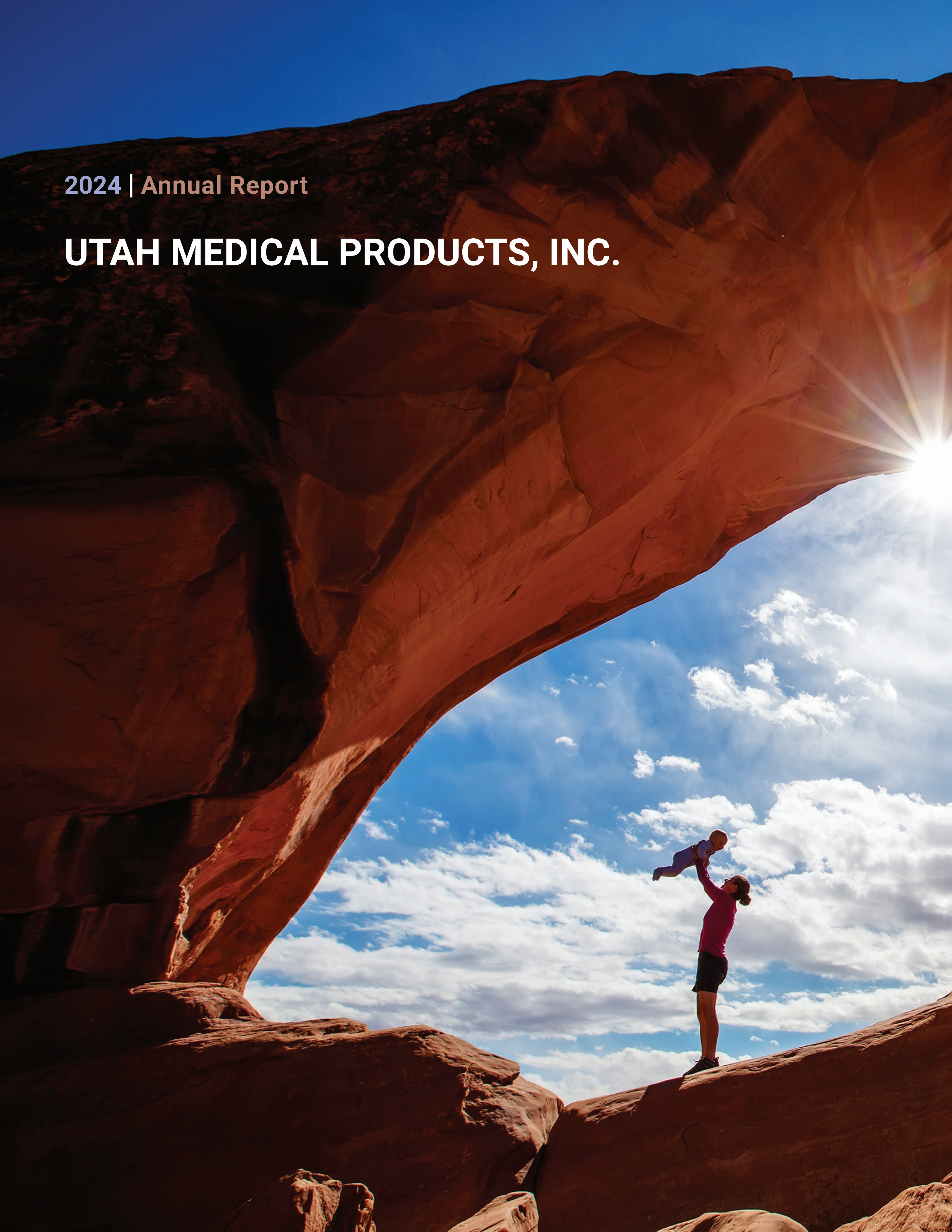
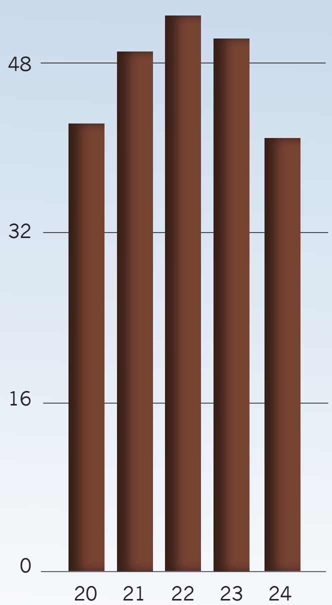
2024 | Annual Report

UTAH MEDICAL PRODUCTS, INC.

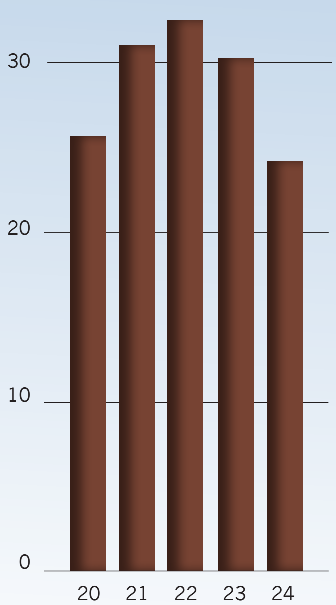


UTAH MEDICAL PRODUCTS, INC.

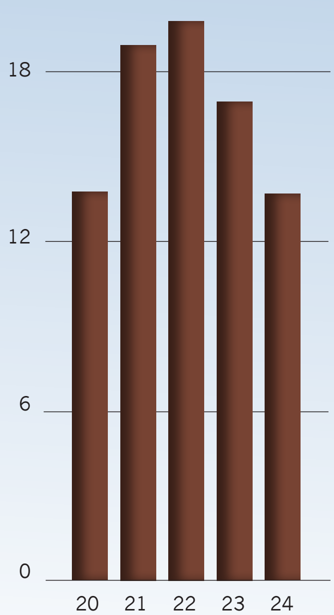
Utah Medical Products, Inc., with particular interest in health care for women and their babies, develops, manufactures and markets a broad range of disposable and reusable specialty medical devices recognized by clinicians in over one hundred countries around the world as the standard for obtaining optimal long term outcomes for their patients.



NET SALES
(millions of dollars)



GROSS PROFITS
(millions of dollars)



OPERATING PROFITS
(millions of dollars)

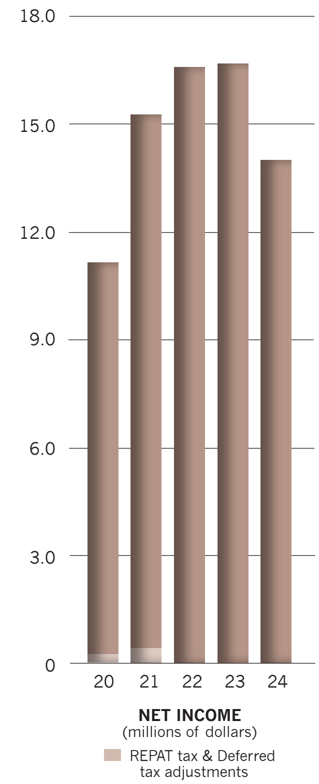
Consolidated Balance Sheet

(In thousands)

5 Year Summary of Operations

(In thousands, except per share amounts)

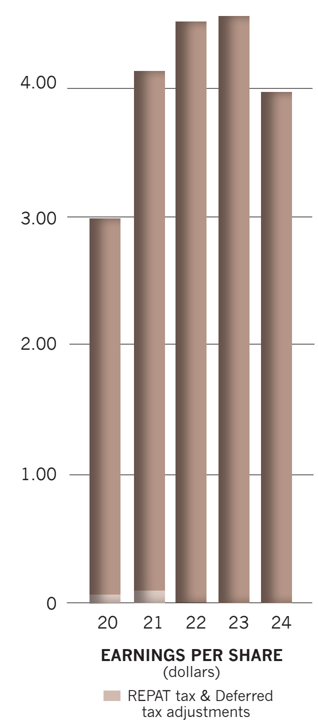
	2024	2023	2022	2021	2020
Net sales	$40,903	$50,224	$52,281	$49,054	$42,178
Net income – GAAP	13,874	16,635	16,473	14,788	10,798
Net income before REPAT tax & DTL adj's	*13,874*	*16,635*	*16,473*	*15,178*	*11,023*
Total assets	122,538	135,458	123,874	115,636	111,745
Stockholders' equity	117,427	128,313	114,254	107,138	102,822
Earnings per common share – GAAP (diluted)	$ 3.96	$ 4.57	$ 4.52	$ 4.04	$ 2.94
Earnings per common share before REPAT tax & DTL adj's (diluted)	*$ 3.96*	*$ 4.57*	*$ 4.52*	*$ 4.15*	*$ 3.00*
Cash dividends per share	$ 1.21	$ 1.19	$ 1.17	$ 2.86	$ 1.13
Weighted average common shares (diluted)	$ 3,503	3,637	3,643	3,660	3,672



Quarterly Income Statement Summaries

(In thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2024				
Net sales	$11,340	$10,400	$10,005	$9,157
Gross profit	6,766	6,253	5,802	5,323
Net income	3,956	3,453	3,563	2,902
Earnings per share	$ 1.09	$ 0.98	$ 1.03	$ 0.86
2023				
Net sales	$12,520	$12,866	$12,505	$12,333
Gross profit	7,843	7,739	7,359	7,098
Net income	4,214	4,200	3,935	4,287
Earnings per share	$ 1.16	$ 1.15	$ 1.08	$ 1.18
2022				
Net sales	$12,323	$13,428	$12,955	$13,575
Gross profit	7,533	8,151	8,186	8,327
Net income	3,534	4,103	4,280	4,555
Earnings per share	$ 0.96	$ 1.12	$ 1.18	$ 1.25



Message from the President

To UTMD Stockholders

Generally speaking, in every year, UTMD experiences ups and downs relative to its beginning of year expectations. Unfortunately, 2024 was a year of very few ups and a lot of downs. In addition, we did not release new products as anticipated or make an accretive acquisition that would have helped offset the decline in sales activity. Please accept my personal apology, which I think UTMD's loyal stockholders are due for 19% lower 2024 revenues compared to 2023.

For starters, we realized an expected steep decline in demand for biopharmaceutical manufacturing control devices from PendoTECH to $2.7 million in 2024 revenues from $8.6 million in the prior year, and from $11.6 million in 2022. We were not able to offset this loss with UTMD's own biopharma device direct sales to manufacturers as hoped, due to delays from stringent materials revalidation requirements, a post-COVID contraction in pharmaceutical manufacturing activity and the complexity of the Big Pharma supplier marketplace. We also knew from UTMD's China distributor of blood pressure monitoring kits that its annual blanket order was going to decline from six shipments in 2023 to only three in 2024, resulting in another $1.6 million in lower 2024 sales. But we did not expect outside the U.S. (OUS) distributor demand for UTMD's other devices excluding the Filshie Clip System to decline about 8%, almost $0.6 million, due to tighter OUS economic conditions which affect specialty device use, a new competing device for postpartum hemorrhage (PPH) control and a changing medical device regulatory regime in Europe. A new ballyhooed (which often initially accompanies new device ideas in the industry) vacuum-induced PPH control device which is much more expensive, not easier to use and no more effective than UTMD's intrauterine balloon tamponade (positive pressure) device, helped reduce BT-Cath® sales OUS by a quarter million USD. I believe that UTMD's early 2024 supply disruption for obtaining silicone which shut down balloon production and substantially delayed shipments may have helped some clinicians change to use the new device.

Despite the ongoing Filshie Clip System product liability litigation in the U.S., I did not expect Filshie device sales to decline in 2024. I was wrong. Domestic U.S. sales to medical facilities and OUS sales to distributors were both 15% lower, and direct sales OUS to medical facilities by UTMD subsidiaries were 9% lower in the aggregate, all of which totaled another $1.5 million lower 2024 sales compared to 2023. The good news is that litigation expenses in 2024 were quite a bit less than expected, because no cases have gone to trial. The bad news is that resolution is taking much longer than expected. As of March 2025, five cases have been thrown out via summary judgments, with five others dismissed prior to the summary judgment phase. Four more summary judgment motions are pending in federal courts around the country, with decisions on those expected in 2025. Other summary judgment motions will be filed in 2025 by UTMD after mandated discovery has been completed. UTMD and its able lawyers believe that they have convincing arguments to persuade the judges to throw out every case. But, in any case where a summary judgment motion is not considered completely persuasive by a judge, it would have to go to trial, which could be expensive. There have been no trials as yet, and UTMD has confidence that the chance of avoiding trial and continuing to win each case is significant.

There has been a several year clinical trend in some countries, most notably the U.S., Canada and Australia, for gynecologic surgeons to perform bilateral salpingectomies (complete removal of Fallopian tubes) and oophorectomies (removal of ovaries) instead of tubal ligation, based on the premise that ovarian cancer probably emanates from cells that transition through the tubes to the ovaries. This surgical approach to permanent sterilization is more costly, not more effective than tubal ligation, much more invasive in terms of removal of tissue, with more surgical procedure risk, and with unknown longer term unwanted complications or side effects. Filshie clips are easily applied over the Fallopian tubes and are immediately effective. They have been implanted in millions of patients over a time span of four decades: i.e., the empirical results and side effects are well known. Furthermore, there is informed clinical reporting that Filshie clips also provide the same prophylactic for future ovarian cancer. There are many methods of contraception, all of which have certain benefits as well as potential unwanted side effects. I believe that tubal ligation, with Filshie clips as the only such device on the market now that has a long- term record of being safe and effective, will continue to enjoy substantial demand, particularly after the unwarranted lawsuits are resolved and as patients become more accurately informed.

We were somewhat gratified, in spite of the lower 2024 revenues, that the Company was able to maintain excellent profitability in comparison to its peers in the industry by managing costs. More details on that are provided in the ensuing MD&A section of this report. Even at the lower level of sales, thanks to current and past cash generation, UTMD returned $24 million in value to stockholders in the form of cash dividends and share repurchases with year-ending cash balances declining just $10 million. We did this while retaining critical infrastructure that is owned, without debt, providing a platform which will leverage future performance as revenues grow in the opposite direction again. Sometimes, when circumstances are negative, the best course of action is to focus on positioning the Company for better times. That is the premise behind our share repurchases which continue.

Year 2025 is likely going to be another lower revenue year because even the remaining $2.7 revenues to PendoTECH in 2024 are likely to largely go away, and it will be hard to replace them. The SEC Form 10-K, to be filed before March 31, 2025, will provide the Company's 2025 projections looking forward.

From a more political perspective, the apparent pushback on WOKE identity and ESG standards is a welcome change. In the last four years in particular, UTMD was subjected to demands from entities which have no idea who we hire or what the essence of our ethics and sustainability programs is. Efforts to satisfy were a waste of time for management and clearly dilutive to UTMD stockholders' long-term interest. For the record, UTMD has a preponderance of non-white employees who we hire and promote based on competence, not quotas.

The recent pushback on changing medical device regulations in Europe is another plus. Requiring clinically well-accepted devices used safely for decades to be rigorously reapproved every few years ignores the obvious outcome that millions in dollars in additional regulatory cost will cause devices with specialized applications with only thousands of dollars in revenues to no longer be available to patients who need them.

Finally, it would be nice to realize some pushback to a U.S. tort system that allows plaintiff lawyers to troll across the country under false pretenses in hopes of finding an ill-informed judge and/or sympathetic jury to hand them a monetary windfall victory.

Sincerely,

Kevin L. Cornwell
Chairman & CEO

Management's Discussion and Analysis

Currency amounts are in thousands except per-share amounts and where noted. Currencies are abbreviated as follows: the U.S. Dollar (USD or $), the Great Britain Pound (GBP or £), the Euro (EUR or €), the Australian Dollar (AUD or A$), the New Zealand Dollar (NZD) and the Canadian Dollar (CAD or C$).

