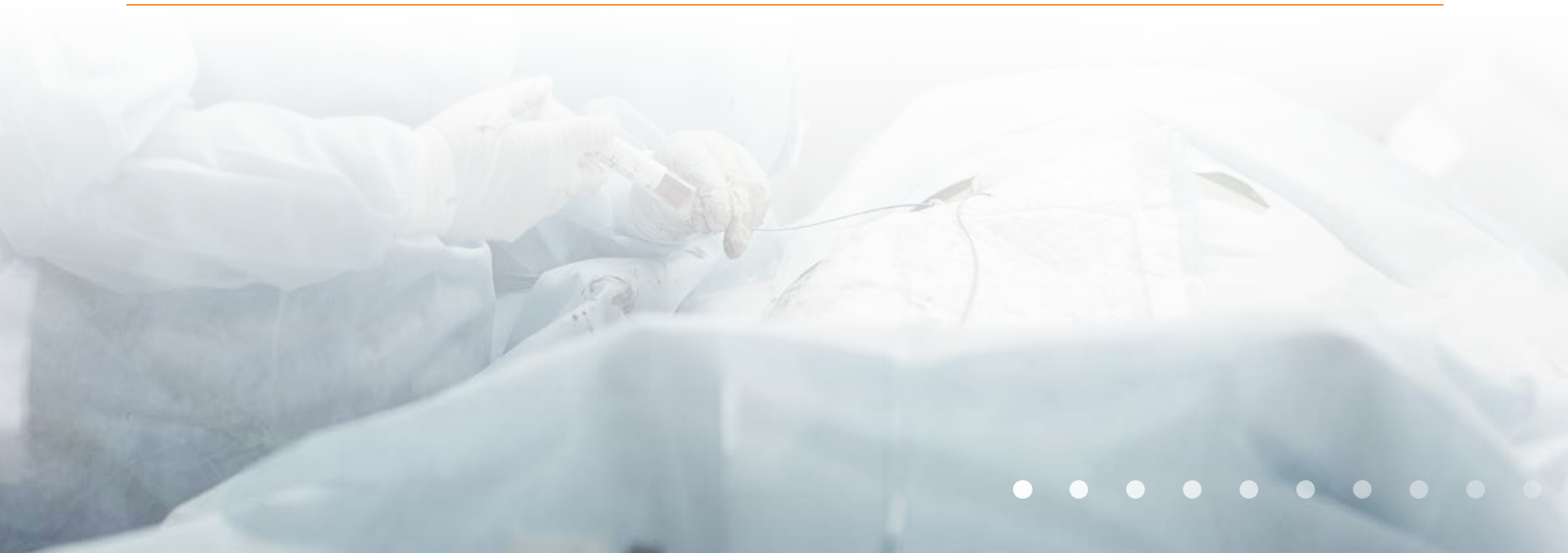




INTERIM REPORT
APR—JUN 2020



SOLID PERFORMANCE FOR THE QUARTER AND THE FIRST HALF OF THE YEAR DESPITE THE EFFECTS OF THE PANDEMIC

SECOND QUARTER (APR–JUN 2020)

- Net sales amounted to 24.3 (32.4) MSEK.
- Operating income for the period before depreciations (EBITDA) totalled -12.0 (-10.1) MSEK.
- Net income for the period amounted to -11.1 (-10.8) MSEK.
- Earnings per share (EPS) was -0.46 (-0.59) SEK.
- Order intake amounted to 28.4 (34.9) MSEK.
- Cash flow from operating activities totalled 15.2 (-0.8) MSEK.

FIRST HALF OF THE YEAR (JAN–JUN 2020)

- Net sales for the first half of the year amounted to 58.1 (59.8) MSEK.
- Operating income for the first half of the year before depreciations (EBITDA) totalled -12.5 (-18.0) MSEK.
- Net income for the first half of the year amounted to -16.1 (-19.4) MSEK.
- Earnings per share (EPS) for the first half of the year was -0.67 (-1.30) SEK.
- Order intake for the first half of the year amounted to 60.9 (60.0) MSEK.
- Cash flow from operating activities for the first half of the year totalled 16.7 (-4.5) MSEK.



