



Q3 INTERIM REPORT
JUL – SEP 2023





THIRD QUARTER WITH CONTINUED STRONG GROWTH, POSITIVE EBITDA AND IMPROVED CASHFLOW

SIGNIFICANT EVENTS DURING THE QUARTER 2023 (JUL – SEP)

- Mentice has appointed Henrik Hang as Interim CFO
- Mentice has appointed Jonatan Sjöström as new COO.
- Mentice has received a significant order of approx. 0.6 MEUR from a major distributor in APAC.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD 2023 (JUL – SEP)

- Mentice has received significant orders of approx. 1 MUSD from world leading Medtech company.

THIRD QUARTER 2023 (JUL - SEP)

- Order intake amounted to 65.3 (50,2) MSEK, an increase of 30.0%.
- Order book by the end of the period was 128.6 (113.9) MSEK, whereof 37.6 MSEK is expected as revenue in 2023.
- Net sales amounted to 63.9 (51.1) MSEK, an increase of 25.0%, whereof 19.3% is organic.
- Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to 4.0 (-1.9) MSEK.
- Net income for the period amounted to 0.0 (-7.7) MSEK.
- Earnings per share (EPS) were 0.0 (-0.30) SEK.
- Cash flow from operating activities amounted to 42.3 (-4.1) MSEK.

NINE MONTHS 2023 (JAN – SEP)

- Order intake amounted to 200.4 (161,9) MSEK, an increase of 23.7%.
- Order book by the end of the period was 128.6 (113.9) MSEK, whereof 39.7 MSEK is expected as revenue in 2023.
- Net sales amounted to 203.2 (149.3) MSEK, an increase of 36,1%, whereof 29.9% is organic.
- Earnings before interest, tax, depreciation, and amortization (EBITDA) amounted to 21.9 (-15.5) MSEK.
- Net income for the period amounted to 0.0 (-32.8) MSEK.
- Earnings per share (EPS) were 0.0 (-1.31) SEK.
- Cash flow from operating activities amounted to 44.8 (-11.1) MSEK

COMMENTS BY THE CEO GÖRAN MALMBERG

OVERALL

The positive trend has continued during the third quarter, where we have demonstrated strong growth for both order intake and net sales. The order book has also increased compared to the same period last year, demonstrating a solid demand for Mentice solutions. We can also see the positive effect of increasing recurring revenues.

For the first nine months we have exceeded 200 MSEK for both order intake and revenue, which is over 80% of the previous full year for order intake and over 90% for full year net sales.

Our EMEA region has continued to deliver at a high level with strong sales also for the third quarter. The region is performing with a good balance between industry and hospital-related sales.

The APAC region delivered a strong quarter, which is a positive statement and we also see improved distribution of sales from different parts of the region, reducing the dependencies of individual countries. Also the APAC region is performing with a good balance between industry and hospital-related sales.

The Americas region has also continued to deliver at a high level especially for the industry business area, even if the region demonstrated a lower growth rate for the third quarter compared to the start of the year. It should be noted that the region has already surpassed previous full year levels for net sales.

BUSINESS DEVELOPMENT

Our sales to the world's largest medical device corporations are still a dominating part of our business while we see a large, continued opportunity for further expansion for both existing clients, new clients as well as conversion of clients with competitive solutions.

The hospital market is continuously developing, and we are experiencing how physicians and hospitals are developing their utilization of our products. We see demand both for traditional educational activities as well as utilization where our products are assisting practicing physicians in their daily clinical practice, before, during and after a procedure.

PROFITABILITY AND CASH

Earnings before depreciation and amortization EBITDA for the quarter have improved by 6 MSEK compared to the previous year. For the first 9 months EBITDA has improved with 37 MSEK compared to 2022.

The positive earnings for our first nine months has contributed to a major positive change for the cashflow from operating activities, which amounted to 44 MSEK. We are also pleased with a strong improvement in cashflow, which resulted in 75 MSEK of cash at the end of the period.



ORGANIZATION

During the third quarter Mentice announced the appointment of Jonatan Sjöström as COO and in conjunction with this the company also implemented organizational improvements. The new organization emphasizes three main areas: commercial functions (sales, regions, and marketing), operational activities (including technology, production, and IT) and finance & administration. This will enable further improvement and flexibility of our operational activities. We believe this creates a good foundation for further development and future requirements and our ability to continuously improve operational efficiency.

FORWARD VIEW

Mentice is the undisputed global market leader for productivity tools within image guided interventional therapies (IGIT). We are continuously strengthening our market position and we experience strong and growing demand for our products and services. This is the basis for our positive view of our future with continued growth and improved profitability.

As a conclusion of this report, we can conclude that the first nine months of 2023 are at a historical strong level for Mentice, with respect to the overall financial performance.

Gothenburg, October 2023

Göran Malmberg, CEO
Mentice AB (publ)

KEY FIGURES

	Jul-Sep 2023	Jul-Sep 2022	Change	Jan-Sep 2023	Jan-Sep 2022	Change	RTM*	Full Year 2022
Order intake, MSEK	65.3	50.2	30.0%	200.4	161.9	23.7%	290.7	252.2
- whereof Medical Device Industry (MDI)	45.6	26.3	73.7%	162.1	100.3	61.6%	213.3	151.6
- whereof Healthcare systems	15.5	12.5	23.7%	32.9	37.4	-12.0%	66.9	71.4
- whereof Strategic Alliances	4.3	11.5	-62.8%	5.4	24.3	-77.8%	10.4	29.3
Order book (end of period), MSEK	128.6	113.9	12.9%	128.6	113.9	12.9%	128.6	126.0
Net sales, MSEK	63.9	51.1	25.0%	203.2	149.3	36.1%	271.8	218.0
Sales, MSEK	63.3	53.1	19.2%	205.4	154.4	33.1%	271.4	220.3
Gross margin, %	86,5%	86,6%		86,3%	83,5%		88,1%	85,4%
Earnings before interest, tax, depreciation, and amortization (EBITDA), MSEK	4.0	-1.9		21.9	-15.5		33.4	-3.9
EBITDA-margin, %	6,2%	-3,8%		10,8%	-10,4%		12,3%	-1,8%
Income before tax (EBIT), MSEK	-1.7	-7.4		2.4	-31.1		9.5	-24.0
Income for the period, MSEK	0.0	-7.7		0.0	-32.8		2.1	-30.7
Earnings per share, SEK	0.0	-0.30		0.0	-1.31		0.06	-1.22
Cash-flow from operations, MSEK	42.3	-4.1		44.8	-11.1		74.7	14.9
Cash at the end of the period, MSEK	74.7	27.5		74.7	27.5		74.7	47.3
Equity/Asset ratio, %	53,7%	50,9%		53,7%	50,9%		53,6%	48,8%
FTE for the quarter and full year**	112.3	118.0		112.3	118.0			114.2

*RTM = rolling twelve months.

**FTE – Full time equivalents average, excluding consultants as of Q3 2023

FINANCIAL PERFORMANCE

ORDER INTAKE PER BUSINESS AREA

The order intake during the third quarter increased by 30.0% to 65.3 (50.2) MSEK, of which 13.4% was currency effect. For the Medical Device Industry, Mentice has continued strong order intake, increasing by 73.7% during the quarter and 61.6% for the first ninth months. For the Healthcare systems, the order intake increased by 23.7% during the quarter. However, the first nine months the order intake declined with -12.0 %, following the weak first quarter 2023.

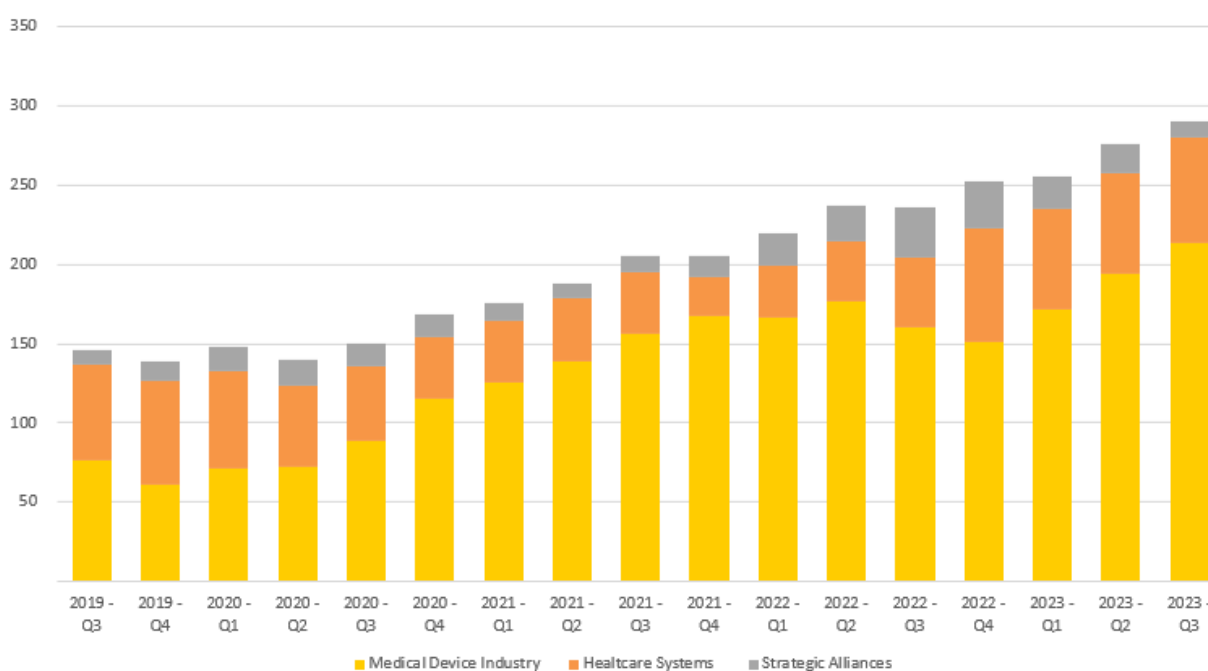
Strategic Alliances continued to have a low order intake in the third quarter and first ninth months compared to the previous periods, as some large deals impact the full year to a larger extent.

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.

Total order intake for the first nine months increased by 23.7% and amounted to 200.4 (161.9) MSEK.

Order intake per business area TSEK	Jul-Sep 2023	Jul-Sep 2022	Variance	Jan-Sep 2023	Jan-Sep 2022	Variance	Full Year 2022
Medical Device Industry	45,569	26,236	73.7%	162,078	100,288	61.6%	151,558
Healthcare Systems	15,461	12,496	23.7%	32,889	37,370	-12.0%	71,357
Strategic Alliances	4,273	11,499	-62.8%	5,395	24,289	-77.8%	29,333
Total	65,303	50,231	30,0%	200,362	161,947	23.7%	252,248

ORDER INTAKE PER BUSINESS AREA ROLLING FOUR QUARTERS (MSEK)



ORDERBOOK

The orderbook at the end of the quarter increased by 12.9% and amounted to 128.6 (113.9) MSEK, where 37.6 MSEK is related to future revenue to be recognized in 2023. The orderbook represents orders received but not yet delivered.

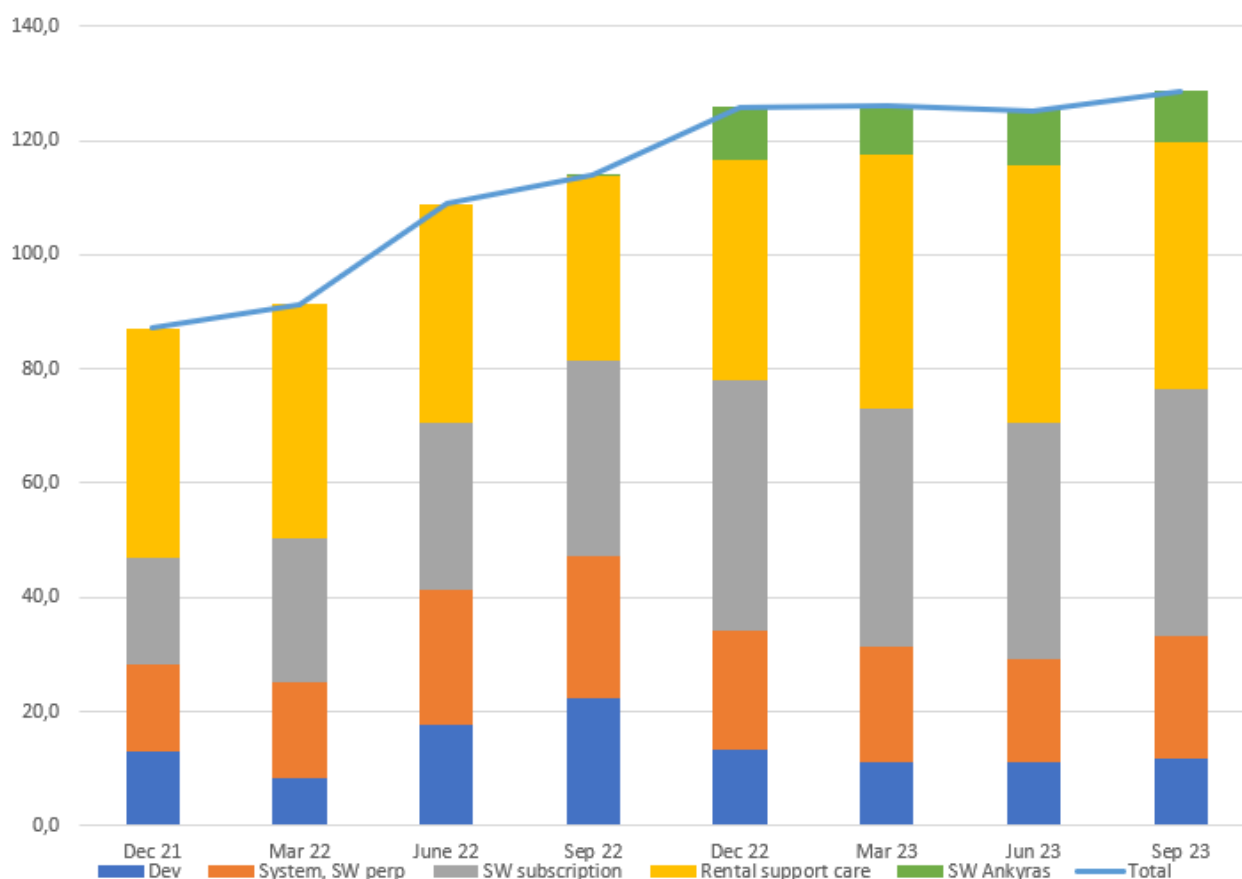
Out of the total orderbook per September 30, 31.5 MSEK is for systems that will be delivered in 2023 or later, 58.3 MSEK consists of perpetual licenses and subscription for software that will be delivered and recognized as net sales in 2023 and onwards, 26.9 MSEK refers to deliveries of rental and support agreements that will be delivered and recognized as revenue of the coming three years and the remaining 11.9 MSEK consists of development contracts with customers that will be delivered and recognized as revenue 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. 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.

ORDERBOOK PER QUARTER



NET SALES PER REGION

The total net sales in the quarter grew by 25.0%, whereof 4,5% currency impact, 1.2% was acquired growth from sales of the Ankyras software and 19.3% organic.

Net sales grew in EMEA with 68,3% as a result of strong net sales to Medical Device Industry and net sales to Healthcare systems in line with last year.

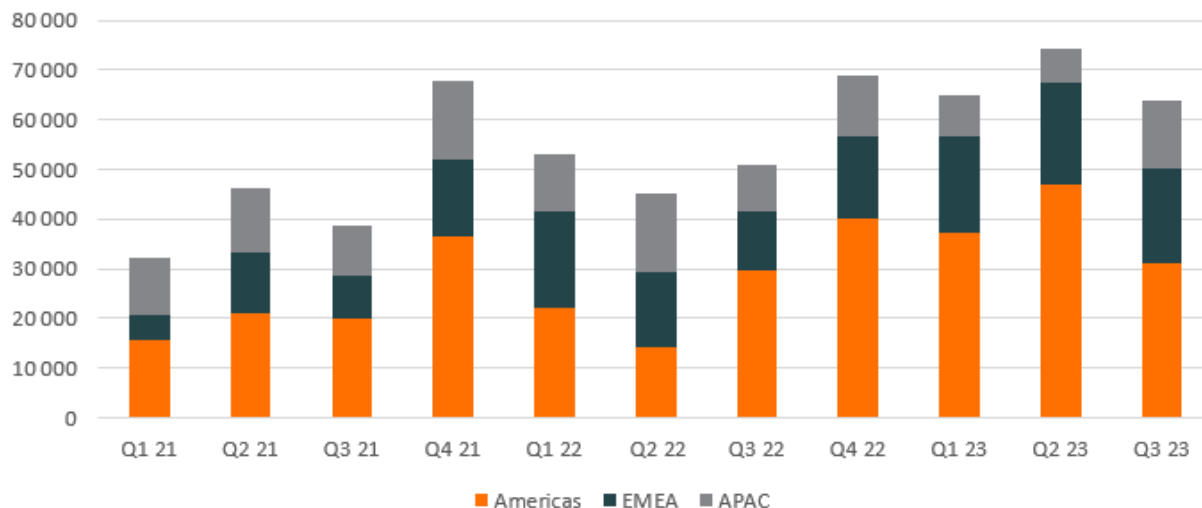
APAC increased by 41.7% which was connected to the order from major distributor during the quarter. Americas grew marginally by 3.4% but will remain an important market for Mentice going forward.

In the first nine months the net sales grew by 36.1 %, whereof 5,1 % currency impact, 1.1% was acquired growth from sales of the Ankyras software and 29.9% organic.

EMEA grew by 29.5 % while APAC continued to decline by -22.5% mainly due to lowered net sales in China, and Americas grew by 73.1 % as a result of a strong second quarter with sales to some Medical Device Industry customers.

Net sales per region TSEK	Jul-Sep 2023	Jul-Sep 2022	Variance	Jan-Sep 2023	Jan-Sep 2022	Variance	Full Year 2022
EMEA	19,099	11,346	68.3%	58,968	45,521	29.5%	62,886
APAC	13,614	9,605	41.7%	28,725	37,062	-22.5%	48,970
Americas	31,183	30,149	3.4%	115,482	66,713	73.1%	106,099
Total	63,896	51,100	25.0%	203 175	149,296	36.1%	217,954

NET SALES PER QUARTER



NET SALES PER BUSINESS SEGMENT

Out of the net sales for the third quarter 29.9 (22.9) MSEK came from System sales for investment, where net sales are recognized in full upon delivery of the system.

Another 3.1 (4.5) MSEK came from recurring System sales where net sales are recognized over time.

8.8 (6.0) 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 11.6 (8.8) 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 at 10.6 (8.8) MSEK.

The first nine months showed growth at 36.1% and for all business segments except Accessories & spare parts.

Net sales per business segment TSEK	Jul-Sep 2023	Jul-Sep 2022	Variance	Jan-Sep 2023	Jan-Sep 2022	Variance	Full year 2022
System sales, Customer's CAPEX	29,874	22,988	30.0%	98,828	61,921	59.6%	83,268
System sales, recurring	3,058	4,503	-32.1%	10,738	12,115	- 11.4%	17,584
Software licenses, Customer's CAPEX	8,785	5,995	46.5%	22,833	18,553	23.1%	28,108
Software licenses, recurring	11,634	8,767	32.7%	31,804	23,670	34.4%	34,122
Accessories & spare parts	2,776	3,188	-12.9%	8,517	12,240	-30.4%	17,498
Service	7,768	5,658	37.3%	30,455	20,797	46.4%	37,374
Total	63,896	51,100	25.0%	203,175	149,296	36.1%	217,954

OTHER INCOME

Other income was -0,6 (2.0) MSEK for the quarter and 2.3 (5.1) MSEK for the first nine months, related to exchange rate variances in operating assets and liabilities in foreign currencies.

GROSS PROFIT AND GROSS MARGIN

The gross profit for the third quarter was 55.3 (44.3) MSEK and gross margin was at 86.5 (86,6) % for the third quarter. The gross profit for the first nine months was 175.3 (124.7) MSEK and gross margin was at 86.3 (83.5) %. 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. The gross margin is also affected by currency effects on net sales and in purchase of components.

EBITDA AND EBITDA MARGIN

Earnings before interest, tax, depreciation and amortization, EBITDA, amounted to 4.0 (-1.9) MSEK. This corresponds to an EBITDA margin of 6.2 (-3.8) % for the third quarter. The EBITDA increase was mainly driven from an increase in net sales and gross profit in the quarter of 11.0 MSEK. The EBITDA was offset by higher personnel costs by -1.8 MSEK and reduced by 0.2 MSEK in other external costs.

Corresponding EBITDA figures for the first nine months were 21.9 (-15.5) MSEK with corresponding gross margin of 10.8 (-10.4) %.

OTHER EXTERNAL COSTS

Other external costs amounted to -14.8 (-15.1) MSEK during the third quarter, which equals a decrease of -1,5% 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 nine months, the other external costs amounted to -42.4 (-45.6) MSEK, which equals a decrease of -6.9%.

PERSONNEL COSTS

Personnel costs during the third quarter were -34.9 (-33.1) MSEK, which equals an increase of 5.5%. 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 nine months amounted to -111.0 (-99.6) MSEK, which equals an increase of 11.4%.

The number of FTE, full time equivalents average excluding consultant, amounted to 112.3 during the third quarter, which is a decline compared with the previous period 2022 which amounted to 118.0. The number of FTE end of the year 2022 was 114.2.

Personnel costs include capitalized costs for development with 0.1 (1.3) MSEK for the third quarter and 1.6 (4.4) MSEK for the first nine months.

CAPITALIZED EXPENSES FOR DEVELOPMENT COSTS

Capitalized expenses for development costs during the third quarter amounted to 0.1 (1.7) MSEK and for the first nine months 1.9 (6.2) 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 third quarter amounted to 0.3 (-0.1) MSEK and for the first nine months -0.4 (-0.5) 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 nine months included -0.7 (-0.5) MSEK.

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

Tax on income for the third quarter was 1.7 (-0.4) MSEK, mainly due to deferred tax on amortization of goodwill assets in the parent company. Net income for the second quarter was 0.0 (-7.7) MSEK. Earnings per share were 0.0 (-0.30) SEK for the third quarter.

For the first nine months the tax on income amounted to -2.4 (-1.8) MSEK and net income for the first nine months was 0.0 (-32.8) MSEK and earnings per share were 0.0 (-1.31) SEK.

CASH FLOW

Cash flow from operating activities before changes in working capital was 7.8 (-2.7) MSEK for the third quarter as a result of increased net income. Cash flow from operating activities for the third quarter was 34.5 MSEK compared to -1.4 MSEK in the same period last year and the changes in working capital are mainly attributable to decreased in accounts receivables, reduced from 89.9 MSEK at the end of the second quarter, to 51.8 MSEK in the third quarter and change in operating liabilities. During the third quarter, the last and remaining payment of 444 TSEK was paid for the assets in Ankyras.

The first nine months cash flow from operating activities amounted to 44.8 (-11.1) MSEK.

CASH AND FINANCIAL POSITION

Cash at the end of the period was 74.7 (27.5) MSEK. The group's total assets amounted to 304.5 (322.7) MSEK. IFRS 16 affected total assets by 9.9 (14.5) MSEK. Accounts receivable decreased during the third quarter and amounted to 51.8 (76.8) MSEK, also a decrease compared to the year-end position of 85.6 MSEK.

Inventories amounted to 13.0 (11.3) MSEK. Current liabilities were 129.6 (143.6) 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.

INVESTMENTS

Investments during the third quarter amounted to -0.2 (-1.4) MSEK. Of the investments, 0.2 (-1.7) MSEK refers to the capitalization of development costs, the remaining -0.4 (-0.3) MSEK refers to investments in tangible assets relating to new hardware devices for internal use but also for rental.

Investments during the first nine months amounted to -3.7 (-6.8) MSEK.

PARENT COMPANY

The parent company is an operating company based in Gothenburg, Sweden. Net sales for the first half year for the parent company amounted to 134.2 (95.7) MSEK. The gross margin amounted to 86.4 (55.7) % for the first nine months. The improved gross margin is attributed to increased sales of services as well as sales between the group companies. The net income for the period was -15.6 (-34.64) MSEK.

SHARE CAPITAL

The total number of shares as of September 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 quota 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 September 2023, Gestin received 0.4 (0.6) 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, 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 1,549 shareholders by September 30, 2023. FNCA is the company's certified advisor.

Largest shareholders (source Euroclear 2023-09-30) 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	1,393,238	5.4%
Medical Simulation Corporation	1,191,074	4.8%
Berenberg Funds	908,048	3.6%
TIN Fonder	812,847	3.2%
Göran Malmberg	711,670	2.8%
Andra AP Fonden	446,620	1.7%
Avanza Pension	209,330	0.8%
10 largest shareholders total	19,894,240	78.0%
Others	5,674,610	22.0%
Total number of shares	25,568,850	100.0%

EXAMINATION BY THE AUDITORS

This report has 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, October 26, 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





REVIEW REPORT

To the Board of Directors of Mentice AB (publ.)

Corp. id. 556556-4241

INTRODUCTION

We have reviewed the attached balance sheets of Mentice AB (publ.)'s group and its parent company as of 30 September 2023 and associated reports on financial results, change in equity and change in cash flow during the nine-month period then ended as well as a summary of significant accounting policies and other supplementary disclosures. The Board of Directors and the Managing Director are responsible for the preparation and true and fair presentation of this financial information (interim report) in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this financial information (interim report) based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the attached financial information (interim report) does not, in all material respects, gives a fair presentation of the parent company and the group's financial position as of 30 September 2023 and of its financial results and cash flow during the nine-month period then ended in accordance with IAS 34.

Göteborg 26 October 2023

KPMG AB

Johan Kratz

Authorized Public Accountant

CONSOLIDATED INCOME STATEMENT

TSEK	July-Sept 2023	July-Sept 2022	Jan-Sept 2023	Jan-Sept 2022	Full year 2022
Net sales	63,896	51,100	203,175	149,296	217,954
Other income	-607	1,991	2,259	5,075	2,370
	63,289	53,092	205,434	154,371	220,324
Raw materials and consumables used	-8,641	-6,842	-27,851	-24,616	-29,013
Depreciation of rented assets	-,901	,	-2,236	,	-2,904
Other external costs	-14,829	-15,059	-42,406	-45,572	-52,925
Personnel costs	-34,943	-33,116	-111,040	-99,637	-139,405
Depreciation of tangible assets	-2,459	-2,422	-6,966	-6,848	-8,952
Amortization and write-down of intangible assets	-3,559	-2,908	-12,053	-8,252	-11,077
	-65,332	-60,347	-202,552	-184,925	-244,276
Operating profit (EBIT)	-2,043	-7,255	2,882	-30,554	-23,952
Financial income	343	186	468	190	1,285
Financial expenses	4	-301	-907	-689	-1,368
Net financial items	347	-115	-439	-499	-83
Earnings before tax (EBT)	-1,696	-7,370	2,443	-31,053	-24,035
Tax	1,712	-376	-2,347	-1,755	-6,630
Net result for the year	16	-7,746	6	-32,808	-30,665
Net result for the year attributable to:					
Shareholders parent company	16	-7,746	6	-32,808	-30,665
Earnings per share					
Basic (SEK)	0	-0,30	0	-1,31	1,22
Diluted (SEK)	0	-0,30	0	-1,31	1,22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TSEK	July-Sept 2023	July-Sept 2022	Jan-Sept 2023	Jan-Sept 2022	Full year 2022
Net result for the year	16	-7,746	6	-32,808	-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	-41	1,629	554	3,695	-46
Other comprehensive income for the year, net of tax	-41	1,629	554	3,695	-46
Total comprehensive income for the year	-25	-6,117	560	-29,113	-30,711

CONSOLIDATED BALANCE SHEET

TSEK	30 Sept 2023	30 Sept 2022	31 Dec 2022
Assets			
Goodwill	48,282	49,567	48,070
Patents	29,168	33,178	32,618
Trademarks	3,931	5 442	5,443
Internally developed intangible assets	39,128	45,368	44,285
Tangible assets	11,107	15,048	13,500
Right-of-use assets	9,880	14,530	14,442
Deferred tax assets	8,022	13,910	9,777
Other financial assets	-	62	-
Total non-current assets	149,518	177,105	168,135
Inventories	12,981	11,348	16,861
Accounts receivables	51,772	76,817	85,582
Prepaid costs and accrued income	11,029	25,034	9,858
Other receivables	2,796	3,324	3,358
Current tax assets	1,613	1,560	1,798
Cash and cash equivalents	74,746	27,525	47,285
Total current assets	155,937	145,608	164,742
Total assets	304,455	322,713	332,877
Equity and liabilities			
Share capital	1,278	1,278	1,278
Other paid in capital	201,385	201,191	201,169
Retained earnings	-39,252	-38,224	-39,812
Total equity attributable to parent company shareholders	163,410	164,245	162,635
Long term liabilities			
Leasing liabilities long-term	3,727	9,546	8,875
Total long-term liabilities	3,727	9,546	8,875
Accounts payable	9,654	9,693	14,231
Other liabilities	3,707	3,504	3,554
Current leasing liability	7,751	5,331	7,800
Accrued expenses and deferred income	116,205	130,394	135,782
Total current liabilities	137,317	148,922	161,367
Total equity and liabilities	304,455	322,713	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				6	6
Other comprehensive income for the year			554		554
Total comprehensive income for the year			554	6	560
Closing balance at 30 June 2023	1,278	201,385	184	-39,436	163,411

CONSOLIDATED STATEMENT OF CASH FLOWS

TSEK	July-Sept 2023	July-Sept 2022	Jan-Sept 2023	Jan-Sept 2022	Full year 2022
Operating activities					
Earnings before tax	-1,696	-7,370	2,443	-31,053	-24,035
Adjustment for Non-cash items	8,992	4,676	20,955	14,749	19,113
Income tax paid	458	-11	-235	-556	-871
Cash flow from operating activities before changes in working capital	7,754	-2,705	23,163	-16,860	-5,793
Change in trade receivables and other current assets	36,665	2,718	33,902	-6,422	-2,279
Change in inventories	394	-971	4,175	-1,451	-6,953
Change in trade payables and other current liabilities	-2,519	-3,116	-16,408	13,648	29,933
Change in working capital	34,540	-1,369	21,669	5,775	20,701
Cash flow from operating activities	42,294	-4,074	44,832	-11,085	14,908
Investing activities					
Acquisitions of tangible assets	-382	341	-1,960	-639	-5,526
Capitalisation of internally developed intangible assets	208	-1,702	-1,717	-6,210	-7,528
Acquisition of business, net cash effect	-444	-	-9,191	-19,224	-19,224
Cash flow from investing activities	-618	-1,361	-12,868	-26,073	-32,278
Financing activities					
Payment of share options	-15	-29	-99	-29	-41
Issue of share options	-	-	315	-	-
Proceeds from issue of share capital	-	-	-	60,000	60,000
Payment of transaction costs	-	-	-	-3,500	-3,500
Amortization of lease liability	-1,833	-1,648	-5,397	-5,245	-7,468
Cash flow from financing activities	-1,848	-1,677	-5,181	51,226	48,991
Cash flow for the period	39,828	-7,112	26,783	14,068	31,621
Opening cash balance	35,029	33,413	47,285	12,697	12,697
Translation difference on cash and cash-equivalents	-111	1,224	678	760	2,967
Cash and bank balances at end of period	74 746	27 525	74,746	27,525	47,285

PARENT COMPANY INCOME STATEMENT

TSEK	July-Sept 2023	July-Sept 2022	Jan-Sept 2023	Jan-Sept 2022	Full year 2022
Net sales	41,101	27,535	134,215	95,696	135,105
Capitalised expense for development	139	1,713	1,934	6,210	7,528
Other income	3,645	3,989	7,355	10,007	11,389
	44,885	33,236	143,504	111,912	154,022
Raw materials and consumables used	-6,435	-8,375	-18,280	-42,368	-40,365
Other external costs	-15,087	-10,682	-41,534	-33,714	-40,048
Personnel costs	-22,818	-18,630	-70,685	-62,398	-87,432
Depreciation of tangible assets	-304	-538	-917	-777	-1,088
Amortization and write-down of intangible	-6,082	-4,909	-19,624	-15,054	-20,799
Exchange losses on operating receivables and liabilities	-3,987	-2,387	-5,941	-2,387	-7,219
	-54,713	-45,521	-156,981	-156,698	-196,951
Operating profit (EBIT)	-9,828	-12,285	-13,477	-44,786	-42,929
Financial income	155	4,414	355	14,718	15,752
Financial expenses	-103	-4,331	-2,453	-4,486	-4 269
Net financial items	52	83	-2,098	10,232	11,483
Result after financial items	-9,776	-12,202	-15,575	-34,554	-31,446
Earnings before tax (EBT)	-9,776	-12,202	-15,575	-34,554	-31,446
Tax	-	-	-	-	-1,389
Net result for the year	-9,776	-12,202	-15,575	-34,554	-32,835

PARENT COMPANY BALANCE SHEET

TSEK	30 Sept 2023	30 Sept 2022	31 Dec 2022
Assets			
Intangible and tangible assets			
Goodwill	23,065	34,869	30,552
Patents	29,537	33,949	33,288
Trademarks	3,930	5,442	5,442
Internally developed in-tangible assets	39,128	45,368	44,285
Tangible assets	2,780	3,273	3,482
Financial assets			
Shares in group companies	19,705	19,591	19,705
Receivables from group companies	1,038	9,602	10,213
Deferred tax assets	6,614	7,966	6,615
Other financial assets	-	62	-
Total non-current assets	125,797	160,122	153,582
Inventories	9,061	9,770	10,104
Accounts receivables	38,091	49,694	50,087
Current receivables from group companies	1,175	5,457	2,701
Prepaid costs and accrued income	12,994	8,125	7,922
Other receivables	2,147	2,661	2,871
Current tax assets	1,807	1,599	1,818
Cash and cash equivalents	47,555	19,167	36,419
Total current assets	112,830	96,473	111,922
Total assets	238,627	256,595	265,504
Equity and liabilities			
Restricted equity			
Share capital	1,278	1,278	1,278
Fund for development costs	41,917	49,983	48,468
Non-restricted equity			
Other paid in capital	201,385	201,181	201,169
Retained earnings	-88,428	-63,660	-62,145
Net result for the year	-15,575	-34 554	-32,835
Total equity	140,577	154,228	155,935
Long term liabilities			
Liabilities to group companies	851	1,479	970
Total long-term liabilities	851	1,479	970
Accounts payable	7,536	8,214	9,383
Current liabilities to group companies	3,153	15,668	2,068
Other liabilities	2,814	1,805	1,778
Accrued expenses and de-ferred Income	83,697	75,201	95,370
Total current liabilities	97,199	100,887	108,599
Total equity and liabilities	238,627	256,595	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		-6,551		6,551	-15,575	-15,575
Total comprehensive income for the year		-6,551	216	6,551	-15,575	-15,575
Closing balance at 30 Sept 2023	1,278	41,917	201,385	-88,429	-15,575	140,576

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 September 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 during the year.

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	98,828	61,921	8,517	12,240	22,833	18,553	30,455	20,797	160,633	113,511
Recurring revenue	10,738	12,115	-	-	31,804	23,670	-	-	42,543	35,785
Total	109,566	74,036	8,517	12,240	54,637	42,223	30,455	20,797	203,176	149,296
Raw materials and consumables used	-25,897	-19,079	-3,607	-5,157	-	-	-583	-380	-30,087	-24,616
Gross profit	83,669	54,957	4,910	7,084	54,637	42,223	29,872	20,416	173,089	124,680
Gross profit %	76.4%	74.2%	57.6%	57.9%	100.0%	100.0%	98.1%	98.2%	85.2%	83.6%

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. 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 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 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 OCT - DEC 2023	15 FEBRUARI 2024
INTERIM REPORT JAN - MAR 2024	3 MAJ 2024
ANNUAL GENERAL MEETING	23 MAJ 2024
INTERIM REPORT APR - JUN 2024	23 JULI 2024
INTERIM REPORT JUL - SEP 2024	7 NOVEMBER 2024

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

Mentice AB (publ) - interim report Jul - Sep 2023