



mentice

YEAR END REPORT
JAN – DEC 2023





FOURTH QUARTER ENDS A YEAR WITH STRONG GROWTH AND IMPROVED PROFITABILITY

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER 2023 (OCT – DEC)

- Mentice has received several major orders from world leading medical technology companies.
- Mentice has appointed Ulrika Drotz Voksepp as the new CFO.
- Mentice has acquired all essential assets from Biomodex, the company’s foremost competitor within flow simulation.
- Mentice received FDA 510 (k) clearance for Ankyras™ software.

FOURTH QUARTER 2023 (OCT - DEC)

- Order intake amounted to 103.9 (90.3) MSEK, an increase of 15.0%, of which 9.2% was related to the currency effect.
- Order book by the end of the period was 156.3 (126.0) MSEK, whereof 110.0 MSEK is expected as revenue in 2024.
- Net sales amounted to 70.4 (68.7) MSEK, an increase of 2.5%, whereof 0.7% organic.
- Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to 2.3 (11.5) MSEK.
- Net income for the period amounted to -2.8 (2.1) MSEK.
- Earnings per share (EPS) were -0.11 (0.08) SEK.
- Cash flow from operating activities amounted to -6.1 (26.0) MSEK.

FULL YEAR 2023 (JAN – DEC)

- Order intake amounted to 304.2 (252.2) MSEK, an increase of 20.6%, of which 10.6% was related to the currency effect.
- The Americas region has generated 55.8% growth for order intake in 2023 compared to 2022.
- Net sales amounted to 273.6 (218.0) MSEK, an increase of 25.5%, whereof 23.9% organic.
- Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to 24.2 (-3.9) MSEK.
- Net income for the period amounted to -2.8 (-30.7) MSEK.
- Earnings per share (EPS) were -0.11 (-1.22) SEK before and after dilution.
- Cash flow from operating activities amounted to 38.7 (14.9) MSEK.

COMMENTS BY THE CEO GÖRAN MALMBERG

OVERALL

We have completed a very strong year with a fourth quarter where we exceeded last year's order intake and sales levels despite a stronger Q1-Q3 compared to the normal distribution over a year.

In terms of order intake, for the full year, we have now passed SEK 300 MSEK, just two years after we passed SEK 200 MSEK. We exceeded SEK 100 MSEK in 2017.

All three of our regions have delivered in a stable manner, with our Asian operations building strong business across the region despite a problematic market situation in China. EMEA delivered another solid year and has gone from clarity to clarity with a good balance between industry and hospital sales. Our U.S. operations is the engine of our business with a year of very strong growth driven by our industrial relationships while the hospital has delivered on a too low level for 2023. The Americas region delivers more than half of our total business and has increased its order intake by 55.8% in 2023.

BUSINESS DEVELOPMENT

2023 has continued to be dominated by successful medical industry sales, while our sales for hospitals and strategic alliances still leave room for improvements.

The dialogue with doctors and hospitals is developing and we constantly receive positive feedback on our strategy to develop broad solutions for image-based intervention.

The FDA approval of Ankyra's in the US and the acquisition of assets from our foremost competitor Biomedex are good examples of how we are moving our positions forward.

PROFITABILITY AND CASH

We have radically improved our productivity over the past year, and this has resulted in significantly improved EBITDA, although the profit after tax is negative for the year while greatly improved compared to 2022. The improvement in productivity is related to a combination of improved product mix, minimal hiring, and management of costs generally.

For the quarter, costs were taken related to our acquisition of Biomedex in France, also extra costs for temporary resources and some balanced cost related to earlier part of the year. These costs are estimated to be approximately 5 MSEK for the fourth quarter.

In 2023, we have improved cash and cash equivalents and even though we consumed 6 MSEK in the quarter, we have built a positive cash flow of 38.7 MSEK for the full year compared to 14.9 MSEK for 2022, which resulted in a cash position of approximately SEK 59.1 million at the end of the period.

As we experienced in the previous fourth quarters, we have a large proportion of accounts receivable whose expected payment in the fourth quarter has been postponed to 2024.



ORGANIZATION

During the fourth quarter, Mentice announced that Ulrika Drotz Voksepp had been appointed Chief Financial Officer (CFO). Ulrika started her position on January 2, 2024, and is part of the company's management team.

Our organization was also strengthened with 4 people linked to our acquisition of Biomedex's assets. These individuals will add to our expertise in the physical flow model business and provide us with the capacity to design and manufacture in Europe.

After a year with minimal hiring related to our cost improvement initiative, we have, during the fourth quarter, initiated recruitment in prioritized positions to enable conditions for continued profitable growth.

FORWARD VIEW

Mentice is the undisputed market leader for productivity solutions for image-guided interventions (endovascular treatments). We are convinced that we can continue to grow in the industrial area, while the conditions for improvements for hospitals and strategic alliances are significant.

We plan to outline our growth strategy, highlighting key areas to drive success during our Capital Markets Day on March 21, 2024.

We can conclude that 2023 has been our best year in many ways, while at the same time we are confident about the opportunities we have to continue our growth journey in 2024 and 2025.