SIGNIFICANT EVENTS DURING THE SECOND QUARTER

- Early in the second quarter, Mentice was proud to announce an order for 3 Mentice VIST Virtual Patients from Siemens Healthineers and Charité Universitätsmedizin (Berlin, Germany), one of the largest universities in Europe, valued at 3.0 MSEK. The focus is on the Siemens Artis Icono Angiosuite and Mentice integration to support quality initiatives surrounding improved patient outcomes.
- On May 19, Mentice announced the launch of its seventh-generation simulation platform, the VIST® G7/ G7+. The VIST® G7 HapticRealism™ technology will provide unmatched range of applied force and accuracy. In its top configuration (VIST® G7+), the system allows for simultaneous manipulation of up to five devices in parallel for advanced interventional techniques such as bifurcation stenting, balloon assisted coiling, and buddy wires.
- On May 21, Mentice announced the launch of Coronary Advanced, the third and most innovative product in the new comprehensive coronary intervention training platform including solutions for coronary bifurcation lesions. These lesions remain one of the most challenging situations in interventional cardiology. Coronary bifurcations is the cause of the occurrence of 15-20 % of all heart infarcts in the world. The European Bifurcation Club (EBC), one of the most respected bodies in this field, continuously issue recommendations for the treatment of bifurcation lesions. Coronary Advanced is unique in the market as it is based on these recommendations and guides the user step-by-step through different cases to understand and select the optimal treatment. The solution was designed to take full advantage of the premium version of Mentice's seventh generation VIST® platform, the VIST® G7+.
- At the annual general meeting in Mentice AB (publ), held on May 27, it was resolved not to distribute any dividend to shareholders for the financial year 2019. Furthermore, the meeting resolved to re-elect Lawrence D. Howell, David Ballard, Denis Gestin, Gösta Johannesson, and Johann Koss as members of the board and to elect Eola Änggård Runsten as a new member of the board, with Lawrence D. Howell being re-elected as chairman of the board. The resolutions in their entirety are available at the company's webpage.
- On June 29, Mentice announced a global order, valued

at 6 MSEK, from Abbott EP. The order covers development of additional functionality and the delivery of a global fleet of ultra-portable ultrasound simulators for staff and physician education to be delivered during the third quarter 2020. This is an important development for the electrophysiology therapy area where the introduction of new ultrasound technologies will improve quality of care.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On July 1, Mentice announced the appointment of Thanos Karras as the company's new General Manager for the Americas. Thanos will play a critical role in supporting Mentice's continual growth strategy in the United States and help accelerate its leadership position in high fidelity endovascular simulation solutions in this critical geographical market. Thanos has held the position of Vice President of Global Marketing since January 2019.
- Early in the third quarter, Mentice received an order from Edwards Lifesciences for the development and delivery of systems for a total value of 7 MSEK. This order is significant as it establishes Mentice as a leading provider of solutions in structural heart procedures. It also highlights the importance of the technologies used for ultrasound simulation (TEE/ICE).
- In July, Mentice® Live was introduced. Mentice® Live is an eco-system of cloud-based services and products, connecting the VIST® line of simulators to the world and built to support professionals in building endovascular excellence. Mentice® Live will offer complete training experiences as example allowing for integration of simulation training, with online didactic information, proctored cases as well as assessments. Mentice® Live will also allow users and proctors to share and collaborate experiences and information seamlessly in a cloud based environment.
- In July, the Mentice Right Heart Cath app was launched. It is a mobile solution for an interactive real-time exploration into the right heart catheterization procedure. Right heart catheterization is one of the first hands-on procedures interventional physicians perform as residents and fellows. This is the first commercial app presented by Mentice, allowing users to access high quality content on their personal devices like smart phones and tablets.

COMMENTS BY THE CEO

Despite extremely difficult market conditions due to the Covid-19 pandemic, Mentice's performance during the second quarter has been solid, resulting in a strong first half-year financial result. For the first half of the year, orders received were 1,6 % above the first half of 2019, while net sales was 2.9 % lower compared to the first six months of 2019.

We are very pleased to announce order intake and net sales levels for the first six months of 2020 that are on par with the same period last year, despite extremely difficult market conditions due to the Covid-19 pandemic. Conducting physical meetings with clients was not possible during the period, but we were able to instead increase our utilisation of digital communication tools, and despite the conditions deliver at the same level as last year.

The medical device industry segment continued to show strong performance during the second quarter, with the previously mentioned Abbott EP order as the largest single order for the quarter. The Abbott EP order did not contribute to our net sales during the second quarter, however expected to be fully delivered during the third quarter.

In our Strategic Alliances division, we continued to strengthen our position in the market together with both Siemens Healthineers and Philips Healthcare. This was reflected in our performance, with orders received in the Strategic Alliances division for the first six months of 2020 exceeding the full year of 2019. We are currently training a significant number of representatives from both companies' respective organizations every week and see that opportunities are continuing to develop.

The Covid-19 impact was most significant in the hospital segments, but we were able to deliver according to our revised strategy, with significant orders received in all three geographical regions.

Seventh generation of our VIST® simulation devices launched during the period

We had the pleasure to announce the new generation of our VIST® simulation hardware devices in the second quarter, and this was very well received by the market. We believe that this will open up for new applications supported by both the unique and patented bifurcation solution of the VIST® G7+ and by generally leveraging the new haptic technology that allows for significantly stronger and much more precise brake forces. As with the launch of our previous generation, we expect that our active clients will migrate to this new platform. We are confident that this will provide a positive impact on our sales during the rest of the year as well as in 2021.

Continued corrective actions as a response to the Covid-19 pandemic

Due to the swift actions that were implemented in end of Q1, with continuation into Q2, our operating expenses are still kept on a lower level compared to last year. These effects are



expected to continue into the third quarter. Our cost levels are however expected to increase in the fourth quarter due to an increase in expected travels and external activities.

Carefully optimistic for the full year despite clear uncertainties and challenges

We have seen positive trends during the latter part of Q2 and the beginning of Q3, balanced with alarming new outbreaks for the pandemic in many parts of the world, most notable in the USA. We are noticing that the device industry is planning for product launches for the time past the pandemic, and generally organizations are trying to get back to a normal state of operation.

