipment is being used to verify blood flow in about 55 % of the bypass surgeries. This untapped market represents Medistim's largest opportunity. Medistim expects market penetration and market share to increase gradually, as surgical quality assurance gains more attention and the superiority of the Company's solutions gain wider acceptance.

Total value of the global TTFM market for CABG is estimated at to BNOK 1 per year.

A unique product offering

Adding intraoperative ultrasound imaging more than doubles Medistim's market potential, due to an expanded number of applications and higher pricing compared to traditional flow measurement technology. The total market size within cardiac bypass surgery is therefore estimated at around BNOK 2 annually.

The MiraQ imaging functionality makes the system relevant also for other types of cardiac surgery, such as heart valve surgery. Medistim estimates this added market potential to be approximately BNOK 1 on an annual basis. This market represents an add-on opportunity to widen the use of the device beyond CABG only and is not considered an independent commercial strategy.

The combination of Medistim's ultrasound imaging technology and the MiraQ platform represents a unique and differentiated product offering in this market segment, which provides Medistim with a competitive advantage.

Medistim recognizes the value of clinical documentation and has initiated clinical studies to support verification of the impact from its solutions on CAGB surgery. The published results from the REQUEST study in 2020 proved the clinical value of adding HFUS to TTFM and the advantages of combining the two modalities are increasingly being recognized by the medical societies and cardiac surgeons. This is supported by the study published in the Circulation where 19 of the world's highest renowned specialists in coronary artery bypass surgery (CABG) makes the statement: "TTFM should be used in every CABG case".

Penalties for readmissions

Several countries are going through reforms to make quality healthcare available to a growing population in a financially sustainable way. This includes demands for higher quality procedures with less errors and re-interventions. In the US, the Centers for Medicare and Medicaid Services have, for example, cut reimbursement for 30-days re-admission after CABG as a penalty if hospitals have not been able to deliver and document high quality surgical results. Implementing technology that provides intraoperative surgical guidance and quality assessment is one way of achieving and document improved quality and outcomes.

Installed base conversion

Medistim expects several hospitals to upgrade current systems to the more advanced MiraQ system. It offers a wider range of uses and the system's imaging functionality provides valuable additional information to current TTFM, increasing the economic value for the users.

7.8 Market for Vascular Surgeries

Applications	# of procedures	Clinical needs
Peripheral bypass	> 500,000	Improve long-term graft patency | Improve quality of life
CEA	> 250,000	Reduce risk of death and stroke | Improve cost effectiveness
AV Access	> 500,000	Secure maturation of shunt/fistula |Reduce risk of cardiac failure and hand ischemia
Liver transplant surgery	> 35,000	Increase success rate for this costly procedure

Medistim has a strong position in the vascular market in the Nordic countries and in Germany and is working to build similar positions in other markets as well. Medistim's focus areas within Vascular Surgery include peripheral bypass, CEA and AV access. The addressable market includes about 1,300,000 procedures and a market potential of BNOK 4.

Peripheral bypass surgery is primarily performed on the major arteries in the legs, whereas CEA is a procedure where blockages in the neck arteries are surgically removed to reduce risk of stroke. AV access surgery is performed to create a successful shunt or fistula that are used to connect a patient in need of dialysis to a dialysis machine. The MiraQ Vascular solution supports all three types

of interventions with ultrasound imaging and blood flow measurements guiding the surgeon during the procedure to assure the quality of the clinical outcome. The MiraQ Vascular is a "versatile tool for a variety of applications."

Clinical support and studies are key enablers for Medistim to increase market penetration, also in vascular surgery, which the CIDAC study mentioned in section 1.5 is a good example of.

7.9 Geographical target markets

Medistim is the undisputed market leader in the global CABG market with a strong position in core geographical markets.

AMERICAS (USA, Canada and Latin America)

Representing close to 30 % of the global CABG market, USA is the most important market for Medistim, accounting for 48 % of total revenue from own products in 2023. The US subsidiary has 25 employees and sales representatives covering all states, all of which have extensive healthcare experience. The company has had direct sales operations in the US since 2007. Medistim has over 650 systems installed in the US.

In addition to regular sales activities, the commercial strategy includes cooperation with influential surgeons and key opinion leaders at leading cardiac centers. Company representatives are in close dialogue with medical associations like The American Association for Thoracic Surgery (AATS) and The Society of Thoracic Surgeons (STS), to motivate these organizations to include Medistim's equipment in guidelines for standard of care for CABG.

The US CABG-market is underdeveloped, with less than 35 % of surgeries performed with support from medical systems ensuring proper blood flow. Medistim has a market share of approximately 30 % of a total market of approximately 200,000 annual bypass surgery procedures and sees a substantial market potential due to the still low penetration of CABG surgery support systems.

To strengthen its offering, Medistim has introduced a flexible business model for the US market. In addition to traditional capital investments and purchase of consumables, hospitals can choose to either pay per procedure or enter leasing agreements. Under these agreements the systems are placed at the hospitals free of charge, with the customer purchasing a "per' surgery" smartcard or paying a monthly lease.

In 2023, Medistim established a direct sales operation in Canada. Medistim already has a strong position in Canada with presence in 15 of Canada's 38 cardiac centers. About 18,000 coronary bypass surgeries are performed in Canada per year, and about 37 % are supported with Medistim's technology. The company is well positioned to continue the growth with local sales representatives who will focus on attracting new customers as well as driving the conversion from devices with TTFM technology only, to devices combining TTFM and High Frequency Ultrasound (HFUS). In addition, the market within Vascular surgery provides further opportunities for growth.

In Latin America, Medistim is represented through a distributor network.

EMEA

EMEA and Europe in particular represents Medistim's second largest market. The main European markets are served through direct in-country operations, while remaining markets are covered by distributor agreements.

Nordic countries

Medistim has a strong position within all cardiac centers in Norway, Sweden, Finland and Denmark, with directs sales in Norway, Denmark and from late 2023, Sweden. Several vascular centers also have Medistim systems that are being used on a regular basis. The market share of CABG procedures is above 70 %. Both markets are mature, with revenues mainly generated from sale of consumables and irregular replacement of old systems. In Norway, Denmark and Sweden, Medistim also operates as distributor for other surgical products.

Germany

Germany is the largest market in Europe, with about 44,000 CABG procedures performed per year and Medistim has had direct representation there since 2002. Medistim has a high penetration within coronary surgery in Germany with a market share of more than 80 % but still have opportunities for growth by converting customers to become both flow and imaging customers. The vascular market represents an opportunity for growth in the future.

United Kingdom

In the UK, Medistim has had direct representation since 2012. Some 16,000 CABG procedures are performed in the UK every year, and Medistim's equipment is currently used in about 10 % of these.

Market penetration in the UK has taken longer than anticipated, and sales are still modest compared to the perceived potential. Medistim expects increased adoption of TTFM and HFUS following the 2018 update to the NICE recommendation for use of Medistim's solutions. The company has also established a solid reference center in Oxford through the REQUEST study, further supporting marketing of Medistim medical solutions. Based on the US model, pay-per-procedure or enter leasing agreements were introduced to UK customers in 2023.

Spain

Medistim established direct representation in Spain in 2017. Around 7,000 coronary artery bypass surgery (CABG) procedures and 8,000 vascular procedures are performed per year.

Medistim has an installed base of 80 systems, most of them on the VeriQ platform and older versions. These versions only include TTFM and do not support imaging modality. Medistim sees great potential in upgrading of the installed base to the MiraQ platform, which provides the combination of ultrasound imaging and TTFM in one system.

Medistim's technology is used in 80 % of all coronary surgical procedures as the installed base is primarily in cardiac centers. This indicates an untapped potential in the vascular market, which represent only a small number of Medistim's installed base.

European distributor markets

Elsewhere in Europe, Medistim is represented through distributors. This includes countries such as Poland, Italy and France which are considered promising long-term growth markets.

APAC

China

In order to expand the market coverage in China, Medistim opened a direct sales office in Guangzhou in 2023. This move was part of the company's ongoing commitment to providing exceptional service to customers as well as fulfilling the company's global growth strategy. More than 60,000 coronary bypass procedures are performed in China annually and the number is expected to continue to grow high single digit in the years to come. Today, about 70 % of these procedures are supported by Medistim's equipment, which is installed in all the nation's top 10 cardiac surgical centers.

Japan

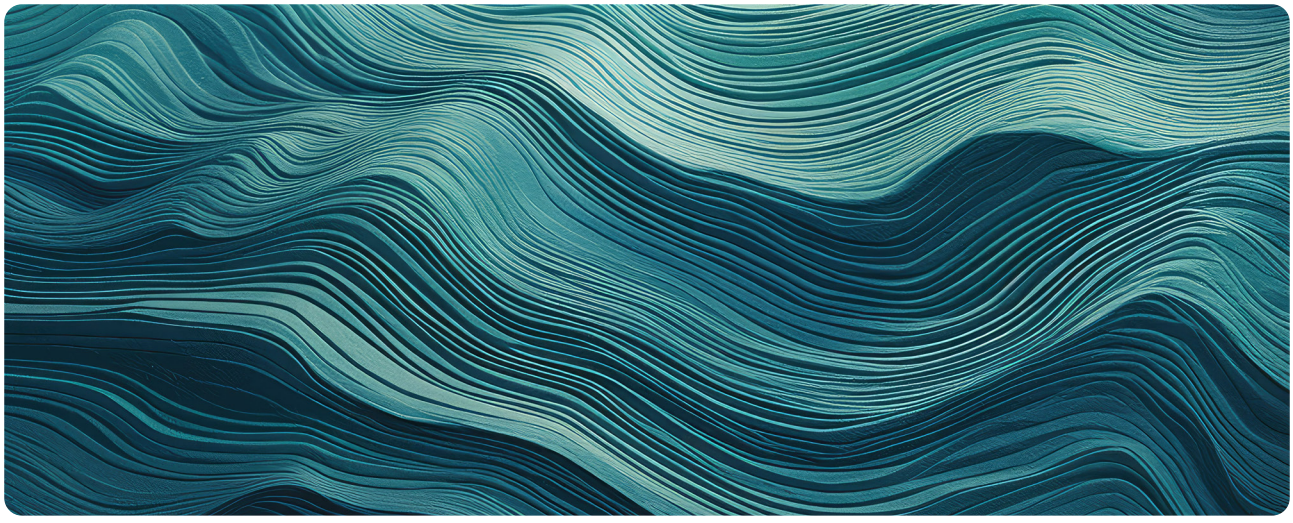
With over 90 % of all CABG procedures using Medistim technology for blood flow measurement systems and ultrasound imaging, Japan is one of the most developed markets for Medistim's solutions. The Japanese market counts some 13,000 procedures annually.

India

Approximately 160,000 CABG procedures are performed annually. Medistim's market share is below 5 %. This is an interesting target market for Medistim and with the new distributor partnership with LivaNova, it is expected that the Indian market will become a future driver for growth.

Other markets

Medistim has established distributor partnerships with LivaNova in Australia and India, and Pacific Medical Systems in Asia and is experiencing positive development in these markets. The company has a high market share in the Middle East.



8. CORPORATE GOVERNANCE REPORT

Medistim depends upon good relations with its stakeholders to succeed. Good corporate governance is important to build and maintain trust and confidence in the company and ensure long-term value creation in the best interest of the company's shareholders.

8.1 Implementation and reporting on corporate governance

Medistim is a Norwegian public limited company listed on Oslo Stock Exchange and bases its corporate governance structure on Norwegian legislation and recommended guidelines. The corporate governance policy is subject for an annual review by the Board of Directors.

The company observes the Norwegian Code of Practice ("Code" or "Code of Practice") for Corporate Governance, last revised 14 October 2021, issued by the Norwegian Corporate Governance Board.

This report discusses Medistim's main corporate governance policies and practices and how Medistim has complied with the Code of Practice in the preceding year. Application of the Code is based on the "comply or explain" principle, and deviations from the Code is explained under each item.

8.2 Business activity

Medistim's mission is to develop cost-effective solutions to health-care providers, patients and payers in the global surgical market. Its Ultrasonic Surgical Guidance & Quality Assessment systems are built for intuitive imaging of vascular morphology and instant assessment of blood flow. With its tools, Medistim helps surgeons improve surgical quality to reduce adverse events and re- interventions, and ultimately improve the patients' quality of life.

The company's business scope is clearly described in section 3 in the articles of association: "to conduct research, development, production, distribution and sale of medical equipment through its own business or through participation in other companies, as well related activities".

Medistim was founded in 1984 and develops innovative technology and devices which increase the probability of a positive outcome of surgery for patients and enable greater efficiency and lower costs for healthcare providers by reducing additional and unnecessary surgical re-interventions. The company's long-term objective is to make its solutions "standard-of-care" in the operating room.

The board has developed a clear strategy to effectively commercialize its existing product portfolio worldwide. Risk management and internal control systems are in place to manage operational and financial risks. A description of the key risk factors and risk management can be found in the board of director's report in the annual report.

The company has prepared a code of conduct including principles for ethical behavior, trade and anti-corruption that applies for all employees. A separate report on how these guidelines and procedures are integrated with the company's activities and how they relate to value creation for the company's stakeholders can be found in Chapter "9. Sustainability Report" of this Annual Report for 2023.

The company's objectives, strategies and risk profile are subject to annual review by the Board.

Deviations from the Code of Practice: None

8.3 Equity and dividend

At 31 December 2023, the company's equity was MNOK 398, which is equivalent to 78.7 % of total assets. The board continuously evaluates the company's capital requirements to ensure that the company has a suitable capital structure considering its objectives, strategy and risk profile.

Medistim aims to maximize shareholder value. This will be achieved through sound business development and an ambitious growth strategy. Medistim will seek to provide annual dividends, depending upon the company's financial capacity and financing needs to ensure future growth. The company will at all times ensure that it has the financial capacity and equity to achieve future plans for growth.

The Board of Directors proposes to pay a dividend for 2023 of NOK 4.50 per share corresponding to MNOK 82.1 based on the financial results for

the year. For 2022, the company paid a dividend of NOK 4.50 per share, corresponding to MNOK 82.1. Over the past ten years, Medistim has paid a total of MNOK 490 in dividend to shareholders, corresponding to an average payout ratio of 77 %.

At the annual general meeting on 24 April 2023, the board was granted two authorizations:

1. Authorisation to increase the share capital up to NOK 458,433.25 by issuing 1,833.733 new shares at par value of NOK 0.25. The authorisation covers both cash and non-cash considerations, including mergers. As of 31 December 2023, the authorisation had not been used.
2. Authorisation to purchase own shares for up to NOK 458,433.25, equal to 1,833,733 new shares at par value NOK 0.25. The authorisation can be used for financing purposes, acquisitions or other commitments related to strategic or industrial partners. As of 31 December 2023, the authorisation had not been used.

Both authorizations are valid until the next annual general meeting. There was a separate vote on each of the two authorizations. For supplementary information, see the minutes of the annual general meeting available at www.medistim.com.

Deviations from the Code: None

8.4 Equal treatment of shareholders and transactions with closely related parties

Medistim has one class of shares. Each share carries equal voting rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

In the event of a capital increase based on an authorization from the annual general meeting, where the pre-emptive rights of shareholders are set aside, the company shall provide reasons for the action in the stock exchange release in which the capital increase is announced. There were no such events during 2023.

Any transactions in own shares, i.e. a share buy-back program, will be carried out either through Oslo Stock Exchange or at otherwise at stock exchange prevailing prices. If there is limited liquidity in the company's shares, the company will consider other ways to ensure equal treatment of all shareholders.

There were no purchases of own shares during 2023. Previously purchased own shares has been used to fore fill option grants and share program to management.

When there are major transactions between the company, its shareholders, subsidiaries, members of the board, leading employees or other close related parties, an evaluation will be performed by an independent third party. The general meeting will treat the matter according to law and jurisdiction for Norwegian public companies. There were no such transactions in 2023.

Deviations from the Code: None

8.5 Shares and negotiability

The shares of Medistim are freely negotiable. There are no restrictions on owning, trading or voting for shares in the company's articles of association.

Deviations from the Code: None

8.6 The general meeting

The general meeting is the company's highest decision-making body. The general meeting is open to all shareholders, and Medistim encourages shareholders to participate and exercise their rights at the company's general meetings. The board, or shareholders representing at least five percent of the shares, may call for an extraordinary general meeting when deemed necessary.

Notice will be sent to shareholders minimum 21 days before the meeting as required by law. The agenda, related documents and information about the issues to be considered will be included in the notice.

To participate, shareholders will have to register at the latest one day before the meeting. Shareholders unable to attend, may vote by proxy. Guidelines for proxy voting is given in the notice documents, with the opportunity for separate voting instructions.

The board of directors is represented at the meeting. The chairperson of the board normally chairs the general meeting. The company's auditor and nomination committee will participate at the meeting.

In 2023, Medistim held its annual general meeting on 24th of April with 62.76 % of the shares represented. There were no extraordinary general meetings during the year.

Deviations from the Code: None.

8.7 Nomination committee

Medistim has established a nomination committee, as regulated in the articles of association section 7. The committee consists of three members elected by the general meeting for a term of two years.

Name	Role	Considered independent of the main shareholder and management	Representing a specific shareholder	Served since	Term expires	Participation in nomination committee meetings in 2023
Bjørn Henrik Rasmussen	Chair	Yes	Follum Capital	2009	AGM 2025	100 %
Jonathan Schönbäck	Member	Yes	Odin Forvaltning	2022	AGM 2024	100 %
Vegard Søraunet	Member	Yes	Aeternum Capital AS	2021	AGM 2024	100 %

The guidelines for the nomination committee are governed by the company's articles of association, which stipulate that members of the nomination committee shall be shareholders in the company or shareholder representatives when elected as committee members.

The nomination committee is responsible for suggesting candidates to the board of directors and yearly compensation to the board and board committees. Proposals for candidates to the board must be sent to the nomination committee at latest 14 days before the notice of the general assembly is distributed Proposals are to be sent to the nomination committee chair on email to: Bjørn H. Rasmussen post@folluminvest.no

Remuneration of the members of the nomination committee is determined by the general meeting.

Deviations from the Code: None

8.8 Board of directors, composition and independence

The board of directors shall constitute of up to seven directors as regulated in the articles of association section 5. The board and the chairperson are elected by the general meeting for a period of two years and may be re-elected. The nomination committee ensures that not all board members are up for election at the same time. At 31 December 2023, the board consisted of the following seven directors:

Name	Role	Considered independent of main shareholders	Served since	Term expires	Participation board meetings 2023	Share ownership in Medistim (direct/ indirect)
Øyvin A. Brøymer	Chair	No	2000	AGM 2025	100 %	7.01 %
Anna Ahlberg	Director	Yes	2023	AGM 2025	100 %	0 %
Anthea Arff-Pettersen	Director	No	2022	AGM 2025	100 %	0 %
Ole J. Dahlberg	Director	Yes	2023	AGM 2025	100 %	0.01 %
Jon H. Hoem	Director	Yes	2023	AGM 2024	83 %	0 %
Tove Raanes	Director	Yes	2014	AGM 2024	100 %	0.01 %
Lars Rønn	Director	Yes	2010	AGM 2024	100 %	0,01 %

The composition of the board is based on representation of the company's shareholders, as well as the company's need for competence, experience, capacity and ability to form balanced decisions. Information on each director's expertise, background and capabilities can be found on the company's website www.medistim.com.

