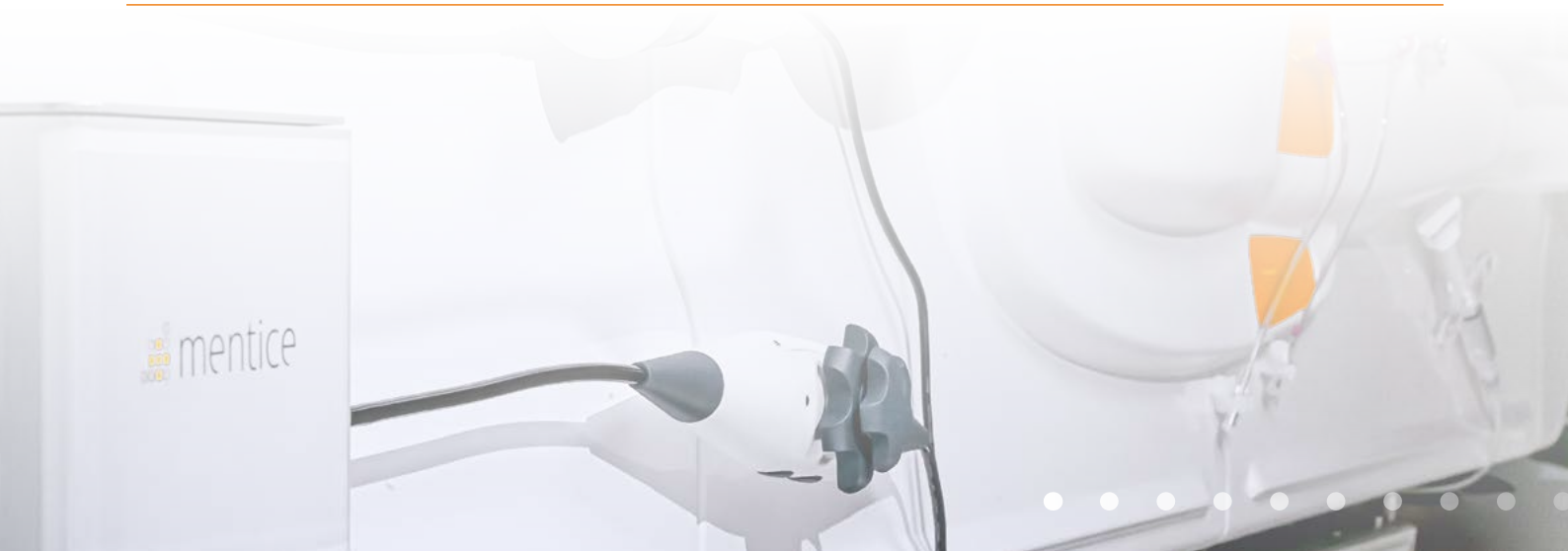




INTERIM REPORT
JAN—MAR 2021





STRONGEST ORDER INTAKE IN MENTICE'S HISTORY DESPITE THE CORONA PANDEMIC

CEO GÖRAN MALMBERG COMMENTS:

"Continued strong order intake, with the strongest order intake figure for a first quarter in Mentice's history on the back end of our strongest order intake for a fourth quarter ever (2020). Our net sales for the first quarter plus order book scheduled for 2021 is at 38% above the level from the same time last year. Net sales for the quarter slightly below last year's number due to deliveries being postponed due to the pandemic."

FIRST QUARTER (JANUARY–MARCH 2021)

- Order intake amounted to 39.9 (32.5) MSEK.
- Order book by end of the period was 72.9 (33.9) MSEK.
- Net sales amounted to 32.3 (33.8) MSEK.
- Operating income for the period before depreciations (EBITDA) totalled -8.4 (-0,5) MSEK.
- Net income for the period amounted to -12.4 (-5.0) MSEK.
- Earnings per share (EPS) was -0.50 (-0.21) SEK.
- Cash flow from operating activities totalled -13.1 (1.5) MSEK.



SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- 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.
- On January 13, Mentice announced changes to its organization. Several new key positions have been created, aimed at improving Mentice's regional presence in the market with the creation of an Asia Pacific (APAC) region and a Europe and Middle East (EMEA) region in addition to the previously established Americas region.
- To support the regional structure, Mentice is ramping up its marketing organization by appointing Martin Harris as Global Vice President of Marketing. Mr. Harris was previously responsible for Strategic Alliance partnerships, which he will continue to manage as part of Marketing.
- Kjell Asserlind has been appointed as Vice President and General Manager for the EMEA region. Mr. Asserlind previously held the position of Global VP for Healthcare Systems Sales.
- Ben Speich has been appointed to run the Vascular Simulations business, acquired in October 2020. Mr. Speich will serve as General Manager for this business unit and be responsible for its worldwide operations.
- As of fiscal year 2021, Mentice reports according to the following segments: Medical Device Industry, Healthcare Systems and Strategic Alliances. This change represents how the business is followed up internally. Strategic Alliances is now reported as its own segment, which was previously included in the Teaching Entities and Medical Device Industry segments. The former Teaching Entities segment is now part of the Healthcare Systems segment.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On April 15, Mentice announced the appointment of Pontus Appelqvist as Vice President and General Manager for Asia Pacific. Pontus has more than 20 years of enterprise leadership experience in driving new technologies to market within Asia. In his previous role, his direction led to multiple years of triple-digit growth by adapting innovative Augmented Reality (AR), Virtual Reality (VR), and interactive solutions for education and training in the region.