Overall, we see that our new products are solidifying our strong position in the market. This is ranging from opportunities offered through our new simulation device, the VIST® G7, entirely new opportunities for our cloud platform, new imaging modalities and advanced procedural modalities in areas like structural heart. Based on the above, we continue to have a positive view of the company's mid to long-term performance, while the short-term performance is hard to assess.

Significant orders from Abbott EP and Edwards Lifesciences

As previously mentioned, we received two significant orders from Abbott EP late in Q2 followed by the order from Edwards Lifesciences in the beginning of July. Both of these orders are a testament to the quality and value of our products, while also confirming the attractiveness of our latest technologies. The Edwards Lifesciences order covers structural heart therapies, thus leveraging new technologies including the ultrasound solutions that we have developed in the last couple of years. The Abbott EP is for a global fleet of ultra-portable systems, also leveraging our new ultrasound technology.

Gothenburg in August 2020,

Göran Malmberg
CEO and Group President, Mentice AB (publ)

KEY FIGURES

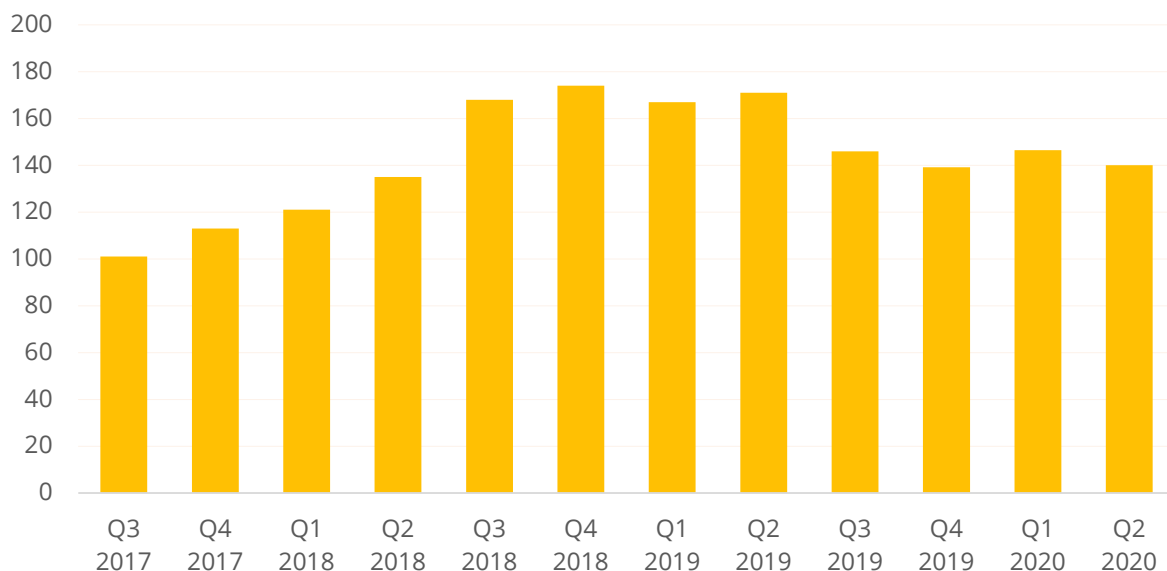
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	RTM*	Full Year 2019
Order Intake, MSEK	28.4	34.9	60.9	60.0	140.0	139.1
Order Book, MSEK	41.3	51.4	41.3	51.4	41.3	50.1
Net Sales, MSEK	24.3	32.4	58.1	59.8	147.7	149.4
Sales, MSEK	24.3	33.2	60.8	62.4	151.1	152.7
Gross Margin, %	74.9 %	81.9 %	80.7 %	83.3 %	83.9 %	84.9 %
Operating Income before Depreciations (EBITDA), MSEK	-12.0	-10.1	-12.5	-18.0	-7.4	-12.9
EBITDA Margin, %	-49.1 %	-31.2 %	-21.4 %	-30.0 %	-5.0 %	-8.6 %
Income before Tax (EBT), MSEK	-12.9	-13.6	-19.5	-25.2	-20.5	-26.2
Income for the Period, (EBT), MSEK	-11.1	-10.8	-16.1	-19.4	-17.3	-20.6
Earnings per Share (EPS), SEK	-0.46	-0.59	-0.67	-1.30	-0.42	-1.05
Cash-flow from Operations, MSEK	15.2	-0.8	16.7	-4.5	-16.8	-38.0
Cash at the end of the Period, MSEK	49.3	84.9	49.3	84.9	49.3	48.0
Capital Employed (CE), MSEK	115.8	62.8	116.9	97.2	118.4	96.1
Equity/Asset Ratio, %	61.1 %	62.0 %	61.1 %	62.0 %	64.9 %	67.1 %

*RTM = latest twelve months.

FINANCIAL PERFORMANCE

ORDER INTAKE

Order intake for the second quarter was 28.4 (34.9) MSEK. Below, order intake RTM* is presented.



*RTM = latest twelve months.