Gothenburg, February 2024

Göran Malmberg, CEO
Mentice AB (publ)

KEY FIGURES

	Oct-Dec 2023	Oct-Dec 2022	Change	Jan-Dec 2023	Jan-Dec 2022	Change
Order intake, MSEK	103.9	90.3	15.0%	304.2	252.2	20.6%
- whereof Medical Device Industry (MDI)	78.2	51.3	52.5%	240.2	151.6	58.5%
- whereof Healthcare systems	10.2	34.0	-69.9%	43.1	71.4	-39.6%
- whereof Strategic Alliances	15.5	5.0	206.6%	20.9	29.3	-28.9%
Order book (end of period), MSEK	156.3	126.0	24.0%	156.3	126.0	24.0%
Net sales, MSEK	70.4	68.7	2.5%	273.6	218.0	25.5%
Sales, MSEK	69.7	66.0	5.7%	275.1	220.3	24.9%
Gross margin, %	85.8%	89.4%		85.3%	85.4%	
Earnings before interest, tax, depreciation, and amortization (EBITDA), MSEK	2.3	11.5		24.2	-3.9	
EBITDA-margin, %	3.2%	16.8%		8.8%	-1.8%	
Income before tax (EBIT), MSEK	-2.5	7.0		0.0	-24.0	
Income for the period, MSEK	-2.8	2.1		-2.8	-30.7	
Earnings per share, SEK	-0.11	0.08		-0.11	-1.22	
Cash-flow from operations, MSEK	-6.1	26.0		38.7	14.9	
Cash at the end of the period, MSEK	59.1	47.3		59.1	47.3	
Equity/Asset ratio, %	48.6%	48.8%		48.6%	48.9%	
FTE for the quarter and full year	121.5	113.8		113.9	113.8	

FINANCIAL PERFORMANCE

ORDER INTAKE PER BUSINESS AREA

The order intake during the fourth quarter increased by 15.0% to 103.9 (90.3) MSEK, of which 9.2% was related to the currency effect.

For Medical Device Industry, Mentice has continued strong order intake, increasing by 52.5% during the quarter and 58.5% for the full year, mainly driven by the U.S. market.

For Healthcare systems, the order intake decreased by -69.9% during the quarter, mostly related to a weaker performance in Americas and the problematic market situation in China. The full year order intake declined by -39.6%.

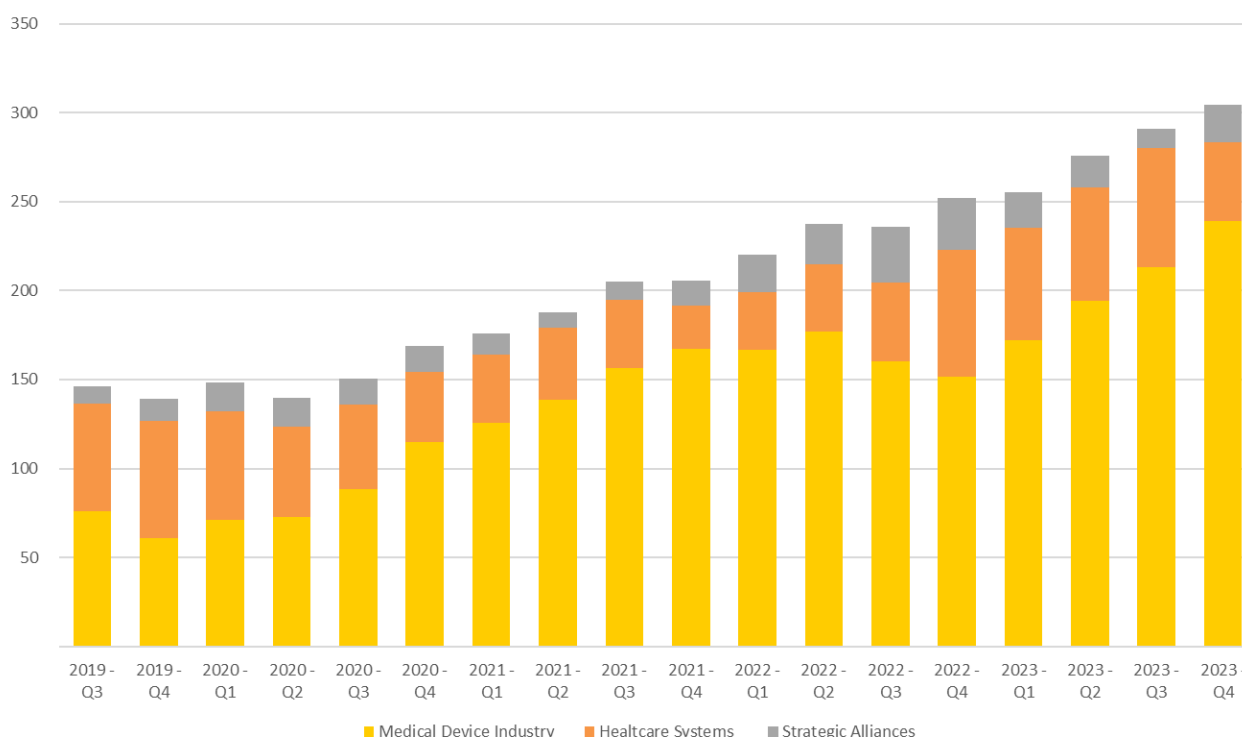
Strategic Alliances had a strong order intake in the fourth quarter and increased by 206.6% while declining by -28.9% for the full year compared to the previous year.

Total order intake for the full year increased by 20.6% and amounted to 304.2 (252.2) MSEK. Seasonality varies between years which this year shows by a strong order intake in Q1 and Q3.

