



INTERIM REPORT
Q3 2019





CONTINUED EXPANSION, BUT THE MEDICAL DEVICE INDUSTRY IS LAGGING

THIRD QUARTER (JULY - SEPTEMBER 2019)

- Net sales amounted to 29.3 (35.6) MSEK.
- Operating result for the period before depreciations (EBITDA) totaled -6.7 (1.3) MSEK.
- Net result for the period amounted to -9.0 (-0.3) MSEK.
- Earnings per share (EPS) was -0.37 (-0.03) SEK.
- Order intake amounted to 24.4 (49.2) MSEK.
- The order book was 47.0 (55.0) MSEK.
- Cash flow from operating activities totaled -16.2 (2.9) MSEK.

FIRST NINE MONTHS OF THE YEAR (JANUARY - SEPTEMBER 2019)

- Net sales amounted to 89.1 (91.9) MSEK.
- Operating result for the period before depreciations (EBITDA) totaled -24.7 (-3.5) MSEK.
- Net result for the period amounted to -28.4 (-7.6) MSEK.
- Earnings per share (EPS) was -1.56 (-0.68) SEK.
- Order intake amounted to 84.4 (112.4) MSEK.
- The order book was 47.0 (55.0) MSEK.
- Cash flow from operating activities totaled -20.6 (3.6) MSEK.



SIGNIFICANT EVENTS DURING THE THIRD QUARTER

- On August 28, an extraordinary shareholders' meeting in Mentice AB elected three additional board members proposed by the nomination committee:

Denis Gestin, born in 1964, B.Sc in Business Administration and Economics, chairman of the board in Holistick Medical, France and Endo Tools Therapeutics and board member of CathVision. Denis Gestin is independent in relation to the company, its management and major shareholders.

Gösta Johannesson, born in 1959, B.Sc in Business Administration and Economics, senior adviser Bure Equity, chairman of the board XVIVO Perfusion, Idevall & Partners fonder, deputy chairman of Interflora and Axiell Group, board member of Yubico, Scandinova and others. Gösta Johannesson is independent in relation to the company, its management but not in relation to one major shareholder.

David Ballard, born in 1956, B.Sc. in Economics, Medical Doctor degree, M. Sc. In Public Health and PhD in Epidemiology and member of the advisory committee for Robbins Institute for Health Policy and Leadership, Baylor University. David Ballard is independent in relation to the major shareholders but not in relation to the company and its management.

Since being elected as a member of the board, David Ballard is operating purely as a consultant for Mentice and has left his line management positions and his seat in the executive management team.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- No significant events were announced after the end of the period.

COMMENTS BY THE CEO

Our expansion continues according to plan, but the medical device industry is still lagging.

After the third quarter of the year we are 3.0% below in net sales compared to the same period in 2018, and 24.9% below on orders received. This is still mainly related to a lag in orders in the medical device industry segment. In part we see this as the industry being more cautious when it comes to spending, but the decision time for these large corporation is also usually long, and we cannot control the timeframe for the final decisions.

Revised forecast for the full year of 2019

We do not currently estimate that we will be able to reach our target for the full year of 2019 as stated in the Q2 report, which was to reach the lower end of our financial growth target of 30%. Our current consolidated forecast suggests that our net sales for the full year will end on par with last year. We are however still pursuing opportunities that might allow us to reach above this level and come closer to the target stated earlier. In 2020, we expect to return to previously anticipated growth levels. Looking further ahead, we do not expect that the deviation from plan in 2019 will have a meaningful negative impact on our 3-5-year target.

Continued expansion according to plan

In general, we are not seeing opportunities disappear or being lost to competitors. At the same time, we are building opportunities across all regions and segments, and our organization has reached 100 full-time equivalent employees, which is in line with our long-term target. We are progressing according to plan both from a market and a product point of view, and our strategic partnerships with Siemens Healthineers, Philips Healthcare and Laerdal constitute, as previously stated, substantial opportunities to drive growth in the near term.

Positive indications in hospitals and strategic alliances

In our hospital segment, we are seeing positive indications and expect to surpass last year's sales and order figures. In this segment we have three key markets: North America, APAC and EMEA. The APAC market is dominated by China and Japan. The general interest for Mentice's solutions remains strong across all these markets. We are also intensifying our approach on the Indian market, as stated in the Q2 report, which is expected to become the next growth area similar to what we have seen in China and previously in Japan. In support of our development in India, Mentice was recently awarded 1.8 MSEK from Swedfund. These funds will be linked to our development in India during the next two years.

In our strategic alliances segment, our work is progressing with all of our three partners: Siemens Healthineers, Philips and Laerdal. For Siemens and Philips, the ramp-up of sales has been delayed from the second part of this year to next year, even though the marketing activities are increasing rapidly during this year. One example is our exposure with Siemens Healthineers at the TCT congress in USA in September. During this congress, Mentice was featured in

Siemens' booth with a live procedure performed by a senior physician from Lenox Hill, NY. Additionally, Mentice's ultrasound solutions were used by Siemens in the training village. The interest in combined cath lab solutions creates a lot of pull from hospitals around the world, and we are hopeful that this will generate relevant business in 2020. During the RSNA congress in Chicago in early December, our solutions will be displayed in both Philips Healthcare's and Siemens Healthineers' booth. RSNA is one of the world's largest medical congresses with a focus on radiology.



Progress in technological development

From a technology point of view, we are continuing our efforts to expand the functionality of our solutions for our core product areas. During the quarter, we presented our ultrasound solutions with mainly new modalities for TEE (Transesophageal Echocardiography) and ICE (Intracardiac Echocardiography). We are also progressing rapidly with our auto segmentation technology based on machine and deep learning, where we expect to have a prototype ready by the end of this year. This technology has potential to change the market with the opportunity to automatically generate super resolution 3D models from standard CT or MRI scans. In addition, we believe that the opportunities around patient specific planning, expert guidance and robotic surgery will become a major part of our business in the near future, and these areas are a prioritized part of our product planning and development. We are working with a robotics partner to provide an interface which is using our virtual patient technology, thus leveraging our training content and functionality in this combined environment.

