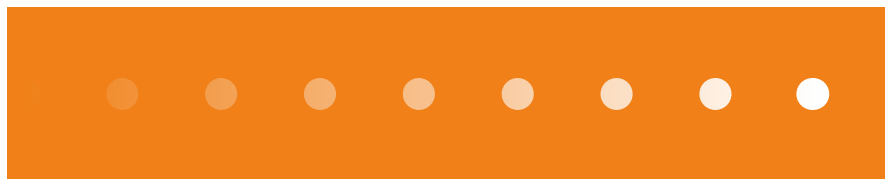




YEAR-END REPORT  
**JAN—DEC 2020**





## STRONG ORDER INTAKE AND SUBSTANTIAL IMPROVEMENT OF THE COMPANY'S ORDER BOOK AS WELL AS OPERATING CASH FLOW

### CEO GÖRAN MALMBERG COMMENTS:

"For the full year of 2020, our order intake increased to 168.6 (139.1) MSEK. This corresponds to a 21% increase, which we consider a strong achievement considering the pandemic. Our net sales for the full year amounted to 137.5 (149.4) MSEK, and our order book increased with 26.6 MSEK to 66.4 (39.8) MSEK, including 12 (4) MSEK in subscription based software licenses, at the end of the year."

### FOURTH QUARTER (OCTOBER–DECEMBER 2020)

- Order intake amounted to 73.1 (54.7) MSEK.
- Net sales amounted to 45.9 (60.2) MSEK.
- Operating income for the period before depreciations (EBITDA) totalled 4.3 (11.8) MSEK.
- Net income for the period amounted to 3.3 (7.8) MSEK.
- Earnings per share (EPS) was 0.14 (0.32) SEK.
- Cash flow from operating activities totalled 20.1 (-16.6) MSEK.

### FULL YEAR (JANUARY–DECEMBER 2020)

- Order intake amounted to 168.6 (139.1) MSEK.
- Order book amounted to 66.4 (39.8) MSEK.
- Net sales amounted to 137.5 (149.4) MSEK.
- Operating income before depreciations (EBITDA) totalled -4.1 (-12.9) MSEK.
- Net income amounted to -13.1 (-20.6) MSEK.
- Earnings per share (EPS) was -0.54 (-1.05) SEK.
- Cash flow from operating activities totalled 30.5 (-37.3) MSEK.

## SIGNIFICANT EVENTS DURING THE FOURTH QUARTER

- On October 1, Mentice signed an agreement to acquire the substantial assets of the New York-based medical technology company Vascular Simulations for 5.6 million USD (approx. 49.3 MSEK), with a possible additional purchase price of up to 0.4 million USD (approx. 3.5 MSEK). Through the acquisition, Mentice will extend its global leadership role in endovascular simulation by offering solutions that support all stages of a medical device's development cycle from initial concept through market-rollout to the safe adoption of a device, technique, and procedure by health systems worldwide.
- On October 8, Mentice signed an agreement to acquire all assets in the Jacksonville, Florida-based healthcare technology company EQIP for 180,000 USD (approx. 1.6 MSEK) with a possible additional purchase price of up to 70,000 USD (approx. 0.6 MSEK). EQIP develops cloud-based services and data analytics solutions, including the myIRlog™ online service that offers healthcare providers and physicians in the United States an easy and secure method for logging and following up on interventions in the interventional radiology field. The EQIP acquisition, including the myIRlog™ service, is the first for Mentice within the area of web services and data analytics, and will enhance the existing Mentice Live™ cloud platform with capabilities to help establish the link between simulation training and actually performed cases in the clinical practice, eventually leading to comprehensive training and performance programs consisting of both e-learning, hands-on simulation and the first real procedures performed on a patient.
- On October 23, Mentice announced the agreement and an order from Abbott Structural Heart relating to solutions for interventional device training, initially for left atrial appendage treatment. The delivery of the initial order, covering systems and development, started in the fourth quarter of 2020 and will continue into 2021. These systems will be offered under a rental agreement with a two-year term, and the company will accordingly account for revenue under the same period. The order was accounted for in the order book for the segment Medical Device Industry during the fourth quarter of 2020. The total value for the order amounts to SEK 7.1 million.

This order, together with the order received from Edwards Lifesciences in the second quarter, further establishes Mentice's leadership in the area of advanced high-fidelity virtual reality solutions for skills acquisition and maintenance

within the area of structural heart interventions.

- On October 29, Mentice received an order from US-based Stryker Neurovascular for systems and development, covering a broad base of neurovascular therapies, valued at 6.1 MSEK. This order was delivered during the fourth quarter of 2020.
- During the fourth quarter, a fourth generation of Mentice's transseptal puncture module was launched. This module facilitates training for the complicated but routine procedure of accessing the left atrium, which is essential for multiple procedures including atrial fibrillation catheter ablation, left atrial appendage ligation/closure and mitral and tricuspid valve repair. The company also provided a new version of its left atrial appendage module, including its latest 2D and 3D ultrasound functionality. Additionally, Mentice provided essential updates for its Learning Center as well as a VR & AR headset add-on for its solutions.
- On December 4, Mentice announced that the acquisition of the assets from Vascular Simulations Inc 571,974 shares had been issued at a subscription price of SEK 86.16, and regarding the acquisition of the assets from EQIP Inc, 9,469 shares had been issued at a subscription price of SEK 84.28. The total number of shares in Mentice AB after registration with the Swedish Companies Registration Office amounts to 24,727,995 shares. Through the issuance of new shares, the share capital in Mentice AB has increased to SEK 1,236,399.75.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- Effective January 1, Mentice has adopted a new regional structure dividing the operations into the three regions Americas, EMEA & CIS and APAC. The new structure was implemented to support Mentice's expected growth during the five coming years. The company will also ramp up its marketing and product related functions in order to create a more structured environment within commercialization/take products to market as well as training and development of Mentice's Sales Operations and Sales Training.
- Mentice is proud to have been rewarded ISO 9001 certification in early 2021. The company has developed and implemented a quality management system in order to improve its overall performance, maintain a high level of quality and strong customer service and offer a solid foundation for initiatives in sustainable development. The decision to aim for ISO 9001 certification highlights Mentice's commitment to offering high-quality and consistent products and services to its customers, as well as the company's ongoing investments in technology and development.