ORDER BOOK

The order book was 41.3 (51.4) MSEK for the second 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 due to many customers having annual budgets, with a more conservative spending approach in the first three quarters to have room for unforeseen costs throughout the year. In the fourth quarter, they are able to spend the remaining part of the annual budget on prioritised long-term investments such as solutions from Mentice. This seasonal pattern is however not immediately visible in the Order Intake graph above as it is showing RTM figures (latest twelve months).

NET SALES

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

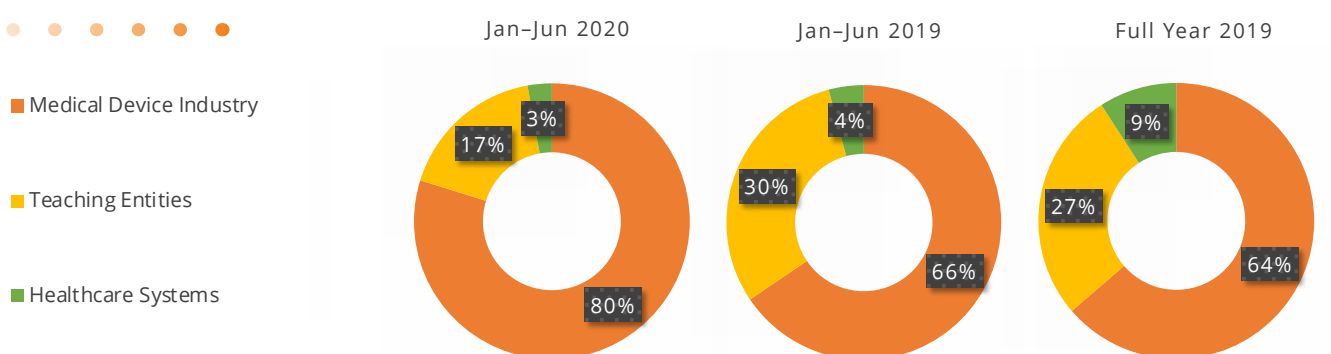
Net sales for the second quarter amounted to 24.3 (32.4) MSEK.

FINANCIAL PERFORMANCE, CONT.

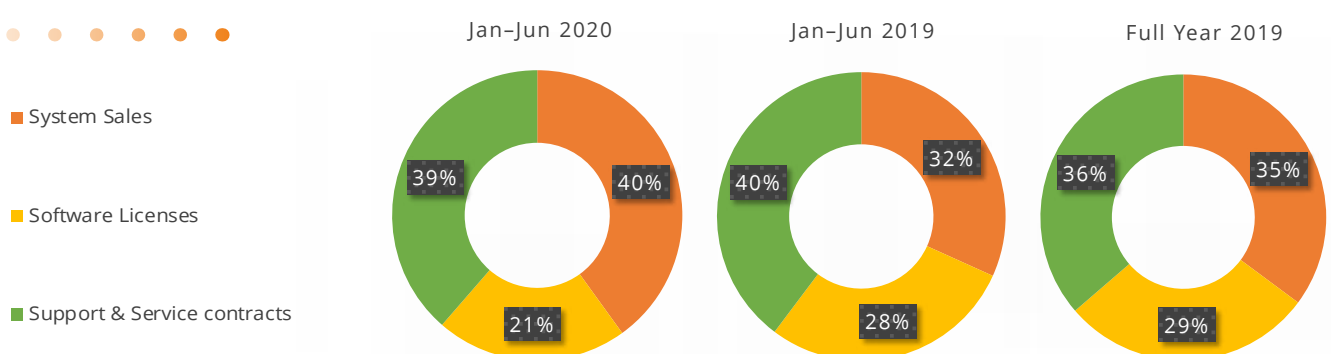
NET SALES, CONT.

Out of the net sales for the second quarter, 19.2 (17.9) MSEK came from the Medical Device Industry segment, 5.1 (12.3) MSEK from Teaching Entities and 0 (2.1) MSEK from Healthcare Systems. Geographically, net sales from EMEA decreased to 8.8 (11.7) MSEK, corresponding to 36

(36) % of total net sales. Net sales decreased in APAC to 5.3 (9.7) MSEK, which accounted for 22 (30) % of total net sales. In the Americas, net sales decreased to 10.3 (10.9) MSEK, corresponding to 42 (34) % of total net sales.