Continued implementation of new pricing model

The implementation of subscription pricing is progressing according to plan, and this model is now fully implemented for our direct sales to the hospital sector. We will move to the next level in 2020 and expand this model to all hospital sales, and gradually implement it for the medical device industry.

Prepared for strong growth

As stated in the beginning of this CEO comment, we are continuing to expand our organization for growth. So far in 2019, we have been able to increase our staff from 77 to 101 full-time equivalent staff members. 11 people have been added to our technology and product department, 9 people to field sales and support, and 4 people have been added in other positions. By adding these individuals into our organization, and continuing to recruit, we will have the staffing necessary to support our ambitious growth targets.

Gothenburg in November 2019

Göran Malmberg
CEO, Mentice AB (publ)

KEY FIGURES

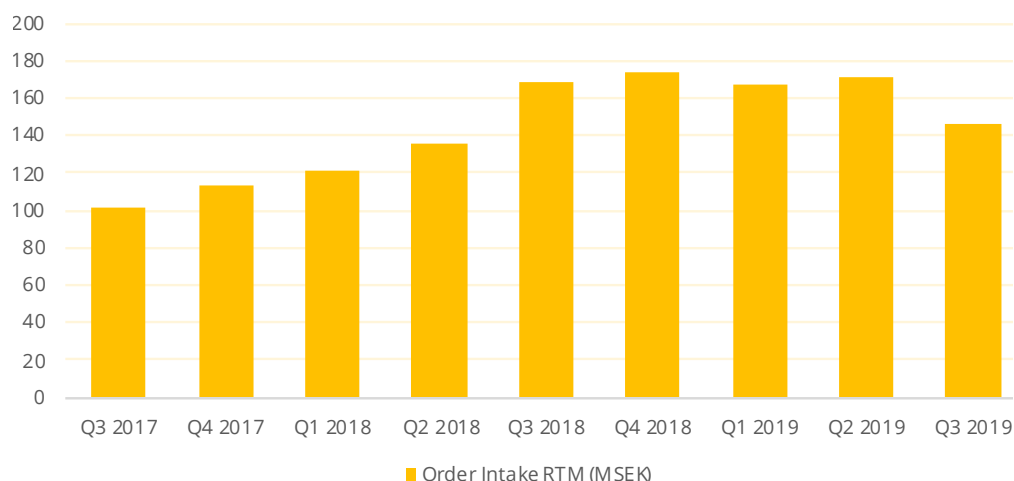
	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	RTM*	Full Year 2018
Order Intake, MSEK	24.4	49.2	84.4	112.4	146.3	174.3
Order Book, MSEK	47.0	55.0	47.0	55.0	47.0	50.1
Net Sales, MSEK	29.3	35.6	89.1	91.9	154.3	157.0
Sales, MSEK	31.6	35.6	93.9	96.7	163.0	165.8
Gross Margin, %	89.2 %	84.3 %	85.2 %	84.3 %	81.7 %	81.2 %
Operating Result before Depreciations (EBITDA), MSEK	-6.7	1.3	-24.7	-3.5	-0.3	20.8
EBITDA Margin, %	-22.8 %	3.8 %	-27.7 %	-3.8 %	-0.2 %	13.2 %
Result before Tax (EBT), MSEK	-11.3	-0.3	-36.6	-7.3	-15.5	13.8
Result for the Period, MSEK	-9.0	-0.3	-28.4	-7.6	-0.6	20.1
Earnings per Share (EPS), SEK	-0.37	-0.03	-1.56	-0.68	0.9	1.80
Cash-flow from Operations, MSEK	-16.2	2.9	-20.6	3.6	-8.3	16.0
Cash at the end of the Period	63.1	9.3	63.1	9.3	63.1	17.8
Capital Employed (CE), MSEK	123.4	38.5	92.9	43.4	79.0	57.7
Equity/Asset Ratio, %	67.3 %	42.6 %	67.3 %	42.6 %	57.4 %	51.0 %

* RTM = Latest 12 months period. RTM has not been reviewed by the company's auditors.

FINANCIAL PERFORMANCE

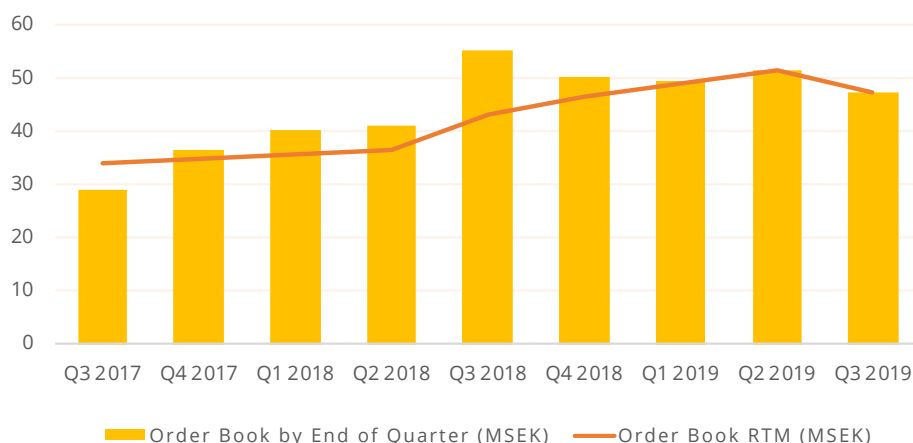
ORDER INTAKE

Order intake for the third quarter was 24.4 (49.2) MSEK.



ORDER BOOK

The order book was 47.0 (55.0) MSEK at the end of the quarter.
The order book represents orders received but not yet delivered. It is estimated that 50 % of the order book will be delivered during the year.



SEASONAL VARIATIONS

There is a seasonal pattern to Mentice business, where the fourth quarter is invariably the strongest in terms of order intake and sales. This is partly because many of our customers usually have annual budgets for the calendar year that needs to be spend or lost combined with difficulties to predict customers' acceptance, launch plans and decision processes.

NET SALES

The group's net sales consist of sales from simulators and software, service and support and sales from consultancy assignments.