It is important to note that large orders can create a substantial variance in the distribution of order intake between business areas in individual quarters.

Order intake per business area TSEK	Oct-Dec 2023	Oct-Dec 2022	Variance	Jan-Dec 2023	Jan-Dec 2022	Variance
Medical Device Industry	78,167	51,270	52.5%	240,244	151,558	58.5%
Healthcare Systems	10,236	33,986	-69.9%	43,125	71,357	-39.6%
Strategic Alliances	15,469	5,045	206.6%	20,864	29,333	-28.9%
Total	103,871	90,301	15.0%	304,233	252,248	20.6%

ORDER INTAKE PER BUSINESS AREA ROLLING FOUR QUARTERS (MSEK)



ORDER BOOK

The order book at the end of the quarter increased by 24.0% and amounted to 156.3 (126.0) MSEK, where 110.0 MSEK is related to future revenue to be recognized in 2024. The order book represents orders received but not yet delivered.

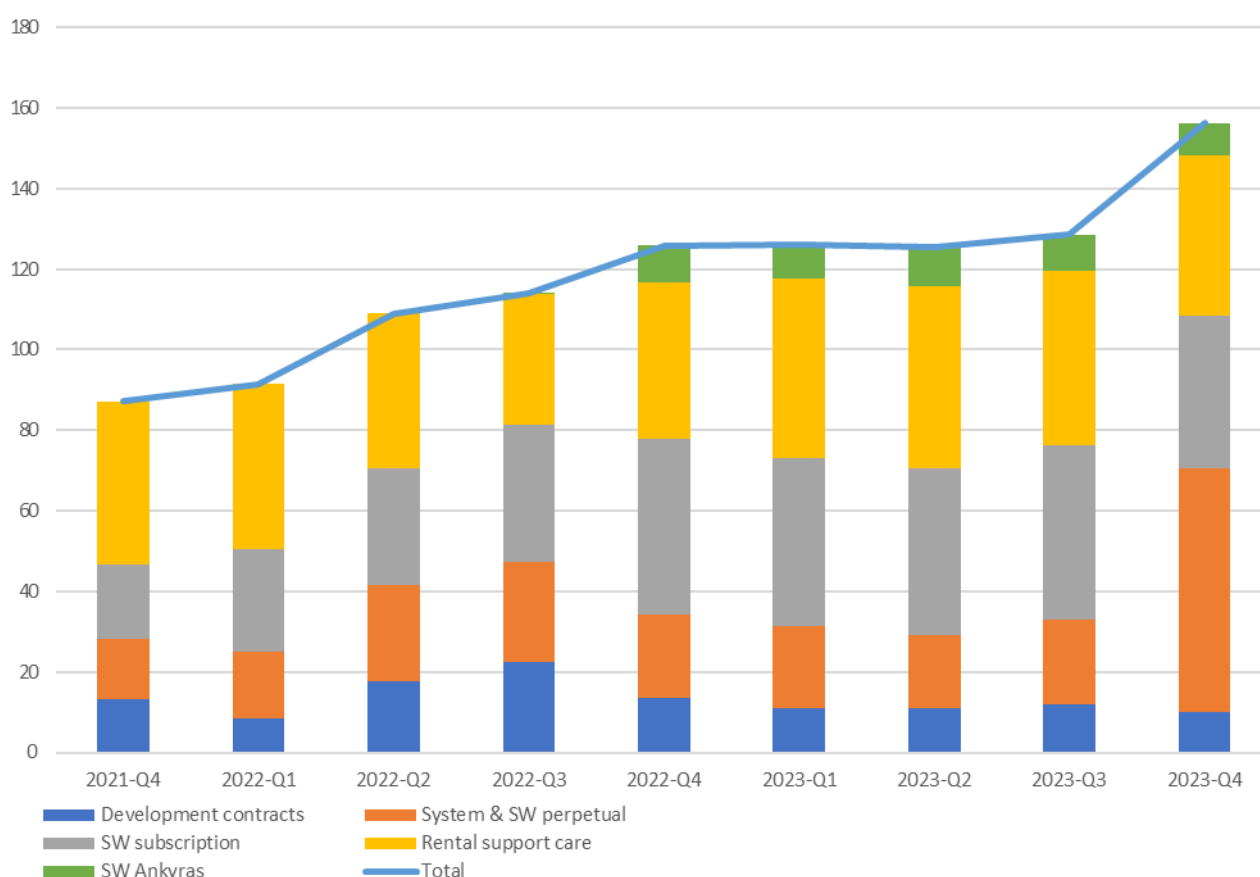
Out of the total order book per December 31, 70.9 MSEK is for systems that will be delivered in 2024 or later, 49.7 MSEK consists of perpetual licenses and subscription for software that will be delivered and recognized as net sales in 2024 and onwards, 25.7 MSEK refers to deliveries of rental and support agreements that will be delivered and recognized as revenue of the coming three years and the remaining 10.0 MSEK consists of development contracts with customers that will be delivered and recognized as revenue in 2024.

NET SALES

The group's net sales consist of sales from systems and software, service and support and sales from consultancy assignments referred to as development contracts. Software licenses sold as perpetual are recognized as net sales at delivery, together with hardware, while software licenses sold as a subscription model are recognized as net sales over time. Sales in this dimension is referred to as Segments.