The following comments should be read in conjunction with the accompanying financial statements.

Overview

In 2024, income statement measures of Utah Medical Products, Inc. (Nasdaq: UTMD) consolidated financial performance were substantially lower than in 2023, as follows.

Consolidated Income Statement	2024	2024 Compared to 2023	2023
Worldwide Revenues	$40,903	(18.6%)	$50,224
Gross Profit	24,143	(19.6%)	30,038
Operating Income	13,594	(19.0%)	16,777
Earnings Before Income Tax	16,802	(16.4%)	20,089
Net Income (US GAAP)	13,874	(16.6%)	16,635
Earnings Per Share (US GAAP)	$ 3.961	(13.4%)	$ 4.574

Despite 19% lower sales, profit margins in 4Q and year 2024 held up compared to 4Q and year 2023, for reasons described later in this report:

	4Q 2024 (Oct—Dec)	4Q 2023 (Oct—Dec)	2024 (Jan—Dec)	2023 (Jan—Dec)
Gross Profit Margin (GP/ sales):	58.1%	57.6%	59.0%	59.8%
Operating Income Margin (OI/ sales):	32.0%	32.0%	33.2%	33.4%
Income Before Tax Margin (EBT/ sales):	39.5%	40.7%	41.1%	40.0%
Net Income Margin (NI/ sales):	31.7%	34.8%	33.9%	33.1%

Because revenue results for any given three-month period in comparison with a previous three-month period are not indicative of comparative results for the year as a whole, UTMD believes that investors should focus primarily on the annual results in 2024. The $9.3 million consolidated worldwide (WW) decline in annual revenues in 2024, which drove income statement results overall, can be aggregated in the three following categories:

Revenue Category:		2024 Sales [million $]	2023 Sales [million $]	Decline [million $]	Portion of Total Decline
1)	PendoTECH OEM	2.7	8.6	(5.9)	64%
2)	OUS Distributors (excluding Filshie)	8.7	10.8	(2.1)	22%
3)	WW Filshie	10.8	12.3	(1.5)	16%
	Total Above:	22.2	31.7	(9.5)	102%
	Above % of Total Below:	54%	63%	102%	
	Total Consolidated WW Revenues:	40.9	50.2	(9.3)	100%

The OUS (Outside the U.S.) Distributor category (item 2 above) included UTMD's China distributor for blood pressure monitoring kits for which 2024 shipments were $2.4 million compared to $4.0 million in 2023, representing $1.6 million (75%) of the $2.1 million decline in OUS Distributor revenue (excluding Filshie OUS distributors).

The decline in WW Filshie device revenues (item 3 above) can be divided into three parts:

Filshie Device Sales	2024 Sales [million $]	2023 Sales [million $]	Revenue Decline [million $]	2024 Revenue Decline from 2023
Domestic Direct (to U.S. medical facilities)	4.0	4.8	(0.8)	(15%)
OUS Direct (to medical facilities outside U.S.)	5.3	5.8	(0.5)	(9%)
OUS distributors	1.5	1.7	(0.2)	(14%)
Total Filshie Revenues:	10.8	12.3	(1.5)	(12%)

OUS Direct Filshie revenues were sales by UTMD subsidiaries directly to medical facilities in the UK, France, Ireland, Canada, Australia and New Zealand. Foreign currency exchange (FX) rate changes had a minimally positive impact on 2024 USD revenues compared to 2023.

Despite additional cost-of-living adjustments for employees in 2024 and continued inflation in raw material costs, UTMD was nevertheless able to maintain its Gross Profit margin in 2024 by reducing manufacturing personnel, including closing down the assembly swing shift in Utah. The $1.6 million lower sales to UTMD's China distributor for blood pressure monitoring kits, $1.3 million of which decline occurred in 4Q 2024 alone, actually helped UTMD's average Gross Profit margin as that sales category has the lowest margin in UTMD's business.

UTMD's Operating Income margin was essentially the same in both years, despite retaining its critical mass of sales and marketing (S&M), product development (R&D) and general and administrative (G&A) resources at a higher cost. This occurred because the 2023 $3,684 G&A expense from amortization of the $21 million identifiable intangible asset (IIA) associated with UTMD's 2019 purchase of CooperSurgical Inc's (CSI's) exclusive right to distribute the Filshie Clip System in the U.S., which was zero in 2024, offset the slightly lower Gross Profit margin as well as higher litigation expenses also captured in G&A expense.

On the other hand, non-operating income was lower than in the prior year as a result of a new excise tax levied on share repurchases in the U.S. and the fact that UTMD Ltd in Ireland received $232 less income

Consolidated Balance Sheet

(In thousands)

December 31,	2024	2023
Assets		
Current assets:		
Cash	$ 82,976	$ 92,868
Accounts and other receivables, net (note 2)	4,094	3,391
Inventories (note 2)	8,812	9,582
Prepaid expenses and other current assets	448	428
Total current assets	96,330	106,269
Property and equipment, net (notes 4 and 10)	9,763	10,551
Goodwill	13,580	13,692
Other intangible assets (note 2)	53,772	54,296
Other intangible assets — accumulated amortization	(50,907)	(49,350)
Other intangible assets — net (note 2)	2,865	4,946
Total assets	$ 122,538	$ 135,458
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 696	$ 769
Accrued expenses (note 2)	3,061	3,941
Total current liabilities	3,757	4,710
Long term lease liability	282	295
Long term income tax payable (REPAT tax) (note 7)	—	698
Deferred tax liability - intangible assets	603	1,120
Deferred income taxes (note 7)	469	322
Total liabilities	5,111	7,145
Commitments and contingencies (notes 6 and 12)	—	—
Stockholders' equity:		
Common stock, $.01 par value; 50,000 shares authorized, 3,335 shares issued and outstanding in 2024 and 3,630 shares in 2023	33	36
Accumulated other comprehensive loss	(11,908)	(10,658)
Additional paid-in capital	—	594
Retained earnings	129,302	138,341
Total stockholders' equity	117,427	128,313
Total liabilities and stockholders' equity	$ 122,538	$ 135,458

See accompanying notes to financial statements.

Management's Discussion and Analysis *(continued)*

in 2024 from renting unused warehouse space. EPS benefited from UTMD repurchasing over 8% of its shares during the year.

Foreign currency exchange (FX) rates for Balance Sheet purposes are the applicable rates at the end of each reporting period. The FX rates from the applicable foreign currency to USD for assets and liabilities at the end of calendar year 2024 compared to the end of 2023 and the end of 3Q 2024 follow:

	12-31-24	12-31-23	Change	9-30-24	Change
GBP	1.25209	1.27386	(1.7%)	1.33958	(6.5%)
EUR	1.03505	1.10593	(6.4%)	1.11429	(7.1%)
AUD	0.61834	0.68248	(9.4%)	0.69312	(10.8%)
CAD	0.69428	0.75733	(8.3%)	0.73987	(6.2%)

Despite $4,260 in stockholder dividends and $19,968 in share repurchases in 2024, which reduced both cash and Stockholders' Equity, measures of the Company's liquidity and overall financial condition remained strong as of the end of 2024 compared to the end of 2023. Despite year-end working capital declining $8,985, the Company's current ratio improved to 25.6 at the end of 2024 from 22.6 at the end of 2023. As a result of continued strong positive cash flow from normal operations, 2024 year-end Stockholders' Equity declined just $10,886 despite the $24,228 share repurchases and cash dividends. In comparison, UTMD paid $4,282 in stockholder cash dividends and made no share repurchases in 2023. The Company also used $231 in cash in 2024 along with $639 in 2023 to invest in new manufacturing equipment and fixtures, as well as maintaining existing Property, Plant and Equipment (PP&E) in good working order. Two-year net capital expenditures for PP&E were $511 less than depreciation.

Productivity of Fixed Assets and Working Capital Assets.

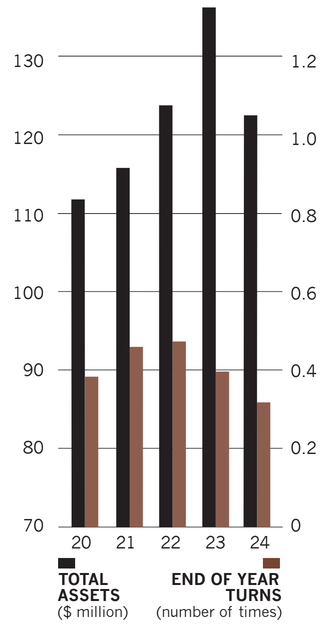
Assets. Year-end 2024 total consolidated assets were $122,538 comprised of $96,330 in current assets, $9,763 in consolidated net PP&E and $16,445 in net intangible assets. This compares to $135,458 total assets at the end of 2023 comprised of $106,269 in current assets, $10,551 in consolidated net PP&E and $18,637 in net intangible assets. Total asset turns (total consolidated sales divided by average total assets for the year) in 2024 were 32% compared to 39% in 2023, reflecting the large decrease in sales.

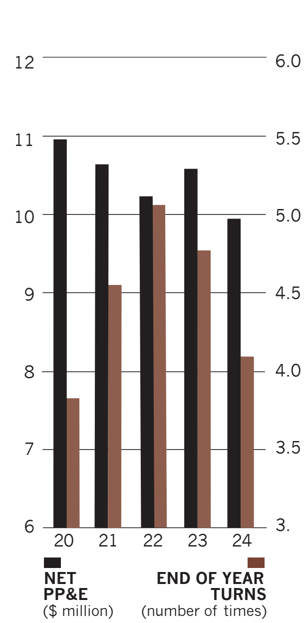
Current assets decreased $9,938 due to the $9,892 decrease in year-end cash and investments and $770 lower inventories, offset by $704 higher accounts and other receivables and $20 higher other current assets. Year-end 2024 and 2023 cash and investment balances were $82,976 and $92,869, representing 68% and 69% of total assets, respectively. Net (after allowance for doubtful accounts) year-end trade accounts receivable (A/R) balances were $760 higher at the end of 2024 compared to 2023, despite 4Q 2024 sales $3,176 lower than in 4Q 2023. Ending 2024 average days in A/R were 40 based on 4Q trade sales, instead of 24 days at the end of 2023. A/R over 90 days from invoice date increased from 3.3% of total A/R at the end of 2023 to 6.4% at the end of 2024. The Company believes any older A/R will be collected or are within its reserve balances for uncollectible amounts. Inventories net of reserves for obsolescence at 2024 year-end were 8% lower from the end of 2023.

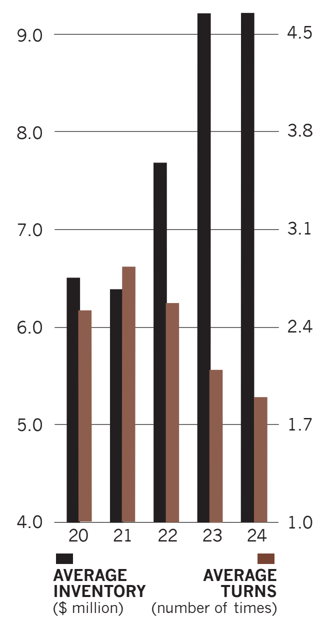
Working capital (current assets minus current liabilities) at year-end 2024 was 9% lower at $92,574 compared to $101,559 at year-end 2023, primarily due to using $19,968 cash for share repurchases. The end of 2024 working capital exceeds UTMD's needs for normal operations in an uncertain economic environment, funding of future organic growth and timely payment of accrued tax liabilities. Management believes that, despite the negative impact on Return on Stockholders' Equity, retaining a high cash balance increases its likelihood of being able to allow for substantial funding of any future accretive acquisition without diluting stockholder interest, as well as repurchase of UTMD shares while paying a consistent dividend, and will leverage stockholder value in the long term.

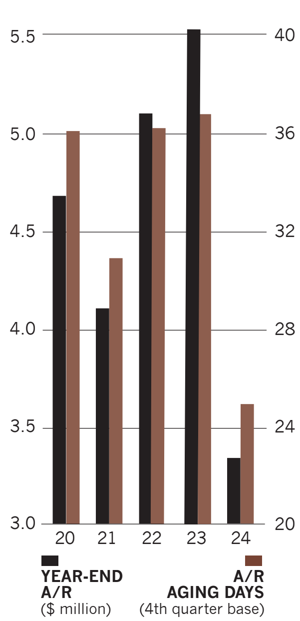
December 31, 2024 net $9,763 total PP&E includes Utah, Ireland and England manufacturing molds, production tooling and equipment, test equipment, and product development laboratory equipment. In addition, PP&E includes computers and software, warehouse equipment, furniture and fixtures, facilities and real estate for all five locations in Utah, Ireland, UK, Canada and Australia. Manufacturing facilities in Utah, Ireland and the UK are standalone buildings with a combined 220,000 square feet on 15 acres of land. The distribution facilities in Australia and Canada with a combined 8,000 square feet are part of larger industrial condominiums. Management estimates the fair market value of the five owned facilities to be at least $35 million excluding the contents, the fungible value of which increases stockholder enterprise value relative to most of UTMD's industry peers which lease their facilities.

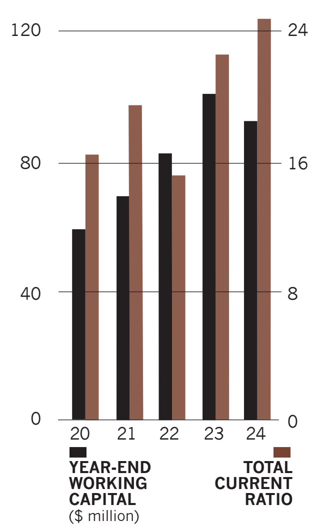
Compared tto the end of 2023, ending 2024 net consolidated PP&E (depreciated book value of all fixed assets) declined $789 as a result of the combination of capital expenditures of $231,

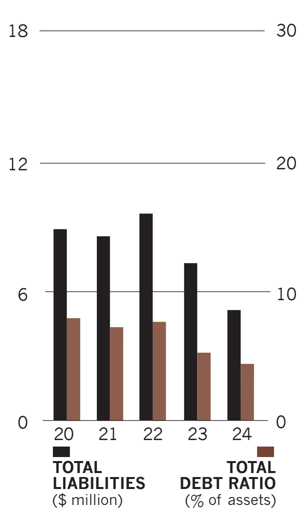












depreciation of $730 and the effect of foreign currency exchange (FX) rates on year-end foreign subsidiary asset balances as OUS fixed assets were depreciated further by a stronger USD.

The following end-of-year FX rates to USD were applied to assets and liabilities of each applicable foreign subsidiary:

	12-31-24	12-31-23
EUR	1.0351	1.1059
GBP	1.2521	1.2739
AUD	0.6183	0.6825
CAD	0.6943	0.7573

The year-end 2024 net book value (after accumulated depreciation) of consolidated PP&E was 29% of purchase cost. End-of-year PP&E turns (Net Sales divided by Net PP&E) was 4.2 in 2024 compared to 4.8 in 2023 due to 19% lower 2024 sales together with lower USD asset values of foreign subsidiaries. A future leverage in productivity of fixed assets which will not have to be further increased to support new business activity will be a source of incremental profitability.

Net intangible assets (after accumulated amortization) are comprised of the capitalized costs of obtaining patents and other intellectual property, as well as the value of identifiable intangible assets (IIA) and goodwill resulting from acquisitions. Net intangible assets were $16,445 (13% of total assets) at the end of 2024 compared to $18,637 (14% of total assets) at the end of 2023. Per US GAAP, intangible assets are categorized as either 1) IIA, which are amortized over the estimated useful life of the assets, or 2) goodwill, which is not amortized or expensed until the associated economic value of the acquired asset becomes impaired. Those two categories of Femcare intangibles at year-end 2024 were net IIA of $2,415 and goodwill of $6,389. The accumulated amortization of Femcare IIA as of December 31, 2024 since the March 18, 2011 acquisition was $27,632. The remaining Femcare IIA will be fully amortized in March 2026. The goodwill portion of intangible assets resulting from the Femcare acquisition, which is not amortized, decreased $111 due to a weaker GBP at year-end, i.e. the different FX rate on fixed goodwill in GBP terms. In early 2019, UTMD acquired an additional $21,000 IIA from the purchase of the remaining life of exclusive U.S. distribution rights for the Filshie Clip System from CSI, all of which was amortized before the end of 2023. UTMD's goodwill balance from prior acquisitions including Femcare, Columbia Medical, Gesco and Abcorp was $13,580 at the end of 2024.