COMMENTS BY THE CEO

Continued strong order intake, with the strongest order intake figure for a first quarter in Mentice's history on the back end of our strongest order intake for a fourth quarter ever (2020). Our net sales for the first quarter plus order book scheduled for 2021 is at 38% above the level from the same time last year. Net sales for the quarter slightly below last year's number due to deliveries being postponed due to the pandemic.

Strong business from the Medical Device segment as well as strong performance from the APAC Region

The Medical Device Industry segment increased with over 50% compared to the same period last year, and the APAC region performed more than 250% above the same period last year. This increase was partly due to the adoption and regional trends for providing solutions that enable our customers remote based proctoring activities.

The business is reacting to the pandemic, relating mainly to the Healthcare Systems segment

Last year's first quarter was only partly impacted by the pandemic, while this year all our business is conducted under the effect of the pandemic. With an understanding for the current global healthcare challenges, we can see that the Healthcare Systems segment sales is still operating below normal levels. With the commercial sector allowing for more innovative and creative spending, the Medical Device Industry segment continues to perform strong and to demonstrate growth. The Healthcare Systems and Strategic Alliances are still affected by the pandemic, and while we see positive indications from several healthcare regions and development initiatives, we do not expect improvements until the second part of 2021 at the earliest.

Net sales for first quarter below our expectations

As a consequence of the pandemic, we are still behind on deliveries to several parts of the world where we are unable to travel and provide installations or even deliver equipment. In addition, due to high demand for our new simulation device, the G7/G7+, we are still ramping our production capacity to meet these demands. The effect of this is multiple order moving into mainly the second quarter but also some for period after the second quarter. Furthermore, the lower level of net sales for the quarter also has an effect on short term operational cash flow, which we believe will be addressed during the course of the next quarter with the execution and deliveries from our order book.

Increase of confirmed net sales planned for the full year 2021

With the strong order book coming into 2021, and the added strong order intake for the first quarter, our position for net sales scheduled for the full year (net sales for the first quarter + confirmed order book for 2021) has improved with 38% compared to the previous year, and at the end of the first quarter this number is already at a level of 50% of our net sales for the full year of 2020.



Positive development with respect to the acquired business from Vascular Simulations

Based on the regional structure implementation and an effective go-to market strategy, we have experienced a positive development for Vascular Simulations for the first 6 months of being integrated in Mentice. The order intake has exceeded 12 MSEK for this period, representing more than the comparable figure for the full year of 2020. We see that the global outreach of Mentice has linked with the synergies in the combination of physical and virtual models, and this will continue to create growth for Mentice.

Fully implemented regional structure

Our regional business structure is now in full effect, and we can see the positive effect of our local focus on our clients and business. During the quarter we continued to add more strategic resources in the regional sales and support organizations, and we have the ambition to continue this into the second quarter and the later part of the year.

Increased requirements for connected and on-line solutions

The general demand and interest for our solutions are positive, and we see further interest in integrated, connected, and on-line solutions from the Medical Device Industry segment, the Healthcare Systems segment and our imaging solutions partners. These solutions received a boost due to market requirements during the initial phase of the pandemic, and the demand for them has increased over the last year and is now a key demand from clients. With our strong base in the interventional space, and the broad set of applications developed on our technology platform, we see that Mentice is well positioned to expand our footprint and deliver on the ambition to become a commercial knowledge source in performance applications for image-guided interventional therapies.

Gothenburg in April 2021,
Göran Malmberg
CEO, Mentice AB (publ)

KEY FIGURES

	Jan-Mar 2021	Jan-Mar 2020	Change	RTM*	Full Year 2020
Order intake, MSEK	39.9	32.5	22.8%	176.0	168.6
- whereof Medical Device Industry	32.8	21.6	51.9%	126.0	114.8
- whereof Healthcare systems	4.4	5.5	-20.0%	38.2	39.3
- whereof Strategic Alliances	2.7	5.4	-50.0%	11.8	14.5
Order book, MSEK	72.9	33.9	115.0%	72.9	66.4
Net sales, MSEK	32.3	33.8	-4.3%	136.0	137.5
Sales, MSEK	33.5	37.7	-11.1%	146.7	150.9
Gross margin, %	80.3%	84.8%		74.5%	75.7%
Operating income before depreciations, EBITDA, MSEK	-8.4	-0.5		-12.0	-4.1
EBITDA-margin, %	-26.0%	-1.5%		-8.8%	-3.0%
Income before tax, EBT, MSEK	-12.4	-6.6		-24.3	-18.6
Income for the period, EBT, MSEK	-12.4	-5.0		-20.5	-13.1
Earnings per share, SEK	-0.50	-0.21		-0.84	-0.54
Cash-flow from operations, MSEK	-13.1	1.5		16.0	30.5
Cash at end of period, MSEK	27.8	43.0		27.8	48.8
Equity/Asset ratio, %	62.9%	65.1%		62.9%	66.6%
Number of employees at the end of the period	98	93			95

*RTM = rolling twelve months.