## COMMENTS BY THE CEO

For the full year of 2020, our order intake increased to 168.6 (139.1) MSEK. This corresponds to a 21% increase, which we consider to be a strong achievement considering the pandemic. Our net sales for the full year amounted to 137.5 (149.4) MSEK, and our order book increased with 26.6 MSEK to 66.4 (39.8) MSEK, including 12 (4) MSEK in subscription based software licenses, at the end of the year. Delayed deliveries due to the pandemic and the increased conversion to subscription based licenses resulted in a larger volume of orders moving into the order book for 2021. This had a negative impact on net sales for 2020, but will at the same time assist us in 2021. Additionally, a stronger SEK towards EUR and USD had a negative impact on net sales with 8 MSEK compared to 2019. Moving into 2021, we have started the new year on a positive note, and the delayed sales from 2020 will boost our result going forward.

Furthermore, we have seen positive development of order intake from Vascular Simulations, the business we acquired during 2020. This generated 6.1 MSEK in order intake during Q4 2020 (since integration into the Group). Going forward, we see a broad base of opportunities for the Vascular Simulation line of products, and even more important, this enable us to position a unique combination of solutions from Mentice which is attractive to the market. We believe that this will be an important growth driver in 2021 and the following years. For Equip and MyIRlog™, we are integrating these in our Mentice™ Live cloud-based environment, and we are preparing for a relaunch in 2021 as a part of these combined services.

We are pleased to present a strong order intake for the last quarter of such a difficult year as 2020, with 73.1 (54.7) MSEK in orders received, thus reaching an increase of 33.6%, despite the negative impact of the pandemic. The strong order intake combined with a continued strict management of the company's other external costs and personnel costs, at 33.2 (39.1) MSEK, resulted in a positive operating cash flow for the quarter of 20.1 (-16.6) MSEK and an EBITDA of 4.3 (11.8) MSEK.

In 2020, our order book increased from 39.8 MSEK at the beginning of 2020 to 66.4 MSEK at the end of the year. The increase is a result of very strong sales in late 2020, an increased number of multi-year transactions and subscription based software licenses, and to some extent delays for installations and deliveries due to the pandemic.

On the segment level, we see that our Medical Device Industry segment continued to show substantial strength also in the fourth quarter, thus providing strong performance also for the full year of 2020. In this segment, order intake reached 114.9 MSEK (61.0 MSEK), corresponding to an 88.4% increase year over year. While our Healthcare Systems and Teaching Entities segments showed strength in the fourth quarter, these segments as well as our Strategic Alliances business were negatively affected by the pandemic in 2020. This resulted in the Healthcare Systems segment reaching 39.2 MSEK (66.7 MSEK) in order intake for the full year, which corresponds to 41.2% decrease compared to last year. While our Strategic



Alliances business reached 14.5 MSEK (11.1 MSEK) in order intake for the full year of 2020, corresponding to a 31% increase compared to last year, while if not for the pandemic we would have expected a significantly larger increase. In this part of our business, we saw a clear impact of the pandemic with respect to both our own direct sales in the global hospital market and the sales performed by our Strategic Alliances partner that is focusing on the hospital market.

As we move into 2021, we believe our market position is stronger than ever. This is based not only on our order book, but also our product position, our strong customer relations, and our expectation that the market will start to resume a more normal state of affairs during the second half of the year due to the ongoing mass vaccination programs in many countries.

Based on our current expectation for 2021, we are preparing for at least 6-9 more months with minimal travel and minimal if any congress and event activities. This will continue to have a positive impact on our operating expenditure. We have however reinitiated our ramp-up of our organization, and we are now hiring and filling open positions to build the organization necessary for our requirements in 2021 and 2022.

We are noticing pent-up demand in the hospital market, which is affecting our Strategic Alliances business in addition to our Healthcare Systems segment. After seeing significant delays in our Strategic Alliances business in 2020 due to the pandemic, we believe that both delayed and new orders will materialise as we move past the pandemic. Furthermore, we believe that many of the larger industry commitments that we received in 2020 will generate additional orders and upside in 2021 and 2022. Our competitive performance in 2020 has significantly enhanced our position on the market, and we have a positive view on our opportunities in 2021 and onwards.