Management's Discussion and Analysis *(continued)*

Because the products associated with UTMD's acquisitions of Columbia Medical in 1997, Gesco in 1998, Abcorp in 2004 and Femcare in 2011 continue to be viable parts of UTMD's overall business, UTMD does not expect the current goodwill value associated with the four acquisitions to become impaired in 2025. Amortization of IIA was $2,065 in 2024 compared to $5,692 in 2023. The difference was mainly due to the CSI IIA becoming fully-amortized in October 2023, resulting in $3,684 lower 2024 operating expense. In other words, the 2024 non-cash amortization expense of CSI IIA was zero compared to $3,684 in 2023. The Femcare IIA amortization expense was the same in both 2024 and 2023 at £1,589. But because of a difference in FX rates, the 2024 non-cash amortization expense of Femcare IIA was $2,030 compared to $1,977 in 2023. The 2025 non-cash amortization expense (included as part of consolidated G&A operating expenses) of Femcare IIA will also be £1,589.

Liabilities. As a reminder, payments for the Federal and State repatriation (REPAT) tax liability which resulted from the U.S. TCJA enacted in 2017 were 8% of the respective tax liability per year for the first five years, 15% in the sixth year, 20% in the seventh year and will be 25% in the eighth year. UTMD's total REPAT tax liability was $2,792. Calendar year 2025 represents the eighth year, so $698 is the current liability at 25% of the total liability, the final payment year.

Year-end 2024 current liabilities were $953 lower than at the end of 2023 despite the $140 higher REPAT tax current liability for the ensuing year. Ending accrued liabilities were $1,020 lower due primarily to a $619 lower consolidated accrued income tax liability, $135 lower accrued employee profit-sharing bonuses, a $146 lower litigation expense reserve and $238 lower customer deposits. Total liabilities were $2,034 lower at the end of 2024 compared to the end of 2023. The resulting 2024 year-end total debt ratio (total liabilities/ total assets) was just 4% compared to 5% at the end of 2023. UTMD has no bank debt.

The year-end 2024 Deferred Tax Liability balance created as a result of the fifteen-year deferred tax consequence of the amortization of Femcare's IIA was $604, down from $1,120 at the end of 2023. The difference in the $516 book decline compared to the $508 tax effect of 25% (current UK tax rate) times $2,031 in 2024 amortization of Femcare IIA was due to the difference in the GBP FX rate on the remaining DTL balance at the end of 2024 as well as the USD/GBP currency exchange conversion of the IIA amortization during 2024. In addition to liabilities stated on the balance sheet, UTMD has operating lease and purchase obligations described in Note 14 and Note 12, respectively, to the financial statements.

Results of Operations

a) Revenues. Under accounting standards applicable for 2024, the Company believed that revenue should be recognized at the time of shipment as title generally passes to the customer at the time of shipment, or completion of services performed under contract. Revenue recognized by UTMD is based upon documented arrangements and fixed contracts in which the selling price is fixed prior to acceptance and completion of an order. Revenue from product or service sales is generally recognized at the time the product is shipped or service completed and invoiced, and collectability is reasonably assured. Over 99% of UTMD's revenue is recognized at the time UTMD ships a physical device to a customer's designated location, where the selling price for the item shipped was agreed prior to UTMD's acceptance and completion of the customer order. There are no post-shipment obligations which have been or are expected to be material to financial results.

There are circumstances under which revenue may be recognized when product is not shipped, which have met the criteria of ASC 606: the Company provides engineering services, for example, design and production of manufacturing tooling that may be used in subsequent UTMD manufacturing of custom components for other companies. This revenue is recognized when UTMD's service has been completed according to a fixed contractual agreement.

Terms of sale are established in advance of UTMD's acceptance of customer orders. In the U.S., Ireland, UK, France, Australia, New Zealand and Canada, UTMD generally accepts orders directly from and ships directly to end-user clinical facilities, as well as third party medical/surgical distributors, under UTMD's Standard Terms and Conditions (T&C) of Sale. About 14% of UTMD's 2024 domestic end-user sales went through third party med/surg distributors which contract separately with clinical facilities to provide purchasing, storage and scheduled delivery functions for the applicable facility. UTMD's T&C of Sale to end-user medical facilities are substantially the same in the U.S., Canada, Ireland, UK, France, Australia and New Zealand.

UTMD may allow separate discounted pricing agreements with a specific clinical facility or group of affiliated facilities based on volume of purchases. Pricing agreements which are documented arrangements with clinical facilities, or groups of affiliated facilities, if applicable, are established in advance of orders accepted or shipments made. For existing customers, past actual shipment volumes typically determine the fixed price by part number for the next agreement period. For new customers, the

Consolidated Statement of Income and Comprehensive Income

(In thousands)

Years ended December 31,	2024	2023	2022
Sales, net (notes 1, 3, 9 and 11)	$ 40,903	$ 50,224	$ 52,281
Cost of goods sold	16,760	20,186	20,085
Gross profit	24,143	30,038	32,196
Operating expense:			
Sales and marketing	1,901	1,685	1,507
Research and development	813	560	493
General and administrative	7,835	11,016	10,406
Operating income	13,594	16,777	19,790
Other income (expense):			
Dividend and interest income	3,367	3,036	661
Royalty income (note 12)	15	20	20
Other, net	(174)	256	188
Income before provision for income taxes	16,802	20,089	20,659
Provision for income taxes (note 7)	2,928	3,454	4,186
Net income	$ 13,874	$ 16,635	$ 16,473
Earnings per common share (basic) (note 1):	$ 3.96	$ 4.58	$ 4.53
Earnings per common share (diluted) (note 1):	$ 3.96	$ 4.57	$ 4.52
Other comprehensive income (loss):			
Foreign currency translation net of taxes of $0 in all periods	$ (1,249)	$ 1,381	$ (2,986)
Total comprehensive income	$ 12,625	$ 18,016	$ 13,487

See accompanying notes to financial statements.

Management's Discussion and Analysis

customer's best estimate of volume is usually accepted by UTMD for determining the ensuing fixed prices for the agreement period. Prices are not adjusted after an order is accepted. For the sake of clarity, the separate pricing agreements with clinical facilities based on volume of purchases disclosure is not inconsistent with UTMD's disclosure above that the selling price is fixed prior to the acceptance of a specific customer order.

UTMD's global consolidated trade sales are comprised of domestic and OUS sales. Domestic sales in 2024 included 1) direct domestic sales, sales of finished devices to end-user facilities and med/surg distributors in the U.S., and 2) domestic OEM sales, sales of components or finished products, which may not be medical devices, to other companies for inclusion in their products. OUS sales are export sales from UTMD in the U.S. to customers outside the U.S. invoiced in USD, and sales from UTMD subsidiaries in Ireland, Canada, Australia and the UK which may be invoiced in EUR, GBP, CAD, AUD, NZD or USD. The term "trade" means sales to customers which are not part of UTMD. Each UTMD manufacturing entity had 2024 intercompany sales of components and/or finished devices to other UTMD entities.

The following table shows the 2024 USD-denominated revenues by sales channel compared to 2023. Because domestic sales in foreign countries were invoiced in native currencies, the comparison in USD terms includes the change in foreign currency translation (FX) rates. In other words, just the FX rate relative to the USD in 2024 compared to 2023 reduced Canada domestic sales by 1.3% and Australia sales by 0.9%. On the other hand, the FX rate difference increased Ireland domestic sales by 0.4%, UK domestic sales by 2.8% and France domestic sales by 0.1%.

Revenue [USD denominated]	**2024**	**2024** Compared to **2023**	**2023**
U.S. domestic (excluding OEM)	$18,855	(4.6%)	$19,758
Canada domestic	955	(13.4%)	1,102
Ireland domestic	544	+7.0%	508
UK domestic	3,420	+3.0%	3,320
France domestic	1,092	(17.2%)	1,318
Australia domestic	866	(17.5%)	1,050
Subtotal, Direct to End-User:	$25,732	(4.9%)	$27,056
All Other OUS (Sales to Int'l Distributors)	10,582	(28.1%)	14,722
U.S. OEM Sales	4,589	(45.7%)	8,446
Worldwide Revenues	$40,903	(18.6%)	$50,224

In summary, UTMD total worldwide (WW) consolidated USD sales in 2024 at $40,903 were $9,321 (18.6%) lower than in 2023 at $50,224. The decline essentially resulted from the fact that 2024 WW shipments by UTMD to its largest OEM customer were $5,938 (68.8%) lower. Total U.S. domestic sales including OEM were $4,759 (16.9%) lower in 2024 at $23,444 compared to $28,204 in 2023. OUS sales including sales to foreign distributors were $4,562 (20.7%) lower at $17,458 compared to $22,020 in 2023. Constant currency OUS sales were 21.2% lower.

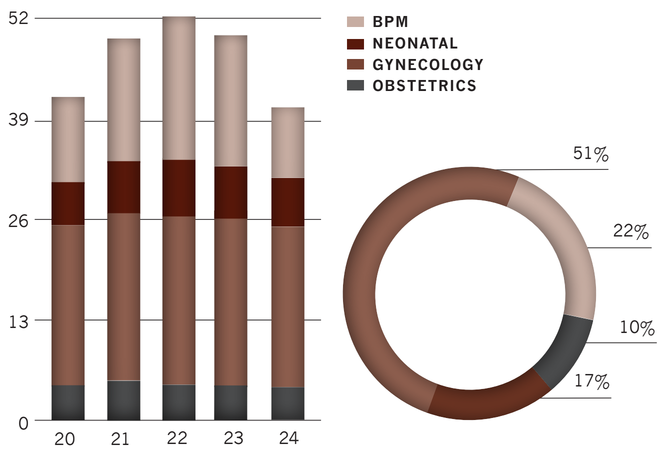
Domestic Sales. Domestic U.S. sales in 2024, which were $4,759 (16.9%) lower than in 2023, were $23,444 (57.3% of total consolidated sales) compared to $28,204 (56.2% of total sales) in 2023. All three categories of domestic sales were lower, led by U.S. OEM sales which were $3,857 (45.7%) lower than in 2023. Domestic sales to UTMD's biopharma OEM customer PendoTECH were $4,157 (64.7%) lower. Aggregate sales to 133 other U.S. OEM customers were $300 higher. Domestic Filshie device sales, representing 17.3% of total domestic sales, were $729 (15.3%) lower in 2024 compared to 2023.

Direct device sales other than Filshie, representing 63.2% of total domestic sales, were $173 (1.2%) lower in 2024 than in 2023. UTMD expects 2025 domestic direct sales of its well-established devices to increase at a low single-digit percentage rate.

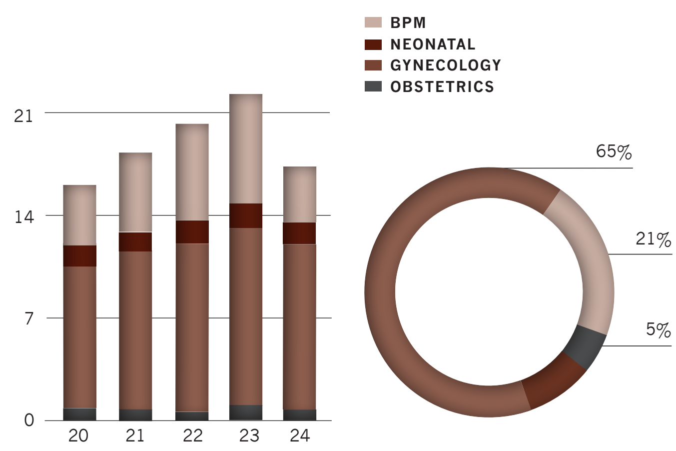
Filshie 2024 sales in the U.S., which represented 17% of domestic direct sales, declined $729 (15%) compared to 2023. Although a partial change in practice favoring salpingectomies over tubal ligation for permanent sterilization has continued, an article in the "Green Journal" of the American College of Obstetrics and Gynecology lamented to physician members that patients are tending to rely more on social media than on informed input from their own doctors to make clinical choices. Consequently, there appears to be some negative impact on patient choice as a result of attorneys advertising for complainants under false pretenses on social media, which underscores the importance of winning the current product liability lawsuits. Nevertheless, UTMD expects U.S. Filshie device sales in 2025 will not decline as much as happened in 2024, based on the well-established safety and effectiveness of the device.

Domestic OEM sales in 2024 were $3,857 (45.7%) lower than in 2023, representing 20% of total U.S. domestic sales compared to 30% in 2023. UTMD sold components and finished devices to 134 different U.S. companies in 2024 compared to 129 companies in 2023 for use in their product-market offerings. Sales to 133 OEM customers excluding PendoTECH were $300 (+15%) higher. U.S. sales to PendoTECH were $4,157 (65%) lower. UTMD's largest

PRODUCT LINE SALES BY SALES CHANNEL



REVENUE
BY PRODUCT LINE
(percent of sales)



OUTSIDE THE U.S. SALES
BY PRODUCT LINE
(millions of dollars)

OEM customer markets biopharmaceutical manufacturing control systems which previously exclusively utilized UTMD's pressure monitoring sensors and other components. The good news is that domestic sales to PendoTECH in 2024 were $2,266. The bad news, looking forward to 2025, is that UTMD expects domestic demand from this customer may decline another $2 million as it continues to integrate manufacturing of its own marketed products.

OUS USD-denominated sales in 2024 were $4,562 (20.7%) lower at $17,458 compared to $22,020 in 2023. Sales invoiced in foreign currencies, which were $12,911 when converted to USD, represented 74% of OUS sales and 32% of consolidated total sales. The stronger GBP and EUR currencies added $113 in net OUS USD-denominated foreign currency sales compared to USD sales using the prior year's foreign currency exchange (FX) rates (constant currency terms). FX rates for income statement purposes are transaction-weighted averages. The weighted-average FX rates from the applicable foreign currency to USD during 2024 and 2023 for revenue purposes follow:

	2024	2023	Change
GBP	1.2772	1.2428	+2.8%
EUR	1.0846	1.0808	+0.4%
AUD	0.6600	0.6660	(0.9%)
CAD	0.7313	0.7409	(1.3%)

The combined weighted-average favorable FX impact on 2024 OUS sales was 0.7% (+0.3% of total consolidated 2024 sales). In constant currency terms, OUS sales in 2024 were 21.2% lower than OUS sales in 2023. The portion of OUS sales invoiced in foreign currencies in USD terms was 32% of total consolidated 2024 USD sales compared to 30% in 2023. Including the impact of changed FX rates, OUS 2024 direct to end-user sales in USD terms were 7% higher in Ireland, 13% lower in Canada, 17% lower in France and 3% higher in the UK. Direct to end-user sales in Australia, which included New Zealand, were 18% lower. USD denominated sales to OUS distributors were $2,359 (18.9%) lower in 2024 than in 2023.

Seventy-four percent of (USD denominated) 2024 OUS sales were invoiced in foreign currencies compared to 68% in 2023. As a portion of total USD WW consolidated sales, 32% of UTMD's USD-equivalent sales were invoiced in foreign currencies in 2024 compared to 30% in 2023. The GBP, EUR, AUD and CAD converted sales represented 9%, 18%, 2% and 2% of total 2024 consolidated USD sales, respectively. This compares to 8%, 18%, 2% and 2% of total 2023 USD sales.