FINANCIAL PERFORMANCE

ORDER INTAKE

Order intake during the first quarter increased by 22.8% to 39.9 (32.5) MSEK.

Within Medical Device Industry segment, order intake increased with 51,9 % to 32.8 MSEK compared to 21.6 MSEK for the same period previous year. Within Healthcare system segment, order intake decreased to 4.4 MSEK (5.5). Order intake from Strategic Alliances decreased to 2.7 MSEK compared to 5.4 MSEK for the same period last year.

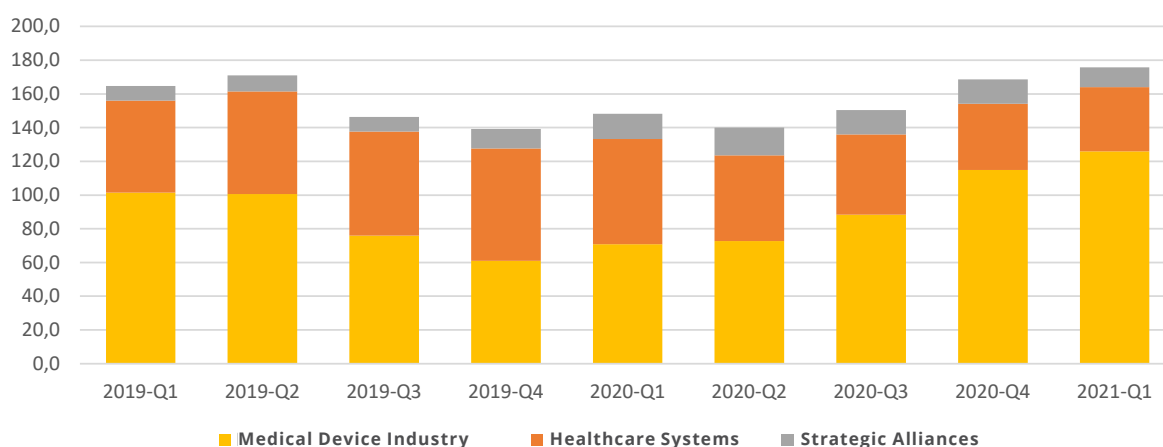
APAC delivered a strong quarter with 15.5 MSEK in order intake compared to 5,9 MSEK same period last year. In Americas order intake increase with 15% compared to

same period last year totalling 15.4 (13.4) MSEK. In EMEA, order intake decreased with 33% to 9.1 MSEK compared to 13.6 MSEK last year.

SEASONAL VARIATIONS

There is a seasonal pattern to Mentice business, where the fourth quarter is normally the strongest in terms of order intake and net sales. This is due to the fact that a large number of customers have annual budget cycles aligned with calendar year. As large part of Mentice cost base is fixed, fluctuations in net sales have a direct impact on the quarterly operating profit (EBITDA). This seasonal pattern is however not immediately visible in the order intake graph below as it is showing RTM figures (rolling twelve months).

ORDER INTAKE PER SEGMENT ROLLING 12 MONTHS (MSEK)



ORDER BOOK

The order book closed at 72.9 (33.9) MSEK for the first quarter. The order book represents orders received but not yet delivered.

Out of the total orderbook per March 31, 60% is expected to be delivered, and recognized as net sales in 2021. Remaining 40% refers to deliveries, such as support agreements, software subscription that is to be delivered and recognized as revenue over next coming 3 years.

NET SALES

The group's net sales consist of sales from system and software, service and support and sales from consultancy assignments. Software licenses sold as perpetual are recognized as net sales at delivery,

together with hardware, while software licenses sold as subscription model is recognized as net sales over time.

Net sales for the first quarter amounted to 32.3 (33.8) MSEK, a decrease of 4,3% compared to last year. Out of total net sales, 3.7 (0) MSEK refers to net sales from acquired business. The effect of exchange rate variances in net sales amounted to - 2.0 (0.8) MSEK and is mainly the result of a weaker USD compared to SEK

FINANCIAL PERFORMANCE, CONT.

NET SALES, CONT.

As of fiscal year 2021, Mentice reports according to the following segments: Medical Device Industry, Healthcare Systems and Strategic Alliances. This change represents how the business is followed up internally.

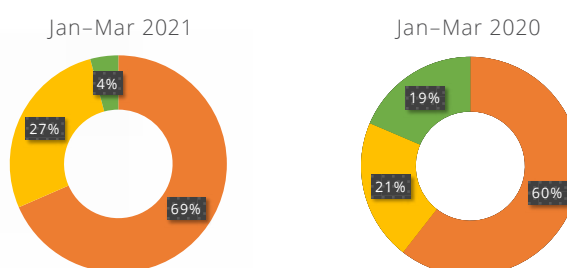
Strategic Alliances is now reported as its own segment, which was previously included in the Teaching Entities and Medical Device Industry segments.