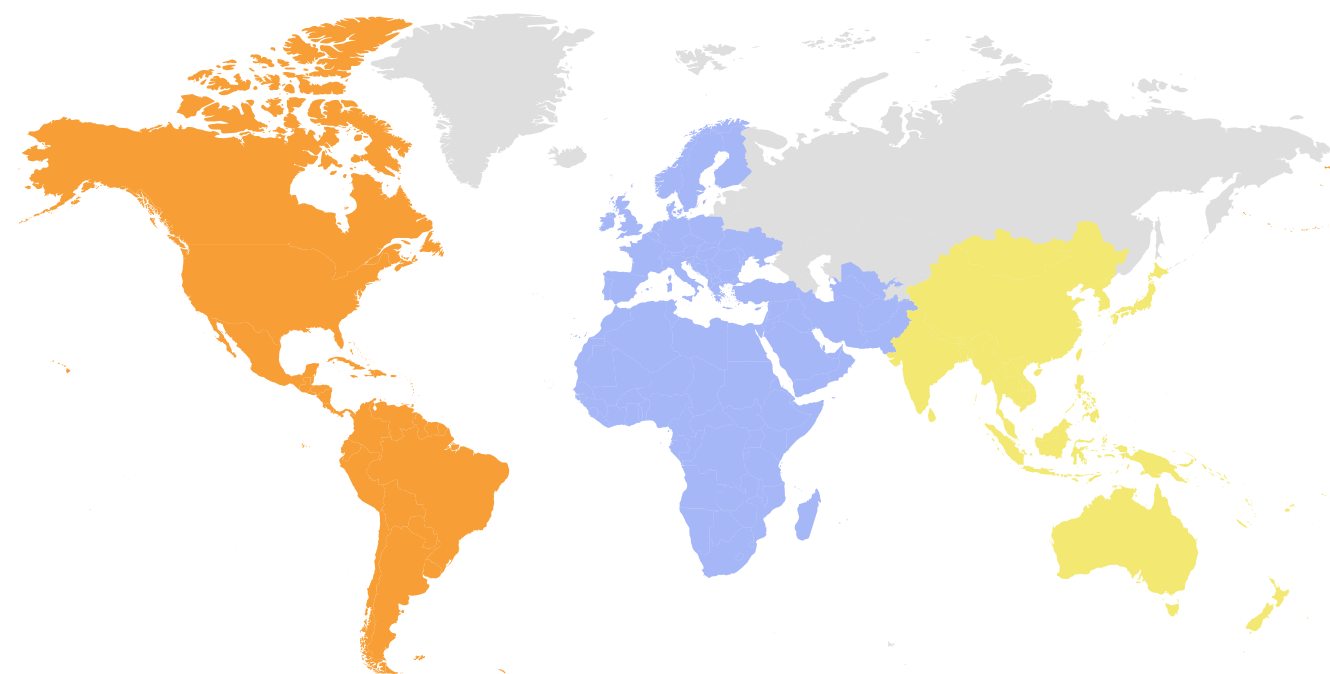
Net Sales per Segment TSEK	Jan-Jun 2020	Jan-Jun 2019	Full Year 2019
Medical Device Industry	46,382	39,216	95,111
Teaching Entities	10,101	18,152	40,620
Healthcare Systems	1,647	2,467	13,639
Total	58,130	59,835	149,370



Net Sales per Product TSEK	Jan-Jun 2020	Jan-Jun 2019	Full Year 2019
System Sales	23,278	18,996	52,519
Software Licenses	12,407	17,062	42,593
Support & Service Contracts	22,445	23,777	54,259
Total	58,130	59,835	149,370

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–Jun 2020	Jan–Jun 2019	Full Year 2019
● EMEA	25,269	23,780	44,739
● APAC	14,312	15,385	52,116
● Americas	18,549	20,670	52,515
Total	58,130	59,835	149,370

OTHER INCOME

Other income was 0.0 (0.9) MSEK for the quarter, which is related to exchange rate variances in assets and liabilities in foreign currencies.

GROSS MARGIN

Gross margin was at 74.9 % for the second quarter, compared to 81.9 % for the same period the previous year. The gross margin is mainly affected by the mix of the products sold, but it is also affected by exchange rate variances.

GROSS PROFIT, OPERATING INCOME AND OPERATING MARGIN (EBITDA)

Gross profit was 18.3 (26.5) MSEK. Operating income before depreciation, EBITDA, was -12.0 (-10.1) MSEK. This corresponds to an operating margin of -49.1 (-31.2) % for the second quarter.

OTHER EXTERNAL COSTS

Other external costs totalled to -10.9 (-12.0) MSEK during the second quarter.

FINANCIAL PERFORMANCE, CONT.

PERSONNEL COSTS

Personnel costs during the second quarter were -19.4 (-25.4) MSEK.

CAPITALIZED EXPENSES FOR DEVELOPMENT COSTS

Capitalized expenses for development costs during the second quarter totalled 6.5 (2.5) MSEK and are mainly attributable to a number of ongoing software projects.

NET FINANCIAL ITEMS

Net financial items for the second quarter totalled 2.2 (-0.9) MSEK and is mainly related to exchange variances. The net financial items for the quarter included -0.3 (-0.3) MSEK of interest expense on lease liabilities, in accordance with IFRS 16.

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

Tax on income for the period was 1.8 (2.7) MSEK. Net income for the period was -11.1 (-10.8) MSEK. Earnings per share was -0.46 (-0.59) SEK.

CASH FLOW

Cash flow from operating activities for the period was 15.2 (-0.8) MSEK.

CASH AND FINANCIAL POSITION

Cash at the end of the period was 49.3 (84.9) MSEK. The Group's total assets amounted to 178.4 (205.4) MSEK. IFRS 16 affected total assets by 13.8 (19.8) MSEK. Accounts receivable decreased during the period to 26.7 (29.0) MSEK. Inventories amounted to 7.3 (4.4) MSEK. Current liabilities were 61.6 (64.5) MSEK. The carrying amounts of financial assets and liabilities are considered to correspond essentially to fair value.