USD-denominated trade (excludes intercompany) sales of devices to OUS customers (excluding France) by UTMD's Ireland facility (UTMD Ltd) were $7,081 in 2024 (34% lower) compared to $10,686 in 2023. Explaining 93% of the decline, Ireland OUS sales to PendoTECH were $1,781 (81%) lower and sales to UTMD's largest distributor of BPM kits located in China were $1,587 (40%) lower. In addition, UTMD Ltd also sold devices that it had manufactured directly to France in 2024 due to BREXIT, rather than by Femcare in the UK. USD-denominated sales to France in 2024 were $1,092 (17% lower) compared to $1,319 in 2023. The FX rate difference in 2024 relative to 2023 increased Ireland's USD-denominated sales by $38.

In 2024, UTMD's UK subsidiary, Femcare Ltd., had $3,470 trade sales of devices to domestic UK and certain international distributor customers, which was 4% higher compared to

Management's Discussion and Analysis *(continued)*

$3,347 in 2023. The FX rate difference increased the UK's USD-denominated sales in 2024 by $91.

USD-denominated sales of devices to end-users in Australia and New Zealand by Femcare's Australia distribution subsidiary (Femcare Australia Pty Ltd) were $866 (18% lower) in 2024 compared to $1,050 in 2023. A weaker AUD in 2024 reduced USD-denominated Australia sales by $8.

UTMD's Canada distribution subsidiary (Utah Medical Products Canada, Inc.) USD-denominated sales of devices to end-users in Canada in 2024 were $955 (13% lower) compared to $1,102 in 2023. A weaker CAD reduced Canada sales by $13.

UTMD groups its revenues into four general product categories: 1) obstetrics, comprised of labor and delivery management tools for monitoring fetal and maternal well-being, for reducing risk in performing difficult delivery procedures and for improving clinician and patient safety; 2) gynecology/ electrosurgery/ urology, comprised of tools for gynecological procedures associated primarily with cervical/ uterine disease including LETZ, endometrial tissue sampling, transvaginal uterine sonography, diagnostic laparoscopy, surgical contraception and other MIS procedures; specialty excision and incision tools; conservative urinary incontinence therapy devices; and urology surgical procedure devices; 3) neonatal critical care, comprised of devices that provide developmentally-friendly care to the most critically ill babies, including providing vascular access, enteral feeding, administering vital fluids, oxygen therapy while maintaining a neutral thermal environment, providing protection and assisting in specialized applications; and 4) blood pressure monitoring/ accessories/ other, comprised of specialized transducers and components as well as molded parts and assemblies sold on an OEM basis to other companies. In these four categories, UTMD's primary revenue contributors enjoy significant brand awareness by clinical users.

Global revenues by product category	**2024**	**%**	**2023**	**%**
Obstetrics	$ 4,260	10	$ 4,592	9
Gynecology/ Electrosurgery/ Urology	20,707	51	22,300	44
Neonatal	6,869	17	6,863	14
Blood Pressure Monitoring and Accessories*	9,067	22	16,469	33
Total:	$40,903	100	$50,224	100

OUS revenues by product category	**2024**	**%**	**2023**	**%**
Obstetrics	$ 821	5	$ 1,041	5
Gynecology/ Electrosurgery/ Urology	11,390	65	11,992	54
Neonatal	1,523	9	1,678	8
Blood Pressure Monitoring and Accessories*	3,724	21	7,309	33
Total:	$17,458	100	$22,020	100

**includes molded components and finished medical and non-medical devices sold to OEM customers.*

Looking forward to 2025 revenues: WW sales to PendoTECH, UTMD's largest OEM customer, which were $2.7 million in 2024, declined from $8.6 million in 2023 and from $11.6 million in 2022. Since the current order backlog from PendoTECH for shipments in 2025 is just $151, not expecting additional orders, PendoTECH revenues may be an additional $2.5 million lower in 2025 compared to 2024. WW Filshie revenues declined to $10.8 million in 2024 from $12.3 million in 2023. Although a further decline in the U.S is expected in 2025 while lawsuits are unresolved, UTMD expects that increases OUS will offset that and 2025 Filshie revenues will be about the same as in 2024. UTMD's largest OUS distributor located in China, representing $2.4 million in 2024 sales of BPM kits manufactured in Ireland, has placed its annual order for 2025 which is the same as in 2024. Expecting some low single-digit increases in UTMD's remaining established business as well as initial modest direct sales of biopharma pressure sensors, not including release of any new products or price increases, management is projecting an overall revenue decrease of about $2 million (about 5%) in 2025 compared to 2024.

Gross Profit (GP). UTMD's 2024 consolidated GP, the surplus after subtracting costs of manufacturing, which includes purchasing and transporting raw materials, forming components, assembling, inspecting, testing, packaging and sterilizing products, from net revenues, was $24,143 (59.0% of sales) compared to $30,038 (59.8% of sales) in 2023. GP in 2024 was $5,895 (19.6%) lower with an 18.6% decrease in revenues.

The Gross Profit Margin (GPM), which is GP divided by sales, although still healthy, contracted 0.8 percentage points in 2024 due to the fact that many fixed manufacturing overhead costs increased while sales decreased. While the 2024 GP margin decline was less than projected in UTMD's 2023 SEC Form 10-K, a further overhead margin dilution effect is expected in 2025 because management has decided to not reduce important manufacturing overhead resources in the same proportion as the expected 2025 decline in sales. Doing so would limit future UTMD capabilities to grow the Company. Although supplier costs for raw materials have continued to increase and the Company implemented further cost-of-living salary adjustments during 2024 for employees, management expects to be able to control the productivity of variable manufacturing costs in 2025 consistent with the past. In addition, quality assurance costs included in manufacturing overhead are projected to be higher from implementing required clinical reviews under the new EU Medical Device Regulation for devices used OUS. Except on a selective basis after experiencing further variable cost increases, UTMD does not intend to increase prices to customers in 2025. The resulting 2025 GPM might be more than another full percentage point lower than in 2024, resulting in a decline in GP in the range of 7-9%.

UTMD's Ireland subsidiary's (UTMD Ltd's) 2024 GP was EUR 6,283 (22.3% lower) compared to EUR 8,084 in 2023 when total EUR revenues, including direct sales to France and intercompany sales of devices manufactured in Ireland, were 21.6% lower. The associated GPMs were 58.4% in 2024 and 58.9% in 2023. Femcare UK GP was GBP 1,579 in both 2024 and 2023. The 2024 UK GPM was 55.7% compared to 55.3% in 2023 while UK GBP sales including intercompany revenues were 0.7% lower. Femcare Australia and Femcare Canada are simply distribution facilities for UTMD finished devices in their respective countries. GP is the result of subtracting intercompany purchase prices of devices, plus incoming freight, from revenues. Australia 2024 GP was AUD 623 (46.9% of sales) compared to AUD 841 (53.0% of sales) in 2023. Canada 2024 GP was CAD 538 (41.2% of sales) compared to CAD 874 (58.6% of sales) in 2023. The GPMs in both Australia and Canada were diluted not only by higher overhead costs on substantially lower sales, but also higher direct material costs from weaker currencies for devices purchased from the U.S., Ireland and the UK. In the U.S., GP was $13,991 (21.2% lower) in 2024 compared to $17,750 in 2023 when revenues including intercompany sales were 16.7% lower. The U.S. GPM was 48.5% in 2024 compared to 51.2% in 2023. A summation of the above GP of each subsidiary will not yield UTMD's consolidated total GP because of the elimination of profit in inventory for intercompany sales.

b) Operating Income. Operating Income results from subtracting Operating Expenses from GP. For the year 2024, Operating Income was $13,594 compared to $16,777 in 2023, a 19.0% decrease. The $3,183 decrease in Operating Income was from a combination of $5,895 lower GP and $2,712 lower Operating Expenses.

The UTMD Ltd (Ireland) Operating Income margin in 2024 was 54.4% compared to 55.9% in 2023. Femcare UK's Operating Income margin per US GAAP, which includes the IIA amortization expense of the 2011 acquisition, was negative in both 2024 and 2023. Femcare Australia's 2024 Operating Income margin was 23.6% compared to 32.2% in 2023. Femcare Canada's 2024 Operating Income margin was 22.4% compared to 41.8% in 2023. UTMD's 2024 Operating Income margin in the U.S. was 33.1% compared to 23.5% in 2023. For clarity, in 2023 the CSI IIA amortization expense (none in 2024) hit the U.S. Operating Income margin, and in both 2024 and 2023 the Femcare IIA amortization expense hit the Femcare UK Operating Income margin.

Operating expenses include sales and marketing (S&M) expenses, product development (R&D) expenses and general and administrative (G&A) expenses. Consolidated WW operating expenses were $10,549 (25.8% of sales) in 2024 compared to $13,261 (26.4% of sales) in 2023. The following table provides a comparison of operating expense categories, as well as further segmentation of G&A expenses:

	2024	2023
S&M expenses	$ 1,901	$ 1,685
R&D expenses	813	560
G&A expenses:		
a) litigation expense provision	2,139	1,660
b) corporate legal	9	13
c) outside directors fees	149	144
d) stock option compensation	256	225
e) management bonus accrual	589	718
f) outside accounting audit/tax	248	224
g) Femcare IIA amortization	2,030	1,977
h) CSI IIA amortization	—	3,684
i) property & liability insurance premiums	98	108
j) all other G&A expenses	2,317	2,263
G&A expenses – total	7,835	11,016
Total Consolidated Operating Expense:	$10,549	$13,261
Percent of sales	25.8%	26.4%

Description of Operating Expense Categories

i) S&M expenses: S&M expenses in 2024 were $1,901 (4.6% of sales) compared to $1,685 (3.4% of sales) in 2023. The higher expenses were due to higher salaries from cost-of-living adjustments to salaries and a $148 increase in U.S. medical benefit claims. Consolidated OUS S&M expenses in 2024 compared to 2023 were increased by a net $3 from FX rate changes due primarily to a stronger GBP.

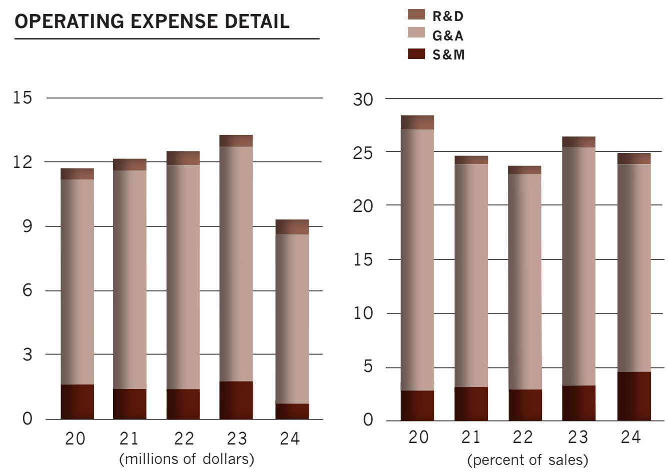
Management's Discussion and Analysis *(continued)*

S&M expenses are the costs of communicating UTMD's differences and product advantages, providing training and other customer service in support of the use of UTMD's solutions, attending clinical meetings and medical trade shows, administering customer agreements, advertising, processing orders, shipping, and paying commissions to outside independent representatives. In markets where UTMD sells directly to end-users, which in 2023-2024 included the U.S., Ireland, UK, Australia, New Zealand, France and Canada, the largest components of S&M expenses were the cost of customer service required to timely process orders and the distribution costs associated with shipping products.

S&M expenses include all customer support costs including training. In general, training is not required for UTMD's products since they are well-established and have been clinically widely used. Written "Instructions For Use" are packaged with all finished devices. Although UTMD does not have any explicit contracts with customers to provide training, it does provide hospital in-service and clinical training as required and reasonably requested.

UTMD promises prospective customers that it will provide, at no charge in reasonable quantities, electronic media and other instructional materials developed for the use of its products. UTMD provides customer support from offices in the U.S., Canada, Ireland, UK and Australia by telephone to answer user questions and help troubleshoot any user issues. Occasionally, on a case-by-case basis, UTMD may utilize the services of an independent practitioner to provide educational assistance to clinicians. All in-service and training expenses are routinely expensed as they occur. Except for the consulting services of independent practitioners and occasional use of marketing consultants, all of these services are allocated from fixed S&M overhead costs. Historically, additional consulting costs have been immaterial to financial results, which is also UTMD's expectation for the future.

ii) R&D expenses: R&D expenses in 2024 were $813 (2.0% of sales) compared to $560 (1.1% of sales) in 2023. R&D expenses include the costs of investigating clinical needs, developing innovative concepts, testing concepts for viability, validating methods of manufacture and materials, completing any necessary premarketing clinical trials, regulatory documentation and other activities required for design control, responding to customer requests for product enhancements, and assisting manufacturing engineering on an ongoing basis in developing new processes or improving existing processes. Product development (R&D) expenses increased in 2024 primarily as a result of $222 spent for



independent testing and validation of materials used in UTMD's own biopharma sensors, and from cost-of-living adjustments for employees. R&D also continued to play a significant role in manufacturing process improvements and quality assurance. No new UTMD devices were launched in 2024. UTMD projects R&D expenses in 2025 will be between 1% and 2% of revenues.

iii) G&A expenses: G&A in 2024 were $7,835 (19.2% of sales) compared to $11,016 (21.9% of sales) in 2023. G&A expenses include the "front office" functional costs of executive management and outside directors, finance and accounting, corporate information systems, human resources, stockholder relations, corporate risk management, corporate governance, protection of intellectual property, amortization of identifiable intangibles and legal costs. The table above helps identify certain specific categories of G&A expenses which might be of interest to stockholders.

The $3,181 net decrease in G&A expenses was due primarily to the completion in late 2023 of amortizing the $21,000 IIA from the 2019 purchase of the CSI exclusive U.S. distribution rights for the Filshie Clip System. The final CSI IIA amortization expense in 2023 was $3,684, which was zero in 2024. In addition, accrued profit-sharing bonuses were $129 lower in proportion to the 2024 decline in Income Before Income Tax (EBT). The $632 difference between that combined $3,813 reduction in 2024 G&A operating expenses, and the net total $3,181 reduction in G&A expenses was due essentially to $479 higher litigation expenses, $31 higher (non-cash) stock option expense, $24 higher independent accounting and tax help as well as higher salaries (except the CEO) due to cost-of-living adjustments. A stronger GBP increased net foreign currency G&A expenses by $69, compared to what they would have been in 2023. This includes an FX rate change unfavorable

USD impact of $53 (out of the $69 total) from the amortization of the 2011 Femcare acquisition IIA, which was £1,589 in both 2024 and 2023.

As stockholders likely remember, the non-cash IIA amortization expense related to the Filshie Clip System in 2023 included IIA from both the 2011 acquisition of Femcare Group Ltd and the 2019 purchase of the CSI exclusive U.S. distribution rights for the Filshie Clip System. The combined Filshie IIA amortization expense in 2023 was 11.3% of total WW consolidated sales ($5,661) compared to 5.0% in 2024 ($2,030) with no 2024 CSI IIA amortization expense.

The Femcare IIA amortization expense will continue at the same £397 per calendar quarter rate, which ends in 1Q 2026 (or until the value of any remaining IIA becomes impaired), subject to changes in the GBP FX rate when converted to USD.

Regarding the product liability litigation legal expenses looking forward, most of the active motion practice and discovery has been accomplished. Four cases have now been won on summary judgment and several other lawsuits were dismissed prior to the summary judgment phase. Decisions on other summary judgment motions are pending and expected in 2025. If any summary judgment motion is denied, the case must go to trial and that could drive up expenses significantly. UTMD believes that the chance of avoiding trial is significant in every case, and therefore its projections are based on expenses being about $200 lower in 2025 than in 2024.