Gothenburg in February 2021,

**Göran Malmberg**  
CEO, Mentice AB (publ)

## KEY FIGURES

	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Order intake, MSEK	73.1	54.7	168.6	139.1
Order book, MSEK	66.4	39.8	66.4	39.8
Net sales, MSEK	45.9	60.2	137.5	149.4
Sales, MSEK	54.3	60.2	150.9	152.7
Gross margin, %	63.3%	84.5%	75.7%	84.9%
Operating income before depreciations, EBITDA, MSEK	4.3	11.8	-4.1	-12.9
EBITDA-margin, %	9.3%	19.5%	-3.0%	-8.6%
Income before tax, EBT, MSEK	0.6	10.3	-18.6	-26.2
Income for the period, EBT, MSEK	3.3	7.8	-13.1	-20.6
Earnings per share, SEK	0.14	0.32	-0.54	-1.05
Cash-flow from operations, MSEK	20.1	-16.6	30.5	-38.0
Cash at end of period, MSEK	48.8	48.0	48.8	48.0
Equity/Asset ratio, %	66.6%	67.1%	66.6%	67.1%

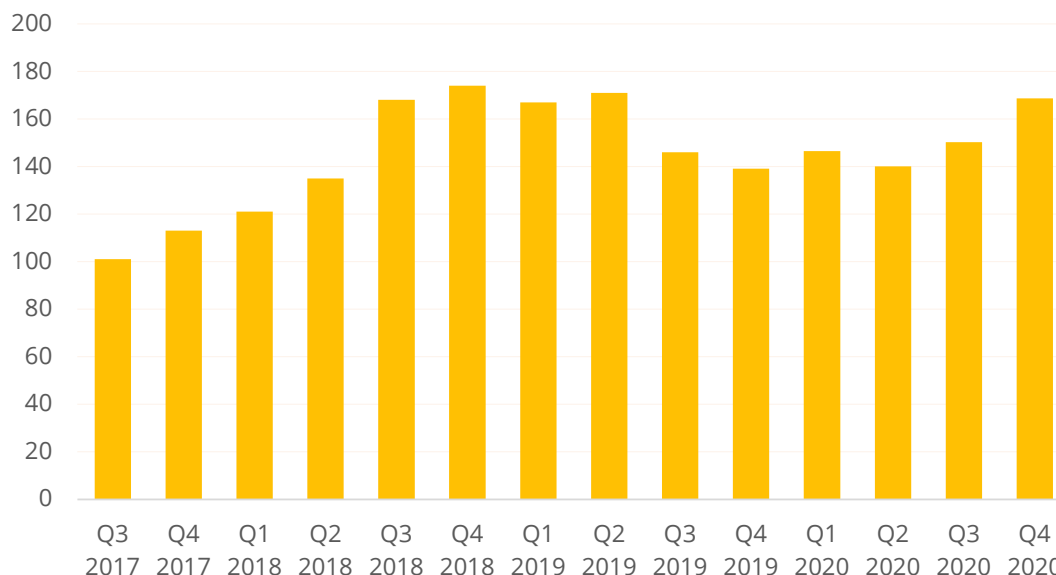
\*RTM = latest twelve months.



## FINANCIAL PERFORMANCE

### ORDER INTAKE

Order intake for the fourth quarter was 73.1 (54.7) MSEK. Below, order intake RTM\* is presented.



\*RTM = latest twelve months

### ORDER BOOK

The order book was 66.4 (39.8) 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's business, where the fourth quarter is usually the strongest in terms of order intake and net 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 prioritized 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 fourth quarter amounted to 45.9 (60.2) MSEK. Exchange variances in net sales amounted to -0.7 (3.6) MSEK for the quarter. The decrease in net sales for the fourth quarter was affected by the transition to subscription based software licenses, where revenue recognition is allocated over the full term of the subscription.

## FINANCIAL PERFORMANCE, CONT.

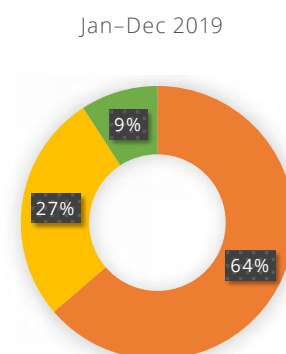
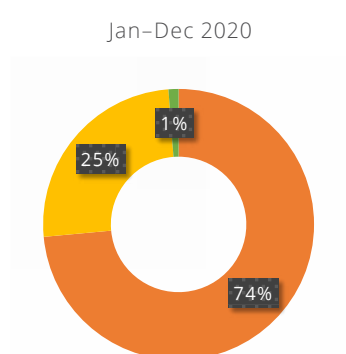
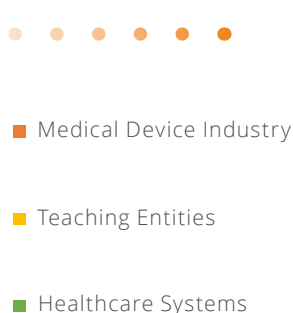
### NET SALES, CONT.

Out of the net sales for fourth quarter, 30.0 (36.8) MSEK came from the Medical Device Industry segment, 16.0 (12.3) MSEK from Teaching Entities and 0 (11.2) MSEK from Healthcare Systems.