INVESTMENTS

Investments during the second quarter totalled 7.7 (2.9) MSEK. Of the investments, 6.5 (2.5) MSEK refers to the capitalization of development costs. IFRS 16 lease assets totalled 13.8 MSEK. The group had no significant obligations relating to investments as of June 30, 2020.

PARENT COMPANY

The parent company is an operating company. Net sales for the parent company amounted to 17.9 (24.8) 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 -8.9 (-11.2) MSEK.

SHARE CAPITAL

The total number of shares as of June 30, 2020 was 24,146,552 and the share capital was 1.2 MSEK. Average number of shares in January-June 2020 amounted to 24,146,552. 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

No transactions with related parties have been carried out during the period.

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 2019 annual report on page 28.

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 21 on page 84 of the annual report for 2019.

THE SHARE AND OWNERSHIP

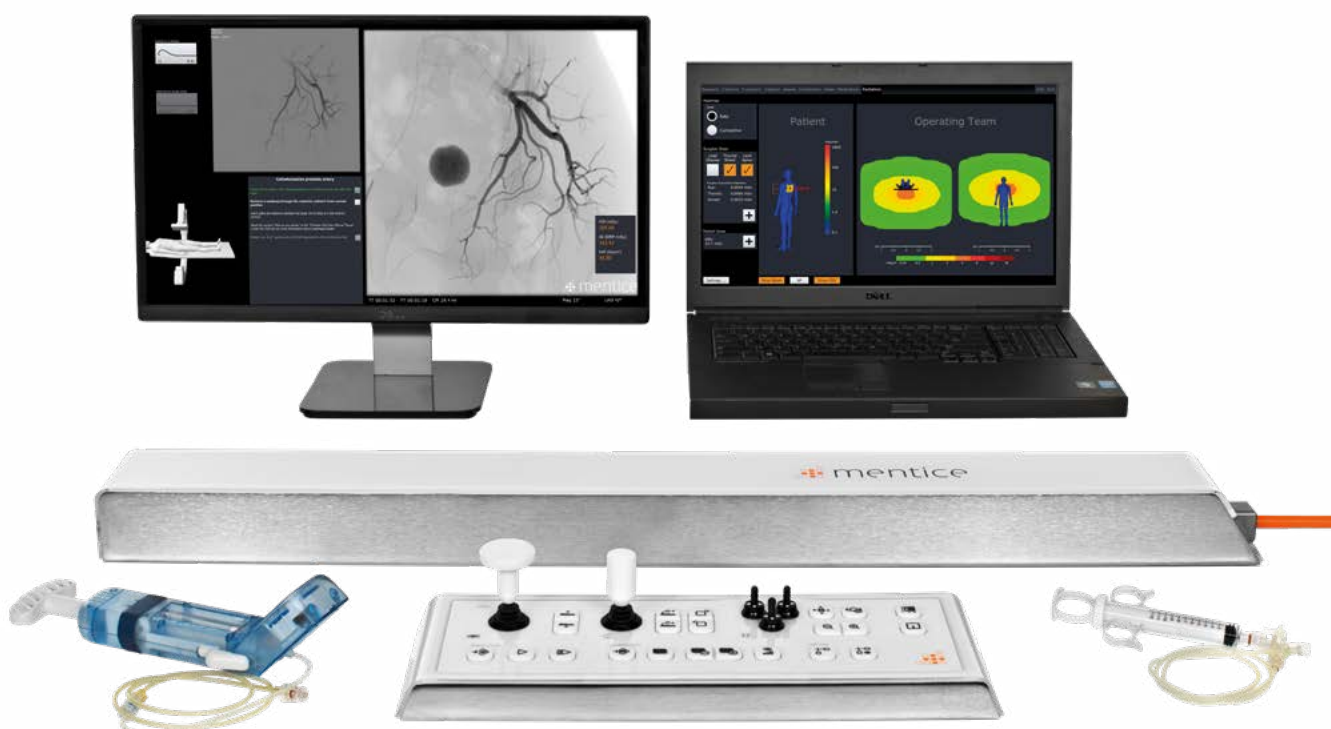
Mentice AB (publ.) shares are traded on Nasdaq First North Premier since June 18, 2019 under MNTC. According to Euroclear's official register of shareholders, Mentice had a total of 1,318 shareholders by June 30, 2020. FNCA is the company's certified advisor.

