



Q2 INTERIM REPORT
APRIL — JUNE 2023



CONTINUED STRONG PERFORMANCE DURING THE SECOND QUARTER

SIGNIFICANT EVENTS DURING THE QUARTER (APRIL - JUNE 2023)

- Mentice has received a significant repeat order for simulation solutions of approximately 2.4 MUSD corresponding to approximately 26.0 MSEK from a leading global medical technology company in the USA.
- Siemens Healthineers and Mentice announced that the collaboration in China, previously focused on Siemens Robotics (Corindus) has been transitioned and enhanced to a general collaboration around innovation and education for the Chinese market.
- Mentice's CFO, Gunilla Andersson resigned at her own request for new challenges outside the company. During the month of June, Mentice appointed Henrik Hang as interim CFO. Henrik has been in the company since mid-June and will formally take over the CFO position as interim CFO on July 21st. Gunilla will remain in the company as support up to her last day in mid-August.

SECOND QUARTER (APRIL - JUNE 2023)

- Order intake amounted to 77.4 (57.3) MSEK, an increase of 35.1%.
- Order book by the end of the period was 125.3 (108.9) MSEK, whereof 54.2 MSEK is expected as revenue in 2023.
- Net sales amounted to 74.3 (45.1) MSEK, an increase of 64.7 %, whereof 54.1% is organic.
- Earnings before interest, tax, depreciation, and amortization (EBITDA) totaled 10.7 (-12.2) MSEK.
- Net income for the period amounted to 1.5 (-17.6) MSEK.
- Earnings per share (EPS) were 0.06 (-0.71) SEK.
- Cash flow from operating activities totaled 5.2 (-18.3) MSEK.

FIRST HALF YEAR (JANUARY - JUNE 2023)

- Order intake amounted to 135.1 (111.7) MSEK, an increase of 20.9%.
- Order book by the end of the period was 125.3 (108.9) MSEK, whereof 54.2 MSEK is expected as revenue in 2023.
- Net sales amounted to 139.3 (98.2) MSEK, an increase of 41.8 %, whereof 33.6 % is organic.
- Earnings before interest, tax, depreciation, and amortization (EBITDA) totaled 17.9 (-13.5) MSEK.
- Net income for the period amounted to 0.0 (-25.1) MSEK.
- Earnings per share (EPS) were 0.00 (-1.01) SEK.
- Cash flow from operating activities totaled 2.5 (-7.0) MSEK.

COMMENTS BY THE CEO GÖRAN MALMBERG

OVERALL

Following our strong start for 2023 we have added another quarter with strong topline performance for both order intake and net sales. We have also been able to keep the gross margin at a higher level and we have contained our cost increases compared to last year. This has resulted in a positive outcome for the quarter and first half year with topline growth, positive earnings and positive operational cashflow.

Given the strong start to the year as well as larger orders from large clients we are not likely to experience the usual seasonal profile with a larger part of our business in the fourth quarter. Our topline growth is still mainly driven by the medical device industry with a strong focus on the Americas region. For the first 6 months we have a higher concentration with a couple of key clients, but we also see a lot of new opportunities developing with a broader base of our clients.

The EMEA region continued its strong performance with a positive development for the hospital market compared to the first quarter combined with continued strong medical device business. The APAC region has experienced a slower start to the year compared to last year while we see no obvious signs of slowdown. The largest reason for this shortfall of business is a slower start for China in 2023 but we expect the Chinese market to rebound during the remainder of the year.

Another indication of strength is our ability to maintain our order book at a similar level to the end of Q4-22 and Q1-23 at around 125 MSEK despite the high level of deliveries during the quarter.

BUSINESS DEVELOPMENT

We are pleased with the mutual announcement from Siemens Healthineers and Mentice on the intensification of the collaboration in China, previously focused on the roll-out of the Siemens GRX robot (Corindus) but as communicated in the press release, now repositioned to broader collaboration around innovation and education in for the approach to the domestic Chinese hospital market.

We have also continued to work with the world's leading imaging manufacturers with further integration and increased realism, improving the value for physicians, ultimately improving the quality of care. This work aims to provide integrated solutions relevant for attending physicians and teams, in their work in the daily clinical practice before, during and after a procedure. The addition of Ankyras in this context is expected to add significant value where physicians get support to select appropriate device and how to deploy said device. This applies to both imaging manufacturers, medical device manufacturers as well as physicians, where this technology would provide value for all stakeholders.

Mentice Spain (the Ankyras business) is now fully certified with ISO 13485:2016, CE Mark certificate and UKCA certificate which means that we are now self sufficient from the former owners.



PROFITABILITY AND CASH

Since we have been able to contain cost levels while increasing topline and gross margin, we can present significant improvements in profitability for the quarter.

For the first half year this has resulted in a positive EBITDA development, up close to 15% EBITDA-margin, a strong improvement compared with first half year 2022. Net income for the period is positive both for the quarter and first half year leading to positive Earnings per share. We have a positive Cashflow from operations both for the quarter and for the first half year.