Mentice also reports sales figures for the three geographic markets: EMEA (Europe, Middle East and Africa), APAC (Asia and the Asian Pacific Region) and Americas (North, Central and South America) and for three business areas, Medical Device Industry, Healthcare and Strategic Alliances.

ORDER BOOK PER QUARTER (MSEK)



NET SALES PER REGION

The total net sales in the quarter grew by 2.5%, whereof 0.7% currency impact, 1.1% acquired growth from sales of the Ankyras software and 0.7% organic.

For the full year the net sales grew by 25.5%, whereof 5.0% currency impact, 1.1% was acquired growth from sales of the Ankyras software and 19.4% organic growth.

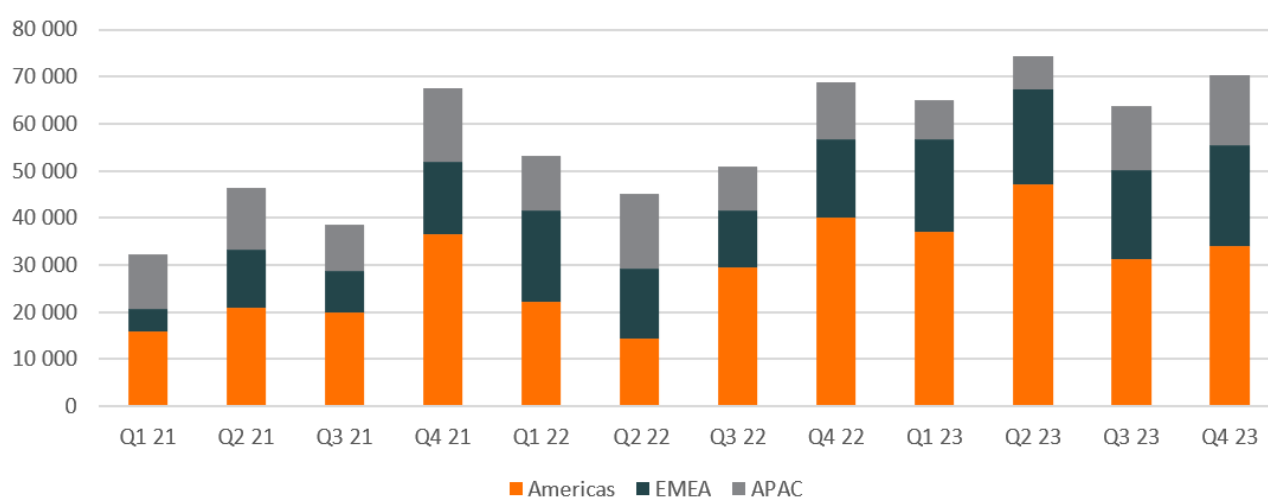
Net sales grew in EMEA by 27.4% as a result of strong net sales to Medical Device Industry and net sales to Healthcare Systems in line with last year. For the full year EMEA grew by 27.7%.

APAC increased by 25.9% in the quarter, which is connected to a major order during the quarter. For the full year APAC declined by -10.6% mainly due to lowered net sales in China.

Americas decreased by -14.9% in the quarter due to weak performance in Healthcare Systems, partly offset by a high performance in the Medical Device Industry, which is the major business area. For the full year Americas grew by 40.9% as a result of strong sales to some Medical Device Industry customers.

Net sales per region TSEK	Oct-Dec 2023	Oct-Dec 2022	Variance	Jan-Dec 2023	Jan-Dec 2022	Variance
EMEA	21,318	16,727	27.4%	80,286	62,886	27.7%
APAC	15,076	11,970	25.9%	43,801	48,970	-10.6%
Americas	34,040	40,006	-14.9%	149,522	106,099	40.9%
Total	70,434	68,704	2.5%	273,610	217,954	25.5%

NET SALES PER QUARTER



NET SALES PER BUSINESS SEGMENT

Out of the net sales for the fourth quarter 35.0 (21.4) MSEK came from System sales for investment, where net sales are recognized in full upon delivery of the system.

Another 3.2 (5.5) MSEK came from recurring System sales where net sales are recognized over time.

9.2 (9.6) MSEK of total net sales came from Software licenses sales for investment where net sales are recognized upon delivery of system.

Furthermore, recurring Software licenses 11.2 (10.5) MSEK refers to Software licenses sold as subscription model where net sales is recognized over time.

Both Accessories & spare parts as well as Service net sales is recognized at delivery came in as a total at 12.0 (21.8) MSEK.

The full year shows a growth at 25.5%, and all business segments shows a growth except Accessories & spare parts.

Net sales per business segment TSEK	Oct-Dec 2023	Oct-Dec 2022	Variance	Jan-Dec 2023	Jan-Dec 2022	Variance
System sales, Customer's CAPEX	34,969	21,392	63.5%	133,797	83,268	60.7%
System sales, recurring	3,177	5,469	-41.9%	13,915	17,584	-20.9%
Software licenses, Customer's CAPEX	9,171	9,556	-4.0%	32,004	28,108	13.9%
Software licenses, recurring	11,158	10,452	6.8%	42,962	34,122	25.9%
Accessories & spare parts	3,625	5,258	-31.1%	12,142	17,498	-30.6%
Service	8,334	16,577	-49.7%	38,790	37,374	3.8%
Total	70,434	68,704	2.5%	273,610	217,954	25.5%

OTHER INCOME

Other income was -0.7 (-2.7) MSEK for the quarter and 1.5 (2.4) MSEK for the full year, related partly to exchange rate variances in operating assets and liabilities in foreign currencies.

