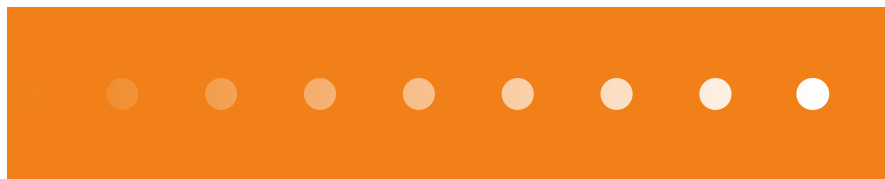




YEAR-END REPORT  
**JAN—DEC 2019**





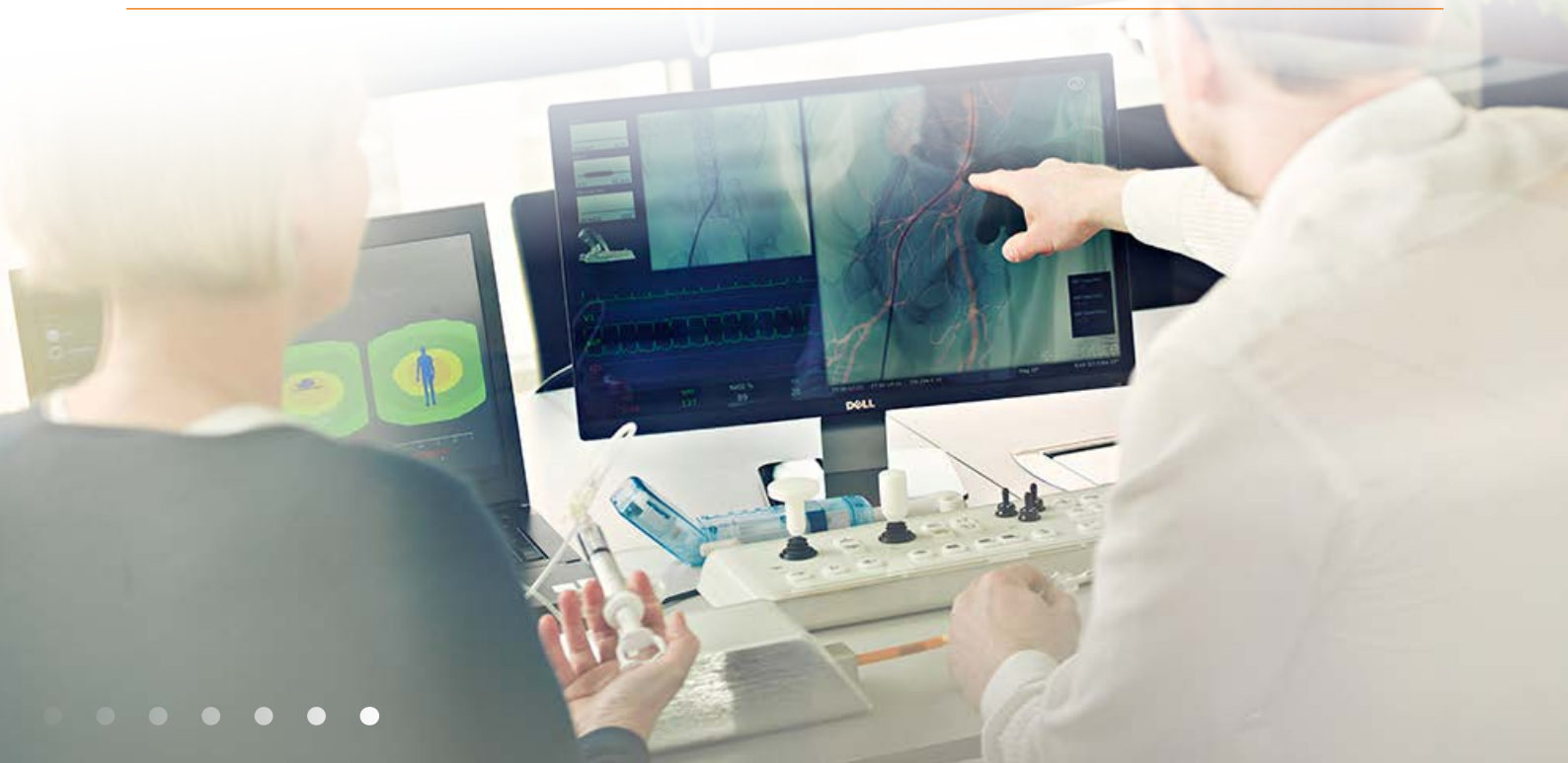
## ENCOURAGING SIGNS FOR 2020, DESPITE CONTINUED LAG IN THE MEDICAL DEVICE INDUSTRY IN Q4

### FOURTH QUARTER (OCTOBER–DECEMBER 2019)

- Net sales amounted to 60.2 (65.2) MSEK.
- Operating result for the period before depreciations (EBITDA) totaled 11.8 (24.3) MSEK.
- Net result for the period amounted to 7.8 (27.8) MSEK.
- Earnings per share (EPS) was 0.32 (2.48) SEK.
- Order intake amounted to 54.7 (61.9) MSEK.
- The order book was 39.8 (50.1) MSEK.
- Cash flow from operating activities totaled -17.4 (12.4) MSEK.

### FULL YEAR (JANUARY–DECEMBER 2019)

- Net sales amounted to 149.4 (157.0) MSEK.
- Operating result for the period before depreciations (EBITDA) totaled -12.9 (20.8) MSEK.
- Net result for the period amounted to -20.6 (20.1) MSEK.
- Earnings per share (EPS) was -1.05 (1.80) SEK.
- Order intake amounted to 139.1 (174.3) MSEK.
- The order book was 39.8 (50.1) MSEK.
- Cash flow from operating activities totaled -38.0 (16.0) MSEK.



### SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- In the fourth quarter, Mentice continued to see strong performance in its healthcare systems segment. This included a long-term engagement with German Society of Radiology (Deutsche Gesellschaft für Interventionelle Radiologie in der Deutschen Gesellschaft für Radiologie, DeGIR), covering Mentice systems during a multi-year agreement with a total order value of 4.6 MSEK. DeGIR will use Mentice equipment for training and eventually certification of junior and practicing interventional radiologists.

### SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On January 7, Mentice published preliminary (unaudited) net sales and order intake figures for January-December 2019. It was announced that the sales figures were roughly in line with the revised full year forecast in the Q3 interim report, (with a 4-5% decrease in net sales), while order intake was 20% lower compared to last year. To address the current lag in order intake and improve overall sales performance, CEO Göran Malmberg is assuming direct responsibility for global sales activities.
- On January 13, Mentice announced that the company has developed the first of-its-kind flexible training solution Coronary Essentials. It was presented at the 20th International Meeting on Simulation in Healthcare (IMSH 2020) in San Diego, USA from January 19 to January 22. Coronary Essentials consists of a multitude of flexible training modules allowing real-time introduction of complications and manipulation of scenarios using an iPad.

## COMMENTS BY THE CEO

Medical Device Systems continued to lag in Q4, while our progress in Strategic Alliances and Health Care Systems, as well as a strong product launch schedule ahead, is encouraging for 2020.

After the fourth quarter of 2019, we are 7.6 % below in net sales compared to same period last year and 11.6 % below on orders received. As stated in the Q3 report, a major cause of this lag is orders being pushed forward and we continued to experience this in Q4 where multiple orders were being pushed into 2020. Our start to the first quarter is ahead of last year both from a net sales and order point of view and we see relevant progress on the delayed deals from last year.

When taking a step back and observing the overall trends, we believe we will be able to return to growth during 2020. There is strong support for Mentice and what we stand for in all our markets and segments, and we will continue to constantly improve our offerings in 2020 and beyond. As further described below we have a comprehensive schedule for new products in 2020 and as an example we presented the first-of-its-kind flexible Coronary Essentials training solution at the 20th International Meeting on Simulation in Healthcare (IMSH 2020) in San Diego in January.

In the short term, the ongoing corona virus outbreak might affect our business in Greater China. It's unclear now if this also would impact us in other parts of the world.

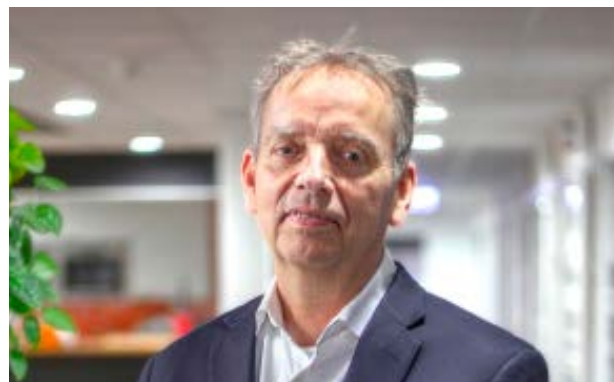
### Positive forecast for the full year of 2020

While the unsatisfactory outcome for 2019 was not expected, we have identified its key reasons and implemented corrective actions, I am assuming direct responsibility for our global sales with our 3 sales leaders reporting to me. Based on this, we expect to return to a net sales growth level of about 30 % for 2020 compared to 2019.

### Strong progress in Strategic Alliances and Health Care Systems

In Strategic Alliances, we continue to be very pleased with the progress of our relationships with Philips Healthcare and Siemens Healthineers, as well as the interaction with their clients. During the first part of 2020, Siemens Healthineers has started to deliver their previously delayed Artis Icono Cath lab to end clients in both Europe and the US, and Mentice has also closed several orders during the first two months of 2020 connected to our collaboration with these two partners. We expect virtually every prospective client of a Philips Azzurion or a Siemens Artic Icono to be introduced to the benefits of integrating a Mentice system as a part of their purchase of a new Cath lab. With Laerdal, we continue to see great interest in connection with acute scenarios where the approach for acute ischemic stroke is the most prevalent.

Our segments for Health Care Systems and Teaching Entities performed well throughout the year, with a 5.7 % net sales growth compared to 2018. This was achieved despite lower than expected sales in the US as we reached strong sales numbers in both the Asia Pacific (APAC) and the Europe and Middle East/



Africa region (EMEA). As presented on January 7, we entered into a long-term engagement with German Society of Radiology (DeGIR) in Q4, covering Mentice systems during a multi-year agreement with a total order value of 4.6 MSEK. DeGIR will use Mentice equipment for training and certification of junior and practicing interventional radiologists. This is a significant development and a major step forward for the perspective of simulation. We have engaged in several similar discussions with medical organizations around the globe in 2019, and we see movement in the direction for certification of physicians, which would be a major step forward for the market and for Mentice.

In our Medical Device Industry segment, we performed significantly below 2018 in net sales (-10.1%). We see two main reasons for this: (i) a very strong 2018 where we experienced over 50% year over year growth and (ii) large numbers of orders that were moved from late 2019 into 2020. We feel that some of the uncertainty in the market in H2 2019 has been removed, but the coronavirus outbreak and potentially the US election can be expected to prolong the hesitant spending patterns into 2020. Our discussions on opportunities connected to Mentice products are however progressing in a good way. Our responsibility is to be very clear on the values connected to the use of our products, as well as staying very close to the decision-making processes of our clients. These are two areas where we could have done better in the end of 2019, and where we have implemented corrective actions for 2020.