The former Teaching entities segment is now part of the Healthcare systems segment.

Of the net sales for the first quarter, 22.1 (20.5) MSEK came from the Medical Device Industry segment, 8.9 (7.1) MSEK came from Healthcare Systems segment and 1.3 (6.3) MSEK from the Strategic Alliances segment.

Geographically, net sales from EMEA were 4.2 (16.4) MSEK, corresponding to 13 (49)% of total net sales. Net sales increased in APAC to 12.1 (9.1) MSEK, which accounted for 37 (27)% of total net sales. In the Americas, net sales increased to 16.1 (13.9) MSEK, corresponding to 50 (25)% of total net sales.

- Medical Device Industry
- Healthcare Systems
- Strategic Alliances

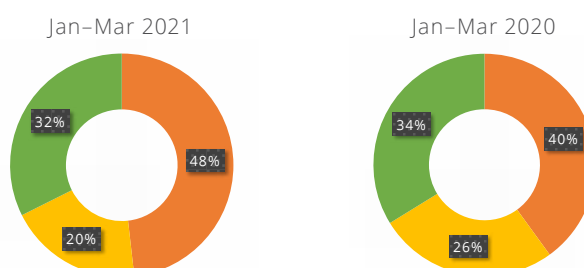


Net sales per segment TSEK	Jan-Mar 2021	Jan-Mar 2020	Change	Full Year 2020
Medical Device Industry	22,123	20,456	8.1%	90,495
Healthcare Systems	8,847	7,050	25.5%	32,822
Strategic Alliances	1,346	6,277	-78.6%	14,186
Total	32,316	33,783	-4.3%	137,503

Of the net sales for the first quarter, 15.6 (13.5) MSEK came from system sales, where net sales is recognized in full upon delivery of the system. 6.2 (8.9) MSEK of total net sales came from software licenses sales. Net sales from software licenses include both perpetual licenses, where net sales is recognized upon delivery of system as well as software licenses sold as subscription model where net sales is recognized over time, normally one year.

Net sales from support and service contracts for the first quarter amounted to 10.5 (11.4) MSEK and refers to support and service where net sales is recognized over time.

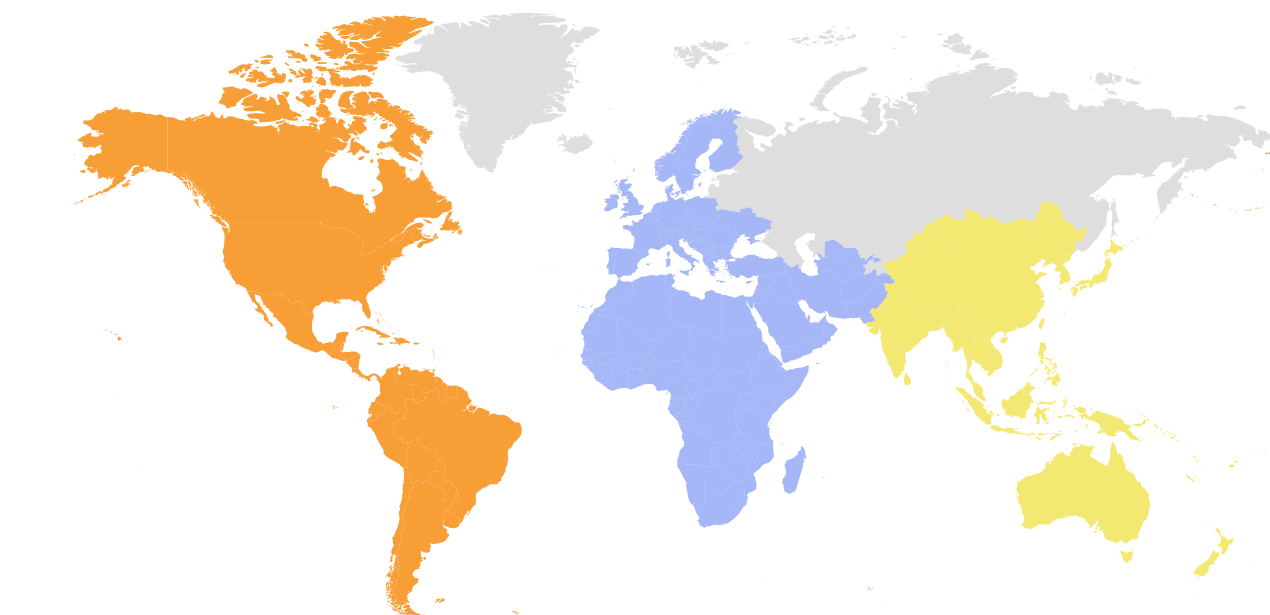
- System sales
- Software licenses
- Support & Service contracts



Net sales per product TSEK	Jan-Mar 2021	Jan-Mar 2020	Change	Full Year 2020
System sales	15,580	13,515	15.3%	62,050
Software licenses	6,274	8,854	-29.1%	28,321
Support & Service contracts	10,466	11,414	-8.3%	47,133
Total	32,320	33,783	-4.3%	137,503

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-Mar 2021	Jan-Mar 2020	Change	Full Year 2020
● EMEA	4,207	16,427	-74.4%	42,975
● APAC	12,049	9,067	32.9%	35,467
● Americas	16,060	8,289	93.8%	59,061
Total	32,316	33,783	-4.3%	137,503

OTHER INCOME

Other income was 1.1 (3.9) MSEK for the quarter. Other income is related to exchange rate variances in assets and liabilities in foreign currencies.