GROSS PROFIT AND GROSS MARGIN

The gross profit for the fourth quarter was 60.4 (61.4) MSEK and gross margin was at 85.8 (89.4) % for the fourth quarter. The gross profit for the full year was 233.5 (186.0) MSEK and gross margin was at 85.3 (85.4) %.

Gross margin is impacted by the mix between products sold and the level of support and service as well as the level of net sales from software licenses versus systems.

EBITDA AND EBITDA MARGIN

Earnings before interest, tax, depreciation and amortization, EBITDA, amounted to 2.3 (11.5) MSEK. This corresponds to an EBITDA margin of 3.2 (16.8) % for the fourth quarter.

The reason for the quarter's lower operating profit is lower sales and increased operating costs, due to acquisition costs, one-time costs and marketing activities.

EBITDA for the full year was 24.2 (-3.9) MSEK with an EBITDA margin of 8.8 (-1.8) %.

OTHER EXTERNAL COSTS

Other external costs amounted to -20.2 (-7.4) MSEK during the fourth quarter, which equals an increase of 175.1% compared to the same period last year. The increased expenses are mainly from the acquisition of Biomodex's assets and increased consultant expenses.

For the full year, the other external costs amounted to -62.6 (-52.9) MSEK, which equals an increase of 18.3%.

PERSONNEL COSTS

Personnel costs during the fourth quarter were -37.2 (-39.8) MSEK, which equals a decrease of -6.5%. The decrease for the quarter is mainly due to lower variable compensation.

Personnel costs during the full year amounted to -148.2 (-139.4) MSEK, which equals an increase of 6.3%.

Personnel costs include capitalized costs for development with 0.5 (1.1) MSEK for the fourth quarter and 2.0 (5.6) MSEK for the full year.

The number of FTE, full time equivalents average excluding consultant, amounted to 121.5 during the fourth quarter, which is an increase compared with the same period 2022 which amounted to 113.8. The number of average FTE for the full year 2023 was 113.9 (113.8).

During the fourth quarter, four FTE were employed in France in connection with the acquisition of essential assets from Biomodex.

CAPITALIZED EXPENSES FOR DEVELOPMENT COSTS

Capitalized expenses for development costs during the fourth quarter amounted to 0.5 (1.3) MSEK and for the full year 2.4 (7.5) MSEK and are mainly related to several ongoing projects. The capitalization is accounted for as external costs if the original cost is for consultants for development and in personnel costs if the original cost is for our own employees.

FINANCIAL ITEMS

Net financial items for the fourth quarter amounted to 1.1 (0.4) MSEK and for the full year 0.7 (-0.1) MSEK and are mainly related to more profitable investments. The net financial items for the full year included -0.8 (-1.2) 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 fourth quarter was -0.4 (-4.9) MSEK, mainly due to deferred tax on amortization of goodwill assets in the parent company. Net income for the fourth quarter was -2.8 (2.1) MSEK. Earnings per share were -0.11 (0.08) SEK for the fourth quarter.

For the full year the tax on income amounted to -2.8 (-6.6) MSEK and net income for the full year was -2.8 (-30.7) MSEK and earnings per share were -0.11 (-1.22) SEK.

CASH FLOW

Cash flow from operating activities before changes in working capital was 4.3 (11.0) MSEK for the fourth quarter. Cash flow from operating activities for the fourth quarter was -10.4 MSEK compared to 14.9 MSEK in the same period last year. The decline in cash flow from operating activities in the fourth quarter is largely affected by the changes in working capital, notably the increase in accounts receivable and the increase in inventories.

As experienced in previous fourth quarters, a large proportion of accounts receivables with due date in the fourth quarter has been postponed to 2024.

During the fourth quarter, Mentice paid 2.3 MSEK for the assets in Biomodex.

The full year cash flow from operating activities amounted to 38.7 (14.9) MSEK.

CASH AND FINANCIAL POSITION

Cash at the end of the period was 59.1 (47.3) MSEK. The group's total assets amounted to 322.5 (332.9) MSEK. IFRS 16 affected total assets by 8.3 (14.4) MSEK. Accounts receivable decreased marginally during the fourth quarter compared with the same quarter 2022 and amounted to 85.5 (85.6) MSEK.

Inventories amounted to 14.1 (16.9) MSEK. Current liabilities were 163.6 (161.4) MSEK. The carrying amounts of financial assets and liabilities are considered to correspond essentially to fair value. The company also has an overdraft facility of 20 MSEK.

INVESTMENTS

Investments during the fourth quarter amounted to -3.4 (-6.2) MSEK, whereof -0.5 (-1.3) MSEK refers to the capitalization of development costs. The remaining -2.9 (-4.9) MSEK refers to investments in tangible assets in Biomodex as well as new hardware devices for internal use but also for rental.

Investments for the full year amounted to -7.9 (-13.1) MSEK.

PARENT COMPANY

The parent company is an operating company based in Gothenburg, Sweden. Net sales for the full year for the parent company amounted to 187.2 (135.1) MSEK. The gross margin amounted to 86.0 (70.1) % for the full year 2023. The gross margin is attributed to the change in sales of services as well as sales between the group companies. The net income for the period was -16.9 (-32.8) MSEK.