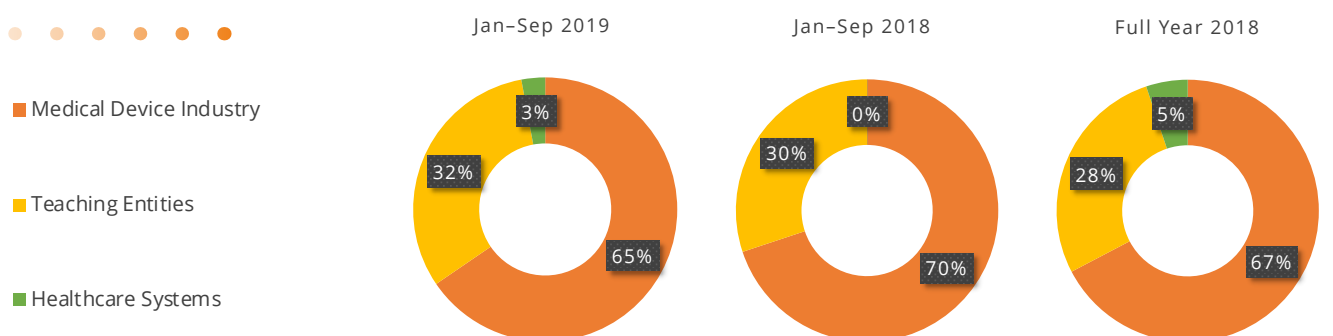
Net sales for the third quarter amounted to 29.3 (35.6) MSEK.

FINANCIAL PERFORMANCE, CONT.

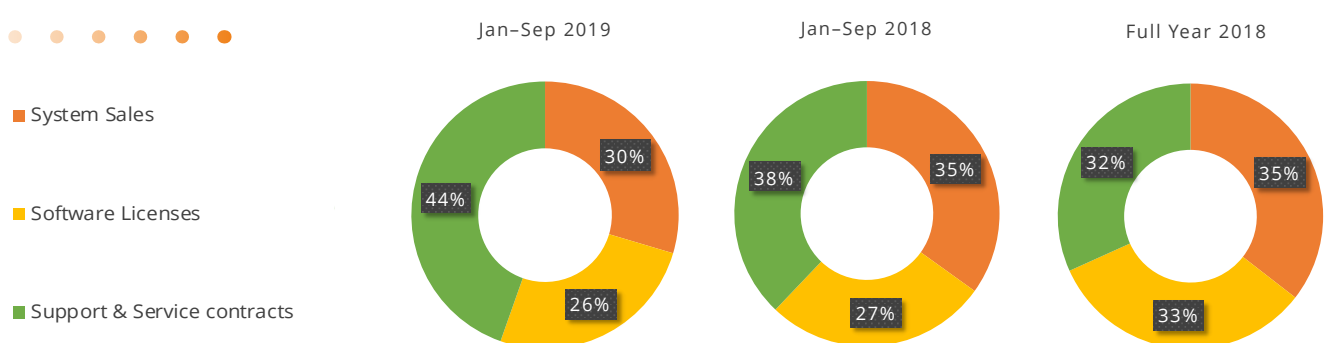
NET SALES, CONT.

Out of the net sales for the third quarter, 19.1 (25.1) MSEK came from the Medical Device Industry segment, 10.1 (10.1) MSEK from Teaching Entities and 0.0 (0.4) MSEK from Healthcare Systems. Geographically, net sales from EMEA was 6.6 (12.2) MSEK, corresponding to 22 % of

total net sales. Net sales increased in APAC to 8.8 (8.6) MSEK, which accounted for 30 % of total net sales. In the Americas, net sales were 13.9 (14.7) MSEK, corresponding to 48 % of total net sales.



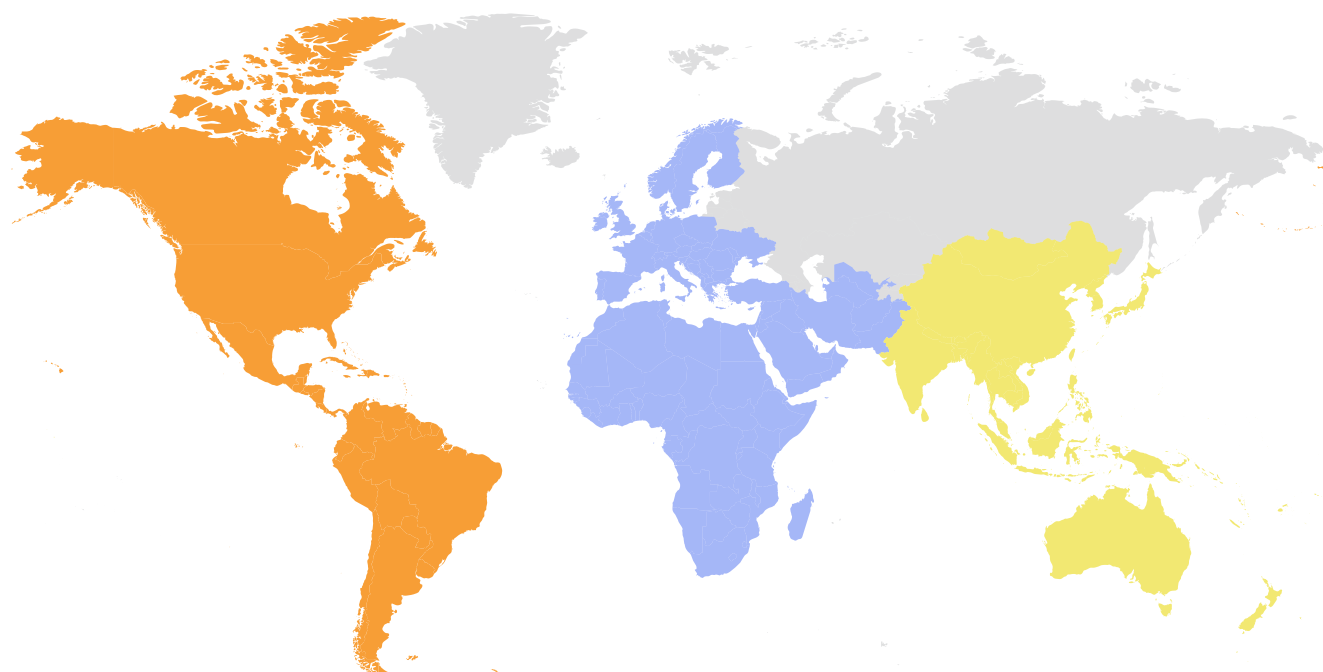
Net Sales per Segment TSEK	Jan-Sep 2019	Jan-Sep 2018	Full Year 2018
Medical Device Industry	58,342	64,212	105,723
Teaching Entities	28,321	27,215	43,269
Healthcare Systems	2,467	435	8,056
Total	89,130	91,862	157,048