### Encouraging product launch schedule for 2020

From a technology point of view we have added significant resources for both 2018 and 2019, where our product management resources and development resources has increased from 22 individuals going into 2018 to 45 individuals in these two departments today. Our main use of resources in 2019 was aimed towards the medical device industry, and this postponed some standard product development releases. In the second part of 2019 we were able to consolidate our usage and add dedicated resources to standard development. As a result of this, we have a large amount of product launches scheduled for 2020. We expect these product launches to have a positive impact on our market position in all our segments, while strengthening Mentice's position as the global leader in our field.

Gothenburg in February 2020,

Göran Malmberg  
CEO, Mentice AB (publ)

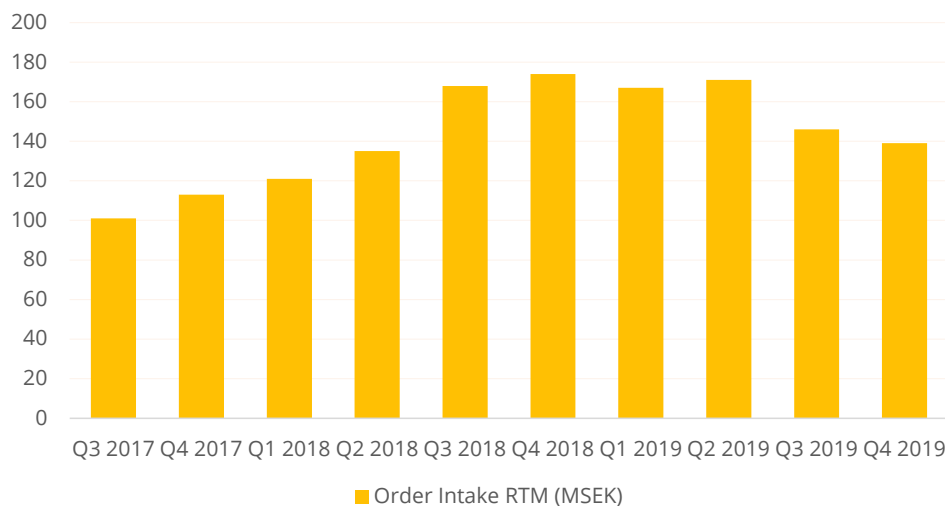
## KEY FIGURES

	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Order Intake, MSEK	54,7	61,9	139,1	174,3
Order Book, MSEK	39,8	50,1	39,8	50,1
Net Sales, MSEK	60,2	65,2	149,4	157,0
Sales, MSEK	60,2	69,1	152,7	165,8
Gross Margin, %	84,5 %	76,9 %	84,9 %	81,2 %
Operating Result before Depreciations (EBITDA), MSEK	11,8	24,3	-12,9	20,8
EBITDA Margin, %	19,5 %	37,3 %	-8,6 %	13,2 %
Result before Tax (EBT), MSEK	10,3	21,1	-26,2	13,8
Result for the Period, MSEK	7,8	27,8	-20,6	20,1
Earnings per Share (EPS), SEK	0,32	2,48	-1,05	1,80
Cash-flow from Operations, MSEK	-17,4	12,4	-38,0	16,0
Cash at the end of the Period	48,0	17,8	48,0	17,8
Capital Employed (CE), MSEK	126,6	52,5	96,1	57,7
Equity/Asset Ratio, %	67,1 %	51,1 %	67,1 %	51,1 %

## FINANCIAL PERFORMANCE

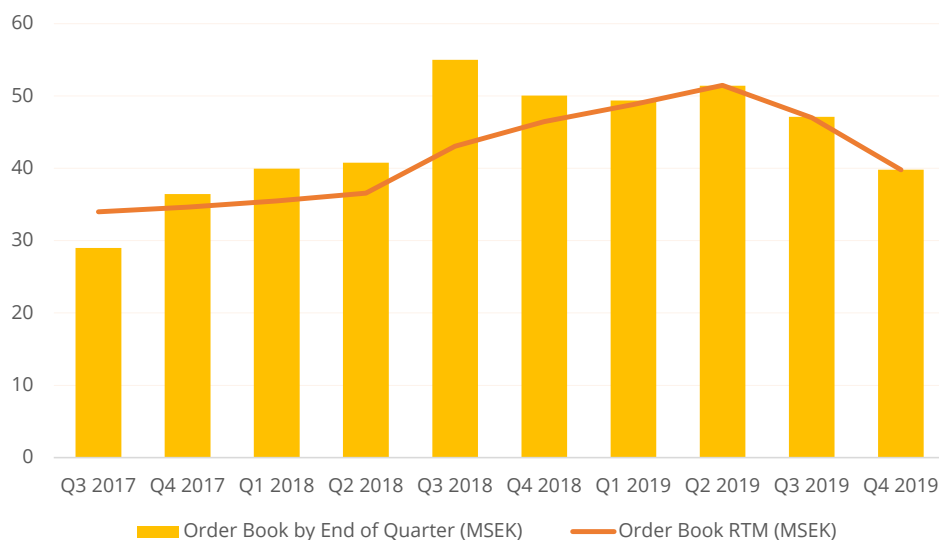
### ORDER INTAKE

Order intake for the fourth quarter was 54.7 (61.9) MSEK.



### ORDER BOOK

The order book was 39.8 (50.1) MSEK at the end of the quarter. The order book represents orders received but not yet delivered.