SHARE CAPITAL

The total number of shares as of December 31, 2023, were 25,568,850 (25,568,850) and the share capital was 1,278 MSEK. All shares are ordinary shares with equal voting value. The shares have a quota value of 0.05 SEK.

DISPUTES

The group has no current disputes.

TRANSACTIONS WITH RELATED PARTIES

Board member Denis Gestin and Eola Änggård Runsten through related companies has on a consulting basis acted as advisors to the company, in connection with customer related activities within the medical device industry and other consultation. During the period January through December 2023, Denis Gestin received 1.0 (1.0) MSEK and Eola Änggård Runsten received 50 TSEK as fee in addition to board fee.

The above transactions were conducted based on market value.

THE PURPOSE OF MENTICE

The purpose of Mentice's solutions is to support the health-care professionals in their mission to ensure all patients have an optimal outcome, improve cost-effectiveness, and generally offer opportunities for the healthcare sector to better utilize its resources.

RISKS

Important risks and uncertainties for the group are primarily related to, commercial with customers and suppliers, operational with regards to competence 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 rate 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 in the currencies EUR, GBP and USD. In the parent company, the external sales are in EUR, and most of the operating costs are in SEK. Net sales and cost in the US subsidiary are exclusively conducted in USD.

For more information about the company's risks, see the board of directors' report in the annual report for 2022.



THE SHARE AND OWNERSHIP

Mentice AB (publ) shares are traded on Nasdaq First North Growth Market since June 18, 2019 under MNTC. According to Euroclear's official register of shareholders, Mentice had a total of 1,731 shareholders by December 31, 2023. FNCA is the company's certified advisor.

Largest shareholders (source Euroclear 2023-12-31) Name	Number of shares	Shareholding in %
Karin Howell-Bidermann	8,690,980	34.0%
Bure Equity AB (publ)	3,761,659	14.7%
Fjärde AP fonden	1,768,774	6.9%
Gulf Offshore Limited	1,328,308	5.2%
Medical Simulation Corporation	1,191,074	4.8%
Handelsbanken MicroCap Sverige	1,050,000	4.1%
Berenberg Funds	850,274	3.3%
TIN Fonder	812,847	3.2%
Göran Malmberg	711,670	2.8%
Andra AP Fonden	446,620	1.7%
10 largest shareholders total	20,612,206	80.8%
Others	4,956,644	19.2%
Total number of shares	25,568,850	100.0%

EXAMINATION BY THE AUDITORS

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, February 15, 2024
Mentice AB (publ)

Magnus Nilsson
Chairman of the Board

Lawrence D. Howell
Board member

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



CONSOLIDATED INCOME STATEMENT

TSEK	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net sales	70,434	68,658	273,610	217,954
Other income	-745	-2,705	1,514	2,370
	69,690	65,953	275,124	220,324
Raw materials and consumables used	-9,378	-6,413	-37,229	-29,013
Depreciation of rented assets	-620	-888	-2,856	-2,904
Other external costs	-20,227	-7,353	-62,633	-52,925
Personnel costs	-37,193	-39,768	-148,233	-139,405
Depreciation of tangible assets	-2,274	-2,104	-9,240	-8,952
Amortization and write-down of intangible assets	-3,558	-2,825	-15,611	-11,077
	-73,251	-59,351	-275,803	-244,276
Operating profit (EBIT)	-3,561	6,602	-679	-23,952
Financial income	603	1,095	1,072	1,285
Financial expenses	503	-679	-405	-1,368
Net financial items	1,106	416	667	-83
Earnings before tax (EBT)	-2,455	7,018	-13	-24,035
Tax	-368	-4,875	-2,805	-6,630
Net result for the year	-2,823	2,143	-2,817	-30,665
Net result for the year attributable to:				
Shareholders parent company	-2,823	2,143	-2,817	-30,665
Earnings per share				
Basic (SEK)	-0.11	0.08	-0.11	-1.22
Diluted (SEK)	-0.11	0.08	-0.11	-1.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TSEK	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net result for the year	-2,823	2,143	-2,817	-30,665
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Items that may be reclassified to profit or loss				
Translation difference on translation of foreign operations	-1,614	-3,741	-1,060	-46
Other comprehensive income for the year, net of tax	-1,614	-3,741	-1,060	-46
Total comprehensive income for the year	-6,634	-1,598	-3,878	-30,711

CONSOLIDATED BALANCE SHEET

TSEK	31 Dec 2023	31 Dec 2022
Assets		
Goodwill	48,508	48,070
Patents	28,253	32,618
Trademarks	3,628	5,443
Internally developed intangible assets	37,144	44,285
Tangible assets	11,566	13,500
Right-of-use assets	8,336	14,442
Deferred tax assets	8,028	9,777
Other financial assets	-	-
Total non-current assets	145,464	168,135
Inventories	14,104	16,861
Accounts receivables	85,496	85,582
Prepaid costs and accrued income	13,488	9,858
Other receivables	3,222	3,358
Current tax assets	1,633	1,798
Cash and cash equivalents	59,121	47,285
Total current assets	177,063	164,742
Total assets	322,526	332,877
Equity and liabilities		
Share capital	1,278	1,278
Other paid in capital	201,385	201,169
Retained earnings	-43,690	-39,812
Total equity attributable to parent company shareholders	158,973	162,635
Long term liabilities		
Leasing liabilities long-term	2,144	8,875
Total long-term liabilities	2,144	8,875
Accounts payable	15,582	14,231
Other liabilities	4,134	3,554
Current leasing liability	7,413	7,800
Accrued expenses and deferred income	134,281	135,782
Total current liabilities	161,410	161,367
Total equity and liabilities	322,526	332,877