Net Sales per Product TSEK	Jan-Sep 2019	Jan-Sep 2018	Full Year 2018
System Sales	26,386	32,071	55,755
Software Licenses	22,997	24,993	51,442
Support & Service Contracts	39,747	34,798	49,851
Total	89,130	91,862	157,048

FINANCIAL PERFORMANCE, CONT.

NET SALES PER GEOGRAPHIC MARKET



Mentice reports sales figures for three geographic markets: EMEA (Europe, Middle East and Africa), APAC (Asia and the Asian Pacific Region) and Americas (North, Central and South America).

Net Sales per Geographic Market TSEK	Jan-Sep 2019	Jan-Sep 2018	Full Year 2018
● EMEA	30,351	33,153	52,626
● APAC	24,155	17,757	41,315
● Americas	34,624	40,952	63,107
Total	89,130	91,862	157,048

OTHER INCOME

Other income was 2.3 (0.0) MSEK by the end of the quarter, which is related to exchange rate variances in assets and liabilities in foreign currencies.

GROSS MARGIN

Gross margin remained at a high level, at 89.2 % for the third quarter, compared to 84.3 % for the same period the previous year. Gross margin is mainly affected by the mix of the products sold.

GROSS PROFIT, OPERATING RESULT AND OPERATING MARGIN (EBITDA)

Gross profit was 26.1 (30.0) MSEK. Operating result before depreciation, EBITDA, was -6.7 (1.3) MSEK. This corresponds to an operating margin of -22.8 (3.8) % for the third quarter. The lower result is explained by increased costs for consultants and recruitment of new employees for future growth.

OTHER EXTERNAL COSTS

Other external costs totalled to -12.2 (-8.2) MSEK during the third quarter

FINANCIAL PERFORMANCE, CONT.

PERSONNEL COSTS AND EMPLOYEES

Personnel costs during the third quarter were -23.0 (-20.5) MSEK. The increase compared to previous year is due to the recruitment of employees mainly in development but also in marketing and sales. The average number of employees for the group for the third quarter was 84 (74), of which 34 (29) in the US subsidiary. The gender distribution in the group were 67 (60) men and 17 (14) women.

CAPITALIZED EXPENSES FOR DEVELOPMENT COSTS

Capitalized expenses for development costs during the third quarter totalled to 1.8 (1.5) MSEK and are mainly attributable to a number of ongoing software projects.

NET FINANCIAL ITEMS

Net financial items for the third quarter totalled to -2.0 (-0.7) MSEK. The net financial items for the quarter included -0.5 MSEK of interest expense on lease liabilities, in accordance with IFRS 16.

INCOME BEFORE TAX, NET RESULT FOR THE PERIOD AND EARNINGS PER SHARE

Income before tax was -11.3 (-0.3) MSEK. Tax on result for the period was 2.4 (0.0) MSEK. Net loss for the period was -9.0 (-0.3) MSEK. Earnings per share was -0.37 (-0.03) SEK.

CASH FLOW

Cash flow from operating activities was -16.2 (-2.9) MSEK. The decrease of 13.3 MSEK was attributable to the lower result.

CASH AND FINANCIAL POSITION

Cash at the end of the period, excluding available line of credit, increased to 63.1 (9.3) MSEK. The Group's total assets amounted to 177.0 (91.4) MSEK. The implementation of IFRS 16 has affected total assets by 36.2 MSEK. Accounts receivable increased during the period to 26.3 (23.2) MSEK. Inventories amounted to 5.5 (7.5) MSEK. Current liabilities were 46.1 (52.5) MSEK. The carrying amounts of financial assets and liabilities are considered to correspond essentially to fair value.

INVESTMENTS

Investments during the third quarter totalled 3.6 (1.7) MSEK. Of the investments, 1.8 (1.5) MSEK refers to the capitalization of development costs. IFRS 16 lease assets totalled 18.9 MSEK. The group had no significant obligations relating to investments as at 30 September 2019.

PARENT COMPANY

The parent company is an operating company. Net sales for the parent company amounted to 19.8 (24.3) MSEK. The result for the period corresponds largely to the sales within EMEA and APAC, the development department and the head office in Sweden. The result for the period was -11.2 (0.0) MSEK.

SHARE CAPITAL

The total number of shares as of 30 September 2019 was 24,146,552 and the share capital was 1.2 MSEK. Average number of shares in Q3 amounted to 24,146,552. Average number of shares during January–September amounted to 18,133,543. The company had 1,409 shareholders as per 30 September. All shares are ordinary shares with equal voting rights. The shares have a quota value of 0.05 SEK.

FINANCIAL PERFORMANCE, CONT.

DISPUTES

The group has no current disputes.

TRANSACTIONS WITH RELATED PARTIES

The company implemented a warrant incentive programme for all employees in May 2019.

SUSTAINABILITY

Mentice business purpose is to help hospitals to reduce patient deaths and injuries as well as costs resulting from medical errors and inefficiencies. By developing and providing innovative and realistic training tools, doctors' clinical skills can be improved, and the risk of unnecessary mistakes reduced. Medical mistakes are a big and costly social problem. See detailed sustainability information in the 2018 annual report on page 4.