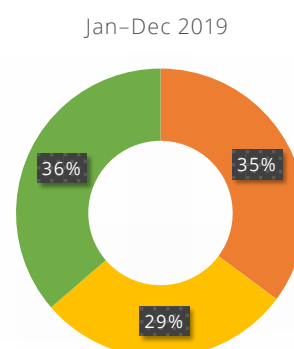
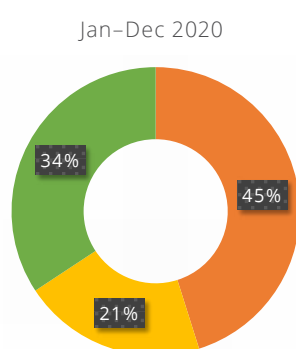
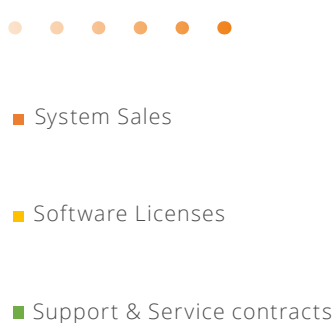
Geographically, net sales from EMEA was 11.0 (14.4)

MSEK, corresponding to 24 (24)% of total net sales.

Net sales decreased in APAC to 9.3 (28.0) MSEK, which accounted for 20 (46)% of total net sales. In the Americas, net sales increased to 25.6 (17.9) MSEK, corresponding to 56 (30)% of total net sales.



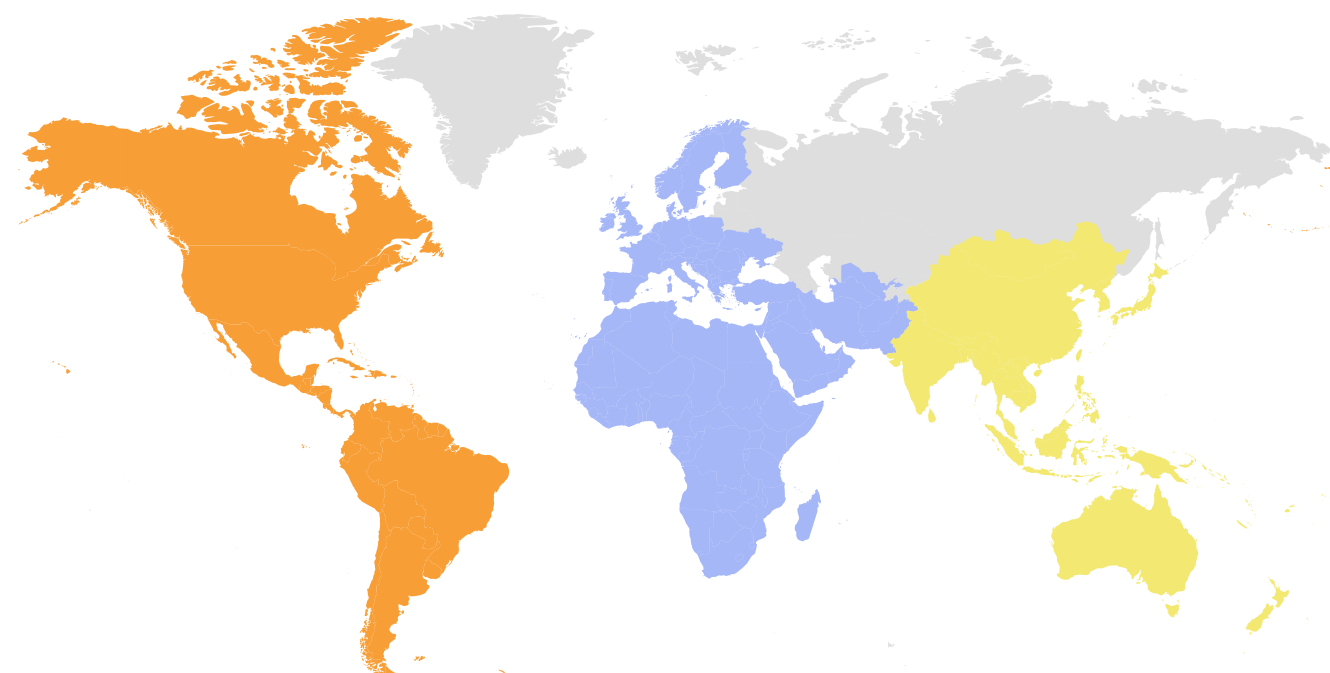
NET SALES PER SEGMENT TSEK	Jan-Dec 2020	Jan-Dec 2019
Medical Device Industry	101,112	95,111
Teaching Entities	34,744	40,619
Healthcare systems	1,647	13,640
<b>Total</b>	<b>137,503</b>	<b>149,370</b>



NET SALES PER PRODUCT TSEK	Jan-Dec 2020	Jan-Dec 2019
System sales	62,050	52,519
Software licenses	28,320	42,593
Support & Service contracts	47,133	54,259
<b>Total</b>	<b>137,503</b>	<b>149,370</b>

## 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 2020	Jan-Dec 2019
● EMEA	42,975	44,740
● APAC	35,467	52,117
● Americas	59,061	52,513
Total	137,503	149,370

### OTHER INCOME

Other income was 8.4 (0.0) MSEK for the quarter, whereof 6.1 (0.0) MSEK relates to funding from both the Swedish and the US government as pandemic-related support. 2.3 (0) MSEK relates to exchange variances in assets and liabilities in foreign currencies.

### GROSS MARGIN

Gross margin was at 63.3% for the fourth quarter, compared to 84.5% for the same period the previous year. The lower gross margin is an effect of the newly implemented subscription based software license model, which has lowered the sales of high margin products in the quarter. The gross margin is also affected by exchange rate variances.

### GROSS PROFIT, OPERATING RESULT AND OPERATING MARGIN (EBITDA)

Gross profit was 37.4 (50.9) MSEK. Operating result before depreciation, EBITDA, was 4.3 (11.8) MSEK. This corresponds to an operating margin of 9.3 (19.5)% for the fourth quarter.