FORWARD VIEW

We feel encouraged by our improved competitive position in the market, driven by the expansion of use of simulation in connection with commercialization of new medical device technology and lifesaving new treatment modalities.

It is very nice to be able to present this first half of 2023 as a historically strong start for Mentice, both with regards to topline and for profitability.

Gothenburg, July 2023

Göran Malmberg, CEO
Mentice AB (publ)

KEY FIGURES

	Apr-Jun 2023	Apr-Jun 2022	Change	Jan-Jun 2023	Jan-Jun 2022	Change	RTM*	Full Year 2022
Order intake, MSEK	77.4	57.3	35.1%	135.1	111.7	20.9%	275.6	252.5
- whereof Medical Device Industry (MDI)	63.9	41.8	52.8%	116.5	74.0	57.4%	194.0	151.6
- whereof Healthcare systems	13.3	12.6	6.2%	17.4	24.9	-29.9%	63.9	71.4
- whereof Strategic Alliances	0.2	2.9	-93.5%	1.1	12.8	-91.2%	17.7	29.3
Order book (end of period), MSEK	125.3	108.9	15.1%	125.3	108.9	15.1%	125.3	126.0
Net sales, MSEK	74.3	45.1	64.7%	139.3	98.2	41.8%	259.0	218.0
Sales, MSEK	76.9	49.3	65.2%	142.1	101.3	40.4%	261.2	220.3
Gross margin, %	85.8%	84.0%		86.2%	81.9%		88.2%	85.4%
Earnings before interest, tax, depreciation and amortization (EBITDA), MSEK	10.7	-12.2		17.9	-13.3		27.5	-3.9
EBITDA-margin, %	14.4%	-27.0%		12.9%	-13.8%		10.6%	-1.8%
Income before tax (EBIT), MSEK	4.8	-16.7		4.1	-23.7		3.8	-24.0
Income for the period, MSEK	1.5	-17.6		0.0	-25.1		-5.6	-30.7
Earnings per share, SEK	0.06	-0.71		0.00	-1.01		-0.22	-1.22
Cash-flow from operations, MSEK	5.2	-18.3		2.5	-7.0		24.5	14.9
Cash at the end of the period, MSEK	35.0	33.4		35.0	33.4		35.0	47.3
Equity/Asset ratio, %	52.9%	53.4%		52.9%	53.4%		52.9%	48.8%
FTE for the quarter and full year**	114.9	116.6		114.9	116.6			118.2

*RTM = rolling twelve months.

** FTE – Full time equivalents, including internal consultants

FINANCIAL PERFORMANCE

ORDER INTAKE PER BUSINESS AREA

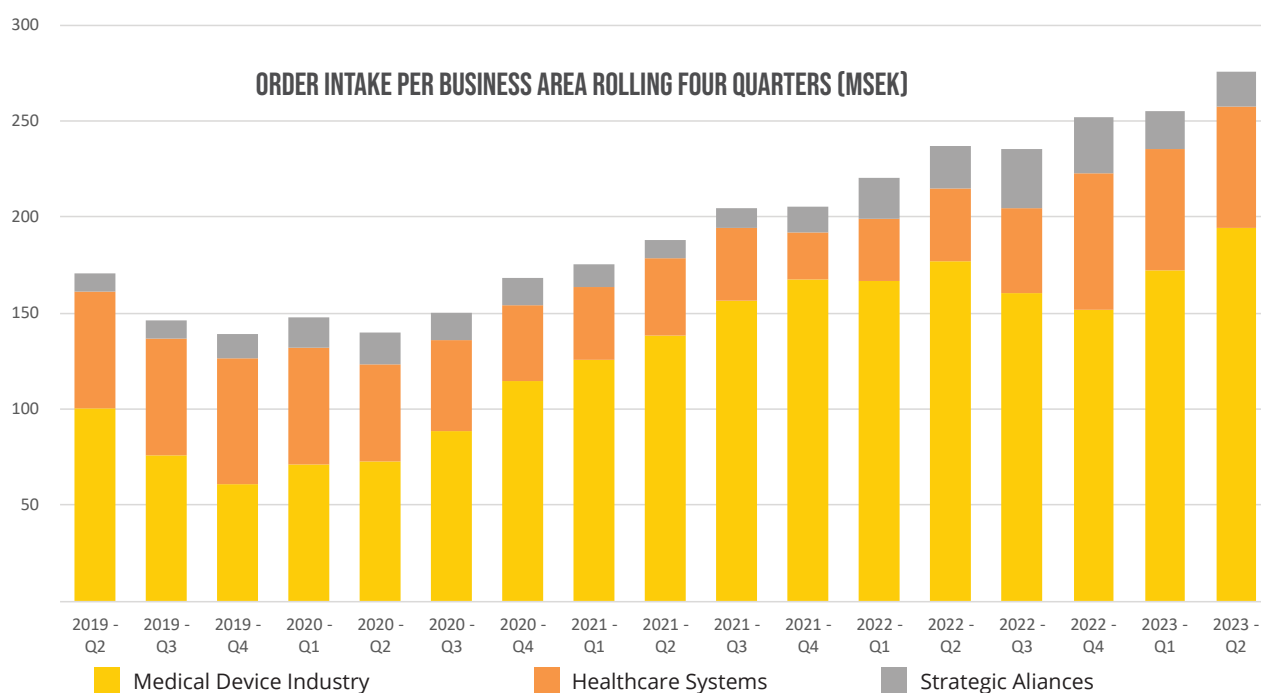
Order intake during the second quarter increased by 35.1% to 77.4 (57.3) MSEK, of which 11.0 % was currency effect. For the Medical Device Industry, we have a strong order intake in the quarter, including the two orders from the large medical technology companies. For the business area Healthcare Systems, we have a growth of approx. 6%, but the first half year we have continued to decline by approx. 30%, as a result of the weak first quarter.