### 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.

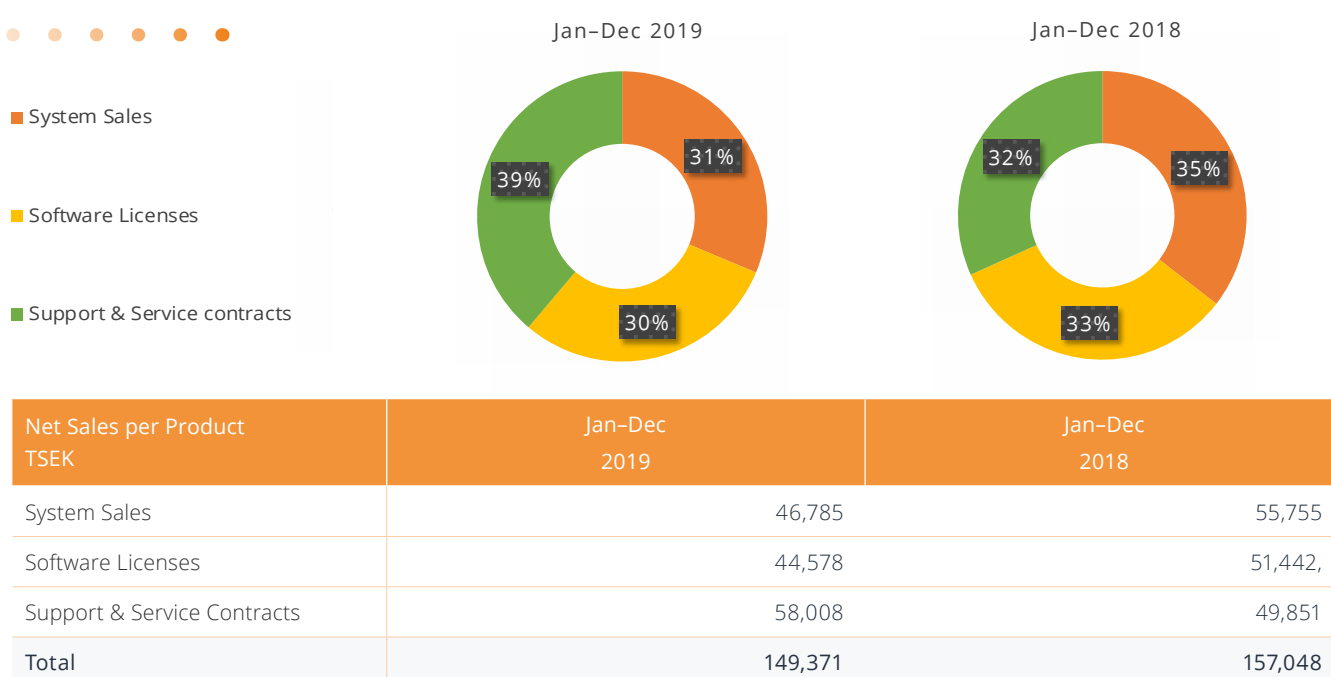
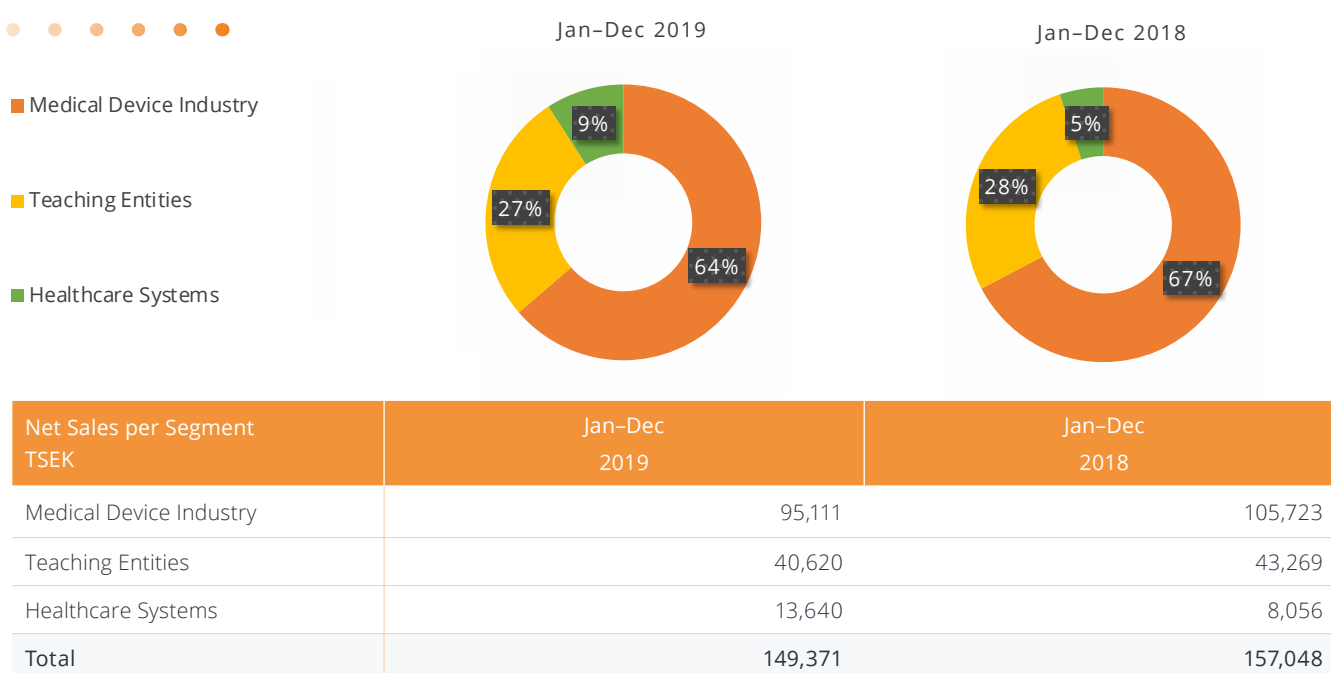
Net sales for the fourth quarter amounted to 60.2 (65.2) MSEK.