### OTHER EXTERNAL COSTS

Other external costs totalled -11.8 (-17.4) MSEK during the fourth quarter which equals a decrease of 31.4% for the quarter compared to same period last year. Decreases in cost are mainly attributable to savings in consultancy fees, travel and marketing activities as an effect of Covid-19. Capitalization of development cost were included in other external expenses with an amount of 1.1 (1.2) MSEK.



## FINANCIAL PERFORMANCE, CONT.

### PERSONNEL COSTS

Personnel costs during the fourth quarter were -21.3 (-21.9) MSEK. Capitalization of development cost had an effect on personnel cost of 4.1 (2.1) MSEK for the quarter.

### CAPITALIZED EXPENSES FOR DEVELOPMENT COSTS

Capitalized expenses for development costs during the fourth quarter totalled 5.2 (3.9) MSEK and are mainly attributable to a number of ongoing software projects.

### NET FINANCIAL ITEMS

Net financial items for the fourth quarter totalled 1.0 (1.9) MSEK and is mainly related to exchange variances. The net financial items for the quarter included -0.5 (-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

Tax on income for the period was 2.8 (-2.6) MSEK. Net result for the period was 3.3 (7.8) MSEK. Earnings per share was 0.14 (0.32) SEK.

### CASH FLOW

Cash flow from operating activities for the period was 20.1 (-16.6) MSEK. The increase in cash flow from operating activities is mainly due to prepayments from customers prior year end and increase in current liabilities.

### CASH AND FINANCIAL POSITION

Cash at the end of the period was 48.8 (48.0) MSEK. The Group's total assets amounted to 245.3 (187.1) MSEK. IFRS 16, relating to capitalization of lease contracts, affected total assets by 11.7 (15.4) MSEK. Accounts receivable decreased during the period to 29.5 (37.4) MSEK. Inventories amounted to 5.8 (9.3) MSEK. Current liabilities were 75.7 (52.0) MSEK. The carrying amounts of financial assets and liabilities are considered to correspond essentially to fair value.

### INVESTMENTS

Investments during the fourth quarter totalled 6.1 (5.6) MSEK. Of the investments, 4.9 (3.9) MSEK refers to the capitalization of development costs. IFRS 16 lease assets totalled 11.2 (16.6) MSEK. The group had no significant obligations relating to investments as of December 31, 2020.

### PARENT COMPANY

The parent company is an operating company. Net sales for the parent company amounted to 30.8 (49.6) MSEK. Net income for the period corresponds largely to the sales within EMEA and APAC, the development department and the head office in Sweden. Net income for the period was 6.9 (7.0) MSEK.

### SHARE CAPITAL

The total number of shares as of December 31, 2020 was 24,727,995 (24,146,552) and the share capital was 1.2 MSEK. Average number of shares in January-December 2020 amounted to 24,194,211 (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

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

### SUSTAINABILITY

Mentice's 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's overall goal is to, as far as possible, avoid 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's shares are traded on Nasdaq First North Premier Growth Market since June 18, 2019 under MNTC. According to Euroclear's official register of shareholders, Mentice had a total of 1,240 shareholders by December 31, 2020. FNCA is the company's certified advisor.

### AUDITOR REVIEW

This report has not been reviewed by the company's auditors.

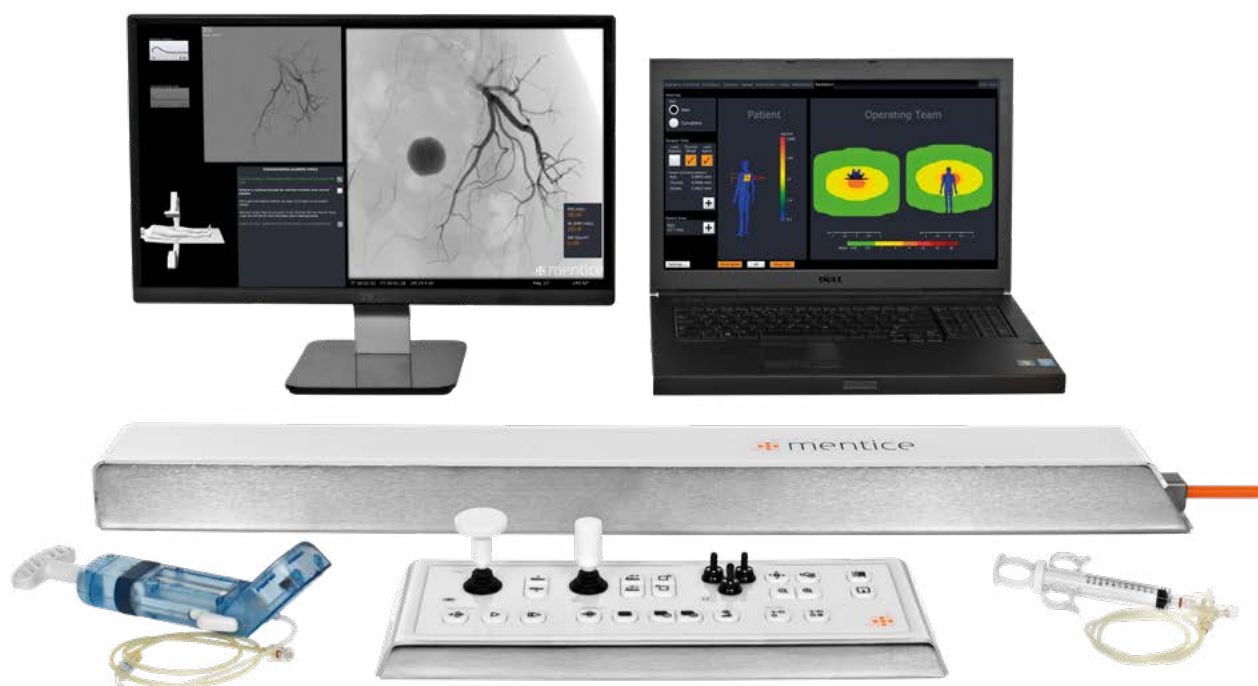
### FINANCIAL REPORTS

Interim reports and other financial reports are available on the company's website, [www.mentice.com](http://www.mentice.com).