The nomination committee has evaluated all the directors to be independent of the company's executive management and material business contacts. Five out of seven members are regarded as independent of the company's main shareholders. The independence of board members is also evaluated by the board.

Deviations from the Code: None

8.9 The work of the Board of directors

The board has the ultimate responsibility for the management of the company and for supervising management, while the CEO is responsible for the day-to-day management.

The board has adopted instructions for the board and the CEO, which are focused on determining allocation of internal responsibilities and duties. The board normally meets six to seven times a year, while the CEO and Chair has continuous dialogue on the company's development.

The board has implemented procedures to ensure that members of the board and executive personnel make the board aware of any material (direct or indirect) interests that they may have in items the company is about to enter. The board will also be chaired by some other member of the board if the board is to consider matters of a material character in which the chair of the board is, or has been, personally involved.

The board has appointed an audit committee and a remuneration committee.

The board performs a self-assessment of its work once per year.

Deviations from the Code: None

8.10 Risk management and internal control

The board carries the responsibility to ensure that the board carries the responsibility to ensure that the company has sound and appropriate internal control systems and risk management systems reflecting the extent and nature of the company's activities. Sound risk management is an important tool to create trust, ensure good environment, health and safety standards and enhance value creation. Internal control should ensure effective operations and prudent management of significant risks that could prevent the company from attaining its targets. The board holds at least one meeting a year with the auditor, to review the company's internal control routines, including identified weaknesses and areas subject to improvements.

Medistim complies with all laws and regulations that apply to the group's business activities. The group's ethical guidelines, anti-corruption policy and code of conduct for ethical trade describes the main principles for ethical behavior which applies to all employees and suppliers. A quality manual has been prepared based on internationally recognized quality standards, to ensure that the company delivers high quality products and services in accordance with product specifications, relevant acts and regulations. The guidelines and quality manual are subject to annual review by the board in connection with the evaluation of the company's internal control and risk management. Medistim is also subject to strict medical rules and regulations, requiring close monitoring and frequent audits of medical equipment and the company's practices concerning health, safety and environment (HSE).

Medistim prepares its accounts in accordance with the International Financial Reporting Standards (IFRS), which are intended to give a true and fair overview of the company's assets, financial obligations, financial position and operating profit. The board receives monthly reports from management on developments and results related to finance and risk management, which is compared against budget, strategy approved by the board and last year's performance. In addition, quarterly reports are prepared in accordance with the recommendations from Oslo Stock Exchange, which are reviewed and approved by the board prior to disclosure.

The board has an annual meeting to review the company's strategy for the next three years, risk exposure and such internal control arrangements. A summary of the main risks and risk management is presented in the director's report in the annual report.

Deviations from the Code: None

8.11 Remuneration of the board of directors

The board of directors receives a fixed yearly compensation decided by the general assembly, based on the nomination committee's recommendation. The remuneration reflects the board's responsibilities, competence, time involved and the complexity of the business.

The remuneration of the board members is not performance based and the company does not grant share options to any board members. No loans are provided to board members.

The board members, or companies with which they are associated, have not been engaged in specific assignments for the company in addition to their appointments as members of the board.

More information on remuneration to the board can be found in note ***21*** to the annual accounts.

Deviations from the Code: None

8.12 Remuneration of executive personnel

The main principle of Medistim's executive remuneration policy is that the compensation shall be competitive and provide the motivation to attract and retain individuals with the required competence.

The board determines remuneration for the CEO, while the CEO determines remuneration for the management team and leading employees. Compensation of the management is based on market terms and evaluated on a yearly basis. The terms have remained the same over several years.

Remuneration of the CEO includes a share-based incentive plan.

The executive remuneration consists of a fixed salary and a variable part linked to the company's achievement, and pension schemes. No executives will receive additional compensation when leaving the company.

Details on executive remuneration can be found on note ***21*** of the annual accounts.

Deviations from the Code: The Code recommends that the company's guidelines are included as a separate appendix to the notice calling for the general meeting. The guidelines should inform which aspects that are advisory and which, if any, are binding. The general meeting should vote separately on each of these aspects of the guidelines. Further, the Code recommends that the guidelines contain information on criteria related to performance related remuneration, which should be subject to an absolute limit. Medistim includes a general description of the company's guidelines for remuneration in the annual report, alongside information on remuneration to each director. Executive remuneration is treated as one item by the general meeting.

8.13 Information and communications

The board has adopted a shareholder and information policy which sets the basic principles for the company's communication and dialogue with capital markets participants. The company is committed to provide its shareholders timely, relevant and accurate information on the company's developments and plans. Communication with stakeholders shall be based on the principles of equal treatment and transparency in order to build trust and stakeholder confidence. The responsibility for the company's investor relations activities lies with the CEO and the CFO.

Medistim's IR activities shall help capital markets participants to make an informed view on Medistim as an investment case, including its financial situation and prospects, which will contribute to optimize the cost of capital and support a fair valuation of the company's shares. The company does not give any guiding on future sales and results.

Medistim provides interim reports in line with Oslo Stock Exchange' recommendations. Presentations are given in connection with the disclosure of the interim results to provide an overview of operational and financial developments. The presentations are open to the public and made available through a webcast.

All information is provided in English, and is distributed to the company's shareholders through Oslo Stock Exchange' news channel www.newsweb.no and on the company's website www.medistim.com.

Deviation from the Code. The company has not prepared any policy or guidelines specifying who is entitled to speak on behalf of the company or regulating communication with shareholders outside general meetings, as recommended by the Code. As a general principle, the board has decided that the company's spokespersons are the CEO and CFO on investor matters, while the CEO handles media and other inquiries.

8.14 Takeovers

In a potential offer where the effect of the transaction is a takeover, the Board of Directors will handle the matter in a professional manner and ensure same information and treatment of all shareholders. A takeover requires a general meeting and the board of directors will give their recommendation related to a potential offer for the company's shares.

Deviations from the Code: The board has not established separate guidelines in the event of a take-over bid as recommended by the Code. Take-over bids are usually specific, one-off, events which makes preparation of guidelines challenging. In the event of a take-over process, the Board will ensure that the company's shareholders are treated equally, and that the company's activities are not unnecessarily interrupted. The board will further seek to comply with the relevant recommendations from the Code.

Communication with stakeholders shall be based on the principles of equal treatment and transparency in order to build trust and stakeholder confidence. The responsibility for the company's investor relations activities lies with the CEO and the CFO.

Medistim's IR activities shall help capital markets participants to make an informed view on Medistim as an investment case, including its financial situation and prospects, which will contribute to optimize the cost of capital and support a fair valuation of the company's shares. The company does not give any guiding on future sales and results.

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8.15 Auditor

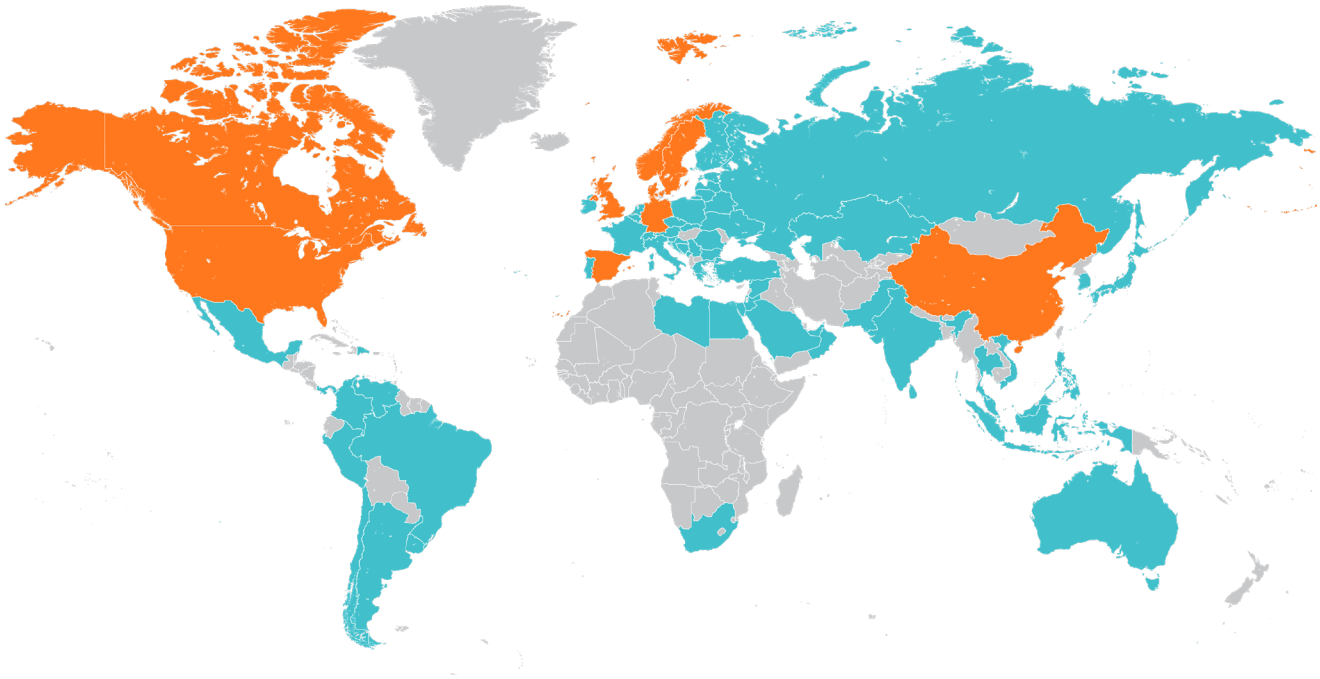
BDO AS has been the company's auditor since 2010. The auditor is considered independent of Medistim ASA. Medistim uses the same auditor for all companies within the group. The board receives an annual confirmation from the auditor that the requirements regarding independence and objectivity have been satisfied. In 2023, a tender process for audit services was performed, with all major audit firms invited to give an offer. The process was thorough, and meetings were held with several of the main audit firms. The outcome of the tender process was that the company chose to continue using BDO as the company auditor as they proved to be competitive both in regard to competence and pricing.

The auditor participates in the board meeting dealing with the annual accounts. In this meeting, the auditor gives their views on accounting matters and principles, risk areas and internal control. The auditor participates in other board meetings on the request from the board when the board wants to get the auditors view in a specific matter.

The auditor has attended four meetings with the audit committee during 2023.

Remuneration paid to the auditor is set by the general meeting and described in the notes to the annual accounts. The auditor attends the annual general meeting.

Deviations from the Code: None



Medistim subsidiaries
Medistim distributors

9. SUSTAINABILITY REPORT

9.1 Strengthening human health through improved surgery

Medistim develops and sells products contributing to improve patients' quality of life and supporting effective health care systems by enhancing quality during surgical procedures. The quality assurance improves surgical outcomes and increases the likelihood that the procedure is performed in a correct manner the first time. This benefits patients, the health care system and reduces negative impacts and cost for society at large.

Medistim's mission over the past three decades has been to serve patients, surgeons and health care providers with innovative and cost effective medical devices that measure blood flow and visualize atherosclerosis, and thereby help improve the quality and outcome of cardiac and vascular surgery.

Medistim's organization and culture are key drivers for the stakeholder value creation. The culture is built on its four core values, described in Chapter 7.1 which guides the daily activities.

The Board of Directors has the overall responsibility for aligning Medistim's strategy and sustainability considerations, while the day-to-day responsibility lies with the CEO, supported by the Group management.

Medistim operates in a highly regulated market with regards to product quality, safety and compliance with requirements. The company has a history of technical innovation and financial growth. It recognizes sustainability as an important part of product and service development and operations, and that it is a key contributing factor to the long term growth and value creation for all stakeholders.

We believe that, over time, companies that place environmental, social and governance considerations at the top of their agendas will be able to capitalize on growth opportunities, increase returns on capital and reduce the cost of capital.

Contribution to UN Sustainable Development Goals (SDGs)

Medistim supports the UN SDGs.

The company considers its greatest impact is helping to strengthen human health through improved surgical outcome by providing high quality medical devices meeting strict safety requirements.

SDG 3.4 specifies a targeted reduction of premature mortality by 2030 from non-communicable diseases through prevention and treatment of amongst other cardiovascular disease. Medistim can definitely contribute to that through the use of quantitative measuring modality and qualitative imaging modality. Several papers and journals have been written on the topic. The REQUEST study published in 2020 was one of the key papers that was assessed to underpin the importance of routine use of quality assessment. In 2021, Circulation (the official journal of the American Heart Association), stated that "TTFM should be used in every CAGB case".

The company also supports SDG target 12.6 by adopting sustainable business practices and integrating sustainability information into its reporting cycle.

Stakeholder engagement and materiality

In 2021, Medistim conducted a materiality analysis following a stakeholder identification process. Investors, distributors, suppliers and employees were identified as key company stakeholders and invited to participate in the materiality analysis via a digital survey, followed up with selected in-depth interviews. The stakeholders were asked to grade the importance of ESG related factors, based on the SASB materiality map and selected additional factors, by importance for Medistim. A total of 46 stakeholders participated in the survey. Their answers combined with interviews and a weighting of the stakeholder groups provided the external stakeholder ranking of the ESG factors. This was contrasted with the responses of an internal Medistim working group and summarized in the materiality matrix.

1. The Sustainability Accounting Standards Board (SASB)


HIGH
LOW
IMPORTANCE TO STAKEHOLDERS
SIGNIFICANCE OF MEDISTIM'S ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACT
Product quality, safety and compliance with requirements
Strengthening human health through improved surgery
Employee skills development and job engagement
Compliance with laws and standards regarding work environment
Reduce waste and packaging materials
Good business Ethics
Truthful and accurate marketing practices
Diversity and inclusion
Choice of materials in products
Availability of healthcare services and products
By making sustainability a part of the decision processes in product and service development
Customer privacy and data security
Critical risk management for incidents
Employee health and safety
Through circularity
Healthy competitive situation
Employment of local workers and stimulation of local business
Through transparency regarding publication of studies and results
Reduction of greenhouse gas emissions through suppliers
Strengthening human rights
Supplier demands
Collaborate with government and industry organizations
Sustainable energy consumption and energy mix
Reduction of GHG emissions from own operations


3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

By summarizing the factors identified through the analysis, Medistim has defined the following themes as material to the company. The themes form the foundation for this report:

- *Product stewardship*
- *Responsible business*
- *People*

Priorities going forward

This is the company's fourth ESG report. Medistim has continued to work with the material topics identified and considered initiatives on how the company can improve performance for a more sustainable business conduct. This includes seeking to develop relevant ESG KPI's and GRI's related to Medistim's activity.

9.2 Product stewardship

Patient safety is Medistim's absolute priority as a producer of medical devices. This means focusing on quality and compliance with applicable international and national laws and regulations. Increasingly, in line with stakeholders' priorities, the company is working to reduce the environmental impact of Medistim's products, manufacturing process and distribution.

Product quality and safety

Medistim develops and produces medical devices used to improve quality of cardiac and vascular surgery. The products are subject to high quality and safety requirements and product certifications and require high competence and excellent quality systems.

Medistim's quality management system (QMS) ensures that its products and services are delivered in accordance with relevant acts, regulations and requirements. The company's QMS is based on the ISO 9000:2015 and ISO 13485:2016 standards, and complies with national and international standards, rules and regulations for manufacturers and suppliers of medical devices. The QMS consists of a set of policies, standard operation procedures, forms and work instructions to ensure that the products meet required quality and safety standards.

During the last few years, Medistim has put efforts in the preparation for MDR, the new Medical Device Regulation (2017/745/EU). This is the new regulation from EU that will strengthen patient safety through stricter demands related to quality and safety. All medical device manufacturers must be compliant with the MDR regulation within 2027 and 2028, depending on Medical device risk class.

However, since Medistim is focusing on quality and safety in general, much preparations for the new regulation has already been done the last few years. Medistim relies on third-party suppliers to achieve desired quality results for products and services. All vendors of products, raw materials and services used in the design, development, production and servicing of Medistim medical devices is subject to supplier qualification. This includes consulting services that can affect the quality management system and product quality. The QMS also includes procedures for selecting, assessing and approving third-party suppliers such as supplier audit programs and necessary documentation to verify quality and ensure traceability.

The QMS is subject to regular reviews by the management team. Employees are trained on the company's quality policies and standard operating procedures which are continuously evaluated and refined. All reports of adverse events and product complaints are promptly investigated and addressed. Adverse events are reported to applicable health authorities according to procedures.

Medistim had no quality incidents affecting patient safety that led to any market actions or need for reporting to health authorities e.g. product recall or field corrective action in 2023.

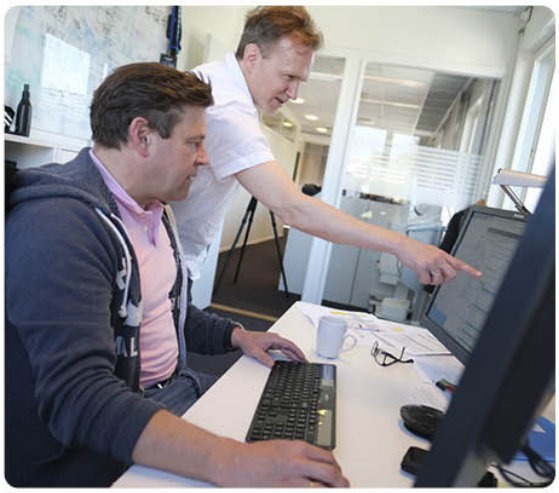
Product life cycle and environmental footprint

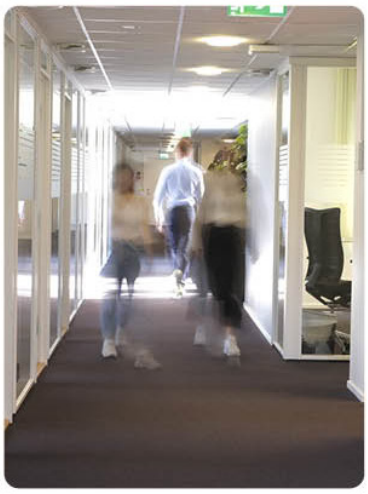
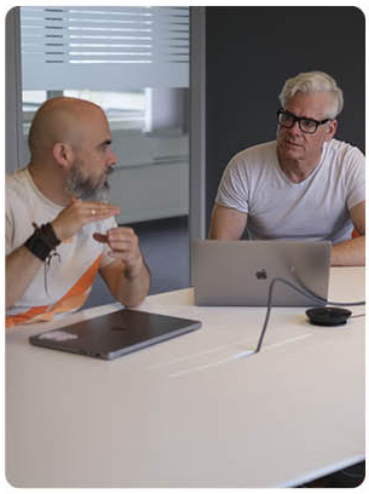
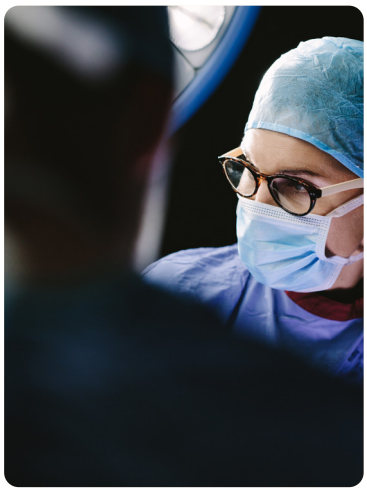
Medistim has implemented an environmental policy to increase environmental focus, ensure sustainable operations and reduce its environmental footprint.