GROSS MARGIN

Gross margin was at 80.3% for the first quarter, compared to 84.8% for the same period the previous year. The gross margin is mainly affected by the mix of the products sold.

The lower gross margin in the quarter is largely due to reduced net sales from software licenses as a result of the transition to subscription-based model where net sales is recognized over time, resulting in lower net sales of high-margin products.

Gross margin is also affected by currency effects in net sales.

GROSS PROFIT, OPERATING RESULT AND OPERATING MARGIN (EBITDA)

Gross profit for the first quarter was 25.9 (32.5) MSEK. Operating income before depreciation, EBITDA, was -8.4 (-0.5) MSEK. This corresponds to an operating margin of -26.0 (-1.5)% for the first quarter.

OTHER EXTERNAL COSTS

Other external costs totalled to -12.0 (-10.7) MSEK during the first quarter which equals an increase of 11,7% compared to the same period last year.

Other external costs include operating costs from acquired business with 1.0 (0) MSEK.

In addition, capitalization of development cost was included in other external costs with 1.3 (2.3) MSEK.

FINANCIAL PERFORMANCE, CONT.

PERSONNEL COSTS

Personnel costs during the first quarter were -23.5 (-22.3) MSEK. Personnel costs include costs from acquired business with 2.0 (0) MSEK.

Capitalization of development cost were included in the personnel costs with an amount of 2.9 (3.1) MSEK. The number of employees were 98 (93) by the end of the quarter.

CAPITALIZED EXPENSES FOR DEVELOPMENT COSTS

Capitalized expenses for development costs during the first quarter totalled 4.2 (5.4) MSEK, and are mainly attributable to a number of ongoing software projects.

NET FINANCIAL ITEMS

Net financial items for the first quarter totalled 0.5 (-3.0) MSEK and are mainly related to exchange rate variances. The net financial items for the quarter included -0.1 (-0.1) 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 0 (1.6) MSEK. Net income for the period was -12.4 (-5.0) MSEK. Earnings per share was -0.50 (-0.21) SEK.

CASH FLOW

Cash flow from operating activities for the period was -13.1 MSEK compared to 1.4 MSEK same period last year.

Cash flow from changes in working capital amounted to -3.9 MSEK compared to 5.6 MSEK same period last year, mainly attributable to increase in accounts receivable and decrease in accounts payable.

CASH AND FINANCIAL POSITION

Cash at the end of the period was 27.8 (43.0) MSEK. The group's total assets amounted to 240.8 (188.2) MSEK. IFRS 16 affected total assets by 9.8 (15.2) MSEK. Accounts receivable decreased during the period to 39.5 (47.0) MSEK. Inventories amounted to 6.1 (8.8) MSEK. Current liabilities were 84.3 (56.6) MSEK. The carrying amounts of financial assets and liabilities are considered to correspond essentially to fair value.

INVESTMENTS

Investments during the first quarter totalled 6.6 (5.5) MSEK. Of the investments, 4.2 (5.4) MSEK refers to the capitalization of development costs. Remaining 2.4 (0.1) MSEK refers to investments in tangible assets relating to new hardware devices for internal use but also rental.

The group had no significant obligations relating to investments as of March 31, 2021.

PARENT COMPANY

The parent company is an operating company. Net sales for the parent company amounted to 21.8 (27.9) MSEK. The income for the period corresponds largely to the sales within EMEA and APAC, the development department and the head office in Sweden. The income for the period was -12.6 (-10.4) MSEK.



FINANCIAL PERFORMANCE, CONT.

SHARE CAPITAL

The total number of shares as of March 31, 2021 was 24,768,850 (24,146,552) and the share capital was SEK 1.2 million. Average number of shares in January–March 2021 was 24,750,238 (24,146,552). All shares are ordinary shares with equal voting value. The shares have a quotient value of SEK 0.05.

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 2020 annual report on page 34.

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. 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.

Exchange risk is divided into translation exposure and transaction exposure. Translation exposure refers to the exposure of net assets for foreign subsidiaries. Transaction exposure refers to the risks associated to purchases and net sales in foreign currency.

The group's external sales are made exclusively in the currencies EUR and USD.

In the parent company, 70% of the external sales are in EUR, and the majority of the operating costs are in SEK. Net sales and cost in the US subsidiary is exclusively conducted in USD.

For more information about the company's risks, see Note 22 on page 94 of the annual report for 2020.

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 1,179 shareholders by March 31, 2021. FNCA is the company's certified advisor.