## FINANCIAL PERFORMANCE, CONT.

### NET SALES, CONT.

Out of the net sales for the fourth quarter, 36.8 (41.5) MSEK came from the Medical Device Industry segment, 12.3 (16.1) MSEK from Teaching Entities and 11.2 (7.6) MSEK from Healthcare Systems. Geographically, net sales from EMEA was 14.4 (19.5) MSEK, corresponding

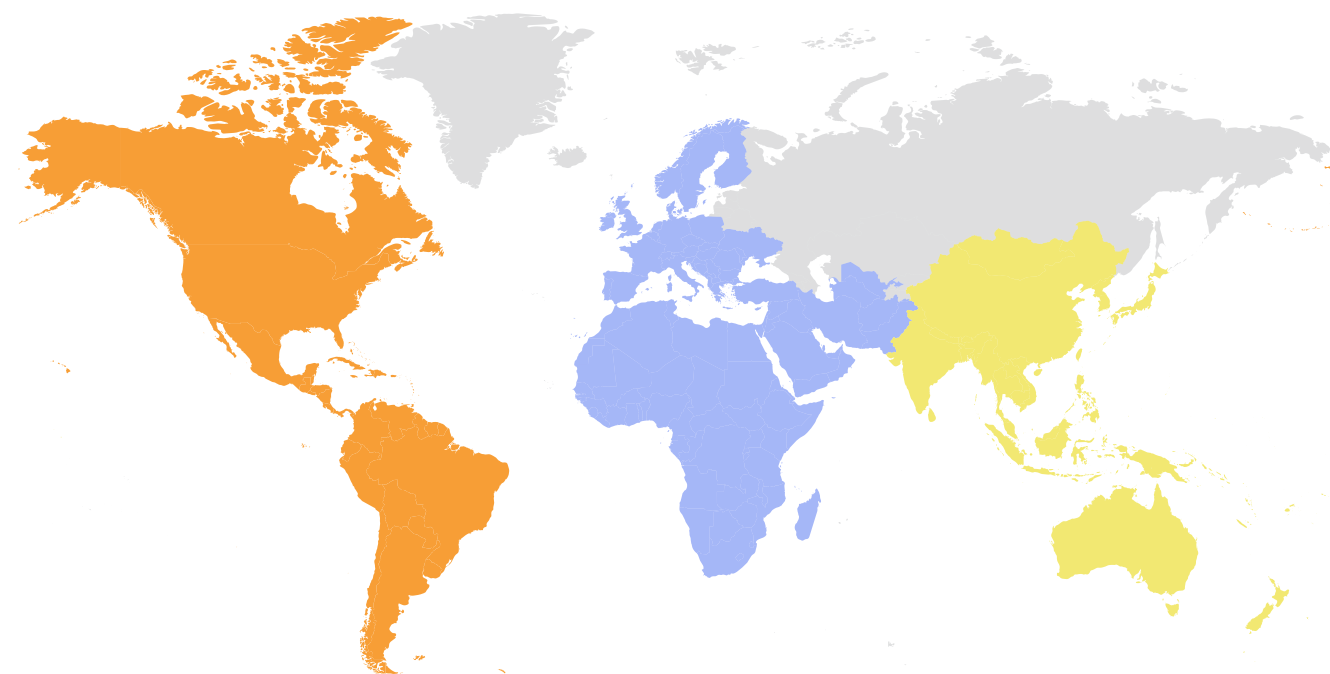
to 24 % of total net sales. Net sales increased in APAC to 28.0 (23.6) MSEK, which accounted for 46 % of total net sales. In the Americas, net sales were 17.9 (22.2) MSEK, corresponding to 30 % of total net sales.





## 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-Dec 2019	Jan-Dec 2018
● EMEA	44,740	52,625
● APAC	52,117	41,315
● Americas	52,514	63,108
Total	149,371	157,048

### OTHER INCOME

Other income was -0.0 (3.9) MSEK for 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 84.5 % for the fourth quarter, compared to 76.9 % 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 50.9 (50.1) MSEK. Operating result before depreciation, EBITDA, was 11.8 (24.3) MSEK. This corresponds to an operating margin of 19.5 (37.3) % for the fourth quarter.

### OTHER EXTERNAL COSTS

Other external costs totalled to 17.2 (10.8) MSEK during the fourth quarter. The increase is primarily related to increased costs for consultants which is the result of investments in the organisation in order to establish the conditions for future growth.



## FINANCIAL PERFORMANCE, CONT.

### PERSONNEL COSTS AND EMPLOYEES

Personnel costs during the fourth quarter were -21.9 (-18.9) 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 fourth quarter was 88 (74), of which 33 (29) in the US subsidiary. The gender distribution in the group were 71 (59) men and 17 (15) women.

### CAPITALIZED EXPENSES FOR DEVELOPMENT COSTS

Capitalized expenses for development costs during the fourth quarter totalled to 3.9 (2.9) MSEK and are mainly attributable to a number of ongoing software projects.

### NET FINANCIAL ITEMS

Net financial items for the fourth quarter totalled to 1.9 (-1.6) MSEK. The net financial items for the quarter included -0.7 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 10.3 (21.1) MSEK. Tax on result for the period was -2.6 (6.6) MSEK. Net profit for the period was 7.8 (27.8) MSEK. Earnings per share was 0.32 (2.48) SEK.

### CASH FLOW

Cash flow from operating activities was -17.4 (12.4) MSEK. The decrease of 29.8 MSEK was attributable to the lower result.