The company's direct environmental impact relates primarily to the production facilities in Horten, the distribution of products as well as some traveling in connection with sales and training activities. Medical equipment is distributed by postal services with commercial logistics providers based in the Nordic region. Employees are encouraged to take environmentally friendly options into consideration, e.g.; minimize number of flights. Employees are further encouraged to reduce consumption and waste generated from their daily business activities. Medistim has established routines for management of chemicals and waste.

The lifetime of Medistim's products is defined either by the number of use or expected time





MEDISTIM







of performance after distribution to the market. Average lifetime of the MiraQ machines is seven years. The upgrade option with the MiraQ platform from a flow system to a flow and imaging system reduces electronic waste.

Flow probes can be used 50 times and the imaging probe can be used 100 times and even more if treated properly. All the electrical components in use comply with environmental standards. Hospitals and treatment centers are responsible for safe disposal of the equipment when it has reached end-of life.

All relevant materials used are subject to biocompatibility testing to ensure that they are not harmful for the patient or operator. All equipment which is in contact with human tissue is designed to withstand required sterilization processes. In addition, Medistim seeks to include in the supplier agreements the intent to use environmentally friendly materials and transport.

Medistim is assessing the opportunity to provide remote servicing of its devices, which may reduce travel activity and reduce shipping.

The goals for 2023 were:

- Developing KPIs for Energy and Water consumption to Medistim reporting
- Introduce lead-free soldering of wires for all TTFM transducers

Medistim has through 2023 started to establish measuring points and initiated data collection for energy consumption in order to be ready to report on ESG KPIs in line with established guidelines for companies of Medistim's size. Also, discussions have been held with logistics suppliers, with the aim of switching to sustainable fuel for transportation of goods.

A project for lead-free soldering of wires has been initiated, and testing with positive indications are performed through the year.

Focus areas going forward are to continue reducing plastics used in packaging of products and increase the use of recyclable cardboard for packaging and transportation of products. Further, the company aims to minimize waste of plastic material, electronics and molded silicone parts and glue in production. Also, when developing new and improved products, a sustainability evaluation will be part of the assessment for new product ideas. Medistim is assessing the opportunity to provide remote servicing of its devices, which may reduce travel activity and reduce shipping.

Goals for 2024:

- Refine ESG strategy for Medistim ASA in order to comply with CSRD in 2025
- Continue working on KPIs for emissions and consumption
- Reduce carbon footprint related to transportation of goods by switching to sustainable fuel on goods in and out of production site in Horten
- Update the company's Transparency Act report from 2023

Product risk management

Risk management of Medistim's products' life cycle is based on current standards, regulations and national legislation related to medical devices, clinical experience and documentation with these and similar devices as well as state-of-the-art technology. The company's product risk management procedures are governed by the QMS.

In the making of upgrades, new products or next generation of product, the company strives to focus on "ease of use". Not only does it lower the threshold for surgeons to take the equipment in use to improve quality of the surgery, it also reduces the risk of making an error during the procedure.

9.3 Responsible business

Ethical business conduct and compliance with Norwegian Transparency Act

Compliance with national, regional and international laws and regulations is mandatory in all of Medistim's activities, but good business ethics goes beyond mere compliance. In order to live up to the company's mission and values and achieve its strategic goals, everyone is responsible for acting in a manner that safeguards the interests of Medistim and its stakeholders. This way, Medistim will continue to build trust and credibility as a foundation for sustainable operations over time.

Medistim's framework for good business conduct includes ethical guidelines and an anti-corruption handbook that together shall ensure compliance and sustainable operations across the company and its supply chain.

The ethical guidelines are built on central UN and ILO (International Labour Organization) conventions and principles for human and labor rights and reflects Medistim's values and ethical view on good business conduct. The guidelines clarify Medistim's expectations to employees' behavior and cover

areas such as discrimination and harassment, substance abuse, confidentiality and protection of information, privacy protection, conflicts of interest, communication, inside information and whistle blowing.

Medistim is committed to a zero-tolerance policy of corruption, which means that the company strictly opposes all forms of corruption. The anti-corruption handbook describes and explain the company's anti-corruption policy and how employees shall act to avoid any illegal or unethical situations in relation to existing and potential business partners.

The ethical guidelines and anti-corruption manual are applicable to all Medistim's employees, including subsidiaries and board of directors, as well as business partners for sales and distribution. All employees and partners must approve in writing that the guidelines are read and understood. This is also followed up after revisions and updates to the guidelines. Violation of the guidelines may have consequences for the employment or partner relationship.

There were no reported concerns during 2023.

In July 2022, the Norwegian Transparency act based on OECD guidelines was implemented. The new act obligates companies to conduct human rights and decent work due diligence and follow-ups throughout their supply chain and business relationships. Medistim has conducted such due diligences on suppliers and business relationships for many years and has a well-established routine for such due diligences. The Medistim Transparency Act Report was presented during the first half of 2023 and shows that Medistim is operating in line with Transparency guidelines set by OECD. The complete report can be found at www.medistim.com.

Whistle blowing

Medistim has established routines for reporting concerns related to illegal or unethical conduct, including a whistle blowing channel for discrete and confidential handling of any potential reports. There were no reported concerns during 2023.

Responsible selling practices

Medistim is a global leader in developing products for quality control within of cardiac and vascular surgery. The company's products are sold either directly through subsidiaries or distributors in all continents. A standardized sales process has been established to ensure truthful and responsible selling practices as well as clearly defined requirements related to implementation of the solutions. All customer communication is done by trained and authorized personnel.

Medistim has a flexible business model in which product offerings and prices are adapted to individual markets. Each distributor sets the local end user-price in their markets.

The company engages in continuous dialogue with a broad range of organizations to increase awareness and knowledge of its solutions. Inclusion in leading health organizations' guidelines for clinical surgery is vital to achieve "Standard of Care" status.

Data security and customer privacy

As a healthcare company, Medistim may gather and store personal data as part of its research and development projects. At the same time, personal data is increasingly at risk of being misplaced, stolen or shared without consent. Medistim recognizes its responsibility of managing the data collected in a responsible manner and keeping the data safe.

The company is subject to laws and regulations that stipulate how personal data can be collected and managed, such as General Data Protection Regulation (GDPR). Strict guidelines and procedures have been implemented to ensure compliance. This involves regular reviews and development of the company's internal control systems and risk management processes to continuously improve and address existing and emerging data security and privacy threats. No service is conducted on equipment before patient data have been deleted.

To ensure a modern, secure and well-functioning IT platform, the company has outsourced its IT management to a professional service provider. Any breaches to data security and consumer privacy will be reported and followed up immediately. Medistim registered no data and GDPR breaches and no wrongful sharing of personal customer data incidents in 2023.

9.4 People

Medistim is committed to being a responsible employer and promotes an open and strong corporate culture. The company supports internationally recognized human rights and labor standards, as defined by the International Labour Organization's (ILO) fundamental conventions and the UN Declaration of Human Rights.

When assessing compensation there is a distinction between educated and skilled employees. The skilled group is typically trained employees by Medistim where formal education is not required. In total, the gender balance is equal, but more women are in the group of skilled employees. This explains the difference in average salary. Comparing men and women in the same groups the terms are equal. The compensation includes both fixed salary and bonuses. There is only one part time female employee and this is by own choice. All other employees are compensated with a 100 % position.

Goal for 2024:

- Complete employee engagement survey

Employee skills and job engagement

The ability to attract and retain a skilled workforce is imperative for Medistim to succeed over time. At year-end, Medistim employed 152 people (131).

The company has developed a competence matrix which clarifies required competence and resources needed to ensure the right quality of the products and services provided and to meet customers' needs. Individual training programs are set up for each employee, either when onboarding new workers or after individual evaluations. The training is tailored to each role, tasks and duties and includes tutoring and participation at internal and external courses, seminars and other relevant arrangements.

Working environment

Medistim strives to ensure a good working environment. All employees are entitled to an annual performance review with its immediate supervisor.

Sick leave for the year totaled 4,0 % or 1,598 days (4,4 % or 1,505 days). In 2020, Medistim moved its production facility to new and more functional premises, with recreational areas and easy access to massage and chiropractor services. No work-related incidents or accidents were registered in 2023 (0).

In order to improve the working environment, actions are taken to reduce static load for the operators in production and reduce exposure towards dust, gases and chemicals. Long term, the goal is to add automation in the production process.

A separate project is established to redesign the PS probes through machine learning and automation. The project is expected to go on for several years and will improve the probe production capacity vastly.

Furthermore, Medistim has established a company sports team, of which taking part in the Holmenkollen relay race was a highlight also in 2023. Also, vegetarian lunch every Tuesday is implemented at the Head Quarter in Oslo.

Diversity and equal opportunities

Medistim promotes a productive and inclusive working environment, free from harassment, discrimination, and disrespectful behavior. All employees are offered equal opportunities with regards to hiring, compensation, training and promotion regardless of gender, age, ethnic and national origin, religion, sexual orientation, social background or other distinguishing characteristics.

Competence is the main priority when recruiting for new positions. Medistim has equal gender distribution with 52 % women and 48 % men, as the Group traditionally has recruited from environments where women and men are equally represented. The company practices equal pay within the same salary range, but on average Group level, men are paid more due to the higher share of higher-level positions.

Medistim offers full pay during parental leave for both men and women, and in 2023 1.3 % of Medistim's female and 1,4 % of male employees took parental leave. On average, women took 18 weeks, while men took 14 week.

Medistim is a company in growth with an increasing number of employees, which increase diversity and complexity. Medistim acknowledges this and an HR function was established 2021.

INDICATORS	2023	2022
Working environment, health and safety		
Number of employees	**152**	131
Number/ share of part-time employees	**1**	1
Turnover- number of employees leaving	**14**	12
Sickleave (%)	**4.0 %**	4.4 %
Number of work-related injuries	**0**	0
Gender balance, % women of group total	**52.0 %**	51.1 %
Gender balance, % women executive management	**41.7 %**	38.5 %
Gender balance, % women Board of Directors	**42.9 %**	50.0 %
Number of women hired during the year	**25**	13
Number of men hired during the year	**10**	14
Age distribution, employees < 30 years	**7**	5
Age distribution, employees 30-50 years	**80**	67
Age distribution, employees > 50 years	**65**	59
Average salary female employees in NOK	**766 814**	698 789
Average salary male employees in NOK	**1 217 246**	1 134 203
All employees incl. management level, womens share of salary per position	**983 140**	911 510
Executive management, womens share of salary per position (Hay Grade)	**34 %**	21 %
Number of weeks for maternity leave (women)	**18**	16
Number of weeks for paternity leave (men)	**14**	1
Responsible operations		
Employees conducted training in ethical guidelines/ Code of Conduct (%)	**All**	
Reported whistleblower incidents	**0 %**	0 %
Reported incidents of corruption	**0 %**	0 %
Breaches of labour practices in the supply chain	**0 %**	0 %
Governance		
Number of board members	**7**	6
Independent board members	**5**	3
Average age of board members	**54**	57
% meeting participation	**97 %**	100 %

10. GROUP CONSOLIDATED FINANCIAL STATEMENTS

10.1 Consolidated Income Statement of Profit or Loss and other Comprehensive Income

INCOME STATEMENT		2023	2022
1 = NOK 1000	Note		
Operating income and expenses			
Revenue		**521 109**	486 262
Other income		**5 255**	5 675
Total revenue	1,2	**526 364**	**491 937**
Change inventories of finished goods and work in progress	3	**92 876**	95 574
Raw materials, consumables used, freight, and other	3	**19 404**	10 912
Salary and social expenses	4,5,21	**162 597**	146 376
Other operating expenses	8	**96 388**	74 537
Total operating expenses before depreciation and amortizataion expenses		**371 265**	**327 398**
Operating profit before depreciation and amortizataion expenses		**155 099**	164 539
Depreciation and amortisation expenses	6,7,12	**23 657**	23 288
Operating profit		**131 442**	141 251
Financial income and expenses			
Financial income	9,20	**17 123**	16 546
Financial expenses	9,20	**13 352**	11 748
Net finance		**3 770**	4 799
Profit before tax		**135 212**	146 049
Tax expense	10	**31 389**	32 077
Profit for the year		**103 823**	113 973
Earnings pr. share			
Basic	11	**5.68**	6.25
Diluted	11	**5.67**	6.24

Statement of other comprehensive income	2023	2022
Profit for the year	**103 823**	113 973
Items that may be reclassified to profit and loss		
Exchange differences arising on translation of foreign operations	**2 597**	10 659
Total comprehensive income	**106 420**	124 632

10.2 Statement of Financial Position

Consolidated balance sheet	Note	31.12.2023	31.12.2022
1=NOK 1000			
Assets			
Non-current assets			
Property, plant and equipment	6	**57 305**	51 312
Deferred tax asset	10	**5 142**	3 591
Intangible assets	12	**45 375**	36 069
Other long term receivable	21	**6 331**	5 793
Total non current assets		**114 152**	**96 764**
Current assets			
Inventory	14	**145 391**	114 333
Accounts receivable	15	**74 303**	101 657
Other receivables	15	**18 000**	17 263
Cash	16	**153 872**	152 641
Total current assets		**391 566**	**385 894**
Total Assets		**505 718**	**482 659**
Equity and liabilities			
Equity			
Share capital	17	**4 585**	4 585
Treasury shares	17	**-13**	-21
Share premium	17	**41 852**	41 852
Other paid in capital	17	**24 743**	18 742
Issued capital	**17**	**71 167**	**65 158**
Other reserves	17	**19 394**	16 797
Retained earnings	17	**307 380**	285 737
Retained earnings		**326 774**	**302 533**
Total equity		**397 941**	**367 691**
Non current liabilities			
Lease liabilities	7,24	**9 260**	10 020
Deferred revenue	24	**4 234**	5 126
Total non current liabilities	**18**	**13 493**	**15 146**
Current liabilities			
Accounts payable		**25 083**	24 470
Income tax payable	10	**28 404**	25 873
Other current liabilities	19	**31 426**	42 043
Provisions	22	**988**	350
Lease liabilities	18,24	**8 384**	7 086
Total current liabilities	18	**94 284**	**99 822**
Total liabilities		**107 777**	**114 967**
Total equity and liabilities		**505 718**	482 659

10.3 Consolidated Cashflow Statement

Consolidated Cashflow statement		2023	2022
1 = NOK 1000	Note		
Cash flow from operations:			
Profit before tax		**135 212**	146 049
Income tax paid		**-25 699**	-19 167
Plus depreciations	6,7,12	**23 657**	23 288
Change in inventory	14	**-31 058**	-16 920
Change in accounts receivable	15	**27 354**	-33 023
Change in accounts payable		**613**	11 265
Change in other accruals*		**-16 891**	1 999
Net cash from operating activities		**113 189**	**113 491**
Investing activities:			
Purchase of property, plant and equipment	6	**-16 399**	-9 251
Product development investments	12	**-13 327**	**-11 851**
Net cash from investing activities		**-29 726**	**-21 102**
Financing activities:			
Dividend	11	**-82 180**	-68 396
Principle and interest paid on lease liabilities	7, 24	**-8 712**	-7 312
Other financing activities		**6 009**	5 404
Net cash from financing activities		**-84 883**	70 304
Foreign currency effect on cash		**2 651**	**1 066**
Net change in cash and cash equivalents		**1 231**	23 151
Cash and cash equvivalents as of 01.01		**152 641**	129 490
Cash and cash equvivalents as of 31.12	**16**	**153 872**	**152 641**
Available cash and cash withholding			
Available cash as of 31.12	16	**146 082**	144 164
Cash withholding for taxes	16	**7 790**	8 477
Cash and cash equivalents as of 31.12		**153 872**	**152 641**

**13.8 MNOK was related to bonus and commission payment accrued in 2022 and paid in 2023.*

10.4 Statement of change in equity

CONSOLIDATED CHANGE IN EQUITY										
1 = *NOK 1000*	Note	Share capital	Treasury shares	Share premium fund	Other paid in capital	Total paid in capital	Other reserves	Retained earnings	Other equity	Total Equity
Equity as of 31.12.21		4 585	-26	41 852	13 344	**59 754**	6 138	240 160	**246 298**	**306 052**
Total comprehensive income for the period		-	-	-	-	**-**	10 659	113 973	**124 632**	**124 632**
Sharebased payments	17	-	6	-	5 398	**5 404**	-	-	**-**	**5 404**
Dividend	11						-	-68 396	**-68 396**	**-68 396**
Equity as of 31.12.22		4 585	-21	41 852	18 742	**65 158**	16 797	285 736	**302 533**	**367 691**
Total comprehensive income for the period		-	-	-	-	**-**	2 597	103 823	**106 420**	**106 420**
Sharebased payments	17	-	8	-	6 001	**6 009**	-	-	**-**	**6 009**
Dividend	11	-	-	-	-	**-**	-	-82 180	-82 180	**-82 180**
Equity as of 31.12.23		**4 585**	**-13**	**41 852**	**24 743**	**71 167**	**19 394**	**307 380**	**326 774**	**397 941**

Comments to other reserves:

Other reserves in the equity reconciliation are differences related to translating equity from foreign subsidiaries to NOK. The subsidiaries present their financial statements in EUR, GBP, DKK, CAD, SEK, CNY and USD. When translated to NOK a difference occur due to the change in the exchange between NOK and these currencies. By year end 2022 this difference was 16,797 TNOK and the change for the year was TNOK 10,569. By year-end 2023, the equivalent was TNOK 19,394, a change of TNOK 2,597 from the year before.

Treasury shares

When treasury shares are purchased, the purchase price including directly attributable costs is recognized in equity. Treasury shares are presented as a reduction of equity. Loss or gain on transactions of treasury shares are not recognized in the income statement.

10.5 Basis for preparation of financial statements

Accounting policies

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 distribution of medical devices.

The board of Director's and the CEO authorized these financial statements for issue on March 21, 2024. The financial statement for the group is prepared in accordance with IFRS® Accounting Standards as adopted by the EU and effective as of 31.12.2023.

The consolidated accounts have been prepared using consistent accounting policies for similar transactions and events. The accounting principles for the group for 2023 are the same as for the principles used in 2022.

The group presents its financial statements in NOK. This is also the functional currency for the parent company. Asset and liabilities of subsidiaries with other functional currency than NOK, are translated to NOK using the exchange rate at the balance sheet date. For the income statement, the average monthly rate in the period is used. Translation differences arising from translation to presentation currency, is recognized in other comprehensive income and presented as "other reserves" in the balance sheet. Translation differences is recognized in profit and loss when the investment is sold.

Exchange rate differences on monetary assets and liabilities that in substance is part of the net investment in a foreign operation, is also included in translation differences.

The consolidated accounts include Medistim ASA and companies controlled by Medistim ASA

10.6 Use of estimates and judgement

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that impact the recognition and measurement of certain assets, liabilities, revenue and cost. The following area involves the most critical estimates and judgements for the company:

- Research and development cost relating to internally developed technology and software *(Note 12)*
- Goodwill *(Note 12)*
- Deferred tax assets *(Note 10)*
- Inventory provision *(Note 14)*
- Provison for bad debt *(Note 15)*

The global market is in macro-economic turmoil, with energy crisis, inflation pressure, increasing interest rates and higher cost levels. Long-term consequences of the 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.

10.7 New and amended standards effective from 2023

From 1. January 2023 there are changes in IAS 1 Presentation of Financial Statements related to requirements to disclose material accounting policy information. To reflect these new requirements certain adjustment have been made in the group's annual report for 2023, including moving the relevant accounting policy information to the applicable note instead of a separate chapter for accounting policies.

In IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors a definition of an accounting estimate has been included. The introduction of the definition doesn't have any impact to the groups financial statement.

IAS 12 Income Taxes related to the Pilar Two model rules is not relevant for Medistim.

IFRS 17 Insurance Contracts is not relevant for Medistim.

10.8 New and amended standards not yet effective

Standards that are effective in 2024 and 2025, interpretations or amendments that are issued, but not yet effective, are not expected to cause any significant changes for Medistim.

10.9 Notes to the accounts

Note 1 Revenue

Medistim uses the 5-step model as a basis for income recognition. Based on the contract model applied and the obligations in the contract, the price is determined and allocated. Depending on the first 4 steps, income recognition is initiated. The different ways of income recognition are described in detail below. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. The assets that are leased to customers are recognized as property, plant and equipment in the balance sheet. Direct cost related to the leasing agreement is added to the carrying amount of the leased assets and is depreciated over the lease term.

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. Standard delivery terms is either EXW or FCA. With EXW terms customer take over ownership when it products is shipped from factory and revenue is recognized at this point. With FCA terms customer take over ownership when products are delivered at customer site and revenue is recognized when products arrive at customer site.

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, see note 21. In addition, service contracts / extended warranty options can be arranged. Revenue related to these contracts are recognized on straight line basis over the duration of the contract.

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 / lease 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 shipped to the customer. The customer is dependent upon the smartcard 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 / 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 is 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.

Se note 2 for split of revenue.

Note 2 Segments

The group's activities are divided into strategic business units that are organized and managed separately. The group is organized, for management purpose, in two divisions dependent upon products and services. The segments are identified based upon different risk and return on investment profile. 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. The segment reporting is similar to the internal reports that are given to the decision makers in the company. Focus in the reporting is sales in NOK and units for the respective segments.

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.

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. The lease model in the USA has been successful since it does not demand upfront capital to have the equipment available. However, several customers prefer to invest in the equipment and purchase probes as consumables and Medistim promotes both solutions. Medistim has direct representation in the USA, which makes it manageable to handle the lease model properly. Medistim only offers the lease option in direct markets. In recent years, the lease options have also been introduced in Spain and UK. Lease revenue outside the US is at a moderate level.

Split of revenue between coronary surgery and vascular surgery:

The company has in addition to coronary surgery a strategy and focus towards vascular surgery. The principles for guiding and quality assurance within vascular surgery is similar to the need within coronary surgery. Within coronary surgery, the surgeons focus is to supply sufficient blood to the heart. Within vascular surgery, the focus is to supply blood flow in other parts in the body or organs. The vascular market is an opportunity with a market size even larger than coronary surgery. It is therefore natural to report sales split between cardiac surgery and vascular surgery.

Additional sales information:

From 2023 on, a new reporting structure has been implemented in Medistim. Geographical sales split is monitored to be able to follow the development in sales in AMERICAS, APAC and EMEA.

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 Denmark. The product portfolio is carefully selected and mainly instruments and consumables within surgery.

Geographic split of sales in NOK per product group	2023	2022
All numbers in NOK 1000		
AMERICAS		
PPP and lease:		
Flow procedures (PPP/card based)	64 369	61 096
Imaging and flow prosedures (PPP/card based)	36 242	32 693
Capital sales:		
Flow systems	15 492	14 579
Flow and imaging systems	35 566	44 984
Flow probes	48 980	41 256
Imaging probes	8 374	9 000
Total sales AMERICAS	**209 023**	203 608
APAC		
Flow systems	19 468	17 654
Flow and imagin	20 027	19 925
Flow probes	40 019	38 106
Imaging probes	3 469	3 315
Total sales APAC	**82 983**	**79 000**
EMEA		
Flow systems	20 589	17 431
Flow and imaging systems	25 892	21 524
Flow probes	104 059	89 820
Imaging probes	4 389	4 721
Total sales EMEA	**154 929**	**133 496**
Total sales in NOK		
PPP and lease revenue:		
Flow procedures (PPP/card based)	64 369	61 096
Imaging and flow prosedures (PPP/card based)	36 242	32 693
Capital sales:		
Flow systems	55 548	49 664
Flow and imaging systems	81 485	86 433
Flow probes	193 058	169 182
Imaging probes	16 232	17 036
Total sales own products	**446 935**	**416 104**
Sale of 3rd party products	79 429	75 833
Total sales	**526 364**	**491 937**

SPLIT OF SALES BETWEEN CORONARY AND VASCULAR SURGERY AND 3 PARTY PRODUCTS	2023	2022
All numbers in NOK 1000		
Split of own products		
Sales within coronary surgery	365 641	346 550
Sales within vascular surgery	81 294	69 554
Other	-	-
Sales of third party products	79 429	75 833
Total sales	**526 364**	**491 937**

SPLIT OF SALES BETWEEN FLOW PRODUCTS, IMAGING PRODUCTS AND 3RD PARTY PRODUCTS	2023	2022
All numbers in NOK 1000		
Flow products	312 976	279 943
Imaging products	133 959	136 161
Sales of 3rd party products	79 429	75 833
Total sales	**526 364**	**491 937**

SPLIT OF EBIT PER SEGMENT	2023	2022
1 =NOK 1000		
EBIT from Medistim products	120 053	128 653
EBIT margin Medistim products	26.9 %	30.9 %
EBIT from 3. party products	11 389	12 598
EBIT margin 3. party products	17.7 %	20.6 %
R&D	-	-
Administrasjon	-	-
Totalt EBIT	131 442	141 251
EBIT %	24.97 %	28.71 %

Note 3 Split of cost of goods sold

SPLIT OF COST OF GOODS SOLD	2023	2022
1 = NOK 1000		
Change in inventory of third party products	44 833	42 828
Change of inventory of finished goods	48 042	52 746
3.party services	743	767
Raw materials and consumables used	12 586	6 059
Packing material and other materials	55	54
Freight	6 020	4 032
Total cost of goods sold	**112 280**	**106 485**

Note 4 Split of salary expenses

SPLIT OF SALARY EXPENSES	2023	2022
1 = NOK 1000		
Salary	**129 501**	108 056
Employeers tax	**18 786**	15 778
Bonus	**6 283**	14 878
Cost for contribution pension plan	**6 260**	5 590
Compensation to the Board	**2 122**	1 558
Other social costs	**-354**	517
Total salary and social cost	**162 597**	**146 376**
Full time equivalent employees		
USA	**25**	25
Germany	**5**	3
UK	**1**	1
Canada	**2**	-
Sweden	**1**	-
Spain	**4**	4
Denmark	**1**	1
Norway	**111**	98
Total	**150**	**132**

Employees in Medistim with a pension plan are included in a contribution plan where an agreed percentage of the employee's salary is paid to the employee pension account. The company's payment of contributions is expensed in the period it is incurred.

For the 111 Norwegian employees there is a contribution plan that covers 5 % of salary up to 7.1G and 8 % of salary between 7.1G and 12G. 1G is the base amount in the social security system. The 25 employees in the US follows a pension plan, a 401k match that covers 4 % of salary. The total cost for the contribution plans was in 2023 TNOK 6.26, while it was TNOK 5.59 in 2022. It is compulsory by law for the company to have a pension plan for its employees in Norway. The pension plans in the company fulfill the obligation in the Norwegian law. Employees outside Norway and US do not have a pension plan.

Note 5 Audit fee

AUDIT FEE FOR THE GROUP	2023	2022
1 = NOK 1000		
Statutory Audit	2 027	1 842
Other services	200	110
Total Audit fee	**2 227**	**1 952**

The amounts are without VAT

Note 6 Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciations and write-downs. When an asset is sold, the carrying value of the asset is derecognized and any gain or loss from the sale is recognized in the income statement.

Items of property, plant and equipment are depreciated straight line over the estimated useful life from the time it is available for use. Useful life is as follows:

Machinery and equipment	3-7 years
Other assets	3-5 years

Property, plant and equipment are tested for impairment if there are indication of impairment. If the carrying amount exceeds the assets recoverable amount, being the higher of value in use and fair value less cost of disposal, the asset is written down to the recoverable amount. Depreciation time and method is evaluated on a yearly basis.

PROPERTY PLANT AND EQUIPMENT 2023				
1 = NOK 1000	**Equipment**	**Other assets**	**Right-of-use assets**	**Total assets**
Historical cost				
Balance 1. January	92 977	28 144	43 688	164 809
Additions	10 462	6 442	8 920	25 825
31. December	**103 440**	**34 587**	**52 608**	**190 634**
Accumulated depreciation and impairment				
Balance 1. January	66 023	20 892	26 583	113 497
Depreciation this year	8 125	3 142	8 383	19 649
Exchange rate differences	36	-219	1	-182
31. December	74 112	24 252	34 965	133 329
Book value	29 328	10 335	17 643	57 305
Depreciation in %	14-33 %	20-33 %	12.5-50 %	
Useful life	3-7 years	3-5 years	2-8 years	
Depreciation method	Linear	Linear	Linear	

PROPERTY PLANT AND EQUIPMENT 2022				
1 = NOK 1000	**Equipment**	**Other assets**	**Right-of-use assets**	**Total assets**
Historical cost				
Balance 1. January	85 868	25 497	43 688	155 053
Additions	7 109	2 647	-	9 756
31. December	92 977	28 144	43 688	164 809
Accumulated depreciation and impairment				
Balance 1. January	58 821	17 875	19 496	96 191
Depreciation this year	7 198	3 054	7 086	17 337
Exchange rate differences	-4	36	-1	31
31. December	66 023	20 892	26 583	113 497
Book value	26 954	7 253	17 105	51 312
Depreciation in %	14-33 %	20-33 %	12.5-50 %	
Useful life	3-7 years	3-5 years	2-8 years	
Depreciation method	Linear	Linear	Linear	

Right to use assets

See note 7 for details.

Fully depreciated assets

Some assets with total historic cost value of 3.9 MNOK is fully depreciated as of 31.12.2023 but are still in use.

Security

Equipment and other assets is pledged as security as of 31.12.2023. The security is related to bank guarantees, guarantee towards landlord for rent and hedging credit facility. The group's bank had the same security as of 31.12.2022.

Note 7 Right to use assets and liabilities

Right to use assets

The company is renting offices in Økernveien 94 in Oslo, Bromsveien 17 and Raveien 205 in Horten and in 14000 25ave. N. Suite 108 in Plymouth in Minneapolis, Minnesota, USA. In Oslo and Raveien 205 in Horten the rental agreement expires in 2025. Bromsveien 17 in Horten expires in 2027. In the USA, the rental agreement expires year-end 2030. The rent is adjusted yearly according to National indexes for goods and services. The lease in Økernveien 94 may be prolonged with 5 years after 2025, the lease in Bromsveien 17 may be prolonged with 2 years after 2027 and Raveien 205 may be prolonged with 2 years after 2025. It is at present uncertain whether these leases will be prolonged.

The group also leases office equipment and cars. The longest remaining lease term for office equipment and cars is until December 2025 and December 2026 respectively.

Medistim have some other leases that are minor and not included in the balance sheet as right to use assets and liabilities.

The company recognizes a lease liability and a right-of-use asset for leases with a duration of more than 12 months, provided that the underlying asset is not of low value.

The lease liability is the present value of the lease payment over the lease term. Lease payment includes fixed payments and variable lease payments that depend on an index or a rate. The lease term is the non-cancellable period of the lease together periods covered by an option to extend the lease when the exercise of the option is reasonably certain.

Right-of-use assets are depreciated over the shortest of the lease term and useful life. Depreciation of right-of-use assets is presented together with other depreciation in the income statement.

Lease payments are allocated between installments and interest based on a constant periodic rate of interest being the interest used to calculate the lease liability. The interest expense is presented as a financial expense in the income statement.

Leased assets are recorded in the balance sheet with a corresponding debt and the lease expense recorded as depreciation and interest expense. Medistim's leased assets with right to use and liabilities are shown below.

NOTE RIGHT-OF -USE ASSETS AND LEASE LIABILITIES				2023
1 =NOK 1000				
Right-of-use assets	**Buildings**	**Machinery and equipment**	**Vehicles**	
Recognition of right to use of asset 1. January	15 065	126	1 915	**17 105**
Addition of right-of-use assets, CPI adjustments and other reassessment	6 899	199	1 822	**8 920**
Amortisation	6 609	122	1 652	**8 383**
Carrying amount of right-of-use assets 31 December	**15 355**	**203**	**2 085**	**17 643**
Lower of remaining lease term or economic life	4-8 years	2-5 years	1-5 years	
Depreciation method	Linear	Linear	Linear	
Lease liabilities				
Undiscounted lease liabilities and maturity of cash outflows				**2 023**
Less than 1 year	6 609	122	1 652	**8 383**
1-2 years	4 022	92	704	**4 818**
3-4 years	2 453	-	-	**2 453**
4-5 years	1 773	-	-	**1 773**
More than 5 years	2 192	-	-	**2 192**
Total undiscounted lease liabilities at 31 December	**17 049**	**214**	**2 356**	**19 619**

Summary of the lease liabilities in the financial statements	**Statement of:**	**2023**
Lease liabilities as of January 1st		**17 105**
New lease liabilities recognised in the year		**8 920**
Cash payments for the principal portion of the lease liability	Cash flows	**8 383**
Interest expense on lease liabilities	Profit and loss	**309**
Total lease liabilities at 31. December		**17 643**
Current lease liabilities	Financial position	**8 383**
Non-current lease liabilities	Financial position	**9 260**
Total cash outflows for leases	Cash flows	**8 692**

NOTE RIGHT-OF -USE ASSETS AND LEASE LIABILITIES				2022
1 =NOK 1000				
Right-of-use assets	**Buildings**	**Machinery and equipment**	**Vehicles**	
Recognition of right to use of asset 1 January	20 782	206	3 204	**24**
Addition of right-of-use assets, CPI adjustments and other reassessment	-	-	-	**-**
Amortisation	5 717	80	1 289	**7 086**
Carrying amount of right-of-use assets 31 December	**15 065**	**126**	**1 915**	**17 106**
Lower of remaining lease term or economic life	4-8 years	2-5 years	1-5 years	
Depreciation method	Linear	Linear	Linear	
Lease liabilities				
Undiscounted lease liabilities and maturity of cash outflows				**2 022**
Less than 1 year	5 773	80	1 315	**7 168**
1-2 years	5 340	74	742	**6 156**
3-4 years	2 962	-	167	**3 129**
4-5 years	2 212	-	-	**2 212**
More than 5 years	-	-	-	**-**
Total undiscounted lease liabilities at 31 December	**16 287**	**154**	**2 224**	**18 665**

Summary of the lease liabilities in the financial statements	**Statement of:**	**2022**
Lease liabilities as of January 1st		**24 192**
New lease liabilities recognised in the year		**-**
Cash payments for the principal portion of the lease liability	Cash flows	**7 086**
Interest expense on lease liabilities	Profit and loss	**226**
Total lease liabilities at 31. December		**17 106**
Current lease liabilities	Financial position	**7 086**
Non-current lease liabilities	Financial position	**10 020**
Total cash outflows for leases	Cash flows	**7 312**

Note 8 Other operating expenses

OTHER OPERATING EXPENSES	2023	2022
1 = NOK 1000		
Office expenses	**1 378**	1 722
Travel cost	**15 620**	10 843
Marketing	**6 391**	5 910
Consultants	**38 058**	27 254
Insurance	**2 718**	2 465
Freight	**3 326**	2 596
Communication	**1 391**	1 313
IT cost	**18 588**	14 463
Other	**8 919**	7 971
Total	**96 388**	**74 537**

Note 9 Financial revenue and expenses

As of 31.12.2023, the company had 17.6 MNOK in interest bearing liability related to lease contracts shown in note 7. Additional cash in the group gave interest revenue of 3 275 TNOK. Other finance income and expenses was realized or unrealized gains or losses towards foreign currency. Financial income and expenses are shown below. See note 20 for comment about financial risks and exposure.

FINANCIAL REVENUE AND EXPENSES	2023	2022
1 = 1000 NOK		
Interest income	**3 275**	920
Other financial income	**137**	1 199
Gains on foreign exchange	**13 710**	14 427
Total financial income	**17 123**	**16 546**
Loss on foreign exchange	**-12 780**	-11 363
Interest cost on loans	**-151**	-123
Other financial expenses	**-422**	-262
Total financial expenses	**-13 352**	**-11 748**
Total financial income (+) expenses (-)	**3 770**	**4 700**

Note 10 Income tax

INCOME TAX	2023	2022
1 = NOK 1000		
Current income tax charge	**32 402**	32 879
Correction from previous year		-450
Deferred tax expense	**-1 013**	-352
Tax expense from statement of profit and loss	**31 389**	**32 077**
Reconciling tax expense towards income before tax		
Tax expense for the year	**31 389**	32 077
22 % of income before tax	**29 892**	32 131
Change in deferred tax, temporary differences	**-1 013**	-352
Permanent differences and different tax rates	**-1 497**	54
Calculation of effective tax rate	**2023**	2022
Expected income tax at tax rate 22 % in Norway	**29 892**	32 131
Permanent and other differences	**-**	-
Foreign tax rate differences	**1 497**	-54
Income tax expense	**31 389**	**32 077**
Effective income tax rate	**23.2 %**	**22.0 %**
Payable tax from statement of financial position	**2023**	**2022**
Income tax expense	**32 419**	32 879
Prepaid tax	**-4 340**	-7 006
Change deferred tax asset	**325**	-
Income tax payable	**28 404**	**25 873**
Specification of deferred tax		
Difference in values	**2023**	**2022**
Non current assets	**1 424**	-1 769
Current assets	**-25 078**	-14 905
Other obligations	**279**	348
Total differences	**-23 375**	**-16 326**
Deferred tax asset 22 %	**-5 143**	-3 592
Deferred tax asset recognized in the balance sheet	**-5 143**	-3 592

The tax expense in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated based on temporary differences between tax values and carrying amount of assets and liabilities. Tax payable and deferred tax is recorded against equity if the transaction is an equity transaction.

The deferred tax asset in the balance sheet is based upon future utilization of deductible temporary differences. There is no time limitation for utilization of the temporary differences. Tax rates in Germany and in the US are different from Norwegian rates. The difference in tax rates reduces average tax rate in 2023 to 23.1 %.

TAX EXPENSE FOR THE GROUP IS GEOGRAPHICALLY SPLIT AS FOLLOWS:	2023	2022
1 = NOK 1000		
Norway	**27 260**	26 231
Germany	**2 022**	2 354
USA	**1 669**	3 154
Spain	**304**	-
Denmark	**134**	338
Total	**31 389**	**32 077**

Note 11 Earnings per share

EARNINGS PER SHARE	2023	2022
1 = NOK 1000		
Profit for the year	**103 823**	113 973
Average numbers of shares outstanding		
Average number of shares used in basic EPS	**18 267**	**18 248**
Effect of share options	**29**	29
Average numbers of sharesused in diluted EPS	**18 296**	**18 277**
1 = NOK 1		
Profit per share	**2023**	2022
Ordinary	**5.68**	6.25
Diluted	**5.67**	6.24
Paid dividend	**82 180**	**68 396**
Dividend per share	**4.50**	3.75
Suggested dividend per share	**4.50**	**4.50**

The company has only one class of shares. Ordinary earning per share is calculated as the relation between profits for the year that is allocated to ordinary shareholders divided with average number of shares outstanding. Treasury shares are not included and average number of treasury shares are excluded from the calculation. In 2023, there were share options to CEO. The share option plan to CEO is described under chapter 3 compensation to management and note 21. By year-end the company had 55,617 own shares.