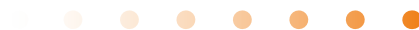
### ANNUAL GENERAL MEETING AND ANNUAL REPORT

The annual general meeting of Mentice AB (publ) will be held on May 6, 2021 in Gothenburg, Sweden.

Mentice's Annual Report for 2020 will be available for download on Mentice's website on April 15.



## AFFIRMATION

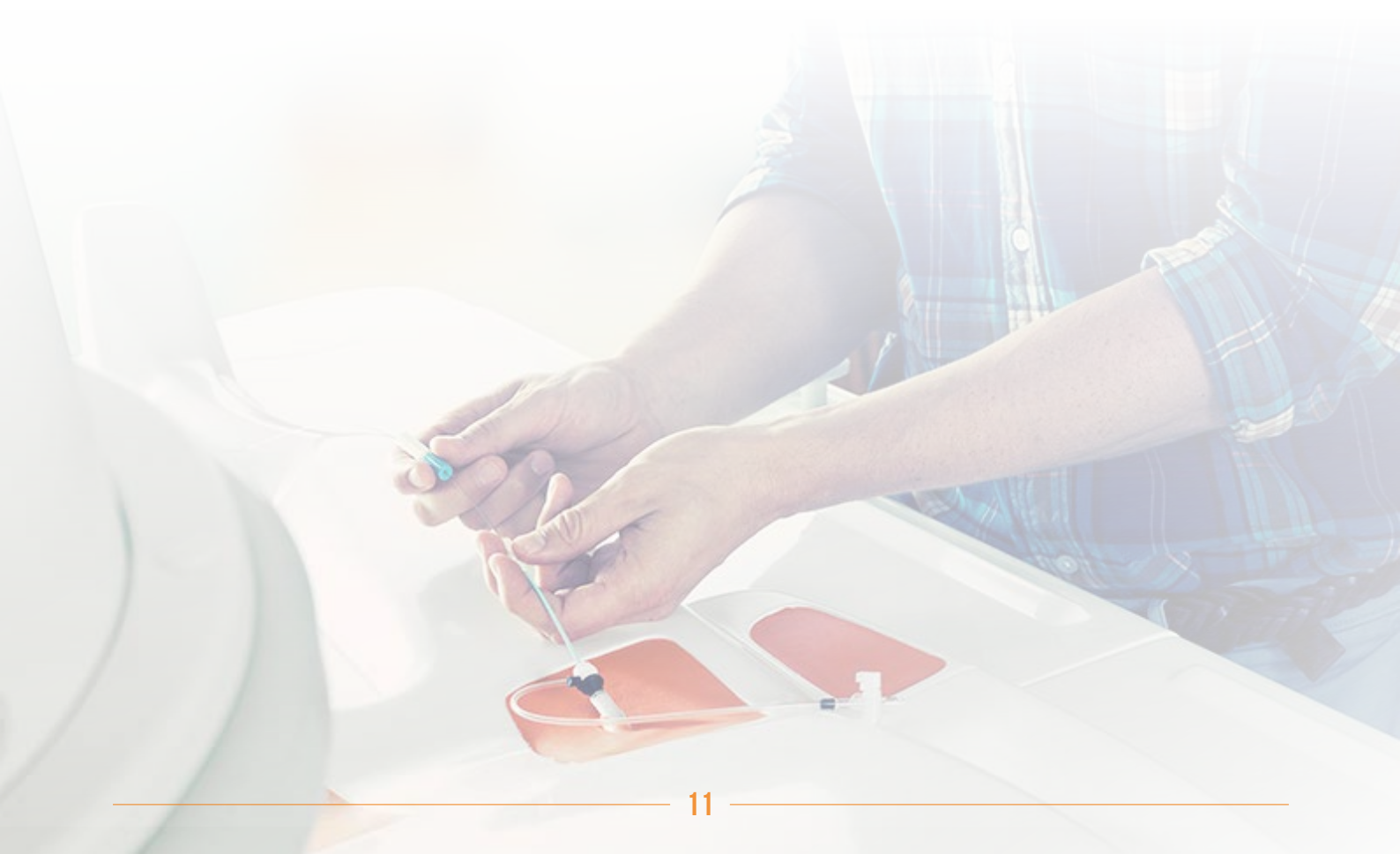


Mentice AB (publ)'s Board of Directors and CEO hereby assure that this interim report gives a true and fair view of the Group's business, financial position and performance and describes the essential risks and uncertainty factors that the company and the companies which are part of the Group are subjected to. In the event of any discrepancies between the English and Swedish versions of the report, the Swedish version shall prevail.