Excluding the non-cash IIA amortization expenses and litigation expenses, consolidated G&A operating expenses were $3,666 (9.0% of sales) in 2024 compared to $3,695 (7.4% of sales) in 2023.

In summary looking forward, with 5% lower revenues, more than a percentage point lower GPM and hope for $200 lower litigation expenses, UTMD management projects consolidated 2025 Operating Income of about $12 million, in the range of 11% less than in 2024.

c) Non-operating income/Non-operating expense, and Earnings Before Taxes (EBT). Non-operating income includes royalties from licensing UTMD's technology, rent from leasing underutilized property to others, income earned from investing the Company's excess cash and gains from the sale of assets. Non-operating expense includes interest on bank loans, bank service fees, excise taxes and losses from the sale of assets. Also, the period-to-period remeasured value of EUR cash balances held in the UK, and GBP balances held in Ireland, generates a gain or loss which is booked at reporting period end as non-operating income or expense, as applicable.

Net non-operating income (combination of non-operating income and non-operating expense) was $3,208 in 2024 and $3,312 in 2023. Net non-operating income in 2024 would have been higher than in 2023 had UTMD not been assessed a $200 excise tax on share repurchases in 2024 which did not occur in 2023, combined with EUR 215 lower rent in Ireland than received in 2023. A description of components of UTMD's non-operating income or expense follows

1) Interest Expense. There was no interest expense in 2024 or 2023. Absent an acquisition or very large repurchase of shares that requires new borrowing, UTMD does not expect any interest expense in 2025.

2) Investment of excess cash. Consolidated investment income (including gains and losses on sales of investments) was $3,367 in 2024 compared to $3,036 in 2023. Average cash balances were about $4 million higher in 2024 than in 2023, although average interest rates were somewhat lower. UTMD is projecting current interest rates to continue in 2025, leading to an increase in non-operating income when cash is not used to repurchase shares at an attractive price, or to acquire another entity or product line. UTMD has been continuing to repurchase shares during 1Q 2025. For purposes of providing an estimate of 2025 financial results, management has included the same interest income in 2025 as in 2024.

3) Royalties. Royalties in 2024 were $15 compared to $20 in 2023. Presently, there is only one arrangement which began in 2020 under which UTMD is receiving royalties on its technology.

4) Gains/ losses from remeasured currency in bank accounts. UTMD recognized a $1 gain in 2024 compared to a $5 loss in 2023 from losses on remeasured foreign currency bank balances. EUR currency cash balances in the UK, and GBP currency cash bank balances in Ireland, are subject to remeasured currency translation gains/ losses as a result of period-to-period changes in FX rates.

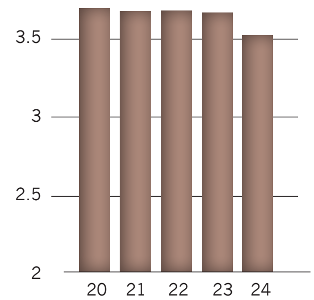
5) Other non-operating income or expense. Income received from renting unused warehouse space in Ireland and parking lot space in Utah for a cell phone tower, offset by bank fees, and other miscellaneous non-operating expenses resulted in net non-operating income of $14 in 2024 compared to a net non-operating income of $254 in 2023.

Management's Discussion and Analysis

EBT results from adding net non-operating income or subtracting net non-operating expense from Operating Income. Consolidated EBT was $16,802 (41.1% of sales) in 2024 compared to $20,089 (40.0% of sales) in 2023. In other words, despite the inflationary cost pressures diluting UTMD's GPM and higher litigation expenses, the Company expanded its EBT Margin (EBT as a percentage of sales) with 18.6% lower sales, yielding just a 16.4% decrease in EBT. In short, 2024 lower operating expense resulting from lower IIA amortization expense offset lower gross profits from lower sales activity. With much uncertainty surrounding the projections for income and expense above, UTMD management is estimating about a 12% decline in 2025 EBT compared to 2024.

The 2024 EBT of UTMD Ltd. (Ireland) was €5,648 (52.5% of sales) compared to €7,680 (56.0% of sales) in 2023. Ireland had a disproportionate decline in EBT because it manufactures and sells all of the DPT kits sold to UTMD's China distributor, and it lost all of its 2023 PendoTECH demand in the last nine months of 2024. Femcare Ltd.'s (UK) 2024 EBT was (£2,815) compared to (£469) in 2023. Femcare Ltd. supports worldwide regulatory requirements in addition to, according to US GAAP, absorbing the IIA amortization expense of the 2011 Femcare Group acquisition. As the developer and legal manufacturer of the Filshie Clip System, Femcare Ltd. is the corporate entity ultimately liable for Filshie product liability claims. In 2024, Utah Medical Products, Inc (Utah corporation parent of Femcare Ltd) transferred the Filshie litigation expenses which were included in Utah's 2023 EBT to Femcare Ltd. which explains the large year-to-year decline in UK EBT. On a consolidated financial basis, it makes no difference which corporate entity absorbs the expense, except in Net Income when income tax rates vary sovereignty to sovereignty. Femcare AUS's 2024 EBT was AUD 364 (27.4% of sales) compared to AUD 544 (34.3% of sales) in 2023. Femcare Canada's 2024 EBT was CAD 289 (22.1% of sales) compared to CAD 620 (41.6% of sales) in 2023. The EBT declines in both the Australia and Canada distribution entities were due to both lower Filshie device sales and lower profit margins. Since they purchase finished devices in EUR and USD from other UTMD entities, and their native currencies were weaker, their cost of goods sold increased.

EBITDA is a non-US GAAP metric that UTMD management believes is of interest to investors because it provides meaningful supplemental information to both management and investors that represents profitability performance without



DILUTED SHARES OUTSTANDING
(millions of shares)

factoring in effects of financing, accounting decisions regarding non-cash expenses, capital expenditures or tax environments. If the Company were to need to borrow to pay for a major asset or acquisition, the projected EBITDA metric would be of primary interest to a lending institution to determine UTMD's credit worthiness. Although the U.S. Securities and Exchange Commission advises that EBITDA is a non-GAAP metric, UTMD's non-US GAAP EBITDA is the sum of the following elements in the table below, each of which is a US GAAP number:

	2024	2023
EBT	$16,802	$20,089
Depreciation Expense	730	623
Femcare IIA Amortization Expense	2,030	1,977
CSI IIA Amortization Expense	—	3,684
Other Non-Cash Amortization Expense	35	31
Stock Option Compensation Expense	256	225
Remeasured Foreign Currency Balances	(1)	6
UTMD non-US GAAP EBITDA:	$19,852	$26,635

In summary, UTMD's 2024 non-US GAAP EBITDA declined 25.5% compared to 2023. With the above projections for 2025 financial performance in mind, the non-US GAAP EBITDA metric in 2025 is expected to be in the range of $17-18 million.

d) Net Income, Earnings Per Share (EPS) and Return on Equity (ROE)

i) Net Income

Net Income results after subtracting a provision for estimated income taxes from EBT. UTMD's Net Income in 2024 was $13,874 (33.9% of sales) compared to $16,635 (33.1% of sales) in 2023. The higher Net Income margin in 2024 was due to a higher EBT margin with the average consolidated income tax provision rate almost the same. UTMD's average consolidated income tax provision rates were 17.4% in 2024 and 17.2% in 2023.

In general, year-to-year fluctuations in the combined average income tax provision rate will result from variation in EBT contribution from subsidiaries in jurisdictions with different corporate income tax rates. Taxes in foreign subsidiaries are based on taxable EBT in those sovereignties, which can be different from the contribution to consolidated EBT per US GAAP. UTMD estimates, barring any new tax law changes which are currently unknown, assuming an adjusted EBT mix toward higher-taxed sovereignties, that its combined income tax rate for 2025 will be in the 19% range, yielding Net Income approximately 14% lower than in 2024.

The UK had a corporate income tax rate of 19% for 1Q 2023, followed by a 25% rate for the last nine months of 2023 and all of 2024. The UK also allowed a tax deduction for sales of UK patented products which varied from year-to-year based on somewhat complicated rules which are sorted out for UTMD by independent UK tax specialists. The corporate income tax rate for AUS was 30% for both 2024 and 2023. The income tax rate for Canada was about 27.5% for both years. Profits of the Ireland subsidiary were taxed at a 12.5% rate on exported manufactured products, and a 25% rate on rental and other types of income including income from sales of medical devices in Ireland domestically. As UTMD stockholders likely remember, in the U.S., the Federal income tax rate was changed after 2017 to 21% from 34% prior to the 2017 Tax Cut and Jobs Act (TCJA). Federal taxes are not 21% of U.S. EBT, however, as income taxes paid to the State are a deductible expense for Federal tax purposes, other expenses are not deductible and there remains an R&D tax credit along with other credits, not to mention a special GILTI tax related to foreign income and FDII tax credit related to profits on export sales. The 2024 Utah state income tax rate declined to 4.45% from 4.95% in 2023.

ii) Earnings Per Share (EPS)

EPS are Net Income divided by the number of shares of stock outstanding (diluted to take into consideration stock option awards which are "in the money," i.e., have exercise prices below the applicable period's weighted average market value). Diluted EPS in year 2024 were $3.961 compared to $4.574 in 2023, a 13.4% decrease. The decrease in EPS was less than the 18.6% decrease in sales as a result of the higher Net Income margin and 2024 share repurchase. Diluted shares were 3,503,165 for the year 2024 compared to 3,637,071 in 2023. Dilution for "in the money" unexercised options for the year 2024 was zero shares compared to 8,303 shares in 2023. Actual outstanding common shares as of December 31, 2024 were 3,335,156. Because of the time-weighted calculation of lower diluted shares and continued share repurchases, UTMD expects the 2025 decline in EPS to be less than 10%, yielding a target of $3.60.

iii) ROE

Achieving a high ROE remains a key management objective for UTMD in order to grow without diluting stockholder interest. ROE is the quotient of Net Income divided by average Stockholders' Equity, but more specifically it is the product of the Net Income margin, productivity of assets and financial leverage. UTMD's high Net Income margin is the primary factor that continues to drive its ROE, with low financial leverage and decreasing asset productivity as cash balances rapidly grow. Cash dividends to stockholders and repurchase of shares, on the other hand, help in lowering average Stockholders' Equity, reducing the denominator in calculating ROE. Building cash balances that increase Stockholders' Equity, without proportionately increasing Net Income, reduces ROE. UTMD's 2024 ROE before stockholder dividends was 11.3%. In comparison, 2023 ROE was 13.7%.

The lower 2024 ROE compared to 2023 was the result of 16.6% lower Net Income coupled with 1.3% higher average Stockholders' Equity. Despite a $24,228 reduction in 2024 from share repurchases and stockholder dividends, average Stockholders' Equity was $122,870 compared to $121,284 in 2023. UTMD's Stockholders' Equity has more than doubled over the last twelve years to $117 million at the end of 2024, despite being reduced by $54 million in dividends plus $36 million in share repurchases over that same period of time. UTMD's average ROE over the last 32 years was 24%.

Looking forward to 2025, management expects a continued decline in total sales compared to the prior year as sales to PendoTECH, which are apparently eventually going away, were still well more than $2 million in 2024 and the Filshie product liability litigation dark cloud remains not fully resolved. A continued sales decline is expected to pressure UTMD's GPM at least as much as one percentage point lower as a result of less absorption of fixed manufacturing overheads which are important resources to retain for the future. Hopefully, UTMD's legal arguments will be persuasive in every remaining Filshie product liability case, and the Company will avoid going to trial. If so, it should reduce litigation expenses in 2025 by at least $200 relative to 2024. Based on those thoughts, although with a high level of uncertainty, management is estimating that UTMD's consolidated revenues and EPS in 2025 will be about 5% lower and 10% lower, respectively, than in 2024. Notwithstanding the projections, UTMD will continue to operate at a high level of profitability and cash generation, and utilize its cash trove opportunistically to achieve an accretive acquisition or repurchase shares in a way that maximizes long-term stockholder value.

Consolidated Statement of Stockholders' Equity

(In thousands)

Years Ended December 31, 2024, 2023 and 2022

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2021	3,655	$ 36	$ 842	$ (9,053)	$115,314	$107,138
Shares issued upon exercise of employee stock options for cash	4	—	211	—	—	211
Shares received and retired upon exercise of stock options"	(1)	—	(37)	—	—	(37)
Stock option compensation expense	—	—	183	—	—	183
Common stock purchased and retired	(30)	—	(947)	—	(1.548)	(2,495)
Foreign currency translation adjustment	—	—	—	(2,986)	—	(2,986)
Common stock dividends	—	—	—	—	(4, 233)	(4,233)
Net income	—	—	—	—	16,473	16,473
Balance at December 31, 2022	3,628	$ 36	$ 252	$ (12,039)	$126,006	$114,255
Shares issued upon exercise of employee stock options for cash	2	—	117	—	—	117
Stock option compensation expense	—	—	225	—	—	225
Common stock purchased and retired	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	1,381	—	1,381
Common stock dividends	—	—	—	—	(4,300)	(4,300)
Net income	—	—	—	—	16,635	16,635
Balance at December 31, 2023	3,630	$ 36	$ 594	$ (10,658)	$138,341	$128,313
Shares issued upon exercise of employee stock options for cash	8	—	390	—	—	390
Stock option compensation expense	—	—	256	—	—	256
Common stock purchased and retired	(302)	(3)	(1,239)	—	(18,726)	(19,968)
Foreign currency translation adjustment	—	—	—	(1,249)	—	(1,249)
Common stock dividends	—	—	—	—	(4,189)	(4,189)
Net income	—	—	—	—	13,874	13,874
Balance at December 31, 2024	3,335	$ 33	$ 0	$ (11,907)	$129,302	$117,428

Management's Discussion and Analysis *(continued)*

Liquidity and Capital Resources

Cash Flows. Net cash provided by operating activities in 2024 totaled $14,831 compared to $22,281 in 2023. The three primary causes of the $7,450 lower net cash generation in 2024 compared to 2023, which together generated $9,493 less cash, were 1) $3,627 lower non-cash amortization of intangible assets, 2) $835 lower trade accounts receivable (A/R) at 2024 year-end rather than $2,270 higher A/R at year-end 2023, and 3) $2,761 lower Net Income. Offsetting items that together generated $1,995 more cash in 2024 versus 2023 included 1) a $587 reduction in inventories versus a $671 inventory increase in 2023, 2) $383 lower decrease in accounts payable, and 3) $334 lower decrease in deferred income taxes.

In investing activities, during 2024 UTMD used $231 in capital expenditures to purchase new molds and manufacturing equipment and fixtures for expanded capabilities as well as to maintain and improve existing operating capabilities, compared to investing $639 in 2023. The 2024 expenditures were partly offset by $27 in proceeds from the sale of used equipment. Capital expenditures in 2024 were $500 less than depreciation. In 2024, UTMD also invested $5 in intangible assets.

In 2024 UTMD received $390 and issued 7,592 shares of stock upon the exercise of employee stock options. Option exercises in 2024 were at an average price of $51.39 per share. The Company received a $20 tax benefit from option exercises in 2024. UTMD repurchased 301,961 shares of its stock in the open market during 2024 at an average cost of $66.13 per share. As a subsequent event in 2025 as of March 25, UTMD has repurchased another 53,340 shares of its stock in the open market at an average cost of $59.41 per share. During 2024 and to date in 2025, the Company repurchased almost 10% of outstanding shares.

In comparison, in 2023 UTMD received $117 and issued 1,758 shares of stock upon the exercise of employee stock options. Option exercises in 2023 were at an average price of $66.40 per share. The Company received a $12 tax benefit from option exercises in 2023. UTMD did not repurchase shares of its stock in the open market during 2023.