AUDITOR REVIEW

This report has not 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 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, August 13, 2020

Mentice AB (publ)

Lawrence D. Howell	Chairman of the Board
David Ballard	Board member
Denis Gestin	Board member
Gösta Johannesson	Board member
Johann Koss	Board member
Eola Änggård Runsten	Board member
Göran Malmberg	CEO



GROUP — CONSOLIDATED INCOME STATEMENT

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full Year 2019
Net Sales	24,347	32,354	58,130	59,835	149,370
Other Income	0	856	2,650	2,522	3,333
Sales	24,347	33,210	60,780	62,357	152,703
Cost of Goods Sold	-6,099	-5,866	-11,244	-10,019	-22,520
Other External Costs	-10,851	-12,026	-20,330	-22,903	-50,830
Personnel costs	-19,363	-25,398	-41,668	-47,412	-92,266
Depreciation of tangible and intangible assets	-3,155	-2,620	-6,259	-5,525	-11,562
Operating Income (EBIT)	-15,121	-12,700	-18,721	-23,502	-24,475
Financial Income	2,563	245	5	251	196
Financial Expenses	-300	-1,162	-750	-1,963	-1,956
Income Before Tax (EBT)	-12,858	-13,617	-19,466	-25,214	-26,235
Tax on Income for the Period	1,751	2,783	3,382	5,838	5,635
Net Income for the Period	-11,107	-10,834	-16,084	-19,376	-20,600
Profit/Loss Attributable to:					
Shareholders Parent Company	-11,107	-10,834	-16,084	-19,376	-20,600
Non-controlling Interest	0	0	0	0	0
Net Income for the Period	-11,107	-10,834	-16,084	-19,376	-20,600
Earnings per Share Basic, SEK	-0.46	-0.59	-0.67	-1.30	-1.05

GROUP — CONSOLIDATED INCOME STATEMENT AND TOTAL RESULT

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full Year 2019
Net Income for the Period	-11,107	-10,834	-16,084	-19,376	-20,600
<i>Other Total Result for the Period</i>					
The Period's Translation Reserve	-2,473	566	312	1,219	1,356
Other Total Result for the Period	-13,580	-10,268	-15,772	-18,157	-19,244
Profit/Loss Attributable to:					
Shareholders Parent Company	-13,580	-10,268	-15,772	-18,157	-19,244
Non-controlling Interest	0	0	0	0	0
Total Net Result for the Period	-13,580	-10,268	-15,772	-18,157	-19,244

GROUP — CONSOLIDATED BALANCE SHEET

TSEK	30 Jun 2020	30 Jun 2019	31 Dec 2019
Assets			
Intangible Fixed Assets	41,764	37,124	31,735
Tangible Fixed Assets	7,968	5,718	7,892
Right-of-use Assets	13,901	19,262	16,581
Deferred Tax Assets	19,854	15,923	15,815
Total Fixed Assets	83,487	78,027	72,023
Inventories	7,310	4,420	9,316
Current Tax Receivable	1,922	3,662	2,800
Accounts Receivable	26,731	29,034	37,382
Prepaid Costs and Accrued Income	9,363	4,841	17,451
Other Current Receivables	256	480	127
Cash and Cash Equivalents	49,315	84,886	48,041
Total Current Assets	94,897	127,323	115,117
Total Assets	178,384	205,350	187,140
Equity			
Share Capital	1,207	1,207	1,207
Additional Paid in Capital	91,231	93,097	91,231
Other Capital Including Net Result for the Year	16,555	33,414	32,327
Total Equity Attributable to Parent Company Shareholders	108,993	127,718	124,765
Minority Share in Total Equity	0	0	0
Total Equity	108,993	127,718	124,765
Liabilities			
Accrued Tax Liabilities	0	167	166
Long-term Leasing Liabilities	7,802	12,941	10,393
Total Long-term Liabilities	7,802	13,108	10,393
Accounts Payable	5,939	11,224	7,109
Current Tax Liability	455	223	395
Other Liabilities	7,298	1,524	1,626
Current Leasing Liability	5,055	5,055	5,055
Accrued Expenses and Deferred Income	42,842	46,498	37,797
Total Current Liabilities	61,589	64,524	51,982
Total Liabilities	69,391	77,632	62,375
Total Equity and Liabilities	178,384	205,350	187,140

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 2020-01-01	1,207	91,231	61	32,266	124,765	0	124,765
Net Result for the Period				-16,084	-16,084	0	-16,084
Other Total Result for the Period			312		312	0	312
Closing Balance Equity 2020-06-30	1,207	91,231	373	16,182	108,993	0	108,993

CASH FLOW STATEMENT FOR THE GROUP

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full Year 2019
Operating Activities					
Income before Tax	-12,858	-13,617	-19,466	-25,214	-26,235
Adjustment for Non-cash Items	1,884	2,444	4,672	5,175	10,789
Tax Paid	1,491	-1,620	1,167	-1,205	-544
Total	-9,483	-12,793	-13,627	-21,244	-15,990
Increase (-)/Decrease (+) Inventories	1,184	1,344	2,142	-68	-5,959
Increase (-)/Decrease (+) Current Assets	19,896	7,964	23,075	21,397	2,174
Increase (+)/Decrease (-) Current Liabilities	3,647	2,720	5,131	-4,556	-17,507
Cash-flow from Operations	15,244	-765	16,721	-4,471	-37,282
Investing Activities					
Investments in Tangible Assets	-1,191	-239	-1,283	-355	-3,819
Investments in Intangible Assets	-6,483	-2,447	-11,912	-3,972	-152
Cash-flow from Investment Activities	-7,674	-2,686	-13,195	-4,327	-3,971
Financial Activities					
Proceeds from Issue of Share Options	0	4,673	0	4,673	4,673
Proceeds from Issue of Share Capital	0	82,000	0	82,000	82,000
Payment of Transaction Costs	0	-6,440	0	-6,440	-8,306
Payment of Finance Leasing Liabilities	-1,301	-1,259	-2,591	-2,507	-5,055
Dividend Paid to Parent Company Shareholders	0	-2,016	0	-2,016	-2,016
Cash-flow from Financing Activities	-1,301	76,958	-2,591	75,710	71,296
Cash-flow for the Period	6,269	73,507	935	66,912	30,043
Opening Cash Balance	43,006	11,386	48,041	17,821	17,821
Exchange Rate Differences on Financial Items	40	-7	339	153	177
Closing Cash Balance	49,315	84,886	49,315	84,886	48,041