### CASH AND FINANCIAL POSITION

Cash at the end of the period increased to 48.0 (17.8) MSEK. The Group's total assets amounted to 187.1 (130.6) MSEK. IFRS 16 has affected total assets by 15.4 MSEK. Accounts receivable decreased during the period to 37.4 (42.3) MSEK. Inventories amounted to 9.3 (5.0) MSEK. Current liabilities were 51.2 (63.7) MSEK. The carrying amounts of financial assets and liabilities are considered to correspond essentially to fair value.

### INVESTMENTS

Investments during the fourth quarter totalled 5.6 (4.2) MSEK. Of the investments, 3.9 (2.9) MSEK refers to the capitalization of development costs. IFRS 16 lease assets totalled 16.6 MSEK. The group had no significant obligations relating to investments as at 31 December 2019.

### PARENT COMPANY

The parent company is an operating company. Net sales for the parent company amounted to 49.6 (49.0) 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 7.0 (18.1) MSEK.

### SHARE CAPITAL

The total number of shares as of 31 December 2019 was 24,146,552 and the share capital was 1.2 MSEK. Average number of shares in Q4 amounted to 24,146,552. Average number of shares during January-December amounted to 19,553,679. 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

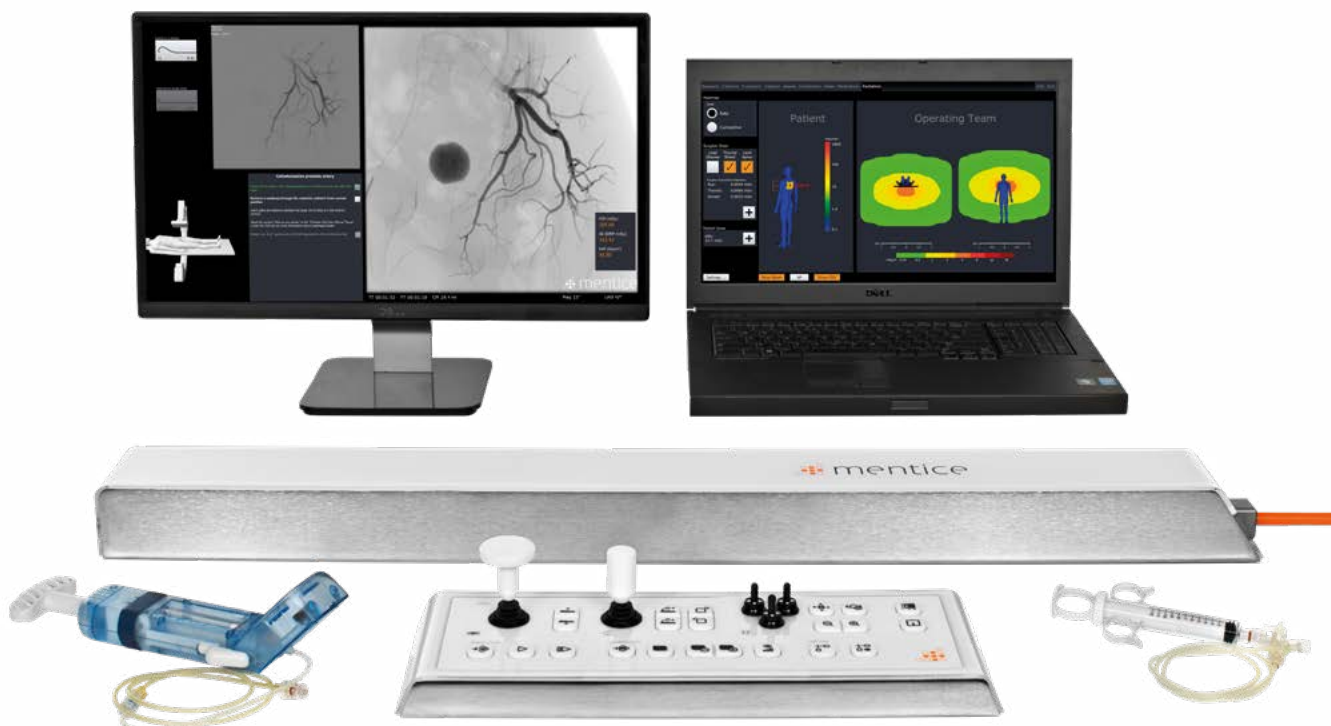
credit. Currency risk also arises when translating foreign net assets and earnings into Swedish kronor. Mentice overall goal is to avoid as far as possible financial risk taking, which can arise through changes in exchange rates, interest rates and market prices, as well as liquidity, financing and credit 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 1,483 shareholders by December 31, 2019. FNCA is the company's certified advisor.

### FINANCIAL REPORTS

Interim reports and other financial reports are available on the company's website, [www.mentice.com](http://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 and describes the essential risks and uncertainty factors that the company and the companies which are part of the Group are subjected to. In the event of any discrepancies between the English and Swedish versions of the report, the Swedish version shall prevail.

Gothenburg, 27 February 2020

### 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
Göran Malmberg	CEO

### FOR FURTHER INFORMATION, PLEASE CONTACT:

Göran Malmberg, CEO, Mentice

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E-mail: [goran.malmberg@mentice.com](mailto:goran.malmberg@mentice.com)

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 27 February 2019.