Note 12 Intangible assets

Product technology and additions, goodwill and license agreement

Intangible assets are recognized in the balance sheet if it is probable that the future economic benefits will flow to the company, and the cost of the asset can be measured reliable.

Intangible asset with finite economic life is measured at cost less accumulated amortization and write-downs. Amortization is done on a straight-line basis over expected lifetime. The amortization period and method are reviewed on a yearly basis. Intangible assets with indefinite useful life are not amortized but tested for impairment at least annually.

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 recourse to complete the project
- the product will generate future economic benefits, and
- expenditure can be reliable 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 develop 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. Capitalized cost related to development of own products are depreciated on a straight-line basis over expected lifetime. Expected lifetime varies from 3 to 8 years.

Development cost related to technology and software has been recognized as an intangible asset because Medistim can demonstrate technological feasibility for the asset to be available for sale for both existing products and new products. The revenue potential for the projects exceeds the investment. The balance sheet value as of 31.12.2023 was MNOK 6.1. The estimates that form the basis for the intangible asset are performed by the management of the company, and there will always be a level of uncertainty in relation to the assessments that are performed on future revenue for future products. Capitalized development costs are depreciated over 3 to 8 years. 8 years is used if it is a new product on a new technological platform that creates the basis for a new generation of products. Based upon a platform or new generation of products there will be further developments and improvements. These enhancements of the products are depreciated over 3 years because of rapid technological development. Within 3 years, it is assumed that parts or all of existing technology is updated.

In 2023, 13.3 MNOK of product technology additions, was recognized in the balance sheet related to the MiraQ products. The MiraQ platform forms the basis for future models from Medistim. All development activity is performed in the parent company.

INTANGIBLE ASSETS 2023

	Product under development	Technology & development cost	Goodwill	Total intangible
1 = NOK 1000				
Historic cost 01.01	11 851	81 928	14 128	107 907
Internal additions in use	-	-	-	-
External additions in use	3 543	-	-	3 543
Additions under development	9 784	-	-	9 784
Historic cost 31.12	**25 178**	**81 928**	**14 128**	**121 234**
Accumulated depreciation and amortization expense	-	71 839	-	71 839
Depreciations for the year	-	4 021	-	4 021
Total depreciation as of 31.12	**-**	**75 860**	**-**	**75 860**
Carrying amount 31.12	**25 178**	**6 068**	**14 128**	**45 374**

INTANGIBLE ASSETS 2022				
	Product under development	Technology & development cost	Goodwill	Total intangible assets
1 = NOK 1000				
Historic cost 01.01	1 334	80 594	14 128	96 056
Internal additions in use	(1 334)	1 334	-	-
External additions in use	-	-	-	-
Additions under development	11 851	-	-	11 851
Historic cost 31.12	**11 851**	**81 928**	**14 128**	**107 907**
Accumulated depreciation and amortization expense	-	65 887	-	65 887
Depreciations for the year	-	5 952	-	5 952
Total depreciation as of 31.12	**-**	**71 839**	**-**	**71 839**
Carrying amount 31.12	**11 851**	**10 089**	**14 128**	**36 068**

Intangible assets are depreciated on a straight-line basis over the useful life.
Useful life for capitalized product development is 3 to 8 years.

Product technology

Probes to vascular surgery – the PV probe:

Within vascular surgery, there is a corresponding need to measure blood flow in the same manner as within cardiac surgery. Some vascular surgeons are already using Medistim's equipment even though the probes are designed for cardiac surgery. The company has seen an increasing demand over time and in 2011, the company developed a specially designed probe for use in the vascular area. The market in vascular surgery is large and it is performed about 1,300,000 procedures annually. In comparison, about 700,000 procedures are performed per year within cardiac surgery. This is a significant market where Medistim can customize its solution with a modest investment. Book value as of 31.12.2023 was 1.3 MNOK. Expected useful life for the PV probes are 8 years.

4th generation of systems; the MiraQ

Entering into 2023, Medistim had invested 39.2 MNOK in the system platform that represent Medistims 4th generation of systems within flow measurement and imaging to ensure quality and guiding during surgery. The platform has a flexibility that will allow customer adaption and new applications. The technological improvements have secured and strengthen Medistim's leading position. The product, MiraQ Cardiac, based upon the platform, was launched in 2014. The MiraQ Vascular system was introduced in 2015 together with the new vascular flow probes late 2015. At the same time the MiraQ Ultimate was introduced that combines the two cardiac and vascular modalities. Book value for the MiraQ platform by year-end was 4.8 MNOK. Expected lifetime for the product is 8 years. In the table abow PV probes and MiraQ system is shown under technology and development cost.

Additions under development:

This is related to the development of new cardiac flow probes. The aim is to modernize design for the user to make it easier to use, but also develop a design that is more efficient to have in production. Medistim has several years of experience with inhouse production and input from customers on a better design on the probe for the user. With this extensive experience and knowledge, it is likely that a new probe will be developed with success. In 2023 4.9 MNOK was invested in the project and book value by year end 2023 was 9.8 MNOK.

The next generation of software within both cardiac segment and vascular segment was under development during 2023. The new software has a new user interface and tools to aid the interpretation of the results. Medistim's Innovation team has together with Key Opinion Leaders tested several prototypes to identify the preferred solution. In 2023 8.1 MNOK was invested in the software project and book value by year end 2023 was 13.2 MNOK.

Medistim need to be compliant with the new Medical Device Regulation (MDR) In 2023, 0.3 MNOK was invested in making Medistim MDR compliant and book value at year end 2023 was 2.2 MNOK. In the table abow additions under development is shown under product under development.

Summary product technology

In total 13.9 MNOK of the R & D expenses was recorded in the P & L in 2022. Similar expense was 14.5 MNOK in 2021. With 11.85 MNOK recognized as asset a total of 25.75 MNOK was used in R & D in 2022. Comparable number for 2021 was 18.6 MNOK. Medistim received TNOK 376 in Skattefunn funds in 2021 and TNOK 236 in 2022.

In the estimates used to test for impairment, the 3-year strategy plan is used with a discount rate of 14.6 %. See comment under goodwill with regard to discount rate.

Goodwill

A yearly test of values is done for the cash flow generating units that has a goodwill value in the balance sheet.

GOODWILL	2023	2022
1 = NOK 1000		
Acquisition of Medi-Stim Norge AS	**7 960**	7 960
Acquisition of Kir-Op AS (merged with Medistim Norge AS in 2006)	**6 168**	6 168
Total goodwill	**14 128**	**14 128**

A test of values is performed by estimating the cash flow for Medistim Norge AS. This is estimated using the company's budget for 2023 and 3-year strategy plan for the years 2024 to 2026 with the assumption of 2 % growth in 2026 compared to 2025. Cash flows for more than five years are estimated by using Gordon's growth formula with a 2 % growth in the terminal year. The cash flow is discounted using 14.6 % discount rate. This includes an additional yield of 9.1 % compared to risk free interest. The value of the discounted cash flow exceeded the recorded book value in the balance sheet and there was no need for a write down of goodwill.

The estimates in the tests are most sensitive to changes in the following parameters:

- Maintaining market share and product lines
- Maintaining margins and keep competitive prices
- Level of minimum return on investment
- Future growth
- Employee know-how

Maintaining market share and product lines:

Within the medical device industry there are major investments done in the development of products. Medistim Norge has certain product lines that have a large portion of total sales. Medistim Norge's financial situation will be affected if a new product was released in the market that would replace existing key products, and Medistim Norge is not distributor for the new product. The company would also be affected if a supplier changes distributor or chooses to go direct in the Norwegian market. For this reason it is important for the company to maintain know how and performance to secure key product lines. It is equally important that the company is able to see trends and take in new products with a future potential. The largest product line for the company has 20 % of total sales. If this product line is lost together with another line that is 5 – 10 % of total sales, all goodwill needs to be written down.

Maintain margins and keep competitive prices:

Medistim Norge AS largest customers are Norwegian hospitals. The hospitals are continuously improving their purchasing routines and purchasing is centralized and professionalized. This increases the demand for better quality and prices from the suppliers. The company's ability to maintain prices by offering quality products and services is crucial in the competition for future contracts. The company is well connected to its suppliers and when the competition increases the suppliers is contributing by lowering their prices. However, it is not realistic to expect that the suppliers will compensate for all of the reduction in prices. The company's experience is that about 50 % of the price change is covered by the suppliers in an increased competitive situation. A price reduction of 10 % without any compensation from the suppliers is the break-even level for write down of goodwill.

Weighted average capital cost (WACC)e:

The company uses a WACC that is equal to risk free interest with an addition of 9.6 %. This level is evaluated on a yearly basis and a change in the WACC could affect the evaluation of the intangible assets. Risk-free interest rate is based on 10-year government bond that at the beginning of the year was 5.5 %. Including risk free interest of 5.0 % the total discount rate in 2023 is set to 14.6 %.

Future growth:

It is projected growth in sales with a variation from 3 % to 2 % in the budget and strategy period, and with 2 % growth in the terminal value. To be able to maintain this increase it is crucial that the company handles existing product lines in an effective manner and that the company is able to identify and get distribution agreements for new product lines that create more business than lost product lines.

Employee know-how:

Medistim Norge has over the years built a competence within the medical device industry and distribution. It is essential that this know-how is updated and passed on to new employees.

Sensitivity analysis:

With the assumption used in the impairment test, the recoverable amount exceeds the carrying amount with 75.3 MNOK ("headroom"), and no impairment loss is recognized. Operating margin and growth is based upon historic achieved margin and sales growth. In the estimates the budget and the projections from the 3-year strategy update is used. The operating margin in the projections vary between 13.7 and 15.7 %. Sales growth vary between 3 % and 2 %

If the operating margin is reduced from 15.0 % to 3.5 % everything else equal, carrying amount would require an evaluation of impairment loss. A change in the discount rate from 12.1 % to 55.0 % everything else equal, would cause an impairment loss. See overview below.

Discount rate	14.6 %	28.0 %	55.0 %
Headroom in MNOK	75.3	14.3	9.3
Operating margin	13.0 %	7.7 %	3.5 %
Headroom in MNOK	75.3	15.7	-11.4

Note 13 Shares in subsidiaries

SHARES IN SUBSIDIARIES

1 = NOK 1000

Unit	Country	Segment	Owner-ship	Value 31.12.23
Medistim USA Inc.	USA	Lease and sale within bypass surgery and vascular surgery	100 %	**135**
Medistim Deutschland GmbH	Germany	Capital sales within bypass surgery and vascular surgery	100 %	**188**
Medistim Norge AS	Norway	Sale of 3 pary products and capital sales within bypass surgery and vascular surgery	100 %	**36 953**
Medistim UK LTD	UK	Capital sales within bypass surgery and vascular surgery	100 %	**1**
Medistim Japan KK	Japan	Dornmat company	100 %	**86**
Medistim Canada Inc.	Canada	Capital sales within bypass surgery and vascular surgery	100 %	**1**
Medistim China Ltd	China	Service provider for distributors in China	100 %	**1 002**
Medistim Spain S.L	Spain	Capital sales within bypass surgery and vascular surgery	100 %	**28**
Medistim Danmark Aps	Denmark	Sale of 3 pary products and capital sales within bypass surgery and vascular surgery	100 %	
Medistim Sweden AB	Sweden	Sale of 3 pary products and capital sales within bypass surgery and vascular surgery	100 %	
Total				**38 395**

Note 14 Inventory

SPECIFICATION OF INVENTORY	2023	2022
1 = NOK 1000		
Raw material	**65 035**	54 263
Work in progress	**3 604**	2 467
Finished goods	**64 047**	42 836
Spare parts	**9 638**	9 694
Third party products	**11 285**	12 001
Inventory provision	**-8 217**	-6 928
Total	**145 391**	**114 333**

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.

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. Inventory is used as security for loan, see note 18.

SPECIFICATION OF INVENTORY PROVISION	2023		2022	
1=NOK 1000	**Gross value**	**Provision**	Gross value	Provision
Demonstration products	**4 554**	**3 837**	4 763	2 687
Spare parts	**9 638**	**4 180**	9 694	4 041
Third party products	**11 285**	**200**	12 001	200
Total	**25 477**	**8 217**	**26 458**	**6 928**

Note 15 Accounts receivables and other receivables

ACCOUNTS RECEIVABLE	2023	2022
1 = NOK 1000		
Accounts receivable	**75 300**	102 654
Provision for bad debt	**-997**	-997
Total	**74 303**	**101 657**

POVISION FOR BAD DEBT	2023	2022
1 = NOK 1000		
Inbound provision	**997**	359
Increased provision	**-**	-638
Total	**997**	**997**

AGING ACCOUNTS RECEIVABLE							
1 = NOK 1000		Not due	0-30 days	31 - 60 days	61 - 90 days	Over 91 days	Total
Year 2023	Expected loss in %	0.00 %	0.00 %	0.00 %	0.00 %	31.90 %	
	Book value of receivables	38 889	13 000	6 959	13 327	3 125	75 300
	Expected credit loss	-	-	-	-	997	997
	Total	**38 889**	**13 000**	**6 959**	**13 327**	**2 128**	**74 303**

1 = NOK 1000		Not due	0-30 days	31 - 60 days	61 - 90 days	61 - 90 days	Total
Year 2022	Expected loss in %	0.00 %	0.00 %	1.00 %	5.77 %	31.50 %	
	Book value of receivables	72 381	9 885	11 597	6 886	1 905	102 654
	Expected credit loss	-	-	-	397	600	997
	Total	**72 593**	**9 885**	**11 597**	**3 6 489**	**1 305**	**101 657**

All receivables are due within one year. Historically the group losses have been limited. End customers are often public hospitals with government funding and the risks for losses are low. However, days sales outstanding is high compared to other businesses, something that the aging receivables confirm.

Receivables is used as security for loan, see note 18.

Other receivables are shown below:

OTHER RECEIVABLES	2023	2022
1 = NOK 1000		
Other pre-payments	**4 671**	4 553
Unrealised value foreign currency	**3 389**	3 880
VAT receivable	**6 958**	8 840
Other	**2 982**	(10)
Total	**18 000**	**17 263**

Note 16 Cash

CASH EQUIVALENTS	2023	2022
1 = NOK 1000		
Available cash in bank	**146 082**	144 164
Restricted cash in bank	**7 790**	8 477
Cash	**153 872**	**152 641**
Credit limit	**-**	-
Cash	**146 082**	**144 164**

Cash includes bank deposits. Restricted cash as of 31.12.2023 was TNOK 7.79 and was related to tax withheld from salaries. As of 31.12.2022 the restricted cash was TNOK 8.477 related to tax withheld on salaries. The holding company did not have a credit facility by year end 2023.

Note 17 Shareholder information

The company had 18,337.336 shares at par value of NOK 0.25 per share and total share capital amount to NOK 4,584.334. There is only one class of shares, and all shares are treated equally. Each share represents one vote.

Change in issued share capital in 2023:

STATUS FOR THE PERMISSIONS AS OF 31.12.2023			
	Number of shares	Par value per share	Share capital in NOK
Share capital 01.01.2023	1 833 733	NOK 0.25	NOK 4 548 334.00
Changes	-		-
Share capital 31.12.23	**1 833 733**	**NOK 0.25**	**NOK 4 584 334.00**

The Board of Directors received by the shareholders meeting the 24th of April 2023 permission to purchase up to 1,833,733 Medistim ASA shares at par value NOK 458,433.25. The permission is valid until the next ordinary general assembly in 2024 in the price range of NOK 0.25 to NOK 500 per share. Further the Board of Directors got permission to increase share capital with NOK 458,433.25 or issue 1,833,733 new shares at par value NOK 0.25. The permission can be used if there is a decision to enter into a merger, acquire another company or to create an option program. The permission is valid until the next ordinary shareholders meeting in 2024. See below for changes in the equity for the last year.

Status for the permissions as of 31.12.2023:

STATUS FOR THE PERMISSIONS AS OF 31.12.2023		
	Capital increase	Medistim shares
Permission given at the shareholders meeting in 2023	1 833 733	1 833 733
Permissions used	-	-
Number of shares 31.12.2023	1 833 733	1 833 733

The company owned 55,617 Medistim shares as of 31.12.2023. Number of Medistim shares by 01.01.2023 was 80,046.

The 20 largest shareholders in the company were as of 31.12.2023:

SHAREHOLDER	Number of shares	In % of total
ACAPITAL MEDI HOLDCO AS	**1 900 219**	10,36
STATE STREET BANK AND TRUST COMP	**1 296 373**	7,07
FLØTEMARKEN AS	**1 285 000**	7,01
VERDIPAPIRFOND ODIN NORDEN	**1 180 000**	6,43
FOLLUM INVEST AS	**970 000**	5,29
STATE STREET BANK AND TRUST COMP	**920 390**	5,02
SKANDINAVISKA ENSKILDA BANKEN AB	**874 584**	4,77
STATE STREET BANK AND TRUST COMP	**637 398**	3,48
ODIN SMALL CAP	**600 000**	3,27
THE NORTHERN TRUST COMP, LONDON BR	**440 375**	2,40
SKANDINAVISKA ENSKILDA BANKEN AB	**429 248**	2,34
SKANDINAVISKA ENSKILDA BANKEN AB	**389 966**	2,13
VERDIPAPIRFONDET HOLBERG NORGE	**383 421**	2,09
BUANES ASBJØRN JOHN	**381 876**	2,08
STATE STREET BANK AND TRUST COMP	**336 919**	1,84
SKANDINAVISKA ENSKILDA BANKEN AB	**305 318**	1,67
J.P. MORGAN SE	**286 334**	1,56
BNP PARIBAS	**275 041**	1,50
SKANDINAVISKA ENSKILDA BANKEN AB	**274 380**	1,50
THE BANK OF NEW YORK MELLON SA/NV	**250 000**	1,36
Total number owned by top 20	**13 416 842**	
Total number of shares	**18 337 336,00**	
Total number of shares outstanding	**18 337 336**	
20 largest shareholders in %	**73.31 %**	

Board members and management team with shares in the company:

BOARD MEMBERS AND MANAGEMENT TEAM WITH SHARES IN THE COMPANY			
Shareholder	**Number of shares**	**In % of total**	**Position**
Tove Raanes via Trane AS	1 990	0.01 %	Board Member
Roger Morberg	16 259	0.09 %	VP Sales APAC
Erik Swensen	10 994	0.06 %	VP Development
Thomas Jakobsen	30 526	0.17 %	CFO
Kari Eian Krogstad	38 083	0.21 %	CEO
Øyvin A. Brøymer (Fløtemarken AS)	1 285 000	7.01 %	Chair
Anne Waaler	2 440	0.01 %	VP Medical
Håkon Grøthe (Grøten Invest AS)	7 821	0.04 %	VP Innovation
Stephanie d'Avout Stenhagen	2 784	0.02 %	VP Sales EMEA
Ole Jørgen Robsrud	3 442	0.02 %	Man.Dir. MSN AS
Tone Veiteberg	1 990	0.01 %	VP QA\Regulatory
Hæge Wetterhus	1 591	0.01 %	VP Marketing
Ole Arne Eiksund	5 872	0.03 %	CBDO
Lars Rønn	2 506	0.01 %	Board Member

There were no share options outstanding as of 31.12.2023 except from the share program to CEO described under chapter 8 Corporate Governance under compensation to management and note 21.