UTMD did not borrow in the years 2024 and 2023. Cash dividends paid to stockholders were $4,260 in 2024 compared to $4,282 in 2023. The amount of cash used for dividends was lower despite an approximate 2% higher dividend per share as a result of share repurchases.

Management believes that future income from operations and effective management of working capital will continue to provide the liquidity needed to finance internal growth plans. In an uncertain economic environment, UTMD's cash balances allow management to operate with the long-term best interest of stockholders in mind. Planned 2025 capital expenditures for ongoing operations are expected to be less than depreciation of PP&E, although additional capital expenditure opportunities will be considered.

Management plans to opportunistically utilize cash not needed to support normal operations in one or a combination of the following: 1) in general, to continue to invest at opportune times in ways that will enhance future profitability; 2) to make additional investments in new technology and/or processes; and/or 3) to acquire a product line or company that will augment revenue and EPS growth and better utilize UTMD's existing infrastructure. If there are no better strategic uses for UTMD's cash, the Company will continue to return cash to stockholders in the form of dividends and share repurchases when the stock appears undervalued.

Management's Outlook. UTMD remains small compared to many other companies, but its employees are experienced and remain diligent in their work. UTMD's passion is in providing differentiated clinical solutions that will help improve the outcomes of medical procedures and reduce health risks, particularly for women and their babies.

The safety, reliability and performance of UTMD's medical devices are consistently high and represent significant clinical benefits while providing minimum total cost of care. UTMD will continue to leverage its reputation as a device innovator and reliable manufacturer which will responsively take on challenges to work with clinicians who use its specialty devices. In doing so, UTMD will continue to differentiate itself, especially from its commodity-oriented competitors. In 2025, UTMD plans to

1) exploit its pre-qualified status to introduce a line of high-pressure process control transducer configurations directly to biopharmaceutical manufacturers;

2) continue to leverage OUS distribution and manufacturing synergies by further integrating capabilities and resources in multinational operations;

3) focus on defending the proven safety and effectiveness of the Filshie Clip System in the U.S.;

4) introduce additional products helpful to clinicians through product development;

5) continue to achieve excellent overall financial operating performance despite a contraction in revenues;

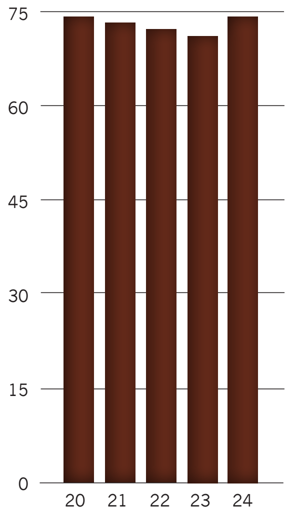
Consolidated Statement of Cash Flow

(In thousands)

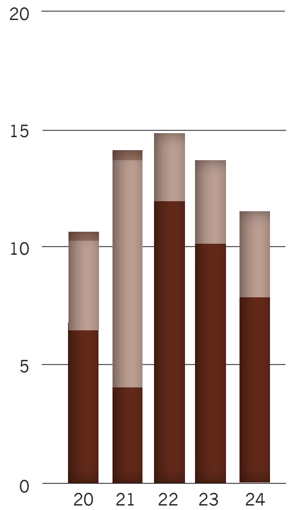
Years Ended December 31,	2024	2023	2022
Cash flows from operating activities:			
Net income	$ 13,874	$ 16,635	$ 16,473
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	730	623	612
Amortization	2,065	5,692	6,417
Provision for (recovery of) losses on accounts receivable	(4)	(33)	30
Amortization of operating lease assets	51	53	53
Deferred income taxes	(359)	(693)	(401)
Stock-based compensation expense	256	225	183
Tax benefit attributable to exercise of stock options	21	12	6
(Increase) decrease in:			
Accounts receivable	(835)	2,270	(511)
Other receivables	54	—	(14)
Inventories	587	(670)	(2,353)
Prepaid expenses and other current assets	(32)	45	(64)
Increase (decrease) in:			
Accounts payable	(73)	(456)	464
Accrued expenses	(1,504)	(1,422)	252
Net cash provided by operating activities	14,831	22,281	21,147
Cash flows from investing activities:			
Capital expenditures for:			
Property and equipment	(230)	(639)	(809)
Intangible assets	(5)	—	(9)
Proceeds from the sale of property and equipment	27	—	—
Net cash (used in) investing activities	(208)	(639)	(818)
Cash flows from financing activities:			
Proceeds from issuance of common stock — options	390	117	174
Common stock purchased and retired	(19,968)	—	(2,495)
Dividends paid	(4,260)	(4,282)	(3,163)
Net cash (used in) financing activities	(23,838)	(4,165)	(5,484)
Effect of exchange rate changes on cash	(677)	339	(767)
Net increase in cash and cash equivalents	(9,892)	17,816	14,078
Cash at beginning of year	92,868	$ 75,052	60,974
Cash at end of year	$ 82,976	$ 92,868	$ 75,052
Supplemental Disclosure of Cash Flow Information:			
Cash paid during the year for:			
Income taxes	$ 4,638	$ 4,827	$ 4,970
Interest	—	—	—

See accompanying notes to financial statements.

Management's Discussion and Analysis *(continued)*



YEAR-END INSTITUTIONAL OWNERSHIP
(percent of total ownership)



RETURN ON EQUITY
(percent)
Dividends paid Tax adjustments

6) utilize positive cash generation to continue providing cash dividends to stockholders and make open market share repurchases if/ when the UTMD share price seems undervalued; and

7) remain vigilant for affordable accretive acquisition opportunities which may be brought about by difficult economic conditions on small, innovative companies.

The Company has a fundamental focus to do an excellent job in meeting clinicians' and patients' needs, while providing stockholders with excellent returns. In the combined form of cash dividends and share repurchases, UTMD "returned" $24,228 (175% of Net Income) in 2024 to stockholders compared to $4,282 (26% of Net Income) in 2023.

In 2024, the value of UTMD's stock declined 27%, ending the year at $61.47/ share, while $1.20 in cash dividends/ share were paid to stockholders. The DJIA, S&P 500 and NASDAQ Composite (where UTMD is traded) indices were all higher in 2024, respectively by 13%, 23% and 29%.

In comparison in 2023, the value of UTMD's stock declined 16%, ending the year at $84.22/ share, while $1.18 in cash dividends/ share were paid to stockholders. The DJIA, S&P 500 and NASDAQ Composite (where UTMD is traded) indices were all higher in 2023, respectively by 14%, 24% and 43%.

In contrast to the last two years' performance, combining share price appreciation and a capital allocation strategy that includes opportunistic share repurchases with steadily growing quarterly cash dividends paid to stockholders since 2004, longer-term UTMD stockholders have experienced excellent returns. UTMD management is determined to recapture the longer-term performance.

Off Balance Sheet Arrangements. None

Contractual Obligations and Commitments	TOTAL	2025	2026–2027	2028–2029	2030 & thereafter
Long-term debt obligations	$ —	$ —	$ —	$ —	$ —
Operating lease obligations	367	65	125	97	80
Purchase obligations	3,370	3,370	—	—	—
Total	$3,737	$3,435	$ 125	$ 97	$ 80

Critical Accounting Policies and Estimates. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the reported amounts of revenues and expenses during the reporting period.

Management bases its estimates and judgments on historical experience, current economic and industry conditions and on various other factors that are believed to be reasonable under the circumstances. This forms the basis for making judgments about the carrying values of assets and liabilities that are not readily available from other sources. Management has identified the following as the Company's most critical accounting policies which require significant judgment and estimates. Although management believes its estimates are reasonable, actual results may differ from these estimates under different assumptions or conditions

➢ *Allowance for doubtful accounts:* The majority of the Company's receivables are with healthcare facilities and medical device distributors. Although the Company has historically not had significant write-offs of bad debt, the possibility exists, particularly with foreign distributors where collection efforts can be difficult or in the event of widespread hospital bankruptcies.

➢ *Inventory valuation reserves:* The Company strives to maintain inventory to 1) meet its customers' needs and 2) optimize manufacturing lot sizes while 3) not tying-up an unnecessary amount of the Company's capital increasing the possibility of, among other things, obsolescence. The Company believes its method of reviewing actual and projected demand for its existing inventory allows it to arrive at a fair inventory valuation reserve. While the Company has historically not had significant inventory write-offs, the possibility exists that one or more of its products may become unexpectedly obsolete for which a reserve has not previously been created. The Company's historical write-offs have not been materially different from its estimates.

Accounting Policy Changes. The Company's management has evaluated the recently issued accounting pronouncements through the filing date of these financial statements and has determined that the application of these pronouncements will not have a material impact on the Company's financial position and results of operations.

Notes to Consolidated Financial Statements

(December 31, 2024, 2023 and 2022 — Currency amounts are in thousands except per share amounts, and where noted.)

NOTE 1. Summary of Significant Accounting Policies

Organization. Utah Medical Products, Inc. with headquarters in Midvale, Utah and its wholly-owned operating subsidiaries, Femcare Limited located in Romsey, Hampshire, England, Femcare Australia Pty Ltd located in Castle Hill, NSW, Australia, Utah Medical Products Canada, Inc. (dba Femcare Canada) located in Mississauga, Ontario, Canada and Utah Medical Products Ltd., which operates a manufacturing facility in Athlone, Ireland, (in the aggregate, the Company) are in the primary business of developing, manufacturing and globally distributing specialized medical devices for the healthcare industry. The Company's broad range of products includes those used in critical care areas and the labor and delivery departments of hospitals, as well as outpatient clinics and physicians' offices. Products are sold directly to end-user facilities in the U.S., Ireland, UK, Canada, France and Australia, and through third party distributors in other outside the U.S. (OUS) markets. Domestically, until February 1, 2019, Femcare Ltd had an exclusive U.S. distribution relationship with CooperSurgical, Inc. (CSI) for the Filshie Clip System. UTMD also sells subcontract manufactured components and finished products to over 120 companies in the U.S. for their medical and non-medical products.

Use of Estimates in the Preparation of Financial Statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although actual results could differ from those estimates, management believes it has considered and disclosed all relevant information in making its estimates that materially affect reported performance and current values.

Principles of Consolidation. The consolidated financial statements include those of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents. For purposes of the consolidated statement of cash flows, the Company considers cash on deposit and short-term investments with original maturities of three months or less to be cash and cash equivalents.

Concentration of Credit Risk. The primary concentration of credit risk consists of trade receivables. In the normal course of business, the Company provides credit terms to its customers. Accordingly, the Company performs ongoing credit evaluations of its customers and maintains allowances for possible losses which, when realized, have been within the range of management's expectations as reflected by its reserves.

The Company's customer base consists of hospitals, medical device distributors, physician practices and others directly related to healthcare providers, as well as other manufacturing companies. Although the Company is affected by the well-being of the global healthcare industry, management does not believe significant trade receivable credit risk exists at December 31, 2024 except under an extreme global financial crisis.

The Company maintains its cash in bank deposit accounts in addition to Fidelity Investment money market accounts. The Company has not experienced any losses in such accounts and believes it is not exposed to a significant credit risk on cash and cash equivalent balances.

Accounts Receivable. Accounts receivable are amounts due on product sales and are unsecured. Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus, accounts receivable do not bear interest although a late charge may be applied to such receivables that are past the due date. Accounts receivable are periodically evaluated for collectability based on past credit history of customers and current market conditions. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risk in the account balance and current economic conditions (see note 2).

Inventories. Finished products, work-in-process, raw materials and supplies inventories are stated at the lower of cost and net realizable value (NRV) computed on a first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation (see note 2).

Property and Equipment. Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over estimated useful lives as follows:

Building and improvements	**15-40 years**
Furniture, equipment, and tooling	**3-10 years**

Long-Lived Assets. The Company evaluates its long-lived assets in accordance with Accounting Standards Codification (ASC) 360, "Accounting for the Impairment of Long-Lived Assets." Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets and is recorded in the period in which the determination was made.

Intangible Assets. Costs associated with the acquisition of patents, trademarks, trade names, customer relationships, regulatory approvals & product certifications, license rights and non-compete agreements are capitalized, and are being amortized using the straight-line method over periods ranging from 5 to 20 years. UTMD's goodwill is tested for impairment annually, in the fourth quarter of each year, in accordance with ASC 350. UTMD also performs impairment tests contemporaneously, if circumstances change that would more than likely reduce the fair value of goodwill below its net book value. If UTMD determines that its goodwill is impaired, a second step is completed to measure the amount of the impairment loss. UTMD does not expect its goodwill to become impaired in the foreseeable future. Estimated future amortization expenses on intangible assets held as of December 31, 2024, using the 2024 year-end 1.2521 USD/GBP and .6183 USD/AUD currency exchange rates, is about $1,935 in 2025, $426 in 2026, $14 in 2027, $11 in 2028, and $10 in 2029 (see note 2).

In 2019, $21,000 in intangible assets were acquired from CSI. This intangible asset was fully amortized in 2023 (see note 15).

Stock-Based Compensation. At December 31, 2024, the Company has stock-based employee compensation plans, which are described more fully in note 8. The Company accounts for stock compensation under ASC 718, Share-Based Payment. This statement requires the Company to recognize compensation cost based on the grant date fair value of options granted to employees and directors. In 2024, the Company recognized $255 in stock-based compensation cost compared to $225 in 2023 and $183 in 2022.

Revenue Recognition. The Company recognizes revenue at the time of product shipment as UTMD meets its contractual performance obligations to the customer at the time of shipment. Revenue recognized by UTMD is based upon the consideration to which UTMD is entitled from its customers as a result of shipping a physical product, in accordance with the documented arrangements and fixed contracts in which the selling price was fixed prior to the Company's acceptance of an order. Revenue from service sales, which are immaterial to UTMD, is generally recognized when the service is completed and invoiced. As demonstrated by decades of experience in successful and consistent collections, there is very minor and insignificant uncertainty regarding the collectability of invoiced amounts reasonably within the terms of the Company's contracts. There are circumstances under which insignificant revenue may be recognized when product is not shipped, which meet the criteria of ASC 606: the Company provides engineering services, for example, design and production of manufacturing tooling that may be used in subsequent UTMD manufacturing of custom components for other companies. This revenue is recognized when UTMD's performance obligations have been completed according to a fixed contractual agreement. UTMD includes handling fees charged to customers in revenues.

Income Taxes. The Company accounts for income taxes under ASC 740, "Accounting for Income Taxes," whereby deferred taxes are computed under the asset and liability method.

The Company accounts for deferred taxes under ASC 740, "Accounting for Income Taxes", which requires that all deferred income taxes are classified as noncurrent in a classified statement of financial position.

The TCJA contains a deemed repatriation transition tax (REPAT tax) on accumulated earnings and profits of the Company's non-U.S. subsidiaries that have not been subject to U.S. tax. The Company has elected to pay its net REPAT tax over eight years.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, in Utah, in the United Kingdom, in Australia, in Ireland and in Canada.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and any related penalties in income taxes. The Company did not recognize any tax-related interest expense or have any tax penalties in 2024, 2023 or 2022.

Legal Costs. The Company has been involved in lawsuits which are an expected consequence of its operations and in the ordinary course of business. The Company maintains a reserve for legal costs which are probable and estimated based on previous experience and known risk. The reserve for legal costs at December 31, 2024 and 2023 was $111 and $257, respectively (see note 2).

Earnings per Share. The computation of basic earnings per common share is based on the weighted average number of shares outstanding during each year.

The computation of earnings per common share assuming dilution is based on the weighted average number of shares outstanding during the year plus the weighted average common stock equivalents which would arise from the exercise of stock options outstanding using the treasury stock method and the average market price per share during the year.