## GROUP — CONSOLIDATED INCOME STATEMENT

TSEK	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Net Sales	60,240	65,186	149,370	157,048
Other Income	0,000	3,874	3,333	8,737
<b>Sales</b>	<b>60,240</b>	<b>69,060</b>	<b>152,703</b>	<b>165,785</b>
Cost of Goods Sold	-9,348	-15,056	-22,520	-29,454
Other External Costs	-17,241	-10,755	-50,830	-40,819
Personnel costs	-21,899	-18,934	-92,266	-74,730
Depreciation of Tangible and Intangible Assets	-3,369	-1 607	-11,562	-4,654
<b>Operating Income (EBIT)</b>	<b>8,383</b>	<b>22 708</b>	<b>-24,475</b>	<b>16,128</b>
Financial Income	1 940	218	196	511
Financial Expenses	0	205	-1,956	-809
Write-down of Financial Receivables	0	-1 995	0	-1,995
<b>Income Before Tax (EBT)</b>	<b>10,323</b>	<b>21 136</b>	<b>-26,235</b>	<b>13,835</b>
Tax on Result for the Period	-2,573	6 637	5,635	6 313
<b>Net Result for the Period</b>	<b>7,750</b>	<b>27 773</b>	<b>-20,600</b>	<b>20,148</b>
Profit/Loss Attributable to:				
Shareholders Parent Company	7,750	27 773	-20,600	20,148
Non-controlling Interest	0	0	0	0
<b>Net Result for the Period</b>	<b>7,750</b>	<b>27 773</b>	<b>-20,600</b>	<b>20,148</b>
Earnings per Share Basic, SEK	0.32	2.48	-1.05	1.80

## GROUP — CONSOLIDATED INCOME STATEMENT AND TOTAL RESULT



TSEK	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Net Result for the Period	7,750	27,773	-20,600	20,148
<i>Other Total Result for the Period</i>				
The Period's Translation Reserve	-1,084	-2,160	1,356	-1,041
<b>Other Total Result for the Period</b>	<b>6,666</b>	<b>25,613</b>	<b>-19,244</b>	<b>19,107</b>
Profit/Loss Attributable to:				
Shareholders Parent Company	6,666	25,613	-19,244	19,107
Non-controlling Interest	0	0	0	0
<b>Total Net Result for the Period</b>	<b>6,666</b>	<b>25,613</b>	<b>-19,244</b>	<b>19,107</b>

## GROUP — CONSOLIDATED BALANCE SHEET

TSEK	Dec 2019	Dec 2018
<b>Assets</b>		
Intangible Fixed Assets	31,735	33,400
Tangible Fixed Assets	7,892	6,540
Right-of-use Assets	16,581	0
Deferred Tax Assets	15,815	9,569
Total Fixed Assets	72,023	49,509
Inventories	9,316	4,955
Current Tax Receivable	2 800	2,581
Accounts Receivable	37,382	42,333
Prepaid Costs and Accrued Income	17,451	13,268
Other Current Receivables	127	119
Cash and Cash Equivalents	48,041	17,821
Total Current Assets	115,117	81,077
<b>Total Assets</b>	<b>187,140</b>	<b>130,586</b>
<b>Equity</b>		
Share Capital	1,207	1,120
Additional Paid in Capital	91,976	12,032
Other Capital Including Net Result for the Year	32,327	53,587
Total Equity Attributable to Parent Company Shareholders	125,510	66,739
Minority Share in Total Equity	0	0
Total Equity	125,510	66,739
<b>Liabilities</b>		
Accrued Tax Liabilities	0	166
Long-term Leasing Liabilities	10,393	0
Total Long-term Liabilities	10,393	166
Accounts Payable	7,109	11,439
Current Tax Liability	395	0
Other Liabilities	1,626	1,358
Current Leasing Liability	5,055	0
Accrued Expenses and Deferred Income	37,052	50,604
Total Current Liabilities	51,237	63,681
Total Liabilities	61,630	63,847
<b>Total Equity and Liabilities</b>	<b>187,140</b>	<b>130,586</b>

## GROUP — CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	Share Capital	Additional Paid in Capital	Translation Reserv	Other Capital incl. Net Result	Total	Minority Share
Opening Balance Equity 2019-01-01	1,120	12,032	-1,295	54,882	66,739	0
Stock Option Program		4,673			4,673	0
New Issuance of Shares	87	75,271			75,358	0
Dividend				-2,016	-2,016	0
Net Result for the Period				-20,600	-20,600	0
Other Total Result for the Period			1,356		1,356	0
Closing Balance Equity 2019-12-31	1,207	91,976	61	32,266	125,510	0



## GROUP — CONSOLIDATED STATEMENT OF CASH FLOW

TSEK	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Operating Activities</b>				
Result before Tax	10,323	21,136	-26,235	13,835
Adjustment for Non-cash Items	3,458	2,485	10,789	4,692
Tax Paid	119	-337	-544	-2,120
Total	13,900	23,284	-15,990	16,407
Increase (-)/Decrease (+) Inventories	-4,631	1,718	-5,959	1,705
Increase (-)/Decrease (+) Current Assets	-23,074	-21,935	2,174	-18,321
Increase (+)/Decrease (-) Current Liabilities	-3,578	9,308	-18,252	16,214
Cash-flow from Operations	-17,383	12,375	-38,027	16,005
<b>Investing Activities</b>				
Investments in Tangible Assets	-1,624	-1,345	-3,819	-2,534
Investments in Intangible Assets	5,616	-2,860	-152	-9,858
Cash-flow from Investment Activities	3,992	-4,205	-3,971	-12,392
<b>Financial Activities</b>				
Proceeds from Issue of Share Options	0	0	4,673	0
Proceeds from Issue of Share Capital	0	0	82,000	0
Payment of Transaction Costs	-113	0	-7,561	0
Payment of Finance Leasing Liabilities	-1,279	0	-5,055	0
Dividend Paid to Parent Company's Shareholders	0	51	-2,016	-958
Cash-flow from Financing Activities	-1,392	51	72,041	-958
Cash-flow for the Period	-14,783	8,221	30,043	2,655
Opening Cash Balance	63,114	9,282	17,821	14,712
Exchange Rate Differences on Financial Items	-290	318	177	454
Closing Cash Balance	48,041	17,821	48,041	17,821