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	Share Capital	Other Paid in Capital	Translation reserve	Retained Earnings	Total equity
At 1 January 2022	1,238	144,760	908	-10,019	136,887
Transactions with owners in their capacity as owners					
Issue of shares	40	56,460			56,500
Redemption of share options		-41			-41
Profit for the year				-30,665	-30,665
Other comprehensive income for the year		-10	-1,278	1,242	-46
Total comprehensive income for the period	40	-10	-1,278	-29,423	-30,711
Closing balance at 31 December 2022	1,278	201,169	-370	-39,442	162,635
At 1 January 2023	1,278	201,169	-370	-39,442	162,635
Transactions with owners in their capacity as owners					
Issue of share options		315			315
Redemption of share options		-99			-99
Profit for the year				-2,817	-2,817
Other comprehensive income for the year			-1,061		-1,061
Total comprehensive income for the year			-1,061	-2,817	-3,878
Closing balance at 31 December 2023	1,278	201,385	-1,431	-42,259	158,973

CONSOLIDATED STATEMENT OF CASH FLOWS

TSEK	Oct - Dec 2023	Oct - Dec 2022	Full year 2023	Full year 2022
Operating activities				
Earnings before tax	-2,455	7,018	-13	-24,035
Adjustment for Non-cash items	7,135	4,364	28,090	19,113
Income tax paid	-397	-315	-632	-871
Cash flow from operating activities before changes in working capital	4,283	11,067	27,445	-5,793
Change in trade receivables and other current assets	-39,463	4,143	-5,561	-2,279
Change in inventories	-1,606	-5,502	2,569	-6,953
Change in trade payables and other current liabilities	28,472	16,285	12,064	29,933
Change in working capital	-12,597	14,926	9,072	20,701
Cash flow from operating activities	-8,314	25,993	36,517	14,908
Investing activities				
Acquisitions of tangible assets	-2,370	-4,887	-4,330	-5,526
Capitalisation of internally developed intangible assets and acquired goodwill	-941	-1,318	-2,658	-7,528
Acquisition of business, net cash effect	-	-	-9,191	-19,224
Cash flow from investing activities	-3,311	-6,205	-16,179	-32,278
Financing activities				
Payment of share options	-	-12	-99	-41
Issue of share options	-	-	315	-
Proceeds from issue of share capital	-	-	-	60,000
Payment of transaction costs	-	-	-	-3,500
Amortization of lease liability	-1,874	-2,223	-7,271	-7,468
Cash flow from financing activities	-1,874	-2,235	-7,055	48,991
Cash flow for the period	-13,499	17,553	13,283	31,621
Opening cash balance	74,746	27,525	47,285	12,697
Translation difference on cash and cash-equivalents	-2,126	2,207	-1,448	2,967
Cash and bank balances at end of period	59,121	47,285	59,121	47,285

PARENT COMPANY INCOME STATEMENT

TSEK	Oct - Dec 2023	Oct - Dec 2022	Full year 2023	Full year 2022
Net sales	52,951	39,409	187,166	135,105
Capitalised expense for development	451	1,318	2,385	7,528
Other income	5,656	1,382	13,011	11,389
	59,058	42,109	202,562	154,022
Raw materials and consumables used	-7,994	2,003	-26,274	-40,365
Other external costs	-17,749	-6,334	-59,627	-40,048
Personnel costs	-24,653	-25,034	-94,996	-87,432
Depreciation of tangible assets	-331	-239	-1,248	-1,088
Amortization and write-down of intangible	-6,082	-5,817	-25,706	-20,799
Exchange losses on operating receivables and liabilities	-6,439	-4,832	-12,380	-7,219
	-63,248	-40,253	-220,229	-196,951
Operating profit (EBIT)	-4,190	1,856	-17,667	-42,929
Financial income	651	1,034	1,006	15,752
Financial expenses	2,256	217	-197	-4,269
Net financial items	2,907	1,251	809	11,483
Result after financial items	-1,284	3,107	-16,859	-31,446
Earnings before tax (EBT)	-1,284	3,107	-16,859	-31,446
Tax	-41	-1,389	-41	-1,389
Net result for the year	-1,325	1,718	-16,900	-32,835