Strategic Alliances also had low order intake in the second quarter, as some large deals impact the full year to a larger extent.

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 for the first half year was in total 135.1 (111.7) MSEK an increased by 20.9 %.

Order intake per business area TSEK	Apr-Jun 2023	Apr-Jun 2022	Variance	Jan-Jun 2023	Jan-Jun 2022	Variance	Full Year 2022
Medical Device Industry	63,881	41,845	52,7%	116,508	74,052	57,3%	151,558
Healthcare Systems	13,336	12,557	6,2%	17,428	24,874	-29,9%	71,357
Strategic Alliances	190	2,907	-93,5%	1,122	12,790	-91,2%	29,333
Total	77,407	57,310	35,1%	135,059	111,717	20,9%	252,248



FINANCIAL PERFORMANCE. CONT

ORDERBOOK

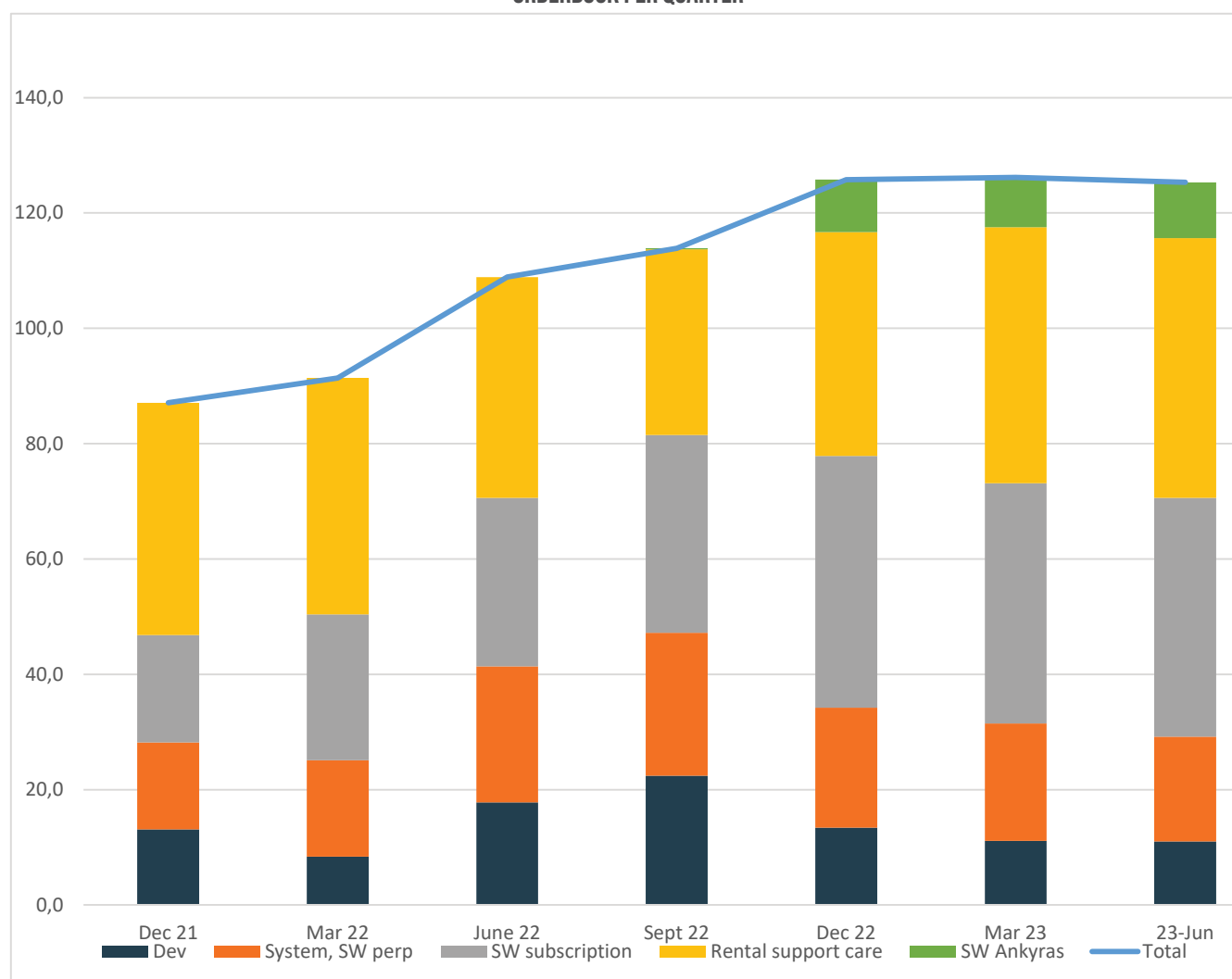
The orderbook closed at 125.3 (108.9) MSEK after the second quarter, which represents growth of 15,1% and where 54.2 MSEK is related to future revenue to be recognized in 2023. The orderbook represents orders received but not yet delivered. Out of the total orderbook per June 30, 32.1 MSEK is for systems that will be delivered in 2023 or later, 55.4 MSEK consists of perpetual licenses and subscription for software that will be delivered and recognized as net sales in 2023 and onwards, 26.8 MSEK refers to deliveries of rental and support agreements that is to be delivered and recognized as revenue of the coming three years and the remaining 11.0 MSEK consists of development contracts with customers that will be delivered in 2023.

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, and sales in this dimension are 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.

ORDERBOOK PER QUARTER



FINANCIAL PERFORMANCE, CONT.

NET SALES PER REGION

The total net sales in the quarter grew by 64.7 %, whereof 8.7 % currency impact, 1.9 % was acquired growth from sales of the Ankyras software and 54.1 % organic.

Net sales grew in EMEA with 37.6 % as a result of strong net sales to Medical Device Industry and net sales to Healthcare systems in line with last year. APAC declined by -56.8 %, as a result of lowered sales in China market. This decline was equally distributed over all business areas.

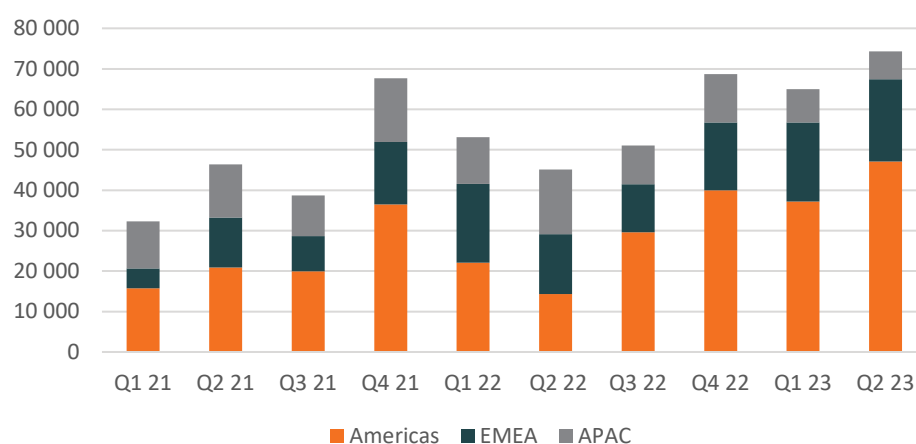
Americas grew by 227.8 % as a result of strong net sales to Medical Device Industry due to orders received and delivered in the quarter.

The total net sales for the first half year grew by 41.8 %, whereof 7.3 % currency impact, 0.9 % was acquired growth from sales of the Ankyras software and 33.6 % organic.

EMEA grew by 16.5 % while APAC continued to decline by -45.0 % mainly due to lowered net sales in China, and Americas grew by 130.9 % as a result of a strong second quarter with sales to some Medical Device Industry customers.

Net sales per region TSEK	Apr-Jun 2023	Apr-Jun 2022	Variance	Jan-Jun 2023	Jan-Jun 2022	Variance	Full Year 2022
EMEA	20,343	14,783	37.6%	39,916	34,254	16.5%	62,886
APAC	6,906	15,971	-56.8%	15,111	27,459	-45.0%	48,970
Americas	47,065	14,356	227.8%	84,252	36,483	130.9%	106,099
Total	74,314	45,111	64.7%	139,279	98,196	41.8%	217,954

NET SALES PER QUARTER



FINANCIAL PERFORMANCE, CONT.

NET SALES PER BUSINESS SEGMENT

Out of the net sales for the second quarter 42.3 (16.0) MSEK came from System sales for investment, where net sales is recognized in full upon delivery of the system. Another 3.4 (4.2) MSEK came from recurring System sales where net sales are recognized over time. 6.1 (7.7) 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 9.7 (7.7) MSEK and 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 at 12.8 (9.5) MSEK.

The first half year showed growth at 41.8% and for all business segments except Accessories & spare parts.

Net sales per business segment TSEK	Apr-Jun 2023	Apr-Jun 2022	Variance	Jan-Jun 2023	Jan-Jun 2022	Variance	Full year 2022
System sales, Customer's CAPEX	42,313	15,961	165.1%	68,954	38,933	77.1%	83,268
System sales, recurring	3,350	4,232	-20.8%	7,632	7,612	0.3%	17,584
Software licenses, Customer's CAPEX	6,123	7,662	-20.1%	14,048	12,557	11.9%	28,108
Software licenses, recurring	9,742	7,733	26.0%	20,218	14,903	35.7%	34,122
Accessories & spare parts	2,063	3,439	-39.1%	5,741	9,052	-36.6%	17,498
Service	10,723	6,084	74.8%	22,686	15,138	49.9%	37,374
Total	74,314	45,111	64.7%	139,279	98,196	41.8%	217,954

OTHER INCOME

Other income was 2.6 (1.5) MSEK for the quarter and 2.9 (3.1) MSEK for the first half year, related to exchange rate variances in operating assets and liabilities in foreign currencies.

GROSS PROFIT AND GROSS MARGIN

The gross profit for the second quarter was 63.1 (37.9) MSEK and gross margin was at 85.8 % for the second quarter, compared to 84.0 % for the same period previous year.

The gross profit for the first half year was 118,7 (80.4) MSEK for the first half year and gross margin was at 86.2 % for the first half year, compared to 81.9 % for the same period previous year. The increase in gross margin is partly due to changes in exchange rates as Mentice has most raw materials and consumables used in SEK and net sales in USD and EUR.

Gross margin in the quarter is also 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. Gross margin is also affected by currency effects in net sales and in purchase of components.

FINANCIAL PERFORMANCE, CONT.

EBITDA AND EBITDA MARGIN

Earnings before interest, tax, depreciation and amortization, EBITDA, was 10.7 (-12.2) MSEK. This corresponds to an EBITDA margin of 14.4 (-27.0) % for the second quarter. The EBITDA increase was mainly driven from increased gross profit in the quarter by 25.2 MSEK, increased other income by 1.2 MSEK partially offset by higher personnel costs by -4.6 MSEK and reduced by 1.1 MSEK in other external costs.

Corresponding EBITDA figures for the first half year were 17.9 (-13.5) MSEK with corresponding gross margin of 12.9 (-13.8) %.

OTHER EXTERNAL COSTS

Other external costs totaled -15.0 (-16.1) MSEK during the second quarter, which equals a decrease of -6.8 % compared to the same period last year. The decrease is mainly due to lower costs as the impact of efficiency and cost reduction activities in line with our program in the quarter has materialized.

For the first half year, the costs are -27.6 (-30.5) MSEK, which equals a decrease of -9.6 %.

PERSONNEL COSTS

Personnel costs during the second quarter were -40.0 (-35.4) MSEK which equals an increase of 13.0 %. This increase is mainly driven from higher volume related bonuses, lower capitalized salaries for development projects and a one-time adjustment in pension costs.

Personnel costs during the first half year were -76.1 (-66.5) MSEK which equals an increase of 14.4 %.

The number of FTE, full time equivalents, decreased from 116.6 in the second quarter 2022 to 114.9 at end of the quarter 2023, and was 118.2 at end of the year 2022.

Personnel costs include capitalized costs for development with 0.8 (1.6) MSEK for the second quarter and 1.5 (3.1) MSEK for the first half year.

CAPITALIZED EXPENSES FOR DEVELOPMENT COSTS

Capitalized expenses for development costs during the second quarter totaled 1.4 (2.0) MSEK and for the first half year 1.8 (4.5) 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 own employees.

FINANCIAL ITEMS

Net financial items for the second quarter totaled -0.1 (0.5) MSEK and for the first half year -0.8 (-0.4) MSEK and are mainly related to interest expense on lease liabilities.

The net financial items for the quarter included -0.2 (-0.2) MSEK of interest expense on lease liabilities, in accordance with IFRS 16, and for the first half year included -0.5 (-0.3) MSEK.

INCOME BEFORE TAX. NET RESULT FOR THE PERIOD AND EARNINGS PER SHARE

Tax on income for the second quarter was -3.3 (-0.9) MSEK, mainly due to deferred tax on amortization of goodwill assets in the parent company. Net income for the second quarter was 1.5 (-17.6) MSEK. Earnings per share were 0.06 (-0.71) SEK for the second quarter.

For the first half year tax on income came in at -4.2 (-1.4) MSEK and net income for the first half year was 0.0 (-25.1) MSEK and earnings per share were 0.00 (-1.01) SEK

CASH FLOW

Cash flow for the second quarter from operating activities before changes in working capital was 6.5 (-10.3) MSEK as a result of increased net income. Cash flow from operating activities for the second quarter was -1.2 MSEK compared to -8.0 MSEK in the same period last year and the changes in working capital are mainly attributable to increase in other operating receivables, reduced by decreased inventories and other liabilities. During the second quarter 2023 the company made two down-payments for the assets in Ankyras in total 8.7 MSEK. Remaining payment to be made during the third quarter 2023 is 0.375 MEUR. The first half year cash flow from operating activities was 2.5 (-7.0) MSEK.

CASH AND FINANCIAL POSITION

Cash at the end of the period was 35.0 (33.4) MSEK. The group's total assets amounted to 310.2 (319.1) MSEK. IFRS 16 affected total assets by 11.5 (16.2) MSEK. Accounts receivable increased during the second quarter to 89.9 (74.4) MSEK, an increase also compared to the year-end position of 85.6 MSEK.

Inventories amounted to 13.3 (10.1) MSEK. Current liabilities were 132.9 (133.9) MSEK excluding current leasing liability. 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.

FINANCIAL PERFORMANCE, CONT.

INVESTMENTS

Investments during the second quarter totaled -2.7 (-3.1) MSEK. Of the investments, -1.2 (-2.2) MSEK refers to the capitalization of development costs, remaining -1.5 (-0.9) MSEK refers to investments in tangible assets relating to new hardware devices for internal use but also for rental.

Investments during the first half year totaled -3.5 (-5.5) MSEK.

PARENT COMPANY

The parent company is an operating company. Net sales for the first half year for the parent company amounted to 93.1 (68.2) 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 -5.8 (-22.4) MSEK.

SHARE CAPITAL

The total number of shares as of June 30 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 quotient value of 0.05 SEK.

DISPUTES

The group has no current disputes.

TRANSACTIONS WITH RELATED PARTIES

Board member Denis Gestin has on a consulting basis acted as an advisor to the company in connection with customer related activities within the medical device industry. During the period January through June 2023, Gestin received 0.2 (0.4) MSEK as fee in addition to board fee.

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, 48% (76%) of 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 1,616 shareholders by June 30 2023. FNCA is the company's certified advisor.

Largest shareholders (source Euroclear 2023-06-30) 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%
Handelsbanken MicroCap Sverige	1,400,000	5.5%
Medical Simulation Corporation	1,191,074	4.8%
Berenberg Funds	932,391	3.6%
TIN Fonder	812,847	3.2%
Göran Malmberg	711,670	2.8%
Andra AP Fonden	446,620	1.7%
Avanza Pension	212,827	0.8%
10 largest shareholders total	19,928,842	77.9%
Others	5,640,008	22.1%
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, July 20, 2023

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	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Net sales	74,314	45,111	139,279	98,196	217,954
Other income	2,631	1,472	2,866	3,083	2,370
	76,945	46,583	142,145	101,279	220,324
Raw materials and consumables used	-10,552	-7,215	-19,210	-17,774	-29,013
Depreciation of rented assets	-670	-	-1,335	-	-2,904
Other external costs	-15,048	-16,141	-27,577	-30,513	-52,925
Personnel costs	-40,006	-35,416	-76,097	-66,521	-139,405
Depreciation of tangible assets	-2,289	-2,315	-4,507	-4,426	-8,952
Amortization and write-down of intangible assets	-3,558	-2,714	-8,494	-5,344	-11,077
	-72,123	-63,801	-137,220	-124,578	-244,276
Operating profit (EBIT)	4,822	-17,218	4,925	-23,299	-23,952
Financial income	105	2	125	4	1,285
Financial expenses	-156	467	-911	-388	-1,368
Net financial items	-51	470	-786	-384	-83
Earnings before tax (EBT)	4,771	-16,748	4,139	-23,684	-24,035
Tax	-3,298	-890	-4,149	-1,379	-6,630
Net result for the year	1,473	-17,638	-10	-25,063	-30,665
Net result for the year attributable to:					
Shareholders parent company	1,473	-17,638	-10	-25,063	-30,665
Earnings per share					
Basic (SEK)	0.06	-0.71	0.00	-1.01	-1.22
Diluted (SEK)	0.06	-0.71	0.00	-1.01	-1.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Net result for the year	1,473	-17,638	-10	-25,063	-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	839	2,626	595	2,066	-46
Other comprehensive income for the year, net of tax	839	2,626	595	2,066	-46
Total comprehensive income for the year	2,312	-15,012	585	-22,997	-30,711

CONSOLIDATED BALANCE SHEET



TSEK	30 Jun 2023	30 Jun 2022	31 Dec 2022
Assets			
Goodwill	48,259	61,540	48,070
Patents	30,082	16,823	32,618
Trademarks	4,233	-	5,443
Internally developed intangible assets	41,331	46,015	44,285
Tangible assets	12,882	15,207	13,500
Right-of-use assets	11,493	16,242	14,442
Deferred tax assets	8,638	13,633	9,777
Total non-current assets	156,919	169,461	168,135
Inventories	13,323	10,131	16,861
Accounts receivables	89,906	74,415	85,582
Prepaid costs and accrued income	12,034	27,226	9,858
Other receivables	3,001	4,500	5,255
Cash and cash equivalents	35,029	33,413	47,285
Total current assets	153,293	149,685	164,841
Total assets	310,213	319,146	332,976
Equity and liabilities			
Share capital	1,278	1,278	1,278
Other paid in capital	201,397	201,220	201,169
Retained earnings	-38,713	-32,108	-39,812
Total equity attributable to parent company shareholders	163,962	170,390	162,635
Long term liabilities			
Leasing liabilities long-term	5,477	10,232	8,875
Total long-term liabilities	5,477	10,232	8,875
Accounts payable	9,530	13,393	14,231
Tax liabilities	1,337	74	99
Other liabilities	3,229	3,926	3,554
Current leasing liability	7,853	6,293	7,800
Accrued expenses and deferred income	118,825	114,838	135,782
Total current liabilities	140,774	138,524	161,466
Total equity and liabilities	310,213	319,146	332,976

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
Profit for the year				-25,063	-25,063
Other comprehensive income for the year			2,066		2,066
Total comprehensive income for the period	40	54,460	2,066	-25,063	-22,997
Closing balance at 30 June 2022	1,278	201,220	2,974	-35,082	170,390
Transactions with owners in their capacity as owners					
Redemption of share options		-41			-41
Profit for the year				-5,602	-5,602
Other comprehensive income for the year		-10	-3,344	1,242	-2,112
Total comprehensive income for the period		-51	-3,344	-4,360	-7,755
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		-87			-87
Adjustments to retained earnings				514	514
Profit for the year				-10	-10
Other comprehensive income for the year			595		595
Total comprehensive income for the year		228	595	504	1,327
Closing balance at 30 June 2023	1,278	201,397	225	-38,938	163,962

CONSOLIDATED STATEMENT OF CASH FLOWS



TSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Operating activities					
Earnings before tax	4,771	-16,748	4,139	-23,684	-24,035
Adjustment for non-cash items	2,986	6,801	11,965	10,073	19,113
Income tax paid	-1,275	-314	-693	-545	-871
Cash flow from operating activities before changes in working capital	6,482	-10,261	15,411	-14,156	-5,793
Change in trade receivables and other current assets	-16,776	-18,662	-2,763	-9,140	-2,279
Change in inventories	2,209	-230	3,781	-480	-6,953
Change in trade payables and other current liabilities	13,333	10,903	-13,891	16,765	29,933
Change in working capital	-1,234	-7,989	-12,873	7,145	20,701
Cash flow from operating activities	5,248	-18,250	2,538	-7,011	14,908
Investing activities					
Acquisitions of tangible assets	-1,578	-945	-1,578	-980	-5,526
Capitalisation of internally developed intangible assets	-1,171	-2,212	-1,925	-4,508	-7,528
Acquisition of business, net cash effect	-8,747	-19,224	-8,747	-19,224	-19,224
Cash flow from investing activities	-11,496	-22,381	-12,250	-24,712	-32,278
Financing activities					
Payment of share options	-84	-	-84	-	-41
Issue of share options	315	-	315	-	-
Proceeds from issue of share capital	-	60,000	-	60,000	60,000
Payment of transaction costs	-	-3,500	-	-3,500	-3,500
Amortization of lease liability	-1,794	-2,049	-3,564	-3,597	-7,468
Cash flow from financing activities	-1,563	54,451	-3,333	52,903	48,991
Cash flow for the period	-7,812	13,820	-13,045	21,180	31,621
Opening cash balance	42,011	19,295	47,285	12,697	12,697
Translation difference on cash and cash-equivalents	830	299	789	-464	2,967
Cash and bank balances at end of period	35,029	33,413	35,029	33,413	47,285

PARENT COMPANY INCOME STATEMENT



TSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Net sales	63,047	33,642	93,114	68,161	135,105
Capitalised expense for development	825	2,201	1,795	4,497	7,528
Other income	2,594	4,233	3,710	6,018	11,389
	66,466	40,076	98,619	78,676	154,022
Raw materials and consumables used	-7,291	-22,857	-11,845	-33,993	-40,365
Other external costs	-14,294	-11,861	-26,447	-23,032	-40,048
Personnel costs	-25,710	-22,941	-47,867	-43,768	-87,432
Depreciation of tangible assets	-308	-239	-613	-239	-1,088
Amortization and write-down of intangible assets	-6,082	-5,009	-13,542	-10,145	-20,799
Exchange losses on operating receivables and liabilities	-1,035	-	-1,954	-	-7,219
	-54,720	-62,907	-102,268	-111,177	-196,951
Operating profit (EBIT)	11,746	-22,831	-3,649	-32,501	-42,929
Financial income	66	-37	200	10,304	15,752
Financial expenses	353	844	-2,350	-155	-4,269
Net financial items	419	807	-2,150	10,149	11,483
Result after financial items	12,165	-22,024	-5,799	-22,352	-31,446
Earnings before tax (EBT)	12,165	-22,024	-5,799	-22,352	-31,446
Tax	-	-	-	-	-1,389
Net result for the year	12,165	-22,024	-5,799	-22,352	-32,835

PARENT COMPANY BALANCE SHEET



TSEK	30 Jun 2023	30 Jun 2022	31 Dec 2022
Assets			
Intangible and tangible assets			
Goodwill	25,488	49,009	30,552
Patents	30,551	17,694	33,288
Trademarks	4,233	-	5,442
Internally developed in-tangible assets	41,331	46,015	44,285
Tangible assets	3,063	3,243	3,482
Financial assets			
Shares in group companies	19,705	19,591	19,705
Receivables from group companies	1,065	7,180	10,213
Deferred tax assets	6,615	7,966	6,615
Total non-current assets	132,052	150,697	153,582
Inventories	9,615	8,260	10,104
Accounts receivables	38,028	47,128	50,087
Current receivables from group companies	38,639	3,007	2,701
Prepaid costs and accrued income	8,533	11,016	7,922
Other receivables	2,554	3,990	4,768
Cash and cash equivalents	10,560	29,406	36,419
Total current assets	107,930	102,807	112,001
Total assets	239,982	253,505	265,583
Equity and liabilities			
Restricted equity			
Share capital	1,278	1,278	1,278
Fund for development costs	44,585	55,425	48,468
Non-restricted equity			
Other paid in capital	201,397	201,210	201,169
Retained earnings	-91,097	-69,102	-62,145
Net result for the year	-5,799	-22,352	-32,835
Total equity	150,365	166,459	155,935
Long term liabilities			
Liabilities to group companies	876	1,242	970
Total long-term liabilities	876	1,242	970
Accounts payable	5,058	10,625	9,383
Tax liabilities	84	39	79
Current liabilities to group companies	2,931	15,463	2,068
Other liabilities	2,219	1,899	1,778
Accrued expenses and de-ferred Income	78,449	57,778	95,370
Total current liabilities	88,741	85,804	108,678
Total equity and liabilities	239,982	253,505	265,583

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
Profit for the year		2,511		-2,511	-22,352	-22,352
Total comprehensive income for the year	40	2,511	56,460	-33,786	8,923	34,148
Closing balance at 30 June 2022	1,278	55,425	201,210	-69,102	-22,352	166,459
Transactions with owners in their capacity as owners						
Redemption of share options			-41			-41
Profit for the year		-6,957		6,957	-10,483	-10,483
Total comprehensive income for the year		-6,957	-41	6,957	-10,483	-10,524
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			-87			-87
Profit for the year		-3,883		3,883	-5,799	-5,799
Total comprehensive income for the year		-3,883	228	-28,952	27,036	-5,571
Closing balance at 30 June 2023	1,278	44,585	201,397	-91,097	-5,799	150,365

NOTER

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 recognised at historical cost with the exception of currency derivatives, which are measured at fair value. As per June 30, 2023, the total actual value of forward contracts was SEK 0.0 (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 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.

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. External key opinion leaders who wish to participate in the new warranty program will be awarded free of charge warrants. Since the market value has not been paid, there is a negative impact on the company's results for the quarter.

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 separately within the System group

- 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-June 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	68,954	38,933	5,741	9,052	14,048	12,557	22,686	15,138	111,429	75,681
Recurring revenue	7,632	7,612	-	-	20,218	14,903			27,850	22,515
Total	76,586	46,545	5,741	9,052	34,266	27,460	22,686	15,138	139,279	98,196
Raw materials and consumables used	-18,549	-13,477	-1,461	-4,004	-	-	-535	-293	-20,545	-17,774
Gross profit	58,037	33,068	4,280	5,048	34,266	27,460	22,151	14,845	118,734	80,422
Gross profit %	75.8%	71.0%	74.6%	55.8%	100.0%	100.0%	97.6%	98.1%	85.2%	81.9%

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 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 raw materials and consumables used and depreciation of rented assets. 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.

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, 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 it offers 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.

FINANCIAL CALENDAR

INTERIM REPORT JUL-SEP 2023
INTERIM REPORT OCT-DEC 2023

OCTOBER 26, 2023
FEBRUARY 15, 2024

MENTICE'S INTERIM REPORTS AND ANNUAL REPORTS ARE AVAILABLE ON WWW.MENTICE.COM

MENTICE AB (PUBL) - INTERIM REPORT APRIL - JUNE 2023