Largest shareholders (source Euroclear 2021-03-31) Name	Number of shares	Shareholding in %
Karin Howell-Bidermann	8,690,980	35.1%
Bure Equity AB (publ)	3,644,059	14.7%
Handelsbanken Microcap Sverige	1,422,000	5.7%
Fjärde AP fonden	1,325,833	5.4%
TIN Ny Teknik	712,847	2.9%
Göran Malmberg	702,516	2.8%
Andra AP Fonden	432,620	1.7%
Handelsbanken Microcap Norden	71,500	0.3%
Grenspecialisten Förvaltning AB	53,081	0.2%
Johan Lindkvist	40,978	0.2%
10 largest shareholders in total	17,096,414	69.1%
Others	7,672,436	30.9%
	24,768,850	100.0%

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

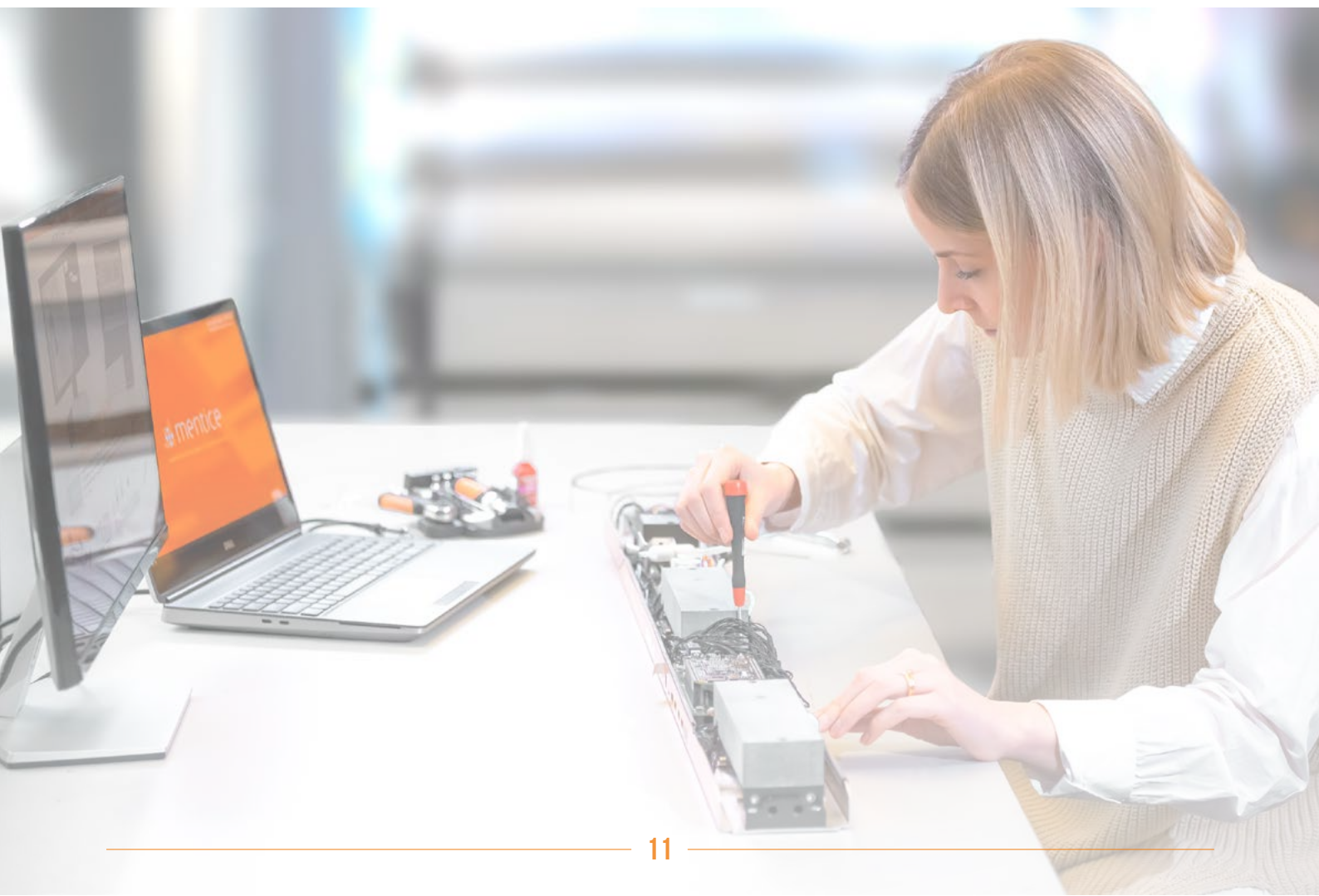


Mentice AB (publ)'s Board of Directors and CEO hereby assure that this interim report gives a true and fair view of the Group's business, financial position and performance and describes the essential risks and uncertainty factors that the company and the companies which are part of the Group are subjected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

Gothenburg, April 28, 2021

Mentice AB (publ)