## PARENT COMPANY – INCOME STATEMENT

TSEK	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Net Sales	49,631	48,968	67,744	112,437
Capitalized Expenses for Development	3,942	2,860	5,773	9,858
Other Income	0	3,874	4,801	8,737
<b>Sales</b>	<b>53,573</b>	<b>55,702</b>	<b>78,318</b>	<b>131,032</b>
Cost of Sold Goods	-7,736	-9,880	-10,263	-24,490
Other External Costs	-20,223	-14,030	-65,674	-45,554
Personnel Expenses	-16,948	-10,159	-38,312	-45,316
Depreciations on Intangible and Tangible Assets	-1 476	-1 066	-2 863	-2 978
Other Operating Expenses	-1 468	-1,268	0	-1,268
<b>Operating Result</b>	<b>5,722</b>	<b>19,299</b>	<b>-38,794</b>	<b>11,426</b>
Other Interest Income and similar Profit/Loss Items	2,259	753	194	1 352
Interest Expenses and similar Profit/Loss Items	-28	267	-3,270	-1 143
<b>Result after Financial Items</b>	<b>7,953</b>	<b>20,319</b>	<b>-41,870</b>	<b>11,635</b>
Untaxed Reserves	775	-775	775	-775
Tax on Result for the Period	-1,770	-1 444	9 066	-2 100
<b>Net Result for the Period</b>	<b>6,958</b>	<b>18 100</b>	<b>-25,846</b>	<b>8,760</b>

## PARENT COMPANY – BALANCE SHEET

TSEK	Dec 2019	Dec 2018
Intangible Assets	33,609	35,799
Tangible Assets	1,563	1,037
Shares in Group Companies	41,656	41,178
Receivables Group Companies	838	3,982
Deferred Tax Receivable	7,682	386
Total Financial Fixed Assets	50,176	45,546
Inventories	4,782	3,453
Accounts Receivable	29,712	28,582
Receivables Group Companies	31,636	19,011
Current Tax Receivables	2 800	2 582
Other Receivables	31	120
Prepaid Expenses and Accrued Income	13,547	6,400
Cash and Cash Equivalents	42,152	12,667
Total Current Assets	124,660	72,815
<b>Total Assets</b>	<b>210,008</b>	<b>155,197</b>
<i>Restricted Equity</i>		
Shareholders Equity	1,207	1,120
Capitalization of Development Cost	27,894	18,541
<i>Non-restricted Equity</i>		
Premium Reserve	91,976	12,032
Balanced Result	32,647	35,256
Profit/Loss for the Period	-25,846	8,760
<b>Total Equity</b>	<b>127,878</b>	<b>75,709</b>
Untaxed Reserves	0	775
Liabilities Group Companies	46,297	27,126
Total Long-term Liabilities	46,297	27,126
Accounts Payable	6,535	11,179
Other Current Liabilities	988	1 101
Accrued Expenses and Prepaid Income	28,310	39,307
Total Current Liabilities	35,833	51,587
<b>Total Equity and Liabilities</b>	<b>210,008</b>	<b>155,197</b>

## 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 December 31, 2019:

TSEK	Incl. IFRS 16	IFRS 16 Effect	Excl. IFRS 16
<b>Group Consolidated Balance Sheet</b>			
Fixed Assets	72,023	16,601	55,422
Current receivables	115,117	-1,225	116,342
Long-term Liabilities	10,393	10,393	0
Current Liabilities	51,237	5,055	46,182
TSEK	Incl. IFRS 16	IFRS 16 Effect	Excl. IFRS 16
<b>Total Result</b>			
Operating Result before Depreciations (EBITDA)	-12,913	5,969	-18,882
Depreciations of Tangible and Intangible Assets	-11,562	-5,361	-6,201
Operating Result (EBIT)	-24,475	608	-25,083
Net Financial Items	-1,760	-700	-1,060
Result Before Tax	-26,235	-92	-26,143
TSEK	Incl. IFRS 16	IFRS 16 Effect	Excl. IFRS 16
<b>Cash Flow Statement</b>			
Adjustment for Non-cash Items	3,458	608	2,850
Net Financial Items	0	-700	700
Cash-flow From Operations	3,458	-92	3,550

### 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-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
<b>Geographic Markets</b>								
EMEA	30,477	33,981	12,721	14,859	1 542	3,785	44,740	52,625
APAC	21,897	23,521	19,407	17,794	10 813	0	52,117	41,315
Americas	42,737	48,221	8,492	10,616	1,285	4 271	52,514	63,108
Total	95,111	105,723	40,620	43,269	13,640	8,056	149,371	157,048
<b>Time for Revenue Recognition</b>								
Goods and Services that are Accounted for at a given time	59,274	73,700	35,284	40,967	13 593	6 433	108,151	121,100
Goods and Services that are Accounted for over time	35,837	32,023	5,336	2,302	47	1,623	41,220	35,948
<b>Total Net Sales from Customer Contracts</b>	<b>95,111</b>	<b>105,723</b>	<b>40,620</b>	<b>43,269</b>	<b>13 640</b>	<b>8 056</b>	<b>149,371</b>	<b>157,048</b>

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 December 31, 2019, the total actual value of forward contracts was SEK 0 (0) million SEK.

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.

### 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.

### 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 Board of Directors propose no dividend to be paid for 2019.

## 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.

&gt;50%

Of global market share in endovascular simulation solutions.



## FINANCIAL CALENDAR

INTERIM REPORT JAN-MAR 2020 (Q1)

14 MAY 2020 AT 8:30

INTERIM REPORT APR-JUN 2020 (Q2)

13 AUG 2020 AT 8:30

INTERIM REPORT JUL-SEP 2020 (Q3)

12 NOV 2020 AT 8:30

Mentice's interim reports and annual reports are available on [www.mentice.com](http://www.mentice.com).