Note 18 non-current liabilities

Loan and borrowings are initially recognized at fair value net of directly attributable transaction costs, and subsequently measuring at amortized cost. Medistims long-term liabilities are related to lease contract. The lease agreements are described under note 7.

Note 19 Other short term liabilities

OTHER LIABILITIES	2023	2022
1 = NOK 1000		
Accrual for public taxes	**11 388**	7 168
Accrual for holiday pay	**9 882**	8 511
Accrual for salaries, commission and board member fee	**7 192**	17 070
Accrual for customer and supplier obligations	**1 550**	6 354
Unrealised exchange rate differences	**-**	510
Other	**1 413**	**2 428**
Total	**31 426**	42 042

Note 20 Financial Risk

The group's financial liabilities are leasing agreements, and accounts payable. The financial liabilities and facilities are important instruments that contribute to the financing of the group's operational activities. The group's financial assets are accounts receivables, and cash. From time to time the group also enters into financial derivative contracts to hedge currency exposure. Hedge accounting is not applied. The risk arising from financial instruments is market risk, credit risk towards customers, and liquidity risk

Market risk:

Interest rate risk:
The group had as of 31.12.2023 no interest-bearing liabilities. If the group needs a loan, it is group policy to have floating interest since this will be the lowest interest rate over time. In general, the group considers the exposure towards changes in interest rates as low.

Foreign exchange rates risk:

The group may use forward exchange contracts to reduce exposure towards USD and EUR. Financial derivates are recognized at fair value through profit and loss. Change in fair value is recognized in profit and loss and is presented as financial income or expense. Unrealized gains or losses are recorded in the same manner as realized gains and losses.

Change in exchange rates involves a direct and indirect financial risk for Medistim ASA. The company has revenue and expenses in EUR and USD where most revenue is in EUR and USD and expenses mostly in NOK. The development in NOK towards USD and EUR is continuously monitored. The group may use forward exchange contracts to reduce exposure towards USD and EUR. By the end of 2023, the company had derivative contracts for USD as shown below. Hedging contracts are entered to reduce the exchange risk towards currencies. The derivatives are recognized at fair value in the balance sheet with the changes in fair value recognized in profit and loss, presented as financial income or expense. The management and Board of directors evaluate the handling of risks related to exchange rates fluctuations continuously together with its professional advisers.

HEDGING CONTRACTS						
Currency	Number of contracts from March 2023	Amount per month	Total value of contracts in currency	Average rate on contracts	Rate 31.12.2023	Unrealized gain/loss
USD	6	300 000	1 800 000	11.11	10.17	1 679 940
EUR	6	400 000	2 400 000	11.95	11.24	1 710 000
Total un-realized loss						**3 389 940**

The group had a credit facility of MNOK 6.0 to enter hedging contracts. The facility represents 10 % of the value of the contracts the group can use and the group can enter hedging contracts for a total of MNOK 60. Security related to the facility is related to assets, accounts receivable and inventory with no limit. Book value of secured items was as of 31.12.2023 MNOK 30.2 for assets, MNOK 69.2 for accounts receivables and MNOK 114.0 for inventory.

FINANCIAL ASSETS AND LIABILITIES

1 = NOK 1000	2023			2022		
	Original value	**Gain/loss**	**Book value**	Original value	Gain/loss	Book value
Financial assets						
Cash in USD	**8 061**	**2 027**	**10 088**	1 373	1 236	2 609
Cash in EUR	**5 740**	**1 689**	**7 429**	9 511	-129	9 382
Accounts receivable in EUR	**21 556**	**506**	**22 062**	44 881	530	45 411
Forward curency contracts in EUR	**-**	**1 710**	**1 710**	-	-	-
Forward curency contracts in USD	**-**	**1 680**	**1 680**	-	775	775
Financial liability						
Accounts payable in EUR	**2 971**	**-60**	**3 031**	2 670	1	2 669
Accounts payable in USD	**761**	**-41**	**720**	332	3	335

EFFECT ON PROFIT IF CURRENCY CHANGES WITH 5 %

1 = NOK 1000	2023			2022		
	Original value	**Gain/loss**	**Book value**	Original value	Gain/loss	Book value
Total exposure towards EUR	**24 325**	**3 965**	**28 170**	51 722	400	52 124
Total exposure towards USD	**7 300**	**3 748**	**11 048**	1 041	2 008	3 049
5 % increase EUR			**1 409**			2 606
5 % increase USD			**552**			152
5 % decrease EUR			**-1 341**			-2 482
5 % decrease USD			**-526**			-145

Credit and liquidity risk:

Other financial risk as credit risk and liquidity risk is viewed by the company as low based upon the group's financial position as of 31.12.2023.

Credit risk:

The group is at some extent exposed towards credit risk. The general risk is low since the majority of customers are financed by public authorities. Still history records for payments, the size of the transaction and the other party's credit risk is evaluated from case to case. The level of credit given is evaluated when there is a change in market conditions. The level of risk is reduced by using bank guaranties and prepayments in cases where the level of risk is found to be higher than normally accepted. See note 15 for a table showing the aging of accounts receivable.

Liquidity risk:

Liquidity risk is the risk that the group is not able to meet its obligations in time. Managing liquidity risk is therefore prioritized to secure financial flexibility. Medistim main source of cash is cash generated from operations. The group has over the last 5 years experienced an increase in profit and available cash. Therefore, the group has been able to build up a cash reserve due to strong profits to handle the increased need for working capital as the group grows. The liquidity buffer also secures cash in situations where the incoming cash is delayed.

Macroeconomic turmoil:

Despite challenging market conditions, the company have been able to deliver solid profit and cash flow over the years. The need for Medistim's products has not changed, even if the global market has been facing macro-economic turmoil, with energy crisis, inflation pressure, increasing interest rates and higher cost levels. The long-term consequences of 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 78.7 %.

The table below sets out the maturity profile of the financial liabilities based on contractual undiscounted payments:

OVERVIEW OF DEBT					
1 = NOK 1000					
Interest bearing loans	-	-	-	-	-
Lease liabilities	2 287	6 861	6 303	2 192	17 643
Accounts payable	25 083	-	-	-	25 083
Deferred revenue	557	1 670	2 006	-	4 234
Income tax	-	28 404		-	28 404
Other debt ***(see note 18,19,22)***	14 799	17 615	-	-	32 414
Total	**42 725**	**54 551**	**8 309**	**2 192**	**107 777**

OVERVIEW OF DEBT

1 = NOK 1000

Year 2022	**Within 3 months**	**Between 3-12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Interest bearing liabilities	-	-	-	-	-
Lease liabilities	1 410	4 230	11 787	-	17 427
Accounts payable	24 470	-	-	-	24 470
Deferred revenue	338	1 015	3 773	-	5 126
Income tax	-	25 873	-	-	25 873
Other liability see note 18,19,22	42 072	-		-	42 072
Total	**68 290**	**31 118**	**15 560**	**-**	**114 968**

Financial strategy:

Management strives to strengthen the group's healthy financial position through profit and a high level of equity. This will secure continued growth and will maximize shareholders values. The group will adjust capital structure to adapt to changes in the financial climate. Capital structure can be adjusted through dividend, repayment of share capital or issue new shares. There were no changes in the financial strategy in the group in 2023 or 2022.

Note 21 Related party transactions

Compensation to management

The management group consists of 12 people including CEO.
Compensation and benefits to the management group in 2023:

COMPENSATION AND BENEFITS TO THE MANAGEMENT GROUP IN 2023

Management	Position	Salary	Bonus	Pension	Share based compensation	Other	Total
Hæge Johanne Krogh Wetterhus	VP Marketing	1 503 782	226 831	100 808	37 500	4 537	1 873 458
Anne Waaler	VP Medical	1 477 427	227 994	84 870	-	3 647	1 793 939
Roger Reino Morberg	VP Sales APAC	1 840 941	476 081	94 635	137 750	4 537	2 553 944
Erik Swensen	VP Development	1 475 389	185 680	91 509	-	4 537	1 757 115
Tone Ann Veiteberg	VP QA\Reg	1 277 464	241 587	80 766	-	4 537	1 604 354
Stephanie d'Avout Stenhagen	VP Sales EMEA	1 325 985	259 192	95 607	100 000	4 537	1 785 321
Helge Børslid	VP Operations	1 355 084	214 576	93 202	-	4 537	1 667 399
Ole Arne Eiksund	Busines development	1 417 361	164 435	92 000		4 537	1 678 333
Håkon Grøthe	VP Innovation	1 387 576	286 963	93 153	137 750	4 537	1 909 979
Mike Farbelow	VP Sales AMERICAS	2 417 828	939 175	134 280	-	135 506	3 626 789
Kari Eian Krogstad	CEO Medistim group	3 025 202	1 272 321	107 642	2 796 000	4 537	7 205 702
Thomas Jakobsen	CFO Medistim Group	1 995 659	498 138	92 371	183 750	4 537	2 774 455
Sum		20 499 699	4 992 973	1 160 843	3 392 750	184 523	30 230 788

There is no severance pay agreements towards any in the management team in case of leaving the company. All members of the management group have a two-way arrangement of 3 months' notice. The exception is management in the US that has no notice period. The management group has the same pension plan as other employees. For Norwegian members of the management group, this is a contribution plan that covers 5 % of salary up to 7.1 G and 8 % of salary for G between 7.1 and 12. 1G equals NOK 118,620. Management in the US has a contribution plan that covers 4 % of salary.

Share based payments

The group has a share-based payment scheme for its CEO. The program is settled in shares. The fair value of the option at the grant date, is expensed over the vesting period. The expense is included in "salary and social expenses" in the income statement and a corresponding amount is recognized as other paid-in capital.

The board decides incentives to CEO. Bonus and incentives to the management group is decided by the CEO. Bonus and incentives for both management group and CEO is based on achieved results. The table shows the bonus paid in 2023. Some members of the management group have loan from the company related to the share program offered to the Management team in 2023. The below table shows who in the management team purchased shares at a discount and has loan form the company:

SHARE PROGRAM FOR THE MANAGEMENT GROUP IN 2023						
Group Management	**Position**	**Shares purchased in NOK**	**Match 25 % in NOK**	**Total purchase of shares in NOK**	**Number of shares**	**Financing by Medistim in NOK**
Ole Arne Eiksund	CBDO	551 000	137 750	688 750	3 410	551 000
Roger Reino Morberg	VP Sales APAC	551 000	137 750	688 750	3 410	551 000
Ole Jørgen Robsrud	CEO Medistim Norge AS	200 000	50 000	250 000	1 237	-
Hæge Johanne Krogh Wetterhus	VP Marketing	150 000	37 500	187 500	928	75 00
Stephanie d'Avout Stenhagen	VP Sales EMEA	400 000	100 000	500 000	2 474	-
Håkon Grøthe	VP Innovation	551 000	137 750	688 750	3 410	-
Thomas Jakobsen	CFO Medistim Group	735 000	183 750	918 750	4 547	735 000
Total		**3 138 000**	**784 500**	**3 922 500**	**19 416**	**1 912 000**

For every fourth share purchased one share was given for free with a vesting period of 3 years. The loans are at tax free rate and are due for payment when the vesting period is over. The agreements was entered into on the 13th of November 2023.

Compensation to the board was TNOK 1,800 in 2023 and TNOK 1,450 in 2022. The chairman received TNOK 475 as compensation in 2023 and TNOK 450 in 2022 The board members received a total TNOK 265 each as compensation in 2023, a total of TNOK 1,325. In 2022 they received TNOK 250 each, a total of TNOK 1,000.

The nomination committee leader received a compensation of TNOK 20, while the two other members received TNOK 15 each. In total, the nomination committee received TNOK 50 as compensation.

Compensation to Audit committee and remuneration committee was TNOK 85 and TNOK 35 respectively.

CEO has an agreement with the Board that she can receive up to 24,500 Medistim shares as part of compensation if in position until 2025. The Shares is received by the CEO free of charge and last shares will be received in 2026. Fair value of the share-based payment is the share price at grant date multiplied with the and number of shares granted. The fair value of the share-based payment is expensed over the vesting period. In 2023, TNOK 2.482 including social security tax was expensed in the accounts related to the arrangement. See also overview below.

SHARE PROGRAM CEO				
Year	**2023**	**2024**	**2025**	**2026**
Opening balance				
Exercised				
Shares granted		9 000	7 500	8 000
Ending balance		9 000	16 500	24 500
Share price at the time of grant in NOK		254	296	219
Total expense in NOK		2 286 000	2 220 000	1 752 000
Expense per grant per year in NOK		762 000	740 000	584 000
Annual expense in NOK for the grant in 2023	**2 086 000**			

Transactions with related parties

There were no other transactions than the above described share program for management towards related parties in 2023 or in 2022.

Note 22 Provisions

PROVISIONS	2023	2022
1 = NOK 1000		
Warranty provision	**350**	350
Sum	**350**	**350**

The group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually

The warranty provision is based upon the company's experience with sales and return of its own products. The estimate is based upon this experience to cover future obligations. The company has introduced extended warranty where customers for a fee extend the warranty period. The level of warranty contracts is in 2023 limited and there has been no expenses related to extended warranty contracts in 2023. In 2023, there are no additional provision related to the contracts. This will be monitored an if the level of extended warranty increases a method for estimating a provision is established.

Note 23 Exchange rates foreign currency

EXCHANGE RATES FOREIGN CURRENCY			
Currency	**Rate 01.01.2023**	**Average rate**	**Rate 31.12.2023**
USD	9 8573	10.5635	10.1724
DKK	141.38	153.32	150.82
EUR	9.9888	11.4242	11.2405
GBP	10.5138	13.1361	12.9342

Transactions in foreign currency

Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. Financial instruments in foreign currency are translated to Norwegian kroner at the closing rate of the balance day. Non-financial items measured at historic cost are translated to Norwegian kroner using the exchange rate at the time of the transaction.

Foreign subsidiaries

Assets, liabilities and goodwill in foreign subsidiaries that are consolidated are translated to Norwegian kroner at the date of the balance sheet. Revenue and expenses are translated to Norwegian kroner using the rate at the transaction date.

Note 24 Changes in liabilities arising from financial activities

CHANGES IN LIABILITIES ARISING FROM FINANCIAL ACTIVITIES

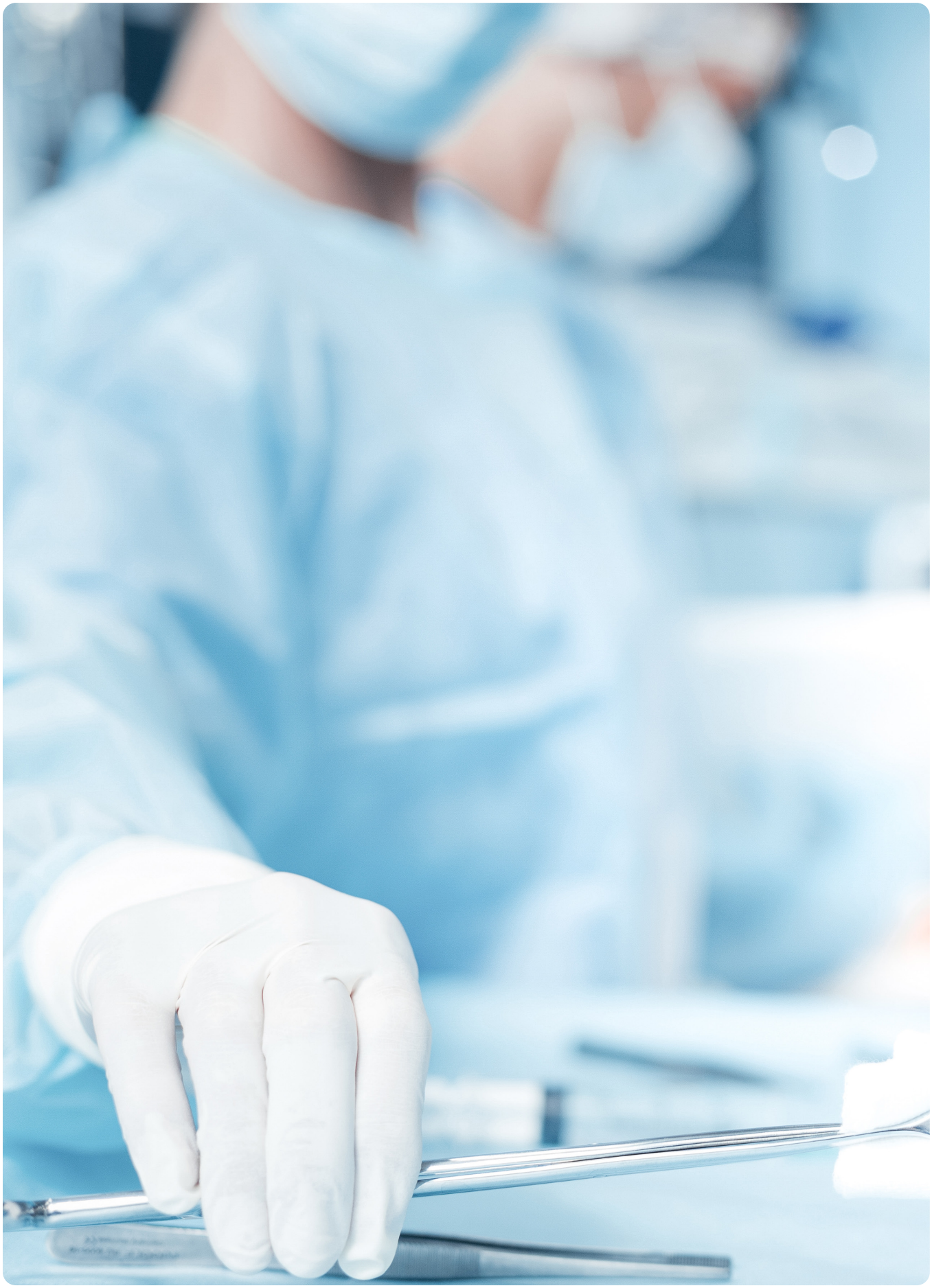
1 = NOK 1000	Interest bearing short term debt	Deferred revenue and interest bearing long term debt	Lease agreements short term	Lease agreements long term	Total 2023
At 1st of January 2023	-	5 126	7 086	10 020	**22 232**
Liabilities forgiveness	-	-	-		**-**
New lease agreements	-	-	4 250	4 670	**8 920**
Interest bearing liabilities	-	-	-		**-**
Cash flows lease agreements	-	-	-8 688		**-8 688**
Liabilities becomming current in 2023	-	-	9 565	-9 259	**306**
Effects of foreign exchange	-	-	-		**0**
Deferred revenue	-	-893	-	-	**893**
31. December 2023	**-**	**4 233**	**12 213**	**5 431**	**21 877**

1 = NOK 1000	Interest bearing short term debt	Deferred revenue and interest bearing long term debt	Lease agreements short term	Lease agreements long term	Total 2022
At 1st of January 2022	-	2 510	7 114	17 078	26 701
liabilities forgiveness			-	-	-
New lease agreements	-	-	-	-	-
Interest bearing liabilities	-	-	-	-	-
Cash flows lease agreements	-	-	-7 312	-	-7 312
liabilities becomming current in 2022	-	-	-7 284	7 058	226
Effects of foreign exchange	-	-	-	-	-
Deferred revenue	-	2 616	-	-	2 616
31. December 2022	**0**	**2 616**	**7 086**	**10 020**	**22 232**

Note 25 Events after 2023

Information after the reporting period that provide evidence of conditions that existed at the end of the reporting (”adjusting events”), are reflected in the amounts recognized in the financial statement. Information after the reporting period that are indicative of conditions that arose after the reporting period (“non-adjusting events”) are not reflected in the amounts recognized in the financial statement but are disclosed if material.