Gothenburg, February 4, 2021

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	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	45,941	60,240	137,503	149,370
Other income	8,378	0	13,376	3,333
<b>Sales</b>	<b>54,319</b>	<b>60,240</b>	<b>150,879</b>	<b>152,703</b>
Cost of goods sold	-16,882	-9,348	-33,398	-22,520
Other external costs	-11,828	-17,241	-40,248	-50,830
Personnel costs	-21,335	-21,899	-81,304	-92,266
Depreciation of tangible and intangible assets	-4,721	-3,369	-14,142	-11,562
<b>Operating income, EBIT</b>	<b>-447</b>	<b>8,383</b>	<b>-18,213</b>	<b>-24,475</b>
Financial income	1,002	1,940	1,306	196
Financial expenses	0	0	-1,679	-1,956
<b>Income before tax, EBT</b>	<b>555</b>	<b>10,323</b>	<b>-18,586</b>	<b>-26,235</b>
Tax on income for the period	2,777	-2,573	5,494	5,635
<b>Net income for the period</b>	<b>3,332</b>	<b>7,750</b>	<b>-13,092</b>	<b>-20,600</b>
Profit/Loss attributable to:				
Shareholders parent company	3,332	7,750	-13,092	-20,600
Non-controlling interest	0	0	0	0
<b>Net income for the period</b>	<b>3,332</b>	<b>7,750</b>	<b>-13,092</b>	<b>-20,600</b>
Earnings per share basic, SEK	0.14	0.32	-0.54	-1.05

## GROUP — CONSOLIDATED INCOME STATEMENT AND TOTAL INCOME

TSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net income for the period	3,332	7,750	-13,092	-20,600
<i>Other total income for the period</i>				
The period translation reserve	-2,040	-1,084	-1,980	1,356
<b>Other total income for the period</b>	<b>1,292</b>	<b>6,666</b>	<b>-15,072</b>	<b>-19,244</b>
Profit/Loss attributable to:				
Shareholders parent company	1,292	6,666	-15,072	-19,244
Non-controlling interest	0	0	0	0
<b>Total net income for the period</b>	<b>1,292</b>	<b>6,666</b>	<b>-15,072</b>	<b>-19,244</b>

## GROUP — CONSOLIDATED BALANCE SHEET

TSEK	31 Dec 2020	31 Dec 2019
<b>Assets</b>		
Intangible fixed assets	101,366	31,735
Tangible fixed assets	7,970	7,892
Right-of-use asset	11,221	16,581
Deferred tax asset	20,576	15,815
Total fixed assets	141,133	72,023
Inventories	5,769	9,316
Accounts Receivable	29,481	37,382
Prepaid costs and accrued income	16,493	17,451
Other current receivables	3,642	2,927
Cash and cash equivalents	48,753	48,041
Total current assets	104,138	115,117
<b>Total assets</b>	<b>245,271</b>	<b>187,140</b>
<b>Equity</b>		
Share Capital	1,236	1,207
Additional paid in capital	144,760	91,231
Other capital incl. net result for the year	17,255	32,327
Total equity attributable to parent company shareholders	163,251	124,765
Minority share in total equity	0	0
Total Equity	163,251	124,765
<b>Liabilities</b>		
Long term leasing liabilities	6,368	10,393
Total long term liabilities	6,368	10,393
Accounts payable	16,763	7,109
Current tax liability	166	395
Other liabilities	2,829	1,626
Current leasing liability	5,142	5,055
Accrued expenses and deferred income	50,752	37,797
Total current liabilities	75,652	51,982
Total liabilities	82,020	62,375
<b>Total equity and liabilities</b>	<b>245,271</b>	<b>187,140</b>



## GROUP — CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	Share Capital	Additional paid in capital	Translation reserve	Other capital incl. Net income	Total	Minority share	Total Equity
Opening balance Equity 2020-01-01	1,207	91,231	61	32,266	124,765	0	124,765
New issuance of shares	29	50,009			50,038	0	50,038
Additional paid in capital not yet registered		3,520			3,520	0	3,520
Net income for the period				-13,092	-13,092	0	-13,092
Other total income for the period			-1,980		-1,980	0	-1,980
Closing balance Equity 2020-12-31	1,236	144,760	-1,919	19,174	163,251	0	163,251

## GROUP – CASH FLOW STATEMENT

TSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
<b>Operating activities</b>				
Income before tax	555	10,323	-18,586	-26,235
Adjustment for non-cash items	10,197	3,458	15,214	10,789
Tax paid	-14	119	-498	-544
Total	10,738	13,900	-3,870	-15,990
Increase (-)/Decrease (+) inventories	-1,053	-4,631	2,988	-5,959
Increase (-)/Decrease (+) current assets	-1,563	-23,074	10,671	2,174
Increase (+)/Decrease (-) current liabilities	11,933	-2,833	20,745	-17,507
Cash-flow from operations	20,055	-16,638	30,534	-37,282
<b>Investing activities</b>				
Investments in tangible assets	-1,253	-1,624	-3,275	-3,819
Investments in intangible assets	-5,185	5,616	-22,063	-152
Acquisition of business, net cash effect	367	0	367	0
Cash-flow from investment activities	-6,071	3,992	-24,971	-3,971
<b>Financial activities</b>				
Proceeds from issue of share options	0	0	0	4,673
Proceeds from issue of share capital	0	0	0	82,000
Payment of transaction costs	0	-858	0	-8,306
Payment of finance leasing liabilities	-140	-1,279	-3,978	-5,055
Dividend paid to parent company's shareholders	0	0	0	-2,016
Cash-flow from financing activities	-140	-2,137	-3,978	71,296
<b>Cash-flow for the period</b>	<b>13,844</b>	<b>-14,783</b>	<b>1,585</b>	<b>30,043</b>
Opening cash balance	35,692	63,114	48,041	17,821
Exchange rate differences on financial items	-783	-290	-873	177
<b>Closing cash balance</b>	<b>48,753</b>	<b>48,041</b>	<b>48,753</b>	<b>48,041</b>