The shares (in thousands) used in the computation of the Company's basic and diluted earnings per share are reconciled as follows:

December 31,	2024	2023	2022
Weighted average number off shares outstanding – basic	3,503	3,629	3,637
Dilutive effect of stock options	—	8	6
Weighted average number of shares outstanding, assuming dilution	3,503	3,637	3,643

Presentation of Sales and Similar Taxes. Sales tax on revenue-producing transactions is recorded as a liability when the sale occurs. UTMD is not required to withhold sales tax on OUS sales, and at least 90% of domestic 2024 sales were to customers who are tax exempt or who are in jurisdictions where UTMD is not required to withhold sales tax.

Translation of Foreign Currencies. Assets and liabilities of the Company's foreign subsidiaries are translated into U.S. dollars at the applicable exchange rates at year-end. Net gains or losses resulting from the translation of the Company's assets and liabilities are reflected as a separate component of stockholders' equity. A negative translation impact on stockholders' equity reflects a current relative U.S. Dollar value higher than at the point in time that assets were actually acquired in a foreign currency. A positive translation impact would result from a U.S. dollar weaker in value than at the point in time

Notes to Consolidated Financial Statements *(continued)*

foreign assets were acquired. Year-end translation gains or losses of non-functional currency bank account balances, e.g. EUR and AUD balances held by the UK subsidiary, are recognized as non-operating income or expense, as applicable.

Income and expense items are translated at the weighted average rate of exchange (based on when transactions actually occurred) during the year.

Note 2. Detail of Certain Balance Sheet Accounts

December 31,	2024	2023
Accounts and other receivables:		
Accounts receivable	$ 4,239	$ 3,488
Accrued interest and other	(2)	53
Less allowance for doubtful accounts	(143)	(151)
Total accounts and other receivables	$ 4,094	$ 3,390
Inventories:		
Finished products	$ 1,913	$ 1,685
Work-in-process	1,414	1,503
Raw materials	5,485	6,394
Total inventories	$ 8,812	$ 9,582
Goodwill:		
Balance as of January 1	$13,692	$13,354
Effect of foreign exchange	(112)	338
Subtractions as a result of impairment	–	–
Total Goodwill as of December 31	$13,580	$13,692
Other identifiable intangible assets:		
Patents	$ 2,210	$ 2,209
Non-compete agreements	125	127
Trademark & trade names	9,205	9,360
Customer relationships	8,952	9,108
Distribution agreements	21,000	21,000
Right-of-Use Asset	338	342
Regulatory approvals & product certifications	11,942	12,150
Total Other Identifiable Intangible Assets	53,771	54,296
Accumulated amortization	(50,907)	(49,350)
Other Identifiable Intangible Assets, Net	$ 2,865	$ 4,946
Accrued expenses:		
Income taxes payable (receivable)	$ (153)	$ 327
Payroll and payroll taxes	1,148	1,294
Reserve for litigation costs	111	257
Other	1,955	2,063
Total Accrued expenses	$ 3,061	$ 3,941

Note 3. Quarterly Results of Operations (unaudited)

UNAUDITED QUARTERLY DATA FOR 2024	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Net sales	$11,340	$10,400	$10,005	$ 9,157
Gross profit	6,766	6,253	5,802	5,323
Net income	3,956	3,453	3,563	2,902
Earnings per common share (diluted)	1.09	.98	1.03	.86

UNAUDITED QUARTERLY DATA FOR 2023	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Net sales	$12,520	$12,866	$12,505	$12,333
Gross profit	7,843	7,739	7,359	7,098
Net income	4,214	4,200	3,935	4,287
Earnings per common share (diluted)	1.16	1.15	1.08	1.18

UNAUDITED QUARTERLY DATA FOR 2022	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Net Sales	$12,323	$13,428	$12,955	$13,575
Gross profit	7,533	8,151	8,186	8,327
Net income	3,534	4,103	4,280	4,555
Earnings per common share (diluted)	.96	1.12	1.18	1.25

Note 4. Property and Equipment

Property and equipment consists of the following:

December 31,	2024	2023
Land	$ 1,604	$ 1,638
Buildings and improvements	13,539	13,907
Furniture, equipment and tooling	18,527	17,315
Construction-in-progress	19	1,413
Total	33,689	34,273
Accumulated depreciation	(23,926)	(23,722)
Property and equipment, net	$ 9,763	$ 10,551

Included in the Company's consolidated balance sheet are the assets of its manufacturing and administrative facilities in Utah, Canada, England, Australia, and Ireland. Property and equipment, by geographic area, are as follows:

December 31, 2024	U.S. & Canada	England & Australia	Ireland	Total
Land	$ 621	$ 627	$ 356	$ 1,604
Buildings and improvements	6,576	3,101	3,862	13,539
Furniture, equipment and tooling	15,842	710	1,975	18,527
Construction-in-progress	19	–	–	19
Total	23,058	4,438	6,193	33,689
Accumulated depreciation	(18,930)	(1,587)	(3,409)	(23,926)
Property and equipment, net	$ 4,128	$ 2,851	$ 2,784	$ 9,763

December 31, 2023	U.S. & Canada	England & Australia	Ireland	Total
Land	$ 621	$ 637	$ 380	$ 1,638
Buildings and improvements	6,584	3,194	4,129	13,907
Furniture, equipment and tooling	15,075	732	1,508	17,315
Construction-in-progress	913	3	497	1,413
Total	23,193	4,566	6,514	34,273
Accumulated depreciation	(18,701)	(1,464)	(3,557)	(23,722)
Property and Equipment, net	$ 4,492	$ 3,102	$ 2,957	$10,551

Note 5. Long-term Debt

None in 2023 and 2024.

Note 6. Commitments and Contingencies

Purchase Obligations. The Company has obligations to purchase raw materials for use in its manufacturing operations. The Company has the right to make changes in, among other things, purchase quantities, delivery schedules and order acceptance.

Product Liability. The Company is self-insured for product liability risk. "Product liability" is an insurance industry term for the cost of legal defense and damages awarded to patients allegedly injured as a result of use of a company's product. The Company maintains a reserve to cover product liability litigation expenses and possible damages consistent with its experience going back decades. Although product liability litigation expenses at $2,139 in 2024, $1,660 in 2023 and $670 in 2022 were high relative to history, they were not material to overall consolidated financial results.

The Company absorbs the costs of clinical training and trouble-shooting in its on-going operating expenses.

Warranty Reserve. The Company's published warranty is: "UTMD warrants its products to conform in all material respects to all published product specifications in effect on the date of shipment, and to be free from defects in material and workmanship for a period of thirty (30) days for supplies, or twenty-four (24) months for equipment, from date of shipment. During the warranty period UTMD shall, at its option, replace any products shown to UTMD's reasonable satisfaction to be defective at no expense to the Purchaser or refund the purchase price."

UTMD maintains a warranty reserve to provide for estimated costs which are likely to occur. The amount of this reserve is adjusted, as required, to reflect its actual experience. Based on its analysis of historical warranty claims and its estimate that existing warranty obligations are immaterial, no warranty reserve was made at December 31, 2024 or December 31, 2023.

Litigation. The Company has been involved in lawsuits which are an expected consequence of its operations and in the ordinary course of a medical device business. Presently, except for Filshie clip lawsuits, there is no litigation or threatened litigation where UTMD is a defendant. The Company expects that the outcome of the Filshie clip litigation will not be material to overall consolidated financial results. The Company applies its accounting policy to accrue legal costs that can be reasonably estimated.

Note 7. Income Taxes

Deferred tax assets (liabilities) consist of the following temporary differences:

Years ended December 31,	2024	2023	2022
Inventory write-downs and differences due to UNICAP	$ 270	$ 110	$ 103
Allowance for doubtful accounts	29	31	39
Accrued liabilities and reserves	50	90	90
Depreciation and amortization	(1,451)	(1,673)	(2,295)
Deferred income taxes, net	$ (1,102)	$ (1,442)	$ (2,063)

The components of income tax expense are as follows:

Years ended December 31,	2024	2023	2022
Current	$ 3,268	$ 4,075	$ 4,632
Deferred	(340)	(621)	(446)
Total	$ 2,928	$ 3,454	$ 4,186

Income tax expense differed from amounts computed by applying the statutory federal rate to pretax income as follows:

Years ended December 31,	2024	2023	2022
Federal income tax expense at the statutory rate	$ 2,794	$ 2,346	$ 2,620
State income taxes	504	439	490
Foreign income taxes (blended rate)	(1)	951	1,129
R&D tax credits and manufacturing profit deduction	(18)	(3)	(3)
Tax-exempt income	(201)	(195)	—
Other	(150)	(84)	(50)
Total	$ 2,928	$ 3,454	$ 4,186

The domestic and foreign components of income before income tax expense were as follows:

Years ended December 31,	2024	2023	2022
Domestic	$13,306	$11,170	$12,475
Foreign	3,496	8,919	8,184
Total	$16,802	$20,089	$20,659

Note 8. Options

The Company has stock option plans which authorize the grant of stock options to eligible employees, directors and other individuals to purchase up to an aggregate of 275 thousand shares of common stock, of which 98 thousand are outstanding as of December 31, 2024. All options granted under the plans are granted at current market value at the date of grant, and may be exercised between six months and ten years following the date of grant. The plans are intended to advance the interest of the Company by attracting and ensuring retention of competent directors, employees and executive personnel, and to provide incentives to those individuals to devote their utmost efforts to the advancement of stockholder value. Changes in stock options were as follows:

	Shares (000's)	Price Range Per Share	
2024			
Granted	25	$ 64.09	$ 64.09
Expired or canceled	3	49.18	82.60
Exercised	8	49.18	58.50
Total outstanding at December 31	98	58.50	82.60
Total exercisable at December 31	52	58.50	82.60
2023			
Granted	19	$ 77.07	$ 77.07
Expired or canceled	0.4	77.05	77.05
Exercised	2	49.18	77.05
Total outstanding at December 31	84	49.18	82.60
Total exercisable at December 31	50	49.18	82.60
2022			
Granted	21	$ 82.60	$ 82.60
Expired or canceled	2	33.30	77.05
Exercised	4	33.30	77.05
Total outstanding at December 31	67	33.30	77.05
Total exercisable at December 31	40	33.30	77.05

For the years ended December 31, 2024, 2023 and 2022, the Company reduced current income taxes payable by $20, $12 and $6, respectively, for the income tax benefit attributable to sale by optionees of common stock received upon the exercise of stock options.

Stock-Based Compensation. In 2024, the Company recognized $256 in equity compensation cost, compared to $225 in 2023 and $183 in 2022.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Years ended December 31,	2024	2023	2022
Expected dividend amount per quarter	$ .3150	$ .3090	$ .3050
Expected stock price volatility	31.21%	31.67%	29.87%
Risk-free interest rate	4.23%	4.75%	4.09%
Expected life of options	5.8 years	5.6 years	5.7 years

The per share weighted average fair value of options granted during 2024 is $19.77, 2023 is $25.09, and in 2022 is $25.34.

All UTMD options vest over a four-year service period. At December 31, 2024 there was $898 total unrecognized compensation expense related to non-vested stock options under the plans. A $329 portion of the cost is expected to be recognized over the next twelve months, and the remaining $570 recognized over the next 4 years. Expected dividend amounts were estimated based on the actual cash dividend rate at the time the options were granted and an estimate of future dividends based on past dividend rate changes as well as management's expectations of future dividend rates over the expected holding period of the options. Expected volatility is based on UTMD's historical volatility over recent periods of time and trends in that volatility, giving weight to more recent periods. Risk free interest rates were estimated based on actual U.S. Treasury Securities Interest rates as reported by the Federal Reserve Bank for periods of time equivalent to the holding periods estimated for the options on the dates the options were granted. Expected term of options were estimated based on historical holding periods for similar options previously granted by UTMD to employees and directors.

The following table summarizes information about stock options outstanding at December 31, 2024:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Actual Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 58.50 – 64.09	29,575	8.49	$63.15	4,975	$58.50
74.64 – 77.07	48,310	6.39	76.60	34,210	76.41
82.60 – 82.60	20,100	7.78	82.60	10,050	82.60
$ 58.50 – 82.60	97,985	7.31	$73.77	49,235	$75.86

	2024	2023	2022
Intrinsic Value of Stock Options Exercised	$ 77	$ 31	$ 141
Intrinsic Value of Stock Options Outstanding	–	814	1,812

Note 9. Geographic Information

The Company had sales in the following geographic areas based on the customer's country of domicile:

	2024	2023	2022
United States	$23,873	$30,413	$34,524
Europe	8,705	8,918	7,214
Other	8,325	10,893	10,543

Note 10. Long-lived Assets by Geographic Area

The Company's long-lived assets by geographic area were as follows:

	2024	2023	2022
United States	$11,124	$11,462	$14,875
England	11,445	13,838	15,184
Ireland	2,827	2,963	2,954
Australia	290	336	337
Canada	523	589	593

Note 11. Revenues by Product Category and Geographic Region

Global revenues by product category:

Product Category	2024	2023	2022
Obstetrics	$ 4,260	$ 4,592	$ 4,661
Gynecology/Electrosurgery/Urology	20,707	22,300	21,841
Neonatal	6,869	6,863	7,567
Blood Pressure Monitoring and Accessories	9,067	16,469	18,212
Total:	$ 40,903	$ 50,224	$52,281

Included in the Global revenues (above) were OUS revenues by product category:

Product Category	2024	2023	2022
Obstetrics	$ 821	$ 1,041	$ 676
Gynecology/Electrosurgery/Urology	11,390	11,992	11,603
Neonatal	1,523	1,678	1,517
Blood Pressure Monitoring and Accessories	3,724	7,309	6,514
Total:	$ 17,458	$ 22,020	$ 20,310

Note 12. Product Sale and Purchase Commitments

The Company has had license agreements for the rights to develop and market certain products or technologies owned by unrelated parties. The confidential terms of such agreements are unique and varied, depending on many factors relating to the value and stage of development of the technology licensed. Royalties on future product sales are a normal component of such agreements and are included in the Company's cost of goods sold on an ongoing basis.

In 2024, 2023 and 2022, UTMD received royalties of $15, $20 and $20, respectively, for the use of intellectual property.

UTMD had $3,747 in operating lease and purchase commitments as of December 31, 2024.

Note 13. Employee Benefit Plans

The Company sponsors a contributory 401(k) savings plan for U.S. employees, and contributory retirement plans for Ireland, UK, Australia and Canada employees. The Company's matching contribution is determined annually by the board of directors. Company contributions were approximately $209, $184 and $159 for the years ended December 31, 2024, 2023 and 2022, respectively.

Note 14. Leases

UTMD has operating leases for a portion of its parking lot at its Midvale facility and an automobile at its Ireland facility. The remaining lease term on the parking lot is 7 years and on the automobile is 30 months. There are no options to extend or terminate the leases. The parking lot lease contains a provision that requires an adjustment every five years to the lease payment based on the change in the Consumer Price Index. This adjustment occurred in 2021 requiring an increase of $87 to the value of the right-of-use asset and lease liabilities. UTMD has no other leases yet to commence. As neither lease contains implicit rates, UTMD's incremental borrowing rate, based on information available at adoption date, was used to determine the present value of the leases.

Operating lease costs for the years ended December 31, 2024, 2023, and 2022 were $66, $65, and $64, respectively.

Supplemental balance sheet information related to operating leases was as follows *(in thousands)*:

As of December 31, 2024	
Operating lease right-of-use assets	$ 338
Operating lease liabilities, current (included in Accrued Expenses)	56
Operating lease liabilities, long-term	282
Total operating lease liabilities	$ 338

Maturities of operating lease liabilities at December 31, 2024 were as follows *(in thousands):*

As of December 31, 2024	
2025	$ 55
2026	58
2027	55
2028	44
2029	46
Thereafter	79
Total lease payments	$ 364
Less: imputed interest	(26)
Total operating lease liabilities	$ 338

The following table provides information on the lease terms and discount rates:

Weighted-average remaining lease term (in years)	6.1
Weighted-average discount rate	4.3%

Note 15. Distribution Agreement Purchase

UTMD completed the purchase of exclusive U.S. distribution rights for the Filshie Clip System from CooperSurgical, Inc. (CSI) on February 1, 2019, after which CSI no longer had the right to sell the Filshie Clip System and UTMD distributed the Filshie Clip System directly to clinical facilities in the U.S. The $21,000 purchase price represented an identifiable intangible asset which was straight-line amortized and recognized as part of G&A expenses over the 4.75 year remaining life of the prior CSI distribution agreement with Femcare. The agreement became fully amortized in 4th quarter 2023. As part of the agreement, UTMD also purchased the remaining CSI inventory for approximately $2,100.