Lawrence D. Howell	Chairman of the Board
David J 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	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Net sales	32,320	33,783	137,503
Other income	1,157	3,875	13,376
Sales	33,477	37,658	150,879
Cost of goods sold	-6,382	-5,145	-33,398
Other external costs	-11,961	-10,704	-40,248
Personnel costs	-23,524	-22,305	-81,304
Depreciation of tangible and intangible assets	-4,454	-3,104	-14,142
Operating income, EBIT	-12,844	-3,600	-18,213
Financial income	587	295	1,306
Financial expenses	-107	-3,303	-1,679
Income before tax, EBT	-12,364	-6,608	-18,586
Tax on income for the period	-35	1,631	5,494
Net income for the period	-12,399	-4,977	-13,092
Profit/Loss attributable to:			
Shareholders parent company	-12,399	-4,977	-13,092
Non-controlling interest	–	–	–
Net income for the period	-12,399	-4,977	-13,092
Earnings per share basic, SEK	-0.50	-0.21	-0.54

GROUP — CONSOLIDATED INCOME STATEMENT AND TOTAL INCOME

TSEK	Jan-Mar 2021	Jan-Mar 2020	Full Year 2020
Net income for the period	-12,399	-4,977	-13,092
<i>Other total income for the period</i>			
The period translation reserve	535	1,356	-1,980
Other total income for the period	-11,864	-3,621	-15,072
Profit/Loss attributable to:			
Shareholders parent company	-11,864	-3,621	-15,072
Non-controlling interest	-	-	-
Total net income for the period	-11,864	-3,621	-15,072

GROUP — CONSOLIDATED BALANCE SHEET

TSEK	31 March 2021	31 March 2020	Full Year 2020
Assets			
Intangible Fixed Assets	103,343	36,225	101,366
Tangible Fixed Assets	9,988	7,647	7,970
Right-of-use Assets	9,881	15,241	11,221
Deferred Tax Assets	21,142	18,721	20,576
Total Fixed Assets	144,354	77,834	141,133
Inventories	6,056	8,800	5,769
Accounts Receivable	39,508	46,985	29,481
Prepaid Costs and Accrued Income	19,042	6,605	16,493
Other Current Receivables	4,091	2,570	3,642
Cash and Cash Equivalents	27,755	43,006	48,753
Total Current Assets	96,452	110,409	104,138
Total Assets	240,806	188,243	245,271
Equity			
Share Capital	1,236	1,207	1,236
Additional Paid in Capital	70,848	91,231	144,760
Other Capital Including Net Result for the Year	79,303	30,135	17,255
Total Equity Attributable to Parent Company Shareholders	151,387	122,573	163,251
Minority Share in Total Equity	–	–	–
Total Equity	151,387	122,573	163,251
Liabilities			
Long-term Leasing Liabilities	5,082	9,103	6,368
Total Long-term Liabilities	5,082	9,103	6,368
Accounts Payable	9,300	5,000	16,763
Current Tax Liability	74	446	166
Other Liabilities	2,698	2,329	2,829
Current Leasing Liability	4,835	5,055	5,142
Accrued Expenses and Deferred Income	67,430	43,737	50,752
Total Current Liabilities	84,337	56,567	75,652
Total Liabilities	89,419	65,670	82,020
Total Equity and Liabilities	240,806	188,243	245,271

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 2021-01-01	1,236	144,760	-1,919	19,174	163,251	–	163,251
Net income for the period				-12,399	-12,399	–	-12,399
Other total income for the period			535		535	–	535
Closing balance Equity 2021-03-31	1,236	144,760	-1,384	6,775	151,387	–	151,387

CASH FLOW STATEMENT FOR THE GROUP

TSEK	Jan-March 2021	Jan-March 2020	Full Year 2020
Operating activities			
Result before tax	-12,364	-6,608	-18,586
Adjustment for non-cash items	3,262	2,788	15,214
Tax paid	-94	-324	-498
Cash flow from operating activities before changes in working capital	-9,196	-4,144	-3,870
Changes in working capital			
Increase (-)/Decrease (+) inventories	-213	958	2,988
Increase (-)/Decrease (+) current assets	-10,574	3,179	10,671
Increase (+)/Decrease (-) current liabilities	6,886	1,484	20,745
Cash flow from changes in working capital	-3,901	5,621	34,404
Cash-flow from operations	-13,097	1,477	30,534
Investing activities			
Investments in tangible assets	-2,414	-92	-3,275
Investments in intangible assets	-4,218	-5,429	-22,063
Acquisition of business, net cash effect	-	-	367
Cash-flow from investment activities	-6,632	-5,521	-24,971
Financial activities			
Payment of finance leasing liabilities	-1,593	-1,290	-3,978
Cash-flow from financing activities	-1,593	-1,290	-3,978
Cash-flow for the period	-21,322	-5,334	1,585
Opening cash balance	48,753	48,041	48,041
Exchange rate differences on financial items	324	299	-873
Closing cash balance	27,755	43,006	48,753