## INCOME STATEMENT – PARENT COMPANY

TSEK	Oct-Dec 2020	Oct-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Net sales	30,804	49,631	103,361	117,375
Capitalized expenses for development	5,184	3,942	22,063	9,715
Other income	3,934	-1,468	8,622	3,333
<b>Sales</b>	<b>39,922</b>	<b>52,105</b>	<b>134,046</b>	<b>130,423</b>
Cost of sold goods	-9,188	-7,736	-23,273	-17,999
Other external costs	-5,034	-20,223	-63,170	-85,897
Personnel expenses	-16,844	-16,948	-63,998	-55,260
Depreciations on intangible and tangible assets	-2,432	-1,476	-6,023	-4,339
<b>Operating profit</b>	<b>6,424</b>	<b>5,722</b>	<b>-22,418</b>	<b>-33,072</b>
Other interest income and similar profit/loss items	1,220	-28	1,220	166
Interest expenses and similar profit/loss items	-733	2,259	-1,309	-1,011
<b>Income after financial items</b>	<b>6,911</b>	<b>7,953</b>	<b>-22,507</b>	<b>-33,917</b>
Untaxed reserves	0	775	0	775
Tax on income for the period	-31	-1,770	5,411	7,296
<b>Net income for the period</b>	<b>6,880</b>	<b>6,958</b>	<b>-17,096</b>	<b>-25,846</b>

Other total income corresponds to income for the year as there are no items to present in other total income.

## BALANCE SHEET – PARENT COMPANY

TSEK	31 Dec 2020	31 Dec 2019
Intangible assets	103,308	33,609
Tangible assets	2,334	1,563
Shares in group companies	41,656	41,656
Receivables group companies	2,679	838
Deferred tax receivable	13,123	7,682
Total financial fixed assets	57,458	50,176
Inventories	4,801	4,782
Accounts Receivable	22,309	29,712
Receivables group companies	0	31,636
Other receivables	3,215	2,831
Prepaid expenses and accrued income	9,274	13,547
Cash and cash equivalents	41,388	42,152
Total current assets	80,987	124,660
<b>Total assets</b>	<b>244,087</b>	<b>210,008</b>
<i>Restricted equity</i>		
Shareholders equity	1,236	1,207
Capitalization of development cost	45,750	27,894
<i>Non-restricted equity</i>		
Premium reserve	144,760	91,231
Balanced income	-11,058	32,647
Profit/loss for the period	-17,096	-25,846
<b>Total Equity</b>	<b>163,592</b>	<b>127,133</b>
Liabilities group companies	28,966	46,297
Total long-term liabilities	28,966	46,297
Accounts Payable	15,797	6,535
Other current liabilities	1,422	988
Accrued expenses and prepaid income	34,310	29,055
Total current liabilities	51,529	36,578
<b>Total Equity and Liabilities</b>	<b>244,087</b>	<b>210,008</b>

## 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's 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 MARKET

	Medical Device Industry		Teaching Entities		Healthcare Systems		Total	
TSEK	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Geographic markets								
EMEA	24,408	30,477	16,920	12,721	1,647	1,542	42,975	44,740
APAC	24,328	21,897	11,139	19,407	0	10,813	35,467	52,117
Americas	52,376	42,737	6,685	8,491	0	1,285	59,061	52,513
Total	101,112	95,111	34,744	40,619	1,647	13,640	137,503	149,370
Time for revenue recognition								
Goods and services that are accounted for at a given time	65,370	59,274	29,546	35,283	1,647	13,593	96,563	108,150
Goods and services that are accounted for over time	35,742	35,837	5,198	5,336	0	47	40,940	41,220
Total net sales from customer contracts	101,112	95,111	34,744	40,619	1,647	13,640	137,503	149,370

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, 2020, the total actual value of forward contracts was SEK -0.2 (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's 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 who 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. The measure is used to measure operating profitability before fixed costs.

**EBITDA** – Operating income before depreciations and amortizations. 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 margin** – Operating income as a percentage of net sales. The measure is used to measure operating profitability, independent of financing, impairment and depreciation.

**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.

**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's 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 healthcare service providers 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's 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, including a firm commitment to diversity, equity and inclusion.

### PURPOSE

Mentice's 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 become the world leader in performance and outcome solutions for all image guided therapies.

### MISSION

Our mission is to improve operating 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+

Scientific papers reinforcing the value of simulation skills acquisition, retention and assessment.

50+

Medical simulation patents across more than 30 different training procedures.

>50%

Of global market share in endovascular simulation solutions.

## FINANCIAL CALENDAR

INTERIM REPORT JAN-MAR 2021 (Q1)	APRIL 28 2021 AT 8:30
ANNUAL GENERAL MEETING	MAY 6 2021 AT 15:00
INTERIM REPORT APR-JUN 2021 (Q2)	JUL 22 2021 AT 8:30
INTERIM REPORT JUL-SEP 2021 (Q3)	OCT 28 2021 AT 8:30

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