The Board of directors has no knowledge about other events after 2023 that will affect the annual report and financial statement for 2023.



11. PARENT COMPANY FINANCIAL STATEMENTS

11.1 Income Statement Medistim ASA

INCOME STATEMENT MEDISTIM ASA		2023	2022
1 = NOK 1000	Note		
Operating income and expenses			
Revenues			
Sales revenue	26	**324 056**	293 169
Other income	26	**16 968**	15 476
Total revenue		**341 024**	**308 645**
Operational expenses		**66 583**	63 993
Cost of goods sold	27	**89 360**	80 239
Salary and social expenses	28	**12 599**	13 888
Depreciation on assets	27,29,39	**64 457**	48 832
Other operating expenses		**232 999**	206 952
Total operating expenses		**108 025**	101 693
Operating profit			
Financial income and expenses			
Dividend from subsidiaries	31	**11 006**	26 762
Other financial income	37	**15 160**	14 280
Financial expenses	37	**9 504**	13 286
Net finance		**16 663**	**27 756**
Profit before tax		**124 687**	**129 449**
Tax expense	30	**25 233**	21 342
Profit for the year			
		99 454	108 107
Allocations			
Dividend		**82 256**	82 126
Other equity	36	**17 198**	25 981
Total Allocation	36	**99 454**	**108 107**
Earnings per share			
Ordinary		**2023**	2022
Diluted		**5,46**	5,93
		5,45	5,92
Dividend per share		**4.50**	**4.50**

11.2 Balance Sheet Medistim ASA

BALANCE SHEET MEDISTIM ASA		31/12/23	31/12/22
1 = NOK 1000	Note		
ASSETS			
Non current assets			
Intangible assets			
Deferred tax	30	**2 592**	2 275
Marketing rights	28	**1**	1
R & D	28,29	**31 246**	21 940
Fixed assets			
Property, plant and equipment	28	**27 394**	26 693
Office equipment	28	**2 945**	2 759
Financial assets			
Shares in subsidiaries	31	**38 395**	37 392
Other long term receivables		**13 290**	11 974
Total non current assets		**115 864**	**103 035**
Current assets			
Inventory	33	**114 039**	84 702
Accounts receivables	32,41	**69 212**	91 109
Other receivables	32,41	**20 632**	19 298
Cash	34	**82 485**	84 033
Total current assets		**286 368**	279 143
TOTAL ASSETS		**402 231**	**382 178**
EQITY AND LIABILITY			
Equity			
Issued capital			
Share capital	35,36	**4 585**	4 585
Share premium	35,36	**41 852**	41 852
Other paid in equity	36	**24 730**	18 721
Other equity			
Retained earnings	36	**143 681**	126 538
Total equity		**214 849**	**191 696**
Liabilities			
Other long term debt			
Long term debt	40	**40 690**	39 429
Total other long term debt		**40 690**	39 429
Short term debt			
Accounts payable		**10 397**	18 024
Payable tax	30	**25 550**	22 116
Employee withholding, social security taxes		**16 211**	13 025
Dividend	36	**82 256**	82 126
Other short term debt	38,41	**12 279**	**15 761**
Total short term debt		**146 693**	151 052
TOTAL EQUITY AND LIABILITY		**402 231**	**382 178**

11.3 Cash Flow Statement

CASH FLOW STATEMENT		2023	2022
1 = NOK 1000	Note		
Cash flow from operations:			
Profit/loss before tax		**124 687**	129 449
Minus income tax paid		**-22 914**	-16 521
Plus this years tax expense			
Plus depreciations	28	**12 599**	13 888
Change in inventory	33	**-29 337**	-10 997
Change in accounts receivable	32	**21 898**	-42 201
Change in accounts payable		**-7 627**	11 233
Other changes		**-2 380**	7 150
Net cash from operating activities		**96 925**	**92 001**
Investing activities:			
Minus investment in assets	28	**-22 303**	-20 124
Ney cash from investing activities		**-22 303**	**-20 124**
Financing activities:			
Minus down payment of long term debt		**-**	-
Dividend	36	**-82 180**	-68 396
Issue of new equity	36	**6 009**	5 404
New loans		**-**	-
Net cash from financing activities		**-76 171**	**-62 992**
Net change in cash		**-1 549**	8 885
Cash as of 01.01		**84 034**	75 149
Cash as of 31.12		**82 485**	84 034
Available cash and cash withholding			
Available cash as of 31.12	34	**75 470**	77 019
Cash withholding for taxes	34	**7 015**	7 015
Cash and cash equivalents as of 31.12		**82 485**	**84 034**

11.4 Accounting Principles

The financial statement and notes are according to Norwegian GAAP, Norwegian accounting law and according to best practice within Norwegian GAAP.

Sales revenue

Sales revenue is recognized in the profit and loss on the date of delivery and when the major risk and ownership of the product have been transferred to the customer. Systems and probes are recognized as revenue when the goods are shipped from Medistim ASA and the risk and ownership is transferred to the distributor or end customer. The same is the case for sale of procedures for quality control of cardiac surgery and other third-party products. Services are recognized as revenue at the time the service is performed.

Current assets and short-term debt

Current assets and short-term debt are defined as items that are due for payment within one year at the last day of the accounting year, and items defined as working capital. Current assets are evaluated at the lowest of cost and net sales value. (The lowest value principle).

Fixed assets and long-term debt

Fixed assets are defined as property for long-term use. Fixed assets are valued at cost in the balance sheet and depreciated of the expected economic lifetime. Fixed assets are written down to real value if the reduction in value is expected to be permanent. Write down is reversed if the basis for the write down no longer exists.

Shares in subsidiaries

Shares in subsidiaries are valuated according to cost. Shares in Medistim Norge AS, Medistim US Inc, Medistim Denmark Aps, Medistim UK Ltd, and Medistim Deutschland GmbH are owned 100 %. The shares are recorded at cost or written down to real value if real value is assumed to be the lowest and that it is permanent. Dividend and group contributions are recognized as revenue in the holding company as financial revenue in the year that it has been accrued given that Medistim had the ownership of the shares in this period.

Foreign currency

Balance sheet items in foreign currency are valued at the exchange rate on the balance sheet day. Sales revenue is recorded at the exchange rate that was at the time of the sale. Unrealized gains or losses on hedging contracts are recorded in the profit and loss.

Inventory

Inventory is valued at the lowest of cost (FIFO principle) and net sales value (lowest value principle). For components, the lowest of historic cost and current price is used to value the component inventory.

Work in progress and finished goods

Cost for finished goods includes direct cost and a portion of indirect and fixed production cost. Basis for the allocated cost to the products is a normal production situation. Goods in progress are valued at the component cost price.

Accounts receivables

Account receivables and other receivables are recorded in the balance sheet at par value with deduction for estimated losses. The accrual for losses is based upon a separate evaluation in each case. In addition, there has been made an unspecified accrual on receivables to cover expected losses. The same evaluation is made for other receivables.

Taxes

Tax cost in the income statement includes payable tax for the current accounting year and changes in temporary differences that are due for payment the coming accounting year. Temporary differences occurs using the tax rate by the end of the accounting year (22 %) and comparing tax increasing or tax reducing temporary differences between accounting values and tax values. Tax increasing or reducing temporary differences that can be reversed in the same period is recorded at net value. Deferred tax asset is recorded if it is likely that the company will be able to utilize the tax asset.

Pension liabilities

All employees have a contribution pension plan.

Share based payments

The Group has a share-based payment scheme for its CEO, the program is measured at fair value at grant date. The share-based payment for the company's top leader is a scheme by issuing shares. For transactions that are settled in equity instruments (arrangements by issuing shares), recognize the value of shares granted during the period as a compensation expense in the income statement and a corresponding additional paid-in capital.

Research and development

The activities in the development department are split in 3 categories. These are maintenance, general research and development of new products. Maintenance and general research is expensed in the P & L while new products are recorded as an asset and depreciated over expected lifetime. When recorded as an asset it is expected that revenues from the product will exceed activated amounts. An immaterial asset that is acquired, or other immaterial assets that are developed, are recorded as an asset in the balance sheet if they are identifiable and that it is likely to give future economic benefits. The asset is amortized over the expected economic lifetime of the asset. The values of the assets are evaluated yearly and if the book value exceeds future economic benefit the asset is written down. The evaluation is performed by the management in the company.

Cash flow analysis

The cash flow analysis is prepared using indirect method. Cash is defined as cash in bank and other financial assets that are due within 3 months after it is acquired.

Other financial assets

Shares and other financial assets are evaluated at the lowest of cost and market value. The company enters hedging contracts in USD and EUR. The value of the contracts is based upon the exchange rate at the balance sheet day and a change in value is recorded in the P & L.

Accruals

Obligations and accruals are made if it is more than 50 % likely that the obligation is real. Best estimate is used to estimate the obligation.

11.5 Notes to the accounts

Note 26 Geographic split of sales

GEOGRAPHIC SPLIT OF SALES	2023	2022
1 = NOK 1000		
USA	**131 137**	120 518
Asia	**82 984**	76 793
Europe	**112 527**	100 443
Rest of the world	**14 376**	10 891
Total sales	**341 024**	**308 645**

Other income amounted to TNOK 16,968, where TNOK 3,264 was income related to services towards subsidiaries and TNOK 13,704 was management fee. For 2022 other income amounted to TNOK 15,476 where TNOK 3,145 was services towards subsidiaries and TNOK 12,331 was management fee.

Note 27 Salaries and other benefits

SALARIES AND OTHER BENEFITS	2023	2022
1 = NOK 1000		
Salary	**73 451**	67 564
Social taxes	**13 700**	10 734
Other salary and social expenses	**2 209**	1 940
Total salary expenses	**89 360**	80 239

The total number of employees was through the year 97. Medistim has a pension plan for all its employees. This is a contribution plan that covers 5 % of salary up to 7.1 G and 8 % of salary for G between 7.1 and 12. 1G is the base amount (NOK 118.620) in the social security system. The cost for the contribution plan was in 2023 TNOK 4,518, while it was TNOK 3,400 in 2022. It is compulsory by law for the company to have a pension plan for its employees. The pension plans in the company fulfill the obligation in the law.

COMPENSATION AND BENEFITS TO THE MANAGEMENT GROUP IN 2023						
Management	Position	Salary	Bonus	Pension	Other	Total
Hæge Johanne Krogh Wetterhus	VP Marketing	1 503 782	226 831	100 808	42 037	1 873 458
Anne Waaler	VP Medical	1 477 427	227 994	84 870	3 647	1 793 939
Roger Reino Morberg	VP Sales APAC	1 840 941	476 081	94 635	142 287	2 691 694
Erik Swensen	VP Development	1 475 389	185 680	91 509	4 537	1 757 115
Tone Ann Veiteberg	VP QA\Reg	1 277 464	241 587	80 766	4 537	1 604 354
Stephanie d'Avout Stenhagen	VP Sales EMEA	1 325 985	259 192	95 607	104 537	1 885 321
Helge Børslid	VP Operations	1 355 084	214 576	93 202	4 537	1 667 399
Håkon Grøthe	VP Innovation	1 387 576	286 963	93 153	4 537	1 909 979
Ole Arne Eiksund	CBDO	1 417 361	164 435	92 000	142 287	1 816 083
Kari Eian Krogstad	CEO Medistim ASA	3 025 202	1 272 321	107 642	2 800 537	7 205 702
Thomas Jakobsen	CFO Medistim ASA	1 995 659	498 138	92 371	188 287	2 774 455
Total		**18 081 871**	**4 053 798**	**1 026 563**	**3 441 767**	**26 979 499**

There are no special agreements towards any in the management team in case of leaving the company. All in the team has a two-way arrangement of 3 months' notice. There are no options to employees or members of the Board except for CEO. The CEO will receive up to 24,500 shares as part of compensation if in position in 2026. Bonus paid in 2023 was based upon 2022 results.

In relation to the share program for management except CEO, following members of management participated in the share program. See below schedule showing value of the shares, discount given and financing from the company to participate in the share program.

SHARE PROGRAM FOR THE MANAGEMENT GROUP IN 2023						
Group Management	**Position**	**Shares purchased in NOK**	**Match 25 % in NOK**	**Total purchase of shares in NOK**	**Number of shares**	**Financing by Medistim in NOK**
Ole Arne Eiksund	Busines developer	551 000	137 750	688 750	3 410	551 000
Roger Reino Morberg	VP Sales APAC	551 000	137 750	688 750	3 410	551 000
Ole Jørgen Robsrud	CEO Medistim Norge AS	200 000	50 000	250 000	1 237	-
Hæge Johanne Krogh Wetterhus	VP Marketing	150 000	37 500	187 500	928	75 00
Stephanie d'Avout Stenhagen	VP Sales EMEA	400 000	100 000	500 000	2 474	-
Håkon Grøthe	VP Innovation	551 000	137 750	688 750	3 410	-
Thomas Jakobsen	CFO Medistim Group	735 000	183 750	918 750	4 547	735 000
Total		**3 138 000**	**784 500**	**3 922 500**	**19 416**	**1 912 000**

Under other benefits it is included an expense related to CEO share option. CEO receives shares over a time period if in position as CEO. The share program is described in the annual report under the chapter "salary and benefits to management and leading employees". The expense for the share option is calculated based upon the share price at the time of the granted option. The expense is distributed in equal rates over the vesting period. The share program is described in detail under note 21 in the group accounts.

COMPENSATION TO THE BOARD OF DIRECTORS	DIRECTORS FEE	AUDIT OR REMUNERATION COMMITTE
1 = NOK 1000		
Chair Øyvin Brøymer	475	20
Board member Torben Jørgensen	265	15
Board member Siri Fürst	265	25
Board member Anthea Arff-Pettersen	265	-
Board member Tove Raanes	265	35
Board member Lars Rønn	265	25
Total compensation to the Board of Directors	**1 800**	**120**

COMPENSATION TO AUDITOR		
1 = NOK 1000	**2023**	**2022**
Statutory audit	1 704	1 605
Other services	115	85
Total compensation to auditor	1 819	1 690

The amounts are without VAT

Note 28 Assets and Depreciation

ASSETS AND DEPRECIATION	Plant & Machinery	Equipment	Total fixed assets	Activated Development	Total
1= NOK 1000					
Historic cost as of 1/1	83 315	13 219	96 534	92 764	191 996
Additions	7 462	1 514	8 976	13 327	22 303
Disposals	-	-	-	-	-
Historic cost as of 31/12	90 778	14 733	105 511	106 091	214 299
Accumulated depreciation as of 1/1	56 622	10 461	67 083	70 824	140 604
Ordinary depreciation	7 263	1 328	8 591	4 021	12 612
Disposals	504	-	504	-	503
Accumulated depreciation as of 31/12	63 381	11 789	75 170	74 845	152 711
Book value at 31/12	**27 396**	**2 944**	**30 341**	**31 247**	**61 588**

Plant and machinery is depreciated over 3 to 7 years on a straight-line basis dependent upon expected economic lifetime. Tools and equipment is depreciated over 3 to 5 years on a straight-line basis dependent upon expected economic lifetime.

Development cost is recorded as intangible assets when a project has reached technological feasibility and it is likely that it will result in a new product or improved product that has revenue potential that exceeds the investment. Maintenance of existing products is expensed. The investment is depreciated over 3 to 8 years dependent upon whether it is a new product or improvement of existing product. A new product that represents a new technological platform has a longer expected lifetime and for Medistim products this is 8 to 10 years. Product improvements on existing technological platform is replaced more rapid and is therefore depreciated over 3 years.

Note 29 Research and development

In total MNOK 15.7 of the R & D expenses was recorded in the P & L in 2023. Similar expense was MNOK 13.9 in 2022. With MNOK 13.30 recognized as asset a total of MNOK 29.00 was used in R & D in 2023. Comparable number for 2022 was MNOK 25.80. Medistim received TNOK 309 in Skattefunn funds in 2023 and TNOK 236 in 2022. From Innovasjon Norge a support of TNOK 522 was received in 2023.The capitilized expense in 2023 were related to the coronary and vascular products on the MiraQ platform.

Note 30 Income tax and temporary differences

INCOME TAX AND TEMPORARY DIFFERENCES	2023	2022
1 = NOK 1000		
Current income tax charge for the year before deferred tax asset is utilised	**25 550**	23 089
Correction from previous year		-973
Change in deferred tax	**-317**	-775
Income tax expense reported	**25 233**	**21 342**
Reconciling income tax expense against profit :		
Income tax expense for the year	**25 233**	21 342
22 % of profit before tax	**27 431**	28 479
Permanent differences	**-2 198**	-7 137
Specification of taxable income:	**2 023**	2022
Profit before tax	**124 687**	129 449
Permanent differences	**-12 704**	-28 019
Change in temporary differences	**2 712**	3 521
Correction from previous year		-4 423
Taxable profit	**114 695**	**100 528**
Payable tax in balance sheet:	**2 023**	2022
Tax expense for the year	**25 233**	21 342
Change in deffered tax	**-317**	**-775**
Total payable tax	**25 550**	22 116
Specification of deferred tax asset		
Differences in accounting and tax values	**2 023**	2022
Fixed assets	**1 742**	1 194
Current assets	**-13 454**	**-11 534**
Accrual for obligations	**-71**	**-2**
Total differences	**-11 783**	-10 341
Deferred tax asset 22 %	**2 592**	**2 275**
Deferred tax asset in balance sheet	**2 592**	**2 275**

Deferred tax asset in the balance sheet increased from MNOK 2.3 in 2022 to MNOK 2.6 in 2023. Deferred tax asset consists of temporary differences in valuation of assets. All deferred tax asset is recorded in the balance sheet as of 31.12.2023, since it is likely that the company will have future taxable income that will exceed temporary differences.

Note 31 Shares in subsidiaries

MEDISTIM ASA HAS INVESTMENTS IN THE FOLLOWING SUBSIDIARIES					
Unit	**Country**	**Segment**	**Ownership**	**Balance sheet value 31 Dec 23**	**Profit in 2023**
1 = NOK 1000					
Medistim USA Inc.	USA	Lease and sale within bypass surgery and vascular surgery	100 %	135	5 536
Medistim Deutschland GmbH	Germany	Capital sales within bypass surgery and vascular surgery	100 %	188	6 207
Medistim Norge AS	Norway	Sale of 3 pary products and capital sales within bypass surgery and vascular surgery	100 %	36 953	10 945
Medistim UK LTD	UK	Capital sales within bypass surgery and vascular surgery	100 %	1	-918
Medistim Japan KK	Japan	Dornmat company	100 %	86	-
Medistim Canada Inc.	Canada	Capital sales within bypass surgery and vascular surgery	100 %	1	
Medistim China Ltd	China	Service provider for distributors in China	100 %	1 002	
Medistim Spain S.L	Spain	Capital sales within bypass surgery and vascular surgery	100 %	28	3 686
		Sale of 3 pary products and capital sales within bypass surgery and vascular surgery	100 %		468
Medistim Danmark Aps	Denmark	Sale of 3 pary products and capital sales within bypass surgery and vascular surgery	100 %		-257
Medistim Sverige AB	Sweden				
Total				**38 395**	**22 404**

Medistim Norge AS has a subsidiaries Medistim ASA owns indirectly through Medistim Norge AS in Denmark and Sweden. The company is named Medistim Danmark Aps and Medistim Sverige AB and is within the same segment as Medistim Norge AS.