INCOME STATEMENT – PARENT COMPANY



TSEK	Jan-March 2021	Jan-March 2020	Full Year 2020
Net Sales	21,798	27,871	103,361
Capitalized Expenses for Development	4,217	5,429	22,063
Other Income	826	3,875	8,622
Sales	26,841	37,175	134,046
Cost of Sold Goods	-4,941	-5,437	-23,273
Other External Costs	-15,033	-20,590	-63,170
Personnel Expenses	-17,482	-17,544	-63,998
Depreciations on Intangible and Tangible Assets	-2,591	-1,163	-6,023
Operating Profit	-13,206	-7,559	-22,418
Other Interest Income and similar Profit/Loss Items	654	306	1,220
Interest Expenses and similar Profit/Loss Items	-2	-3,164	-1,309
Result after Financial Items	-12,554	-10,417	-22,507
Tax on Result for the Period	-	2,241	5,411
Net Result for the Period	-12,554	-8,176	-17,096

BALANCE SHEET – PARENT COMPANY

TSEK	31 March 2021	31 March 2020	31 Dec 2020
Intangible Assets	105,117	37,998	103,308
Tangible Assets	2,491	1,532	2,334
Shares in Group Companies	41,656	41,656	41,656
Receivables Group Companies	7,489	–	2,679
Deferred Tax Receivable	13,123	9,923	13,123
Total Financial Fixed Assets	62,268	51,579	57,458
Inventories	5,261	3,620	4,801
Accounts Receivable	21,078	35,934	22,309
Receivables Group Companies	–	7,355	–
Other Receivables	3,601	20	3,215
Prepaid Expenses and Accrued Income	9,364	8,637	9,274
Cash and Cash Equivalents	18,941	40,130	41,388
Total Current Assets	58,245	98,139	80,987
Total Assets	228,121	189,248	244,087
<i>Restricted Equity</i>			
Shareholders Equity	1,236	1,207	1,236
Capitalization of Development Cost	47,852	32,765	45,750
<i>Non-restricted Equity</i>			
Premium Reserve	70,848	91,231	144,760
Balanced Result	43,570	1,912	-11,058
Profit/Loss for the Period	-12,554	-8,176	-17,096
Total Equity	150,952	118,939	163,592
Liabilities Group Companies	28,877	31,990	28,966
Total Long-term Liabilities	28,877	31,990	28,966
Accounts Payable	7,546	4,842	15,797
Other Current Liabilities	1,425	1,189	1,422
Accrued Expenses and Prepaid Income	39,321	32,289	34,310
Total Current Liabilities	48,292	38,320	51,529
Total Equity and Liabilities	228,121	189,249	244,087

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 2020.

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, Healthcare Systems and Strategic Alliances.

- The Medical Device Industry segment consists of global providers of products where Mentice's adaptable simulation solutions can be integrated to fit specific needs. The segment includes solutions for training, sales and marketing, research and clinical evaluations.
- The segment for Healthcare systems includes the efforts aimed at teaching entities in academic and university hospital settings, as well as its efforts aimed at healthcare entities. The latter is focused on solutions for continuous professional development, maintenance of skills and planning, rehearsal and physical guidance.
- The Strategic Alliances segment refers to the integration of Mentice solutions in leading cath lab systems from leading suppliers Siemens Healthineers and Philips Healthcare.

NET SALES PER SEGMENT AND GEOGRAPHIC MARKET

	Medical Device Industry		Healthcare Systems		Strategic Alliances		Total	
TSEK	Jan–Mar 2021	Jan–Mar 2020	Jan–Mar 2021	Jan–Mar 2020	Jan–Mar 2021	Jan–Mar 2020	Jan–Mar 2021	Jan–Mar 2020
Geographic Markets								
EMEA	1,512	8,563	1,772	3,214	923	4,650	4,207	16,427
APAC	9,002	6,099	2,700	2,968	347	–	12,049	9,067
Americas	11,609	5,794	4,375	868	76	1,627	16,060	8,289
Total	22,123	20,456	8,847	7,050	1,346	6,277	32,316	33,783
Time for Revenue Recognition								
Goods and Services that are Accounted for at a given time	13,533	11,299	7,661	5,864	1,149	6,277	22,343	23,440
Goods and Services that are Accounted for over time	8,590	9,157	1,186	1,186	197	–	9,973	10,343
Total Net Sales from Customer Contracts	22,123	20,456	8,847	7,050	1,346	6,277	32,316	33,783

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 March 31, 2021, 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 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.

Net sales – sales of products and services are normally recognized in connection with delivery to customer, depending on the terms of delivery. Services, software and projects that run over several periods are recognized as net sales over time.

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.

Net 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 operational profitability before fixed costs.

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 margin – EBITDA as part of net sales. The measure is used to measure operating profitability, independent of financing, impairment and depreciation.

EBITDA rolling 12 months – Mentice has repeatedly had individual strong quarters, and it is therefore important to continuously see developments over time and not just focus on individual quarters.



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

MISSION

We believe medical technology helps to improve patient outcomes and clinical performance. Our 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.

50+

Medical simulation patents across more than 30 different training procedures.

>50%

Of global market share in endovascular simulation solutions.

FINANCIAL CALENDAR

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.