INCOME STATEMENT — PARENT COMPANY

TSEK	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Full Year 2019
Net Sales	17,849	24,820	45,720	47,968	117,375
Capitalized Expenses for Development	6,483	2,446	11,912	3,972	9,715
Other Income	0	850	2,650	2,523	3,333
Sales	24,332	28,116	60,282	54,463	130,423
Cost of Sold Goods	-4,010	-4,062	-9,447	-8,052	-17,999
Other External Costs	-16,230	-23,465	-35,595	-44,838	-85,897
Personnel Expenses	-15,971	-13,344	-33,515	-25,912	-55,260
Depreciations on Intangible and Tangible Assets	-1,170	-868	-2,333	-2,053	-4,339
Other Operating Expenses	0	0	0	0	0
Operating Income	-13,049	-13,623	-20,608	-26,392	-33,072
Other Interest Income and similar Profit/Loss Items	2,662	251	0	251	166
Interest Expenses and similar Profit/Loss Items	-306	-895	-502	-1,504	-1,011
Income after Financial Items	-10,693	-14,267	-21,110	-27,645	-33,917
Untaxed Reserves	0	0	0	0	775
Tax on Income for the Period	1,810	3,048	4,051	6,011	7,296
Net Income for the Period	-8,883	-11,219	-17,059	-21,634	-25,846

BALANCE SHEET – PARENT COMPANY

TSEK	30 Jun 2020	30 Jun 2019	31 Dec 2019
Intangible Assets	43,437	39,198	33,609
Tangible Assets	1,406	1,108	1,563
Shares in Group Companies	41,656	41,178	41,656
Receivables Group Companies	12,232	664	838
Deferred Tax Receivable	11,733	6,397	7,682
Total Financial Fixed Assets	65,621	48,239	50,176
Inventories	5,047	3,084	4,782
Accounts Receivable	20,369	16,103	29,712
Receivables Group Companies	0	20,147	31,636
Current Tax Receivables	1,922	3,662	2,800
Other Receivables	15	217	31
Prepaid Expenses and Accrued Income	7,133	5,062	13,547
Cash and Cash Equivalents	41,856	76,404	42,152
Total Current Assets	76,342	124,679	124,660
Total Assets	186,806	213,224	210,008
<i>Restricted Equity</i>			
Shareholders Equity	1,207	1,207	1,207
Capitalization of Development Cost	38,687	22,018	27,894
<i>Non-restricted Equity</i>			
Premium Reserve	91,231	88,424	91,231
Balanced Result	-4,033	43,197	32,647
Profit/Loss for the Period	-17,059	-21,634	-25,846
Total Equity	110,033	133,212	127,133
Untaxed Reserves	0	775	0
Liabilities Group Companies	40,603	34,020	46,297
Total Long-term Liabilities	40,603	34,795	46,297
Accounts Payable	5,386	11,207	6,535
Other Current Liabilities	1,325	848	988
Accrued Expenses and Prepaid Income	29,459	33,162	29,055
Total Current Liabilities	36,170	45,217	36,578
Total Equity and Liabilities	186,806	213,224	210,008

NOTES

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 2019.

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 AND GEOGRAPHIC MARKETS

	Medical Device Industry		Teaching Entities		Healthcare Systems		Total	
TSEK	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Geographic Markets								
EMEA	19,796	16,352	3,826	6,222	1,647	1,206	25,269	23,780
APAC	9,237	7,748	5,075	7,637	0	0	14,312	15,385
Americas	17,349	15,116	1,200	4,293	0	1,261	18,549	20,670
Total	46,382	39,216	10,101	18,152	1,647	2,467	58,130	59,835
Time for Revenue Recognition								
Goods and Services that are Accounted for at a given time	31,790	26,067	6,962	16,856	1,647	2,097	40,399	45,020
Goods and Services that are Accounted for over time	14,592	13,149	3,139	1,296	0	370	17,731	14,815
Total Net Sales from Customer Contracts	46,382	39,216	10,101	18,152	1,647	2,467	58,130	59,835

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

NOTES, CONT.

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 June 30, 2020, the total actual value of forward contracts was SEK 0 (0).

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.

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.

NOTES, CONT.

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 2020.

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's vision is to lead endovascular care to the highest standards of patient safety and performance.

MISSION

Mentice's mission is to improve operational efficiency and patient outcomes by introducing innovative solutions that eliminate proficiency barriers.

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

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.