PARENT COMPANY BALANCE SHEET

TSEK	Full year 2023	Full year 2022
Assets		
Intangible and tangible assets		
Goodwill	20,827	30,552
Patents	28,522	33,288
Trademarks	3,628	5,442
Internally developed in-tangible assets	37,237	44,285
Tangible assets	5,396	3,482
Financial assets		
Shares in group companies	21,886	19,705
Receivables from group companies	1,002	10,213
Deferred tax assets	6,615	6,615
Other financial assets	-	-
Total non-current assets	125,114	153,582
Inventories	10,304	10,104
Accounts receivables	52,254	50,087
Current receivables from group companies	757	2,701
Prepaid costs and accrued income	24,732	7,922
Other receivables	2,661	2,871
Current tax assets	2,084	1,818
Cash and cash equivalents	31,341	36,419
Total current assets	124,134	111,922
Total assets	249,248	265,504
Equity and liabilities		
Restricted equity		
Share capital	1,278	1,278
Fund for development costs	39,563	48,468
Non-restricted equity		
Other paid in capital	201,385	201,169
Retained earnings	-86,074	-62,145
Net result for the year	-16,900	-32,835
Total equity	139,251	155,935
Long term liabilities		
Liabilities to group companies	829	970
Total long-term liabilities	829	970
Accounts payable	12,481	9,383
Current liabilities to group companies	2,450	2,068
Other liabilities	2,533	1,778
Accrued expenses and de-ferred Income	91,703	95,370
Total current liabilities	109,167	108,599
Total equity and liabilities	249,248	265,504

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

TSEK	Restricted equity		Non-restricted equity		Net result for the year	Total equity
	Share capital	Fund for development costs	Share premium reserve	Retained earnings		
At 1 January 2022	1,238	52,914	144,750	-35,316	-31,275	132,311
Proposed appropriation of profits				-31,275	31,275	
Transactions with owners in their capacity as owners						
Issue of shares	40		56,460			56,500
Redemption of share options			-41			-41
Profit for the year		-4,446		4,446	-32,835	-32,835
Total comprehensive income for the year	40	-4,446	56,419	4,446	-32,835	-32,835
Closing balance at 31 December 2022	1,278	48,468	201,169	-62,145	-32,835	155,935
At 1 January 2023	1,278	48,468	201,169	-62,145	-32,835	155,935
Proposed appropriation of profits				-32,835	32,835	-
Transactions with owners in their capacity as owners						
Issue of share options			315			315
Redemption of share options			-99			-99
Profit for the year		-8,905		8,905	-16,900	-16,900
Total comprehensive income for the year		-8,905	216	8,905	-16,900	-16,900
Closing balance at 31 December 2023	1,278	39,563	201,385	-86,074	-16,900	139,251

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 2022.

BASES OF VALUATION APPLIED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Assets and liabilities are recognized at historical cost with the exception of currency derivatives, which are measured at fair value. As per December 31, 2023, the total actual value of forward contracts was SEK 106.3 (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 recognized in the period.

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 accordance with the group financial policy. 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.

ADJUSTMENTS, ROUNDING

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

ABOUT THE PARENT COMPANY

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

WARRANTY PROGRAM

There are two outstanding warranty programs directed at external key opinion leaders in North America and the company's employees. The new warranty program was decided to be introduced during the second quarter of 2023.

Employees who have wished to participate in the first warrants program have paid a premium corresponding to the market value of the warrant calculated pursuant to Black & Scholes' formula. As the market value has been paid, there is no effect on the company's net income for the period or on its financial position.

BUSINESS SEGMENTS

Mentice's business is divided into three business segments, which reflect the group's operations, financial management and management structure. These three business segments are System, Software licenses and Service, and we also added accessories and spare parts within the System segment.

- System - sales and rental revenues including accessories and spare parts from hardware.
- Software licenses - sales of licenses both perpetual and subscription model.
- Service - sales of support, development, and other service contracts.

January-December TSEK	System sales				Software licenses		Service		Total Group	
	System sales		Accessories & spareparts							
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Sales for "customer" capital expenditure	133,797	83,268	12,142	17,498	32,004	28,108	38,791	37,374	216,733	166,249
Recurring revenue	13,915	17,584	-	-	42,962	34,122	-	-	56,877	51,706
Total	147,712	100,852	12,142	17,498	74,966	62,230	38,791	37,374	273,610	217,954
Raw materials and consumables used	-34,067	-25,944	-5,147	-5,754	0	0	-872	-219	-40,085	-31,917
Gross profit	113,645	74,908	6,995	11,744	74,966	62,230	37,919	37,155	233,525	186,037
Gross profit %	76.9%	74.3%	57.6%	67.1%	100.0%	100.0%	97.8%	99.4%	85.3%	85.4%

DEFINITION OF KEY PERFORMANCE INDICATORS REPORTED

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

DEFINITION OF KEY PERFORMANCE INDICATORS REPORTED

Order intake	The value of orders received during the period.
Net sales	Sales of products and services are normally recognized in connection with delivery to customers, 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 raw materials and consumables used and depreciation of rented assets.
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 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 in a rapidly growing market. In order to capitalize on its market opportunities, the company will prioritize growth, both organic and through acquisitions.

ABOUT MENTICE

BUSINESS OPERATIONS

Mentice is a company that offers high-technology solutions for simulation to the medical sector with a 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, Spain, and China.

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 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 offered and on taking simulation to new heights 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.

Mentice is pleased to invite financial analysts, professional investors, and media to its Capital Markets Day. The event will take place on Thursday, March 21st, 2024 from 1:00 pm to 4:00 pm CET at Sergelkonferensen, Mäster Samuelsgatan 42, Stockholm, and will also be available via webcast. More information regarding registration will be provided shortly.

FINANCIAL CALENDAR

INTERIM REPORT JAN - MAR 2024	MAY 3, 2024
ANNUAL GENERAL MEETING	MAY 23, 2024
INTERIM REPORT APR - JUN 2024	JULY 23, 2024
INTERIM REPORT JUL - SEP 2024	NOVEMBER 7, 2024

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