SUMMARY OF FINANCIAL INFORMATION FROM SUBSIDIARIES ALL 100 % OWNED					
Unit	**Assets**	**Debt**	**Equity**	**Income**	**Profit**
1 = NOK 1000					
Medistim USA Inc.	140 298	27 295	113 003	206 335	5 536
Medistim Deutschland GmbH	15 439	3 468	11 971	55 463	6 207
Medistim Danmark Aps	2 343	1 732	611	6 282	468
Medistim Japan KK	86	0	86	0	0
Medistim Canada Inc.	6 095	9 564	-3 469	2 668	-3 556
Medistim China Ltd	2 247	1 130	1 116	3 130	295
Medistim Sverige AB	2 974	2 949	25	1 392	-257
Medistim Spain S.L	21 400		3 232	21 388	3 686
Medistim UK LTD	1 848		-8 950	3 510	-918
Medistim Norge AS	40 537		32 228	80 974	10 945
Total	**233 266**	**83 412**	**149 854**	**381 141**	**22 404**

Medistim Norge AS has offices in Oslo, Norway. Medistim USA Inc has offices in Minneapolis in the USA. Medistim Deutschland GmbH has offices in Munich in Germany, Medistim UK has offices in Nottingham in UK, Medistim Japan KK has offices in Tokyo, Japan and Medistim Denmark has offices in Copenhagen in Denmark. Medistim Spain S.L has offices in Madrid. Medistim Canada has offices in Toronto, Canada, Medistim China has offices in Guangzhou in China and Medistim Sweden has offices in Gothenburg, Sweden. Book value of goodwill related to the acquisition of Medistim Norge AS was as of 31.12.2023 TNOK 14,128. Goodwill at the time of acquisition was TNOK 16,097. None of the subsidiaries are listed at a stock exchange.

Of Medistim UK's debt of TNOK 10,798, TNOK 7,587 is a long-term debt towards Medistim ASA. The debt is part of a cash transfer to finance and establish the company in UK. Interest has been charged on this debt. Medistim ASA received from its Norwegian subsidiary a dividend of MNOK 11.0 in 2023. Medistim ASA has interest bearing debt towards Medistim US Inc of MNOK 40.7.

Note 32 Account receivables and other receivables

ACCOUNTS RECEIVABLE	2023	2022
1 = NOK 1000		
Accounts receivable	**70 111**	**92 008**
Provision for bad debt	**-899**	**-899**
Total salary expenses	**69 212**	**91 109**

All receivables are due within one year. Losses in 2022 were TNOK 6 and losses in 2023 were TNOK 288. It is recorded an accrual of TNOK 899 to cover expected losses. Historically the company has small losses on receivables. Other receivables are shown below.

OTHER RECIEVABLES	2023	2022
1= NOK 1000		
Pre payments	**2 174**	2 338
Prepaid taxes and VAT	**2 788**	4 935
Accrued revenue	**1 281**	247
Unrealized gain hedging	**3 389**	779
Dividend subsidiaries	**11 000**	11 000
Total other receivables	**20 632**	**19 299**

Note 33 Inventory

INVENTORY	2023	2022
1= NOK 1000		
Components	**78 278**	66 185
Finished goods	**43 779**	25 245
Inventory accrual	**-8 017**	-6 728
Total	**114 039**	**84 702**

Finished goods are valued at production cost that includes cost for components and internal labor cost. Work in progress is valued at the total of the component cost. Inventory accrual is related to service inventory and demonstration inventory. The sales value of the products is assessed and found lower than historic cost. See table below:

SPECIFICATION OF ACCRUAL	2023	2022
1= NOK 1000		
Demonstration units	**2 150**	2 687
Service parts	**1 687**	1 643
Other	**4 180**	2 398
Total	**8 017**	**6 728**

Note 34 Cash in Bank

Restricted cash amounted to TNOK 5,652 as of 31.12.2023 and was related to tax withheld on salary paid to employees. The comparable amount as of 31.12.2022 was TNOK 7,016.

Note 35 Shareholder affairs

The company had 18,337,336 shares at par value of NOK 0.25 per share and total share capital amount to NOK 4,584,334. There is only one class of shares, and all shares are treated equally. Each share represents one vote.

Change in issued share capital in 2023:

	Number of shares	Par value per share	Share capital in NOK
Share capital 01.01.2023	18 337 336	NOK 0.25	NOK 4 548 334.00
Changes	-	-	NOK
Share capital 31.12.23	**18 337 336**	**NOK 0.25**	**NOK 4 584 334.00**

The Board of Directors received by the shareholders meeting the 24th of April 2023 permission to purchase up to 1,833,733 Medistim ASA shares at par value NOK 458,433.25. The permission is valid until the next ordinary general assembly in 2024 in the price range of NOK 0.25 to NOK 500 per share. Further the Board of Directors got permission to increase share capital with NOK 458,433.25 or issue 1,833,733 new shares at par value NOK 0.25. The permission can be used if there is a decision to enter into a merger, acquire another company or to create an option program. The permission is valid until the next ordinary shareholders meeting in 2024. See below for changes in the equity for the last year.

Status for the permissions as of 31.12.2023:

	Capital increase	Medistim shares
Permission given at the shareholders meeting in 2023	18 337 336	18 337 336
Permissions used	-	-
Status for the permissions as of 31.12.2023	**18 337 336**	**18 337 336**

The company owned 55,617 Medistim shares as of 31.12.2023. Number of Medistim shares by 01.01.2023 was 80,046.

Shareholder structure

SHAREHOLDER	Number of shares	In % of total
ACAPITAL MEDI HOLDCO AS	**1 900 219**	10,36
STATE STREET BANK AND TRUST COMP	**1 296 373**	7,07
FLØTEMARKEN AS	**1 285 000**	7,01
VERDIPAPIRFOND ODIN NORDEN	**1 180 000**	6,43
FOLLUM INVEST AS	**970 000**	5,29
STATE STREET BANK AND TRUST COMP	**920 390**	5,02
SKANDINAVISKA ENSKILDA BANKEN AB	**874 584**	4,77
STATE STREET BANK AND TRUST COMP	**637 398**	3,48
ODIN SMALL CAP	**600 000**	3,27
THE NORTHERN TRUST COMP, LONDON BR	**440 375**	2,40
SKANDINAVISKA ENSKILDA BANKEN AB	**429 248**	2,34
SKANDINAVISKA ENSKILDA BANKEN AB	**389 966**	2,13
VERDIPAPIRFONDET HOLBERG NORGE	**383 421**	2,09
BUANES ASBJØRN JOHN	**381 876**	2,08
STATE STREET BANK AND TRUST COMP	**336 919**	1,84
SKANDINAVISKA ENSKILDA BANKEN AB	**305 318**	1,67
J.P. MORGAN SE	**286 334**	1,56
BNP PARIBAS	**275 041**	1,50
SKANDINAVISKA ENSKILDA BANKEN AB	**274 380**	1,50
THE BANK OF NEW YORK MELLON SA/NV	**250 000**	1,36
Total number owned by top 20	**13 416 842**	
Total number of shares	**18 337 336**	
Total number of shares outstanding	**18 337 336**	
20 largest shareholders in %	**73.31 %**	

The 20 largest shareholders in the company were as of 31.12.2023:

SHAREHOLDER	Number of shares	Shares in %	Nationality
Tove Raanes via Trane AS	1 990	0.01 %	Board Member
Roger Morberg	16 259	0.09 %	VP Sales APAC
Erik Swensen	10 994	0.06 %	VP development
Thomas Jakobsen	30 526	0.17 %	CFO
Kari Eian Krogstad	38 083	0.21 %	CEO
Øyvin A. Brøymer (Fløtemarken AS)	1 285 000	7.01 %	Chairman
Anne Waaler	2 440	0.01 %	VP Medical
Håkon Grøthe (Grøten Invest AS)	7 821	0.04%	VP Innovation
Stephanie d'Avout Stenhagen	2 784	0.02%	VP Sales EMEA
Ole Jørgen Robsrud	3 442	0.02%	Man.Dir. MSN AS
Tone Veiteberg	1 990	0.01%	VP QA\Regulatory
Hæge Wetterhus	1 591	0.01%	VP Marketing
Ole Arne Eiksund	5 872	0.03%	Busines developer
Lars Rønn	885	0.004 %	Board member

There were no share options outstanding as of 31.12.2023 except from the share program to CEO described under chapter 8 Corporate Governance under compensation to management and note 21.

Note 36 Change in equity

CHANGE IN EQUITY						
	Share capital	Treasury shares	Share premium	Other paid in capital	Retained earnings	Total
1 = NOK 1000						
Equity 31.12.23	4 586	(21)	41 852	18 743	126 537	191 696
Change in equity:						
Change in treasury shares	-	8	-	6 001		6 009
Other corrections	-	-	-	-	-55	-55
Profit for 2022	-	-	-	-	99 455	99 455
Dividend to shareholders	-	-	-	-	-82 256	-82 256
Equity 31.12.23	**4 586**	**-13**	**41 852**	**24 743**	**143 681**	**214 849**

Note 37 Financial risk

Change in exchange rates involves a direct and indirect financial risk for Medistim ASA. The company has revenue and expenses in EUR and USD where most revenue is in another currency and expenses mostly in NOK. Efforts are made to neutralize net exposure. Hedging contracts are evaluated to reduce exposure. The development in NOK towards USD and EUR is continuously monitored

Unrealized gain or loss related to the contracts is recorded in the balance sheet and the change of the value related to the contracts is recorded in the profit and loss. By year end 2023 the company had 6 hedging contracts in USD totaling MUSD 1.8 and 6 hedging contracts in EUR totaling MEUR 2.4. By year end there was an unrealized gain related to the contracts of MNOK 3.4. The management and Board of directors evaluate the handling of risks related to exchange rates fluctuations continuously together with its professional advisers.

GAINS AND LOSSES RELATED TO CURRENCY	2023	2022
1= NOK 1000		
Foreign exchange gain	**12 932**	13 335
Foreign exchange loss	**8 594**	12 525
Total	**4 338**	**810**

Note 38 Specification of short-term debt

SPECIFICATION OF SHORT-TERM DEBT	2023	2022
1= NOK 1000		
Bonus and commission	**2 058**	8 479
Board compensation	**2 236**	1 835
Debt towards subsidiary	**-**	-
Accrual for investment	**350**	350
Other	**7 635**	5 097
Total short term debt	**12 279**	**15 761**

Note 39 Other operating expenses

OTHER OPERATING EXPENSES	2023	2022
1= NOK 1000		
Office rental	**9 193**	8 824
Travel expense	**5 145**	3 268
Marketing	**3 212**	2 706
Consultancy fee	**21 316**	13 126
Insurance	**1 018**	978
Freight	**1 254**	1 270
Communication	**18 232**	14 056
Other	**5 087**	4 603
Total other operating expenses	**64 457**	**48 832**

Note 40 Long-term debt and loan security

Medistim ASA had no long-term debt by the end of 2023.

Medistim ASA has a credit facility of MNOK 6.0 to enter foreign currency hedging contracts. The facility represents 10 % of the total value the company can sign up contracts for. As security for the facilities are assets, accounts receivable and inventory with MNOK 10. Book value of secured items was as of 31.12.2023 MNOK 30.2 for assets, MNOK 69.2 for accounts receivables and MNOK 114.0 for inventory.

Note 41 Receivables and debt towards subsidiaries

RECEIVABLES AND DEBT TOWARD SUBSIDIARIES	2023	2022
1 = NOK 1000		
Account receivable	**47 106**	43 659
Other receivable	**7 587**	7 587
Short-term debt	**-**	4 056
Long-term debt	**40 689**	**39 429**

Note 42 Events after 2023

The Board of directors has no knowledge about events after 2023 that will affect the annual report and financial statement for 2023.

Statement pursuant to section 5-5 of the Securities Trading Act

We hereby confirm that the annual accounts for the group and the company for 2023 to the best of our knowledge have been prepared in accordance applicable accounting standards and give a true and fair view of assets, liabilities, financial position and profit and loss for the group and the company as a whole. The director's report give a true and fair view over development and performance of the business and the position of the group and the company, and a description of principal risk and uncertainties facing the group.

12. ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures, concepts and abbreviations

Alternative performance measures are used by investors, securities analysts and other interested parties. The intention with the alternative performance measures is to provide a better overview of achieved results and development in the company. In addition, concepts and abbreviations that are relevant for the branch Medistim operates in is explained in the below list. The company has referred to these measures over many years and has continued to do so to be consistent. Since Medistim develops its own products it is a point to put focus on how much is used within R & D. High values of intangible assets could result in a one time expense if the impairment test fail, and is highlighted for this reason. The company's exposure to foreign currency, the regulatory regime that forces the company to secure end of life parts and international customers with longer credit time, makes it useful to have measures for currency neutral development and changes in working capital. Below is the list of alternative performance measures, concepts and abbreviations Medistim uses in its reporting.

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 expenses. Corresponds to operating profit before depreciations and amortization expences.
EBIT:	Earnings before interest and taxes. Corresponds to operating result.
Currency neutral growth:	Compares this years 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

CONCEPTS AND ABBREVIATIONS	
VeriQ:	Medistim’s 3. Generation system platform
MiraQ:	Medistim’s 4. generation system platform
TTFM:	Transit time flow measurement
Vascular Surgery:	Surgery involving veins and arteries in the body except on the heart
CABG:	Coronary Artery Bypass Surgery
REQUEST:	Registry for Quality Assessment with Ultrasound imaging and TTFM in Cardiac Bypass surgery. A study initiated by Medistim ASA to collect data regarding the combined use of ultrasound imaging and TTFM.
HFUS:	High-frequency Ultrasound
CIDAC:	Comparison of intraoperative duplex ultrasound and angiography after Carotid Endarterectomy
NICE:	British National Institute for Health and Clinical Excellence; an organization that recommends standard of care within healthcare.
AATS:	The American Association for Thoracic Surgery
ESC:	European Society of Cardiology
STS:	Society for Thoracic Surgery- an American organization focusing on thoracic surgery
EACTS:	European Association for Cardio-Thoracic Surgery- a European organization focusing on Thoracic surgery
ASCVS:	Asian Society for Cardiovascular and Thoracic Surgery- an Asian organization focusing on cardiovascular surgery
ICC:	International Coronary Congress - an organization that focuses on CABG surgery
CEA:	Carotid Endarterectomy
CIDAC study:	Prospective Comparison of Duplex Ultrasound and Angiography for Intra-operatvie Completion Studies after Carotid Endarterectomy
ROMA-Women trial:	Randomized Comparison of the Outcomes of Single vs Multiple Arterial Grafts in Women

RECONSILIATION OF CURRENCY NEUTRAL REVENUE:	RATES 2023	RATES 2022
USD average rate for the year	**10,56**	9,61
EUR average rate for the year	**11,42**	10,10
GBP average rate for the year	**13,14**	11,87
DKK average rate for the year	**1,53**	1,36

SPLIT OF REVENUE IN USD, EUR AND NOK	2023	REVENUE 2022 WITH 2021 RATES
1 = NOK 1000		
Sales in USD		
Procedural revenue Imaging and flow	**100 611**	91 565
Capital sales MiraQ flowmeasurement instruments	**15 492**	14 099
Capital sales MiraQ imaging and flowmeasurement instrument	**35 566**	32 368
Flow measurement probes	**48 980**	44 576
Imaging probes	**8 374**	7 405
Sales in EUR		
MiraQ flowmeasurement instrument	**40 057**	35 421
MiraQ imaging and flowmeasurement instrument	**45 919**	40 605
Imaging probes	**7 858**	6 948
Flowmeasurement probes	**144 078**	127 404
Other	**-**	-
Revenue in USD and EUR	**446 935**	400 393
Revenue in NOK	**79 429**	79 429
Total revenue	**526 364**	**479 822**
Reconciliation of working capital:		
Accounts receivable in balance sheet at year end	**74 303**	101 657
Inventory in the balancesheet at year end	**145 391**	114 333
Accounts payable in balance sheet at year end	**-25 083**	-30 258
Working capital	**194 611**	**185 733**
Reconsiliation of profit before R & D and depreciation:		
EBITDA	**155 099**	164 539
Expensed R & D	**13 607**	14 476
Profit before R & D and depreciation:	**168 706**	**179 015**

Oslo, 21st March 2024

Board of Directors and CEO of Medistim ASA

Øyvin A. Brøymer
Chair
Sign.

Anna Ahlberg
Board member
Sign.

Anthea Arff-Pettersen
Board member
Sign.

Ole J. Dahlberg
Board member
Sign.

Jon H. Hoem
Board member
Sign.

Tove Raanes
Board member
Sign.

Lars Rønn
Board member
Sign.

Kari Eian Krogstad
President & CEO
Sign.

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Independent Auditor's Report

To the General meeting of Medistim ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Medistim ASA.

The financial statements comprise:	In our opinion:
• The financial statements of the parent Company, which comprise the balance sheet as at 31 December 2023, income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and • The financial statements of the Group, which comprise the balance sheet as at 31 December 2023, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.	• The financial statements comply with applicable statutory requirements, • The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. • The accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Medistim ASA for 14 years from the election by the general meeting of the shareholders in May 2009 for the accounting year 2009 with at renewed election in April 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How the key audit matter was addressed in the audit
Revenue recognition: The Group revenue recognition policy for sales in the United States of America (USA) is different from the policy applied for sales in the rest of the world. The Group's deliveries outside the USA entail regular sales of goods where revenue is recognized upon delivery. In the US market, there are different sales models. Both regular sales, operational leasing and a sales model based on payment in relation to the use of the equipment and consumables. Under the sales model based on use, equipment located at the end customer's premises is recognized as assets in the group's and parent company's balance sheet, and the value is amortized over the estimated useful life. Consumables are recognized upon delivery, unless they are an integrated part of the total delivery, making the consideration for the consumables variable. The difference between the sales models, and the complexity this causes in the accounting - including assessment of possible IFRS 15 effects - has led us to focus specifically on this during our audit. We refer to the Annual Report under note 1 and 2 to the consolidated financial statements.	We have assessed the appropriateness of management's revenue recognition policies and the application of these policies. Our work included review and evaluation of procedures and systems related to the Company and Group revenues. We have obtained an understanding of the relevant internal controls and tested these controls and performed additional tests to verify that the revenue recognition has been performed in accordance with the policies described. Further, we have assessed the adequacy of the description of the Group's policies for revenue recognition in the notes to the financial statements.

Other information

The Board of Directors and the Managing Director (management) are responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Directors' report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

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0121 Oslo
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Independent Auditor's Report

To the General meeting of Medistim ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Medistim ASA.

The financial statements comprise:	In our opinion:
• The financial statements of the parent Company, which comprise the balance sheet as at 31 December 2023, income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and • The financial statements of the Group, which comprise the balance sheet as at 31 December 2023, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.	• The financial statements comply with applicable statutory requirements, • The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. • The accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Medistim ASA for 14 years from the election by the general meeting of the shareholders in May 2009 for the accounting year 2009 with at renewed election in April 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Auditor's responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

BDO AS

Erik Lie
State Authorised Public Accountant
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