RISKS

Important risks and uncertainties for the group are primarily related to commercial customers and suppliers related to their supply and security in the implementation of new medical equipment and to some extent the regulatory risks relating to the Hospital Systems segment. The financial risks lie in the global operations that the company operates. This affects changes in exchange rates and interest rates, as well as liquidity, financing and

credit. Currency risk also arises when translating foreign net assets and earnings into Swedish kronor. Mentice overall goal is to avoid as far as possible financial risk taking, which can arise through changes in exchange rates, interest rates and market prices, as well as liquidity, financing and credit risks. For more information about the company's risks, see Note 20 on page 35 of the annual report for 2018.

THE SHARE AND OWNERSHIP

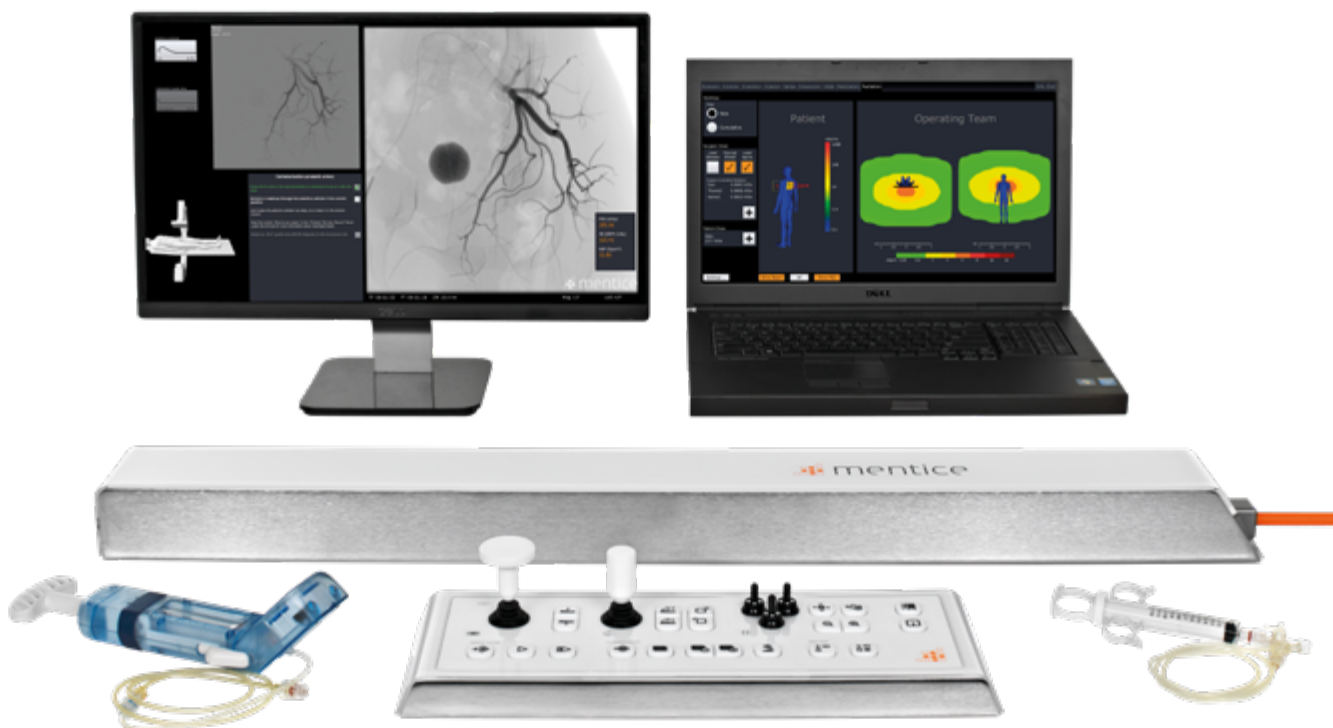
Mentice AB (publ.) shares are traded on Nasdaq First North Premier since June 18, 2019 under MNTC. According to Euroclear's official register of shareholders, Mentice had a total of 1,409 shareholders by September 30, 2019. The company's certified advisors are FNCA.

AUDITOR REVIEW

This report has been reviewed by the company's auditors.

FINANCIAL REPORTS

Interim reports and other financial reports are available on the company's website, www.mentice.com.



AFFIRMATION

Mentice AB (publ)'s Board of Directors and CEO hereby assure that this interim report gives a true and fair view of the Group's business, financial position and performance. In the event of any discrepancies between the English and Swedish versions of the report, the Swedish version shall prevail.

Gothenburg, 25 November 2019

Mentice AB (publ)

Lawrence D. Howell	Chairman of the Board
Magnus Hardmeier	Board member
Bengt Sjöholm	Board member
Johann Koss	Board member
Denis Gestin	Board member
Gösta Johannesson	Board member
David Ballard	Board member

FOR FURTHER INFORMATION, PLEASE CONTACT:

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This is information that Mentice AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.30 CET on 25 November 2019.

GROUP - CONSOLIDATED INCOME STATEMENT

TSEK	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Full Year 2018
Net Sales	29,295	35,607	89,130	91,862	157,048
Other Income	2,278	0	4,800	4,863	8,737
Sales	31,573	35,607	93,930	96,725	165,785
Cost of Goods Sold	-3,153	-5,580	-13,172	-14,398	-29,454
Other External Costs	-12,153	-8,176	-35,056	-30,064	-40,819
Personnel costs	-22,955	-20,506	-70,367	-55,796	-74,730
Depreciation of Tangible and Intangible Assets	-2,668	-932	-8,193	-3,047	-4,654
Operating Income (EBIT)	-9,356	413	-32,858	-6,580	16,128
Financial Income	0	0	195	293	511
Financial Expenses	-1,988	-740	-3,895	-1,014	-809
Write-down of Financial Receivables	0	0	0	0	-1,995
Income Before Tax (EBT)	-11,344	-327	-36,558	-7,301	13,835
Tax on Result for the Period	2,370	-5	8,208	-324	6,313
Net Result for the Period	-8,974	-332	-28,350	-7,625	20,148
Profit/Loss Attributable to:					
Shareholders Parent Company	-8,974	-332	-28,350	-7,625	20,148
Non-controlling Interest	0	0	0	0	0
Net Result for the Period	-8,974	-332	-28,350	-7,625	20,148
Earnings per Share Basic, SEK	-0.37	-0.03	-1.56	-0.68	1.80