Note 16. Earnings Per Share

Basic earnings per share is calculated by dividing net income attributable to the common stockholders of the company by the weighted average number of common shares outstanding during the period.

Notes to Consolidated Financial Statements *(continued)*

Diluted earnings per share is calculated by assuming the exercise of stock options at the closing price of stock at the end of 2024.

The following table reconciles the numerator and the denominator used to calculate basic and diluted earnings per share:

	2024	2023	2022
Numerator *(in thousands)*			
Net income	13,874	16,635	16,473
Denominator			
Weighted average shares, basic	3,503	3,629	3,637
Dilutive effects of stock options	–	8	6
Diluted Shares	3,503	3,637	3,643
Earnings per share, basic	3.96	4.58	4.53
Earnings per share, diluted	3.96	4.57	4.52

Note 17. Segment Information

The Company operates as one operating segment. The Company's chief operating decision maker ("CODM") is its chief executive officer, who reviews financial information presented on a consolidated basis. The CODM uses consolidated gross profit margin, operating margin, and net income to assess financial performance and allocate resources. These financial metrics are used by the CODM to make key operating decisions such as the allocation of budget between cost of sales, sales and marketing, research and development, and general and administrative expenses.

The following table presents selected financial information with respect to the Company's single operating segment for the years ended December 31, 2024, 2023, and 2022.

December 31	2024	2023	2022
Revenues	40,902	50,224	52,281
Less:			
Standard cost of sales	13,406	17,400	16,939
Other cost of sales	3,353	2,786	3,146
Gross Profit	24,143	30,038	32,196
Gross Profit Margin	59.0%	59.8%	61.6%
Sales & Marketing	1,901	1,685	1,507
Research & Development	813	560	493
Litigation Fees	2,139	1,660	670
Amortization	2,030	5,661	6,386
Other General & Administrative	3,666	3,695	3,350
Operating Income	13,594	16,777	19,790
Operating Income Margin	33.2%	33.4%	37.9%
Other Income			
Interest income	3,367	3,036	661
Other income (expense)	(159)	276	209
Income before income taxes	16,802	20,089	20,659
Provision for income taxes	2,928	3,454	4,186
Net Income	13,874	16,635	16,473

See the consolidated financial statements for other financial information regarding the Company's operating segment.

Note 18. Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* requiring public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. The Company adopted ASU 2023-07 during the year ended December 31, 2024. See Note 17 Segment Information in the accompanying notes to the consolidated financial statements for further detail.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures,* which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting AUS 2023-09.

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,* requiring public entities to disclose additional information about specific expense categories in the notes to the financial statements on an interim and annual basis. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2024-03.

Note 19. Subsequent Events

The Company evaluated its December 31, 2024 financial statements for subsequent events through the date the financial statements were issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements. After December 31, 2024 through March 25, 2025, the Company made additional repurchases of 53,340 shares of its stock in the open market for $3,169, at an average price of $59.41 per share.

FORWARD LOOKING INFORMATION

This report contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by management based on information currently available. When used in this document, the words "anticipate," "believe," "project," "estimate," "expect," "intend," and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company respecting future events and are subject to certain risks, uncertainties, and assumptions, including the risks and uncertainties stated throughout the document. Although the Company has attempted to identify important factors that could cause the actual results to differ materially, there may be other factors that cause the forward statement not to come true as anticipated, believed, projected, expected, or intended. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from those described herein as anticipated, believed, projected, estimated, expected, or intended. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results, and the Company assumes no obligation to update or disclose revisions to those estimates.

ITEM 1A — RISK FACTORS

Legislative or executive order healthcare interference in the United States renders the U.S. medical device marketplace unpredictable. A fully government-run healthcare system would likely eliminate healthcare consumer choice as well as commercial incentives for innovation.

Increasing regulatory burdens, including premarketing approval delays, may result in significant loss of revenue, unpredictable costs and loss of management focus on developing and marketing products that improve the quality of healthcare:

Thousands of small focused medical device manufacturers including UTMD that do not have the overhead structure that the few large medical device companies can afford are increasingly burdened with bureaucratic and underqualified regulator demands that are not reasonably related to assuring the safety or effectiveness of the devices that they provide. Premarketing submission administrative burdens, and substantial "user fees" or notified body review fees, represent a significant non-clinical and/or non-scientific barrier to new product introduction, resulting in lack of investment or delays to revenues from new or improved devices. The risks associated with such circumstances relate not only to substantial out-of-pocket costs, including potential litigation in millions of dollars, but also loss of business and a diversion of attention of key employees for an extended period of time from managing normal responsibilities, particularly in new product development and routine quality assurance activities.

Group Purchasing Organizations (GPOs) in the U.S. add non-productive costs, weaken the Company's marketing and sales efforts and cause lower revenues by restricting access:

GPOs, theoretically acting as bargaining agents for member hospitals, but actually collecting revenues from the companies that they are negotiating with, have made a concerted effort to turn medical devices that convey special patient safety advantages and better health outcomes, like UTMD's, into undifferentiated commodities. GPOs have been granted an antitrust exemption by the U.S. Congress. In other industries their business model based on "kickbacks" would be a violation of law. Despite rhetoric otherwise, these bureaucratic entities do not recognize or understand the overall cost of care as it relates to safety and effectiveness of devices, and they create a substantial administrative burden that is primarily driven by collection of administrative fees.

The Company's business strategy may not be successful in the future:

As the level of complexity and uncertainty in the medical device industry increases, evidenced, for example, by the unpredictable and overly cumbersome regulatory environment, the Company's views of the future and product/market strategy may not yield financial results consistent with the past.

As the healthcare industry becomes increasingly bureaucratic it puts smaller companies like UTMD at a competitive disadvantage:

An aging population and previously uncontrolled immigration are placing greater burdens on healthcare systems, particularly hospitals. The length of time and number of administrative steps required in adopting new products for use in hospitals has grown substantially in recent years. Smaller companies like UTMD typically do not have the administrative resources to deal with broad new administrative requirements, resulting in either loss of revenue or increased costs. As UTMD introduces new products it believes are safer and more effective, it may find itself excluded from certain clinical users because of the existence of long-term supply agreements for preexisting products, particularly from competitors which offer hospitals a broader range of products and services. Restrictions used by hospital administrators to limit clinician involvement in device purchasing decisions makes communicating UTMD's clinical advantages more difficult.

A product liability lawsuit could result in significant legal expenses and a large award against the Company:

UTMD's devices are frequently used in inherently risky situations to help physicians achieve a more positive outcome than what might otherwise be the case. In any lawsuit where an individual plaintiff suffered permanent physical injury, the possibility of a large award for damages exists whether or not a causal relationship exists.

The Company's reliance on third party distributors in some markets may result in less predictable revenues:

UTMD's distributors have varying expertise in marketing and selling specialty medical devices. They also sell other devices that may result in less focus on the Company's products. In some countries, notably China, Pakistan and India not subject to similarly rigorous standards, a distributor of UTMD's products may eventually become a competitor with a cheaper but lower quality version of UTMD's devices.

The loss of one or more key employees could negatively affect UTMD performance:

In a small company with limited resources, the distraction or loss of key personnel at any point in time may be disruptive to performance. The Company's benefits programs are key to recruiting and retaining talented employees. An increase in UTMD's employee healthcare plan costs, for example, may cause the Company to have to reduce coverages which in turn represents a risk to retaining key employees.

Fluctuations in foreign currencies relative to the USD can result in significant differences in period-to-period financial results:

Since a significant portion of UTMD's sales are invoiced in foreign currencies and consolidated financial results are reported in USD terms, a stronger USD can have negative revenue effects. Conversely, a weaker USD would increase foreign subsidiary operating costs in USD terms. For the portion of sales to foreign entities made in fixed USD terms, a stronger USD makes the devices more expensive and weakens demand. For the portion invoiced in a foreign currency, not only USD-denominated sales are reduced, but also gross profits may be reduced because finished distributed devices and/or U.S. made raw materials and components are likely being purchased in fixed USD.

Trade restrictions and /or tariffs resulting from changing government geopolitical trade policies have the potential to disrupt UTMD's supply chain and/or affect cost

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Utah Medical Products, Inc.

Opinion on the Financial Statements
We have audited the accompanying balance sheets of Utah Medical Products, Inc. (the Company) as of December 31, 2024 and 2023, and the related statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We did not audit portions of the consolidated financial statements for Femcare Group Limited, a wholly owned subsidiary. The portions not audited by us include assets of $19,723,338 and $20,479,014 as of December 31, 2024, and 2023, respectively and total revenues of $4,500,153 and $4,581,877 and $4,333,431 for the years ended December 31, 2024, 2023 and 2022, respectively. Those portions of the consolidated financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as they relate to the amounts included for Femcare Group Limited, is based solely on the reports of the other auditors.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters
The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of income taxes

Description of the Matter:
As discussed in Note 1 to the consolidated financial statements, the Company operates in many parts in the world through its subsidiaries. The Company or one of its subsidiaries will file a tax return in the U.S. federal jurisdiction, in the United Kingdom, in Australia, in Ireland, and in Canada. Due to the complexity with dealing in multiple currencies/countries, along with the various tax laws and significant management judgment, we believe the account to be a critical audit matter.

How We Addressed the Matter in Our Audit:
We evaluated the appropriateness and consistency of management's methods and assumptions used in the identification, recognition, measurement, and disclosures of its taxes. We performed a walkthrough of the processes and controls over the income tax process. We read and evaluated management's documentation, including relevant accounting policies and information obtained by management from the outside tax specialists engaged to assist with their taxes. We identified and evaluated the reasonableness of significant assumptions in the provision and evaluated for potential bias. We verified the account balances, reperformed the provision calculation of deferred tax assets and liabilities and verified all tax rates used.

Haynie & Company

Haynie & Company

We have served as Utah Medical Products, Inc.'s auditor since 2018.

Salt Lake City, Utah
March 26, 2025

Management's Report

Management's Report On Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company's internal control over financial reporting includes those policies and procedures that

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2014).

Based on its assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2024.

Kevin L. Cornwell
Chief Executive Officer

Brian L. Koopman
Principal Financial Officer

Corporate Information

BOARD OF DIRECTORS

Kevin L. Cornwell
Chairman and CEO

James H. Beeson, Ph.D., M.D., FACOG
Retired, Maternal-Fetal Medicine Physician

Ernst G. Hoyer
Retired, General Manager
Petersen Precision Engineering Co.

Barbara A. Payne, Ph.D.
Retired Consultant

Paul O. Richins
Retired Company Officer

Carrie Leigh
Former Company Sales Manager

OFFICERS

Kevin L. Cornwell
President and Secretary

Marcena H. Clawson
Vice President, Corporate Sales

Brian L. Koopman
Principal Financial Officer

Ben D. Shirley
Vice President,
Product Development and Quality Assurance

Mark L. Fox
Vice President, Marketing

The Company has a Code of Ethics for applicable executive officers and outside directors and a Code of Conduct which applies to all employees. Both are available at *www.utahmed.com.*

INVESTOR INFORMATION

Corporate Headquarters
Utah Medical Products, Inc.
7043 South 300 West
Midvale, Utah 84047

Foreign Operations
Utah Medical Products Ltd
Athlone Business & Technology Park
Dublin Road
Athlone, County Westmeath, N37 XK74
Ireland

Femcare Limited
32 Premier Way
Romsey, Hampshire SO51 9DQ
United Kingdom

Femcare Australia Pty Ltd
Unit 12, 5 Gladstone Rd
Castle Hill, NSW 2154
Australia

Femcare Canada
6355 Kennedy Road #15
Mississauga, ON L5T 2L5
Canada

Transfer Agent
Computershare
150 Royall Street
Canton, Mass 02021

Financial Auditors
Haynie & Co.
Salt Lake City, Utah

Corporate Counsel
Michael Best & Friedrich LLP
Salt Lake City, Utah

CORPORATE STOCK

The Company's common stock trades on the Nasdaq Global Market (symbol: UTMD). The following table sets forth the high and low sales price information as reported by Nasdaq for the periods indicated.

UTMD
Nasdaq Listed

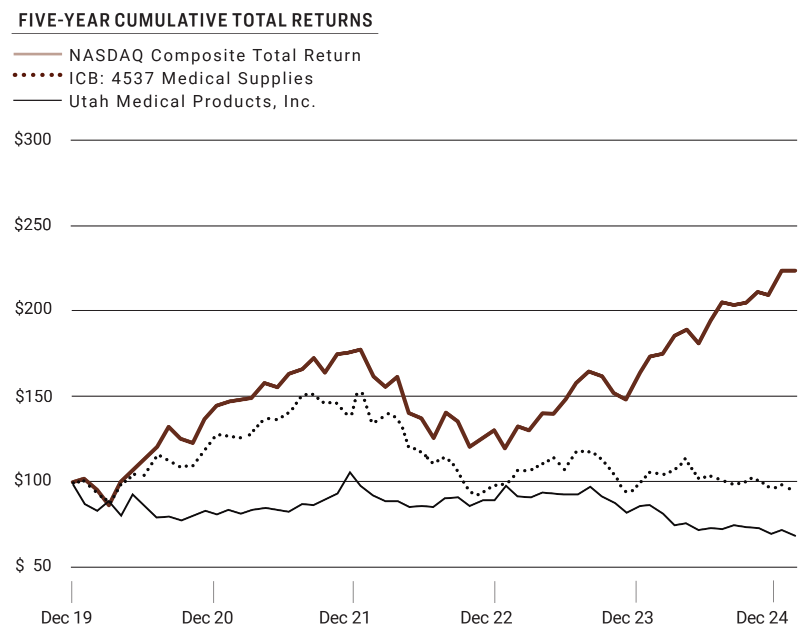
	2024		2023	
	High	Low	High	Low
1st Quarter	$85.76	$68.00	$101.41	$ 80.75
2nd Quarter	71.55	65.91	100.59	87.54
3rd Quarter	77.33	65.60	99.46	83.63
4th Quarter	68.99	60.39	87.99	75.00

For stockholder information contact: Investor Relations, (801) 566-1200.
Website: www.utahmed.com, e-mail: info@utahmed.com

STOCK PERFORMANCE CHARTS

The following chart compares what an investor's five-year cumulative total return (assuming reinvestment of dividends) would have been assuming initial $100 investments on December 31, 2019, for the Company's Common Stock and the two indicated indices. The Company's Common Stock trades on the Nasdaq Global Market.

Cumulative stockholder return data respecting the Nasdaq Composite Total Return are included as the comparable broad market index. The peer group index, ICB: 4537 Medical Supplies, is comprised of Nasdaq Stocks in the Medical Supplies subsector of medical device industry stocks traded on Nasdaq, of which UTMD belongs.



December 31	2019	2020	2021	2022	2023	2024
Utah Medical Products, Inc.	100.0	81.8	96.8	98.2	85.9	68.5
NASDAQ Composite Total Return	100.0	144.9	177.1	119.5	172.8	223.9
Nasdaq ICB: 4537 Medical Supplies	100.0	126.9	152.3	99.9	105.7	96.1

UTAH MEDICAL PRODUCTS, INC.
7043 South 300 West | Midvale, Utah 84047 U.S.A. | www.utahmed.com | email: info@utahmed.com

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