mentice

ANNUAL REPORT 2020

mentice

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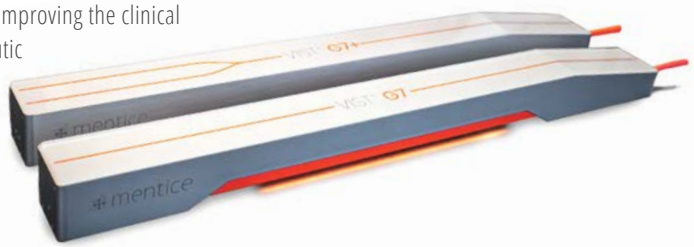
THIS IS MENTICE

SIMULATIONS AND SOFTWARE SOLUTIONS TO PROVIDE IMPROVED CLINICAL OUTCOMES

Mentice offers a wide and growing set of solutions to improve skillsets and to assist before, during and after image-guided interventions, ultimately improving the clinical outcome. These interventions, including diagnostic and therapeutic endovascular procedures, are used for many diseases and health conditions such as heart attacks, stroke, diabetes and cancer.



WHAT WE DO: MARKET-LEADING SIMULATORS AND PERFORMANCE ENHANCING SOLUTIONS

Our high-fidelity simulators and software solutions cover a broad range of situations:

- Initial training for students and residents
- Maintaining, improving and validating skills of experienced physicians
- Clinical development and market launch of medical devices
- Patient-specific planning, rehearsal and assistance to improve clinical outcomes
- Logging and evaluating procedures, methods and patient outcomes

WHY WE DO IT: ADDRESSING GLOBAL HEALTHCARE CHALLENGES WITH EVERY PATIENT IN MIND

At Mentice, we are passionate about addressing global healthcare challenges and being a part of delivering more efficient treatment options.

As the global population grows older, with seniors expecting to stay healthy and active as they age, the demand is increasing rapidly for treatment of non-communicable diseases, such as cardiovascular diseases. By utilising solutions from Mentice, healthcare providers can effectively acquire and maintain skills for new and innovative interventional techniques and procedures, while also making sure that each intervention is performed in the best way possible, from planning through the procedure all the way to aggregated reviews.

Ultimately, our solutions are used to save lives and reduce pain by allowing more patients to get the best possible care available.

A large majority of the world's leading medical device manufacturers depend on Mentice for efficiently bringing products to market

Strategic and unique partnerships with the world's leading imaging companies

OVER 700 CLIENTS

AND AN INCREASING NUMBERS OF THE WORLD´S LEADING PHYSICIANS

ALMOST 100

EMPLOYEES AND OPERATIONS IN 9 COUNTRIES

MORE THAN 1,800

SYSTEMS DELIVERED TO THE MARKET

PROVEN AND POWERFUL TECHNOLOGY BASE DEVELOPED OVER MORE THAN

20 YEARS

SIX GOOD REASONS TO INVEST IN MENTICE

A SUSTAINABLE BUSINESS MODEL

Mentice addresses global healthcare challenges connected to the rapid global demographic shift to an older and more active population by implementing non-invasive and innovative life-changing treatments.

STRONG INNOVATION AND MARKET POSITION

The company is a leader in interventional and vascular simulations, leveraging high-fidelity simulation platforms together with AI, Big Data and cloud-based services and subscription models.

STRATEGIC LONG-TERM OWNERS AND A COMPETENT MANAGEMENT TEAM

Both Mentice's strategic owners and its experienced and knowledgeable management team share a long-term vision of building a leading company with a broad offering aimed at improving clinical outcomes in the field of image-guided interventional procedures.

GLOBAL CUSTOMER NETWORK AND RECOGNIZED BRAND

Mentice is active in nine countries in the Americas, Asia Pacific (APAC) and Europe and Middle East (EMEA) regions with over 500 leading hospitals and a large number of the world's leading physicians among its customers.

SIGNIFICANT GROWTH UPSIDE WITH EXPECTED INCREASED PROFIT MARGIN

The new VIST® G7/G7+ platform adds to Mentice's growth potential together with the shift to a subscription-based software license model. Acquisitions such as Vascular Simulations and EQIP/myIRlog™ further broadens the company's total offering.

THE LARGEST GROWTH DRIVER IS LINKED TO THE COLLABORATIONS WITH SIEMENS HEALTHINEERS AND PHILIPS HEALTHCARE

Close collaborations with the world's leading imaging companies enables easy integration of Mentice's solutions into cath labs around the world.

+15%

SHARE PRICE DEVELOPMENT IN 2020

48.9%

OF THE ORDER INTAKE FROM THE AMERICAS REGION IN 2020 WITH CONTINUED EXPECTATIONS OF GROWTH

+21%

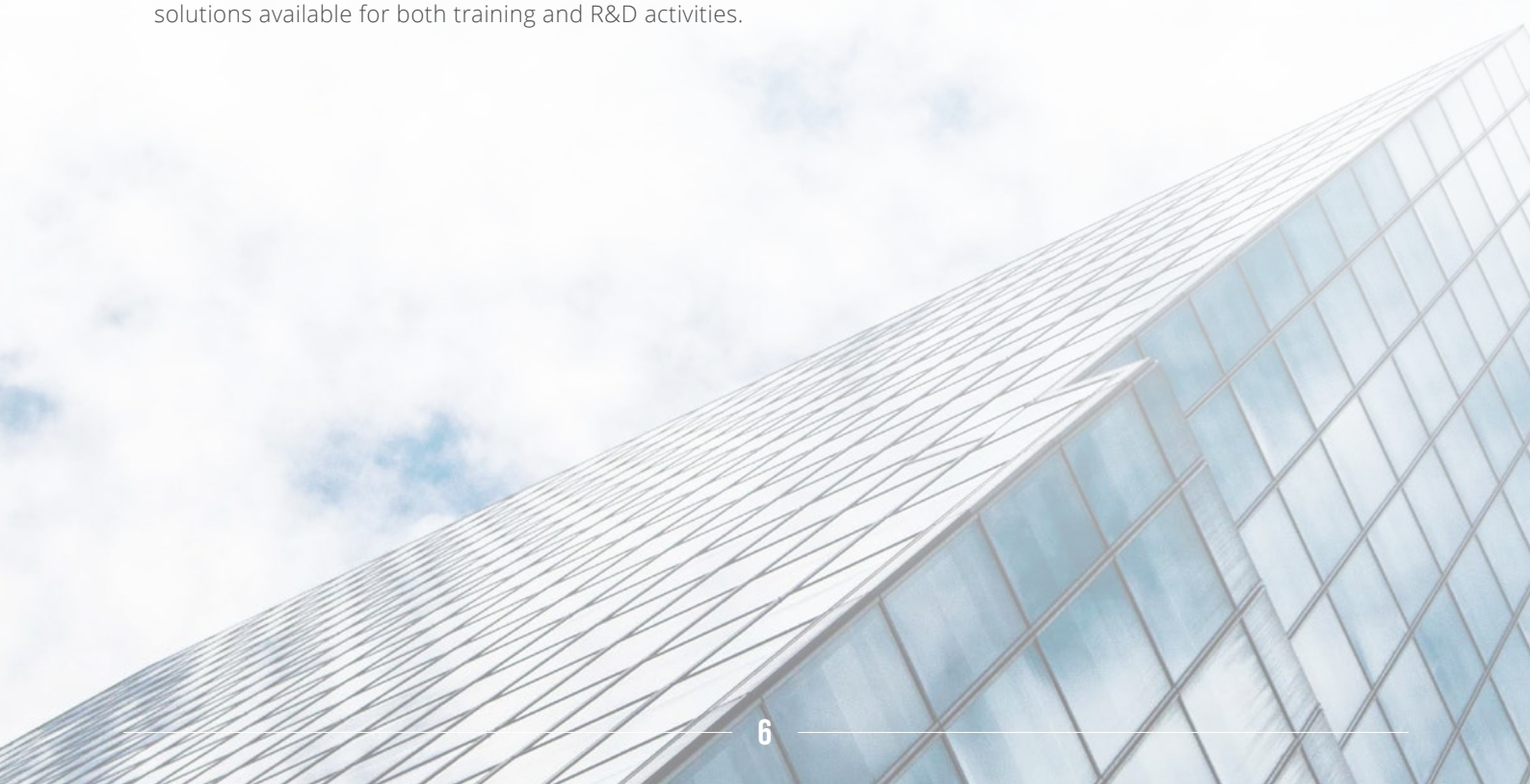
GROWTH IN ORDER INTAKE TO 168.6 MILLION SEK IN 2020

2,065 MILLION SEK

MARKET CAP DECEMBER 30, 2020

THE YEAR IN BRIEF

- **IMPROVED** market position, with significant strength shown in the medical device industry segment. For all segments, a total of 75 new clients were added during the year.
- **MULTIPLE** larger industry contracts received with further opportunities for future business.
- **SIGNIFICANT** growth in the important Americas region.
- **LAUNCH** of the VIST® G7/G7+, the seventh and most advanced generation of the company's simulation platform.
- **INCREASED** level of subscriptions and recurring revenue due to an ongoing shift to subscription-based software licenses.
- **STRONGER** positions and increased business from Strategic Alliance partners Siemens Healthineers, Laerdal and Philips Healthcare.
- **ADDED** two new platforms for physical simulation (Vascular Simulations) and a cloud-based case logging solution (Eqip).
- **INITIAL** approach to the interventional robotics systems market with solutions available for both training and R&D activities.



MULTI-YEAR OVERVIEW

Group's Financial Development in brief		2020	2019	2018	2017	2016
Order Intake	TSEK	168,644	139,271	174,245	113,345	86,107
Net Sales	TSEK	137,503	149,370	157,048	108,966	92,811
Income after Financial Items	TSEK	-18,586	-26,235	13,835	5,328	4,402
Total Assets	TSEK	245,271	187,140	130,586	93,819	59,004
Average Number of Employees	st	90	82	69	52	45
Operating Margin	%	-13.2	-16.4	10.3	6.0	4.3

Parent Company's Financial Development in brief		2020	2019	2018	2017	2016
Net Sales	TSEK	103,361	117,375	112,437	84,048	74,638
Income after Financial Items	TSEK	-22,507	-33,917	11,635	-3,868	2,408
Total Assets	TSEK	244,087	210,008	155,197	126,302	104,631
Average Number of Employees	st	55	46	40	37	33
Operating Margin	%	-21.7	-28.2	10.2	-3.1	2.1

Operating margin is defined as operating profit/loss in relation to net sales.
In the multi-year overview, the years 2020, 2019, 2018 and 2017 have been reported in accordance with IFRS while 2016 has been reported in accordance with the accounting principles of K3.

"Our vision is to become the world leader in performance and outcome solutions for all image-guided therapies.

MENTICE CORPORATE VISION STATEMENT

A WORD FROM CEO GÖRAN MALMBERG

MAINTAINED AND IMPROVED POSITIONS FOR MENTICE DESPITE THE PANDEMIC

Last year was challenging, and also a year of rapid transition to business performed almost entirely virtual together with the requirement to quickly provide virtual product solutions. As a company, and as a team, we managed to maintain and improve our positions across the board during these difficult circumstances.

FINANCIAL PERFORMANCE

2020 will be remembered as one of the most difficult years in modern times, and as for most other companies Mentice has obviously also been impacted. This is especially true for our sales to hospitals around the world, both directly and through resellers and channel partners. In light of this, we are really pleased that we were able to achieve a significantly increased order intake for the full year, which we mainly managed thanks to a very strong fourth quarter. The basis for our strong order intake performance was the significant growth from the industry side, a very strong performance in North America and a continued growth for the business we receive from our Strategic Alliances partners in the imaging sector.

The financial results relating to net sales and earnings did not reach the levels we were aiming for, mainly due to delays of deliveries resulting in a growing amount of orders that were moved into 2021. From a performance point of view, we are pleased to see that we have continued to manage our cost levels, resulting in a significant improvement in operating cashflow compared to the previous year.

BUSINESS UPDATE

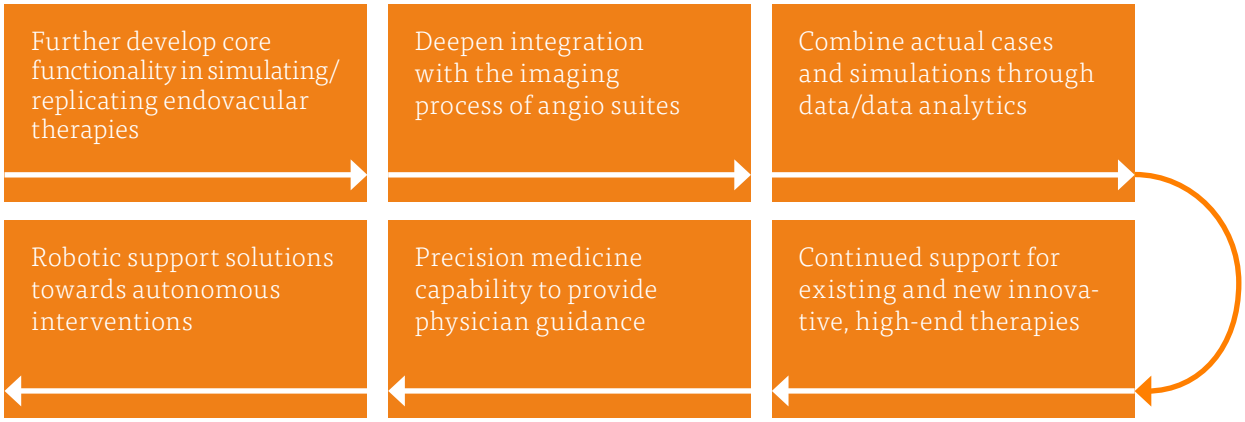
During 2020, we received orders from around 75 new clients with a good distribution between geographic regions, industry-hospital as well as physical versus virtual simulation. With the addition of the physical simulation platform from Vascular Simulations, we also added R&D-related customer interactions as well as a customer base of early-stage startups which were previously not accessible to Mentice. These clients will develop and become a good base for further growth over time with respect to both physical and virtual simulation. Multiple significant product introductions have also improved Mentice's position in the market, while at the same time broadening the scope of our addressable market. These include, but are not limited to, the launch of our new VIST simulation platform G7/G7+, the updated and significantly enhanced Coronary Interventions suite of training modules, and the introduction of Mentice Live as our cloud-based learning environment including capabilities for remote use of our products.

We have also further improved our position when it comes to subscription-based software licenses during the year, with all of our hospital business now subscription based regardless of channel. Our subscription based net sales for 2020 tripled compared to 2019, and while the levels are still low this is starting to have an impact, and we believe that we will start to see this model helping us to drive the level of recurring revenue going forward. Furthermore, we have received orders related to clients and projects in the industry segment in 2020 which were also based on subscription/rentals, allowing these clients to leverage operational expenses for their use of our products. We expect this trend to continue in 2021.

Regarding the collaborations with our Strategic Alliances partners, this market has been significantly impacted by the pandemic. We have however continued to expand our positions on all fronts, where among others Corindus, the robotic arm of Siemens Healthineers, has entirely moved to Mentice. The number of systems sold to imaging partners has doubled in 2020, with a total of 20 Mentice systems sold through this channel during the year.

> "During 2020 we received orders from about 75 new clients, with a good distribution globally and between industry-hospital as well as physical versus virtual simulation.

MENTICE'S KEY DIRECTION IN 2021 AND BEYOND



For a more comprehensive description of Mentice's development focus in 2021 and beyond, see page 42. For more information on Mentice's clinical performance solutions, see the Phase III section on page 14-15.

ORGANIZATIONAL DEVELOPMENT

In mid-2020, we decided to implement a regional structure for the Americas with the intention to allow for a stronger local link to the clients and generally to the market. This requirement has been more clearly expressed during the pandemic, but with Mentice's growing local presence we believe that a regional focused organization is the best way to reach the market. In early January 2021, we went on to implement a similar structure for the Europe, Middle East and Africa (EMEA) and Asia Pacific (APAC) regions. These three regions will each be operated by a Regional General Manager, and each region will build a regional organization for sales, support and marketing.

In parallel, we will enhance our corporate and back-office functions to better support the growth we expect over the coming years, when we will build and improve our structure for marketing, product management and a global structure for corporate accounts.

MENTICE'S KEY DIRECTION IN 2021 AND BEYOND

The medical device industry will continue to constitute the main part of our business in 2021, and most likely also in the following years, but furthermore we believe that the business from our collaborations with strategic partners will continue to grow in 2021, and the impact of this part of our business will thus continue to increase as well.

From a product and positioning point of view, we are working with an approach for 2021 and beyond that combines a continued focus on the further development of our core functionalities in simulation and replicating endovascular therapies with a deeper integration with angio suites, utilising data and data analytics to combine simulated and actual procedural cases, deep and leading procedural support for innovative high-end therapies and a progression in precision medicine to provide physician guidance on the path towards robotic support solutions and autonomous interventions.

With Mentice having delivered a strong order intake and significant structural progress in 2020, despite the Covid-19 pandemic, I feel confident about our future in the post-Covid-19 world that is rapidly approaching.

Gothenburg in April 2021,

Göran Malmberg
CEO, Mentice AB (publ)

MEDICAL ERRORS – A GLOBAL CHALLENGE OF GREAT MAGNITUDE

Medical errors is a large global issue in the healthcare sector. A study published in 2016 estimated medical errors to cause over 250,000 deaths per year in the USA. The study analysed data from 2013, and medical errors were estimated to be the third most common cause of death in the USA.[1] The numbers for the USA are just an example of the situation all over the world.

SIGNIFICANT POTENTIAL FOR IMPROVEMENT

Reducing this number provide healthcare providers, insurers and society with an opportunity to improve patient outcome and reduce the pain of patients while at the same time lowering their costs. The enhanced priority of patient safety has emphasized the training of healthcare professionals, such as physicians, nurses, and other practitioners as one key factor. The training is increasingly performed on simulators, where skills can be practiced, and errors performed without risking the safety of the patients.

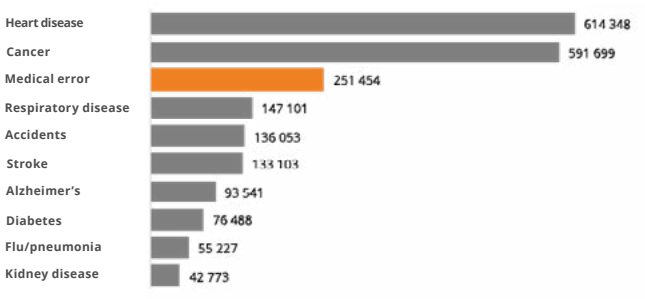
Medical experts in the United States urged the government to act on these numbers by providing funding, but medical error still seem to pass under the public radar as a major cause of death. While cancer and heart diseases receive a lot of attention in media, medical error is often excluded from the list, and researchers and physicians stressing the issue are currently fighting an uphill battle despite the fact that medical error is the third largest cause of death.

LARGE VARIATIONS IN OPERATORS' SKILLSET IS A WELL-KNOWN PROBLEM

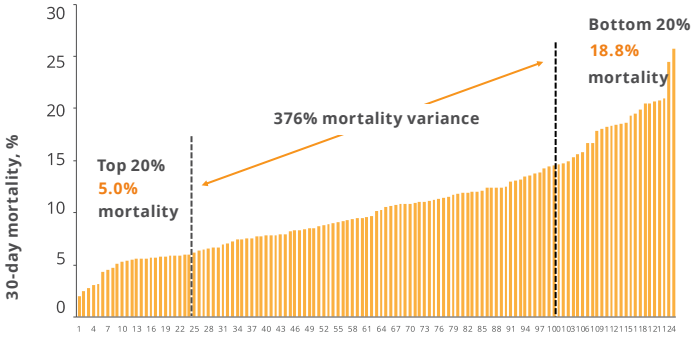
Research studies have identified large discrepancies in the consistency of physician quality. Patients are rarely aware of the risks of receiving treatment from a less experienced physician and consequently facing a higher risk of procedure complications.

Below is an example illustrating the large variance in clinical quality among physicians and the importance of the physician experience are presented. The study shows that over half of the advanced procedures were performed by physicians with insufficient skillsets and experience.[2]

Causes of deaths in the United States, 2013



Variance in mortality rates (reports from hospitals in Illinois, USA)



1) National Center for Health Statistics, Johns Hopkins Medicine, National Center for Biotechnology Information, 2016.

2) Mentice's Healthcare Partners, Based on 125 reports from hospitals in Illinois, US.

USING MEDICAL SIMULATION TO IMPROVE CLINICAL OUTCOME

Simulation-based education reduces the risk of clinical errors in the healthcare sector as the training is conducted on the simulator instead of on the patient. Additionally, practice on simulators does not expose physicians or patients to radiation.

A SCIENTIFICALLY PROVEN TRAINING METHOD

Simulation systems offer an interactive training environment where qualified feedback is provided in real-time. This has been scientifically proven to be more efficient than the traditional options.[1] A study performed in 2010 tested clinicians' skill-level on an objective simulation-based system and found that experience is highly correlated with the ability to master the real life environment on a patient.[2] Additionally, the study found that simulation-based training not only serves as a tool to accelerate the learning curve, it also more effectively reinforces the skillset, which enables practitioners to maintain their clinical performance after the skill peak has been reached.

Moreover, simulation-based training increases access, and it is also cost efficient, scalable and repeatable. In a simulated environment setting, you can design a training curriculum where you are able to expose trainees to the exact same environment and challenges as in a real case. This can also be repeated for as many times as one likes, which keeps the training effective and structured. The related projected benefits include reduced clinical error rates, an ability to radically reduce the learning curve, and an overall lower cost of training. It also has the benefit of including the required training into a comprehensive structure which can be objectively monitored and assessed.

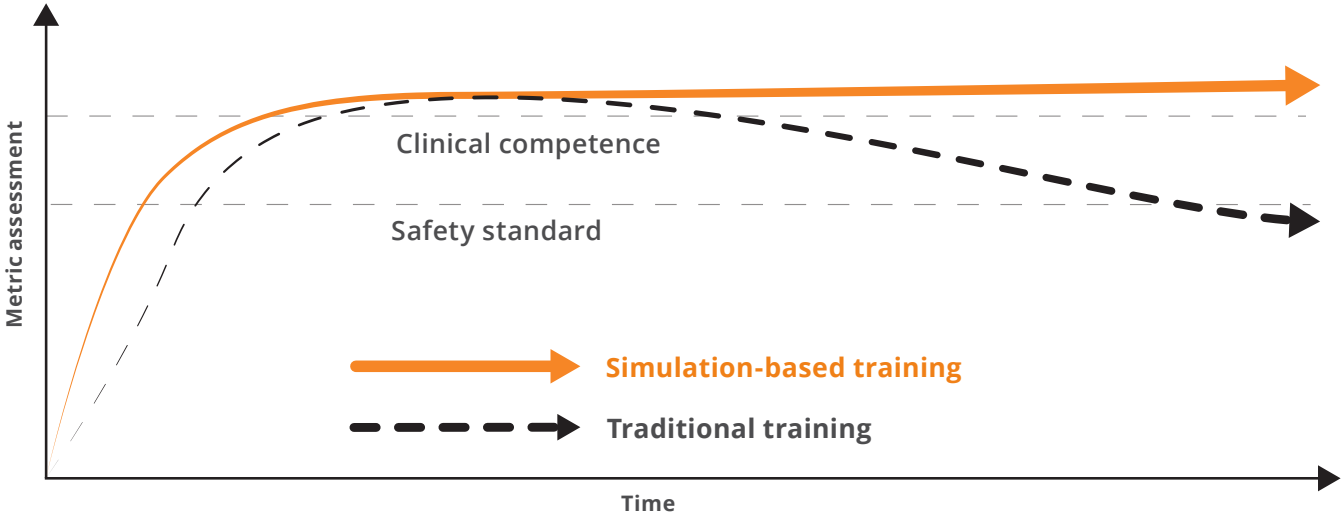
MENTICE'S SIMULATIONS – PERFECTING INTERVENTIONAL SKILLS

Mentice offers high-technology solutions for simulation to the medical sector with focus on the fast-growing market for image-guided interventional procedures. Mentice's simulators are used to educate, train, and improve physicians' skills in different types of interventions, when introducing new procedural techniques and new clinical instruments. In essence, the company offers "flight simulations" for physicians and clinical staff to provide practitioners with experiences as realistic as possible. By developing and offering these innovative training and quality improvement tools, Mentice believes that the company's solutions can be leveraged to improve practitioners' clinical skills as well as to reduce the risk of unnecessary mistakes, ultimately leading to better and safer care for the patients.

Dong Y, Suri HS, Cook DA, et al. Simulation-based objective assessment discerns clinical proficiency in central line placement: a construct validation. CHEST Journal, the Official Publication of the American College of Chest Physicians. 2010;137 (5):1050 – 1056.

Anthony G. Gallagher, Gerald C. O'Sullivan, Fundamentals of Surgical Simulation: Principles and Practice.

THE SKILL ACQUISITION CURVE OF CLINICAL COMPETENCE



TREATMENT RANGE AND BENEFITS OF IMAGE-GUIDED INTERVENTIONAL PROCEDURES