GROUP - CONSOLIDATED INCOME STATEMENT AND TOTAL RESULT



TSEK	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Full Year 2018
Net Result for the Period	-8,974	-332	-28,350	-7,625	20,148
<i>Other Total Result for the Period</i>					
The Period Translation Reserve	1,221	-1,052	2,440	1,119	-1,041
Other Total Result for the Period	-7,753	-1,384	-25,910	-6,506	19,107
Profit/Loss Attributable to:					
Shareholders Parent Company	-7,753	-1,384	-25,910	-6,506	19,107
Non-controlling Interest	0	0	0	0	0
Total Net Result for the Period	-7,753	-1,384	-25,910	-6,506	19,107

GROUP - CONSOLIDATED BALANCE SHEET

TSEK	Sep 2019	Sep 2018	Full Year 2018
Assets			
Intangible Fixed Assets	29,044	31,637	33,400
Tangible Fixed Assets	6,981	5,418	6,540
Right-of-use Assets	17,922	0	0
Deferred Tax Assets	18,887	2,285	9,569
Total Fixed Assets	72,834	39,340	49,509
Inventories	5,503	7,460	4,955
Current Tax Receivable	249	2,200	2,581
Accounts Receivable	26,286	23,179	42,333
Prepaid Costs and Accrued Income	5,897	7,016	13,268
Other Current Receivables	3,114	2,885	119
Cash and Cash Equivalents	63,114	9,282	17,821
Total Current Assets	104,163	52,022	81,077
Total Assets	176,997	91,362	130,586
Equity			
Share Capital	1,207	1,120	1,120
Additional Paid in Capital	92,178	12,032	12,032
Other Capital Including Net Result for the Year	25,661	25,738	53,587
Total Equity Attributable to Parent Company Shareholders	119,046	38,890	66,739
Minority Share in Total Equity	0	0	0
Total Equity	119,046	38,890	66,739
Liabilities			
Accrued Tax Liabilities	167	0	166
Long-term Leasing Liabilities	11,672	0	0
Total Long-term Liabilities	11,839	0	166
Accounts Payable	5,950	5,427	11,439
Current Tax Liability	331	0	280
Other Liabilities	1,516	977	1,358
Current Leasing Liability	5,055	0	0
Accrued Expenses and Deferred Income	33,260	46,068	50,604
Total Current Liabilities	46,112	52,472	63,681
Total Liabilities	57,951	52,472	63,847
Total Equity and Liabilities	176,997	91,362	130,586

GROUP - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



TSEK	Share Capital	Additional Paid in Capital	Translation Reserv	Other Capital incl. Net Result	Total	Minority Share	Total Equity
Opening Balance Equity 2019-01-01	1,120	12,032	-1,295	54,882	66,739	0	66,739
Stock Option Program		4,673			4,673	0	4,673
New Issuance of Shares	87	75,473			75,560	0	75,560
Dividend				-2,016	-2,016	0	-2,016
Net Result for the Period				-28,350	-28,350	0	-28,350
Other Total Result for the Period			2,440		2,440	0	2,440
Closing Balance Equity 2019-09-30	1,207	92,178	1,145	24,516	119,046	0	119,046

GROUP - CONSOLIDATED STATEMENT OF CASH FLOW

TSEK	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Full Year 2018
Operating Activities					
Result before Tax	-11,344	-327	-36,558	-7,301	13,835
Adjustment for Non-cash Items	2,156	1,960	7,331	2,207	4,692
Tax Paid	542	-2,182	-663	-1,783	-2,120
Total	-8,646	-549	-29,890	-6,877	16,407
Increase (-)/Decrease (+) Inventories	-1,260	313	-1,328	-13	1,705
Increase (-)/Decrease (+) Current Assets	3,851	-4,257	25,248	3,614	-18,321
Increase (+)/Decrease (-) Current Liabilities	-10,118	7,360	-14,674	6,906	16,214
Cash-flow from Operations	-16,173	2,867	-20,644	3,630	16,005
Investing Activities					
Investments in Tangible Assets	-1,840	-167	-2,195	-1,189	-2,534
Investments in Intangible Assets	-1,796	-1,502	-5,768	-6,998	-9,858
Cash-flow from Investment Activities	-3,636	-1,669	-7,963	-8,187	-12,392
Financial Activities					
Proceeds from Issue of Share Options	0	0	4,673	0	0
Proceeds from Issue of Share Capital	0	0	82,000	0	0
Payment of Transaction Costs	-1,008	0	-7,448	0	0
Payment of Finance Leasing Liabilities	-1,269	0	-3,776	0	0
Dividend Paid to Parent Company's Shareholders	0	-1,009	-2,016	-1,009	-958
Cash-flow from Financing Activities	-2,277	-1,009	73,433	-1,009	-958
Cash-flow for the Period	-22,086	189	44,826	-5,566	2,655
Opening Cash Balance	84,886	9,323	17,821	14,712	14,712
Exchange Rate Differences on Financial Items	314	-230	467	136	454
Closing Cash Balance	63,114	9,282	63,114	9,282	17,821

PARENT COMPANY - INCOME STATEMENT

TSEK	Q3 2019	Q3 2018	Jan-Sep 2019	Jan-Sep 2018	Full Year 2018
Net Sales	19,776	24,294	67,744	63,469	112,437
Capitalized Expenses for Development	1,801	1,462	5,773	6,998	9,858
Other Income	2,278	0	4,801	4,863	8,737
Sales	23,855	25,756	78,318	75,330	131,032
Cost of Sold Goods	-2,211	-4,676	-10,263	-14,610	-24,490
Other External Costs	-20,836	-7,750	-65,674	-31,524	-45,554
Personnel Expenses	-12,400	-11,854	-38,312	-35,157	-45,316
Depreciations on Intangible and Tangible Assets	-810	-532	-2,863	-1,912	-2,978
Other Operating Expenses	0	0	0	0	-1,268
Operating Profit	-12,402	944	-38,794	-7,873	11,426
Other Interest Income and similar Profit/Loss Items	-57	-166	194	599	1,352
Interest Expenses and similar Profit/Loss Items	-1,766	-488	-3,270	-1,410	-1,143
Result after Financial Items	-14,225	290	-41,870	-8,684	11,635
Untaxed Reserves	0	0	0	0	-775
Tax on Result for the Period	3,055	-257	9,066	-656	-2,100
Net Result for the Period	-11,170	33	-32,804	-9,340	8,760

PARENT COMPANY - BALANCE SHEET

TSEK	Sep 2019	Sep 2018	Dec 2018
Intangible Assets	31,018	31,636	35,799
Tangible Assets	1,011	1,133	1,037
Shares in Group Companies	41,178	22,167	41,178
Receivables Group Companies	505	2,733	3,982
Deferred Tax Receivable	9,452	1,830	386
Total Financial Fixed Assets	51,135	26,730	45,546
Inventories	4,192	3,446	3,453
Accounts Receivable	15,841	18,091	28,582
Receivables Group Companies	24,486	31,504	19,011
Current Tax Receivables	3,139		2,582
Other Receivables		2,289	120
Prepaid Expenses and Accrued Income	5,641	4,154	6,400
Cash and Cash Equivalents	59,370	5,861	12,667
Total Current Assets	112,669	65,345	72,815
Total Assets	195,833	124,844	155,197
<i>Restricted Equity</i>			
Shareholders Equity	1,207	1,120	1,120
Capitalization of Development Cost	23,693	9,280	18,541
<i>Non-restricted Equity</i>			
Premium Reserve	87,504	12,032	12,032
Balanced Result	41,520	43,559	35,256
Profit/Loss for the Period	-32,804	-9,340	8,760
Total Equity	121,120	56,651	75,709
Untaxed Reserves	775	0	775
Liabilities Group Companies	45,159	24,722	27,126
Total Long-term Liabilities	45,159	24,722	27,126
Accounts Payable	5,948	5,069	11,179
Other Current Liabilities	836	1,762	1,101
Accrued Expenses and Prepaid Income	21,995	36,640	39,307
Total Current Liabilities	28,779	43,471	51,587
Total Equity and Liabilities	195,833	124,844	155,197

NOTES

COMPARATIVE FIGURES

The comparative figures for IFRS 16 have been implemented as of 1 January 2019 and affect comparisons of our financial performance. IFRS 16 discounts the value of the right to future use of lease assets and this value is recognised as an asset on the balance sheet, with the corresponding lease commitment

as a liability. The recognised lease assets are written down over the term of the agreement and the liability is reduced through ongoing payment for the commitment. The effects of discounting have been recognised as an interest expense. The balance sheet, income statement and cash flow of Mentice have been affected by IFRS 16 as described below per September 30, 2019:

TSEK	Incl. IFRS 16	IFRS 16 Effect	Excl. IFRS 16
Group Consolidated Balance Sheet			
Fixed Assets	72,834	17,979	54,855
Current receivables	104,163	1,462	102,701
Long-term Liabilities	11,839	11,672	167
Current Liabilities	57,951	5,055	52,896
TSEK	Incl. IFRS 16	IFRS 16 Effect	Excl. IFRS 16
Total Result			
Operating Result before Depreciations (EBITDA)	-6,688	4,293	-10,981
Depreciations of Tangible and Intangible Assets	-2,668	-4,021	1,353
Operating Result (EBIT)	-9,356	272	-9,628
Net Financial Items	-1,988	-541	-1,447
Result Before Tax	-11,344	-269	-11,075
TSEK	Incl. IFRS 16	IFRS 16 Effect	Excl. IFRS 16
Cash Flow Statement			
Adjustment for Non-cash Items	2,156	272	1,884
Net Financial Items	0	-541	541
Cash-flow From Operations	2,156	-269	2,425

ACCOUNTING POLICIES

Mentice applies International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The parent company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities, issued by the Swedish Financial Reporting Board.

The accounting policies applied correspond to those of the previous financial year, as described in the annual report for 2018, with the addition of the application of the new IFRS standard for IFRS 16.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2019

IFRS 16 Leases was issued in 2016 to replace IAS 17 Leases and has been implemented in 2019. Mentice has chosen the modified retrospective approach as the method of initial application of the new reporting standard. This means that the cumulative impact of the implementation affects the accounts on initial application of the accounting policy. Comparative information is not adjusted. The implementation of IFRS 16 affects the comparison of the figures for 2019 with those of the previous year.

NOTES, CONT.

When calculating the IFRS 16 value of rights of use and associated commitments, we have excluded leases with a lease term of less than 12 months and leases with a total value of less than SEK 50,000. In order to calculate the value of the right of use and the lease liability, the incremental borrowing rate has been based on the category of lease, the term of the lease and the region. For more information about the accounting policies applied, see Mentice annual report.

SEGMENTS

Mentice business is divided into three segments, which reflect the group's operations, financial management and management structure. These three segments are Medical Device Industry, Teaching Entities and Healthcare systems.

NET SALES PER SEGMENT

	Medical Device Industry		Teaching Entities		Healthcare Systems		Total	
TSEK	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Sep 2019	Jan-Sep 2018
Geographic Markets								
EMEA	20,421	20,881	8,724	12,272	1,206	0	30,351	33,153
APAC	11,304	11,549	12,851	6,208	0	0	24,155	17,757
Americas	26,617	31,782	6,746	8,735	1,261	435	34,624	40,952
Total	58,342	64,212	28,321	27,215	2,467	435	89,130	91,862
Time for Revenue Recognition								
Goods and Services that are Accounted for at a given time	32,619	40,772	24,075	24,174	2,467	435	59,161	65,381
Goods and Services that are Accounted for over time	25,723	23,440	4,246	3,041	0	0	29,969	26,481
Total Net Sales from Customer Contracts	58,342	64,212	28,321	27,215	2,467	435	89,130	91,862

The group's sales come from the EMEA, APAC and Americas regions.

BASES OF VALUATION APPLIED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Assets and liabilities are recognised at historical cost with the exception of currency derivatives, which are measured at fair value. As per September 30, 2019, the total actual value of forward contracts was SEK 0 (0) million SEK.

ASSESSMENTS AND ESTIMATES IN THE FINANCIAL STATEMENTS

Preparation of the financial statements in compliance with IFRS requires the company's management to make assessments, estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses.

Actual outcomes may deviate from these estimates and assessments. Assumptions are reviewed on a regular basis. Changes to estimates are recognised in the period when the change is made if the change affects only that period, or in the period when the change is made and future periods if the change affects both the current period and future periods.

ADJUSTMENTS, ROUNDING

Some of the financial information provided in this report has been rounded, which may affect the totals in the tables.

NOTES, CONT.

FINANCIAL INSTRUMENTS, CURRENCY EXPOSURE AND RISK MANAGEMENT

Mentice uses forward exchange contracts to manage currency risk. Forward exchange contracts are used to hedge risk in connection with accounts receivable and are placed at the time of ordering. Other future cash flows are not hedged. Mentice operations expose it to credit risk when selling to customers. Only advance payments or letters of credit are accepted for sales to new customers or to customers which are deemed to represent a high-risk exposure.

ABOUT THE PARENT COMPANY

Mentice AB (publ.), company registration number 556556-4241, is a Swedish public company with its registered office in Gothenburg, Sweden.

ALTERNATIVE KEY PERFORMANCE INDICATORS

Alternative key performance indicators are financial measurements that cannot be directly discerned or derived from financial statements. These financial measurements are intended to help the company management and investors to analyse the group's performance. Investors should view these alternative key performance indicators as a complement to the financial statements prepared in accordance with IFRS.

DEFINITION OF KEY PERFORMANCE INDICATORS REPORTED

Order intake – The value of orders received during the period.

Order book – Amount of not yet delivered products and services.

Order intake rolling 12 months – Mentice has had recurring

growth phases and it is important to view performance over time and not solely for an individual quarter as Mentice historically has had a strong fourth quarter.

Sales rolling 12 months – Mentice has had recurring growth phases and it is important to view performance over time and not solely for an individual quarter as Mentice historically has had a strong fourth quarter.

Gross profit – Net sales with deduction for cost of goods sold. The indicator shows profitability before fixed costs.

Gross profit margin – Gross profit as a part of net sales.

EBITDA – Mentice uses the key performance indicator EBITDA to demonstrate the earning power of the business from operating activities without taking into account the capital structure and tax situation and this is intended to make comparison easier with other companies in the same industry.

EBITDA rolling 12 months – Mentice has had recurring growth phases and it is important to view performance over time and not solely for an individual quarter.

Capital employed (CE) – Mentice reports capital employed, in other words the assets financed by banks and shareholders.

Equity ratio – Equity divided by total assets.

FINANCIAL TARGETS, SHORT TO MEDIUM TERM

REVENUE GROWTH

30–40% average annual revenue growth during short to medium term (next 3–5 years).

PROFITABILITY

30 % EBITDA margin within short to medium term (3–5 years).

DIVIDEND POLICY

Mentice is a company on a rapidly growing market. In order to capitalise on its market opportunities, the company will prioritise growth, both organic and through acquisitions. The Annual General Meeting decided to issue a dividend of SEK 0.18 per share (before stock split), equivalent to SEK 2.0 million for the 2018 financial year.

ABOUT MENTICE

BUSINESS OPERATIONS

Mentice is a company that offers high-technology solutions for simulation to the medical sector with focus on the fast-growing market for endovascular procedures. Mentice's simulators are used to educate, train, and improve the practitioners' skills in different types of interventions and when introducing new clinical instruments. The company offers "flight simulations" for physicians and clinical teams to provide practitioners with experiences as realistic as possible. Headquartered in Gothenburg, Sweden, Mentice has a strong global presence with companies established in the US, Japan, China, and Switzerland.

BUSINESS IDEA

Mentice business idea is to assist in the aim to reduce deaths, injuries and costs resulting from medical errors and inefficiencies and ultimately to reduce risk of harm to patients. By developing and providing innovative and realistic training tools, the company will help to improve the clinical skills of doctors and reduce the risk of needless errors. Medical errors are a major problem for society that come at a large cost and are the third most common cause of death in the USA, behind heart disease and cancer. Close integration with health service and the rest of the medical device industry is vital in order to promote innovative solutions that enhance the simulation experience. Sustainability, social and environmental issues are a core element of Mentice code of conduct and its operations. Mentice has a strong focus

on the continuing innovation of the products it offers and on taking simulation to new heights in order to offer the best possible solutions for customers at hospitals, clinics, universities and in research groups as well as in the medical device industry. The company has clear ambitions and principles to take economic, social and environmental responsibility.

PURPOSE

Mentice purpose is to reduce deaths, injuries and costs resulting from medical errors and inefficiencies by developing innovative and inspirational tools for the improvement of clinical skills.

VISION

Mentice vision is to make medical simulation so realistic, effective and easy to use that Mentice simulators will be routinely used by physicians as a natural part of their quest for excellence.

MISSION

Mentice mission is to continuously innovate and develop products that make the simulation experience go beyond realism and offer the most effective and stimulating solutions. To closely engage with medical societies, communities and industries to help create the best possible training environment.

OUR RESULTS ARE GLOBAL

PROUD TO BE TRUSTED BY ORGANIZATIONS WORLDWIDE

20+

Years of experience pioneering interventional simulation.

140+

Over 140 scientific papers reinforcing the value of simulation skills acquisition, retention and assessment.

49+

Medical simulation patents across more than 30 different training procedures.

>50%

Of global market share in endovascular simulation solutions.

FINANCIAL CALENDAR

YEAR-END REPORT JAN - DEC 2019

27 FEBRUARY 2020 AT 8:30

Mentice's interim reports and annual reports are available on www.mentice.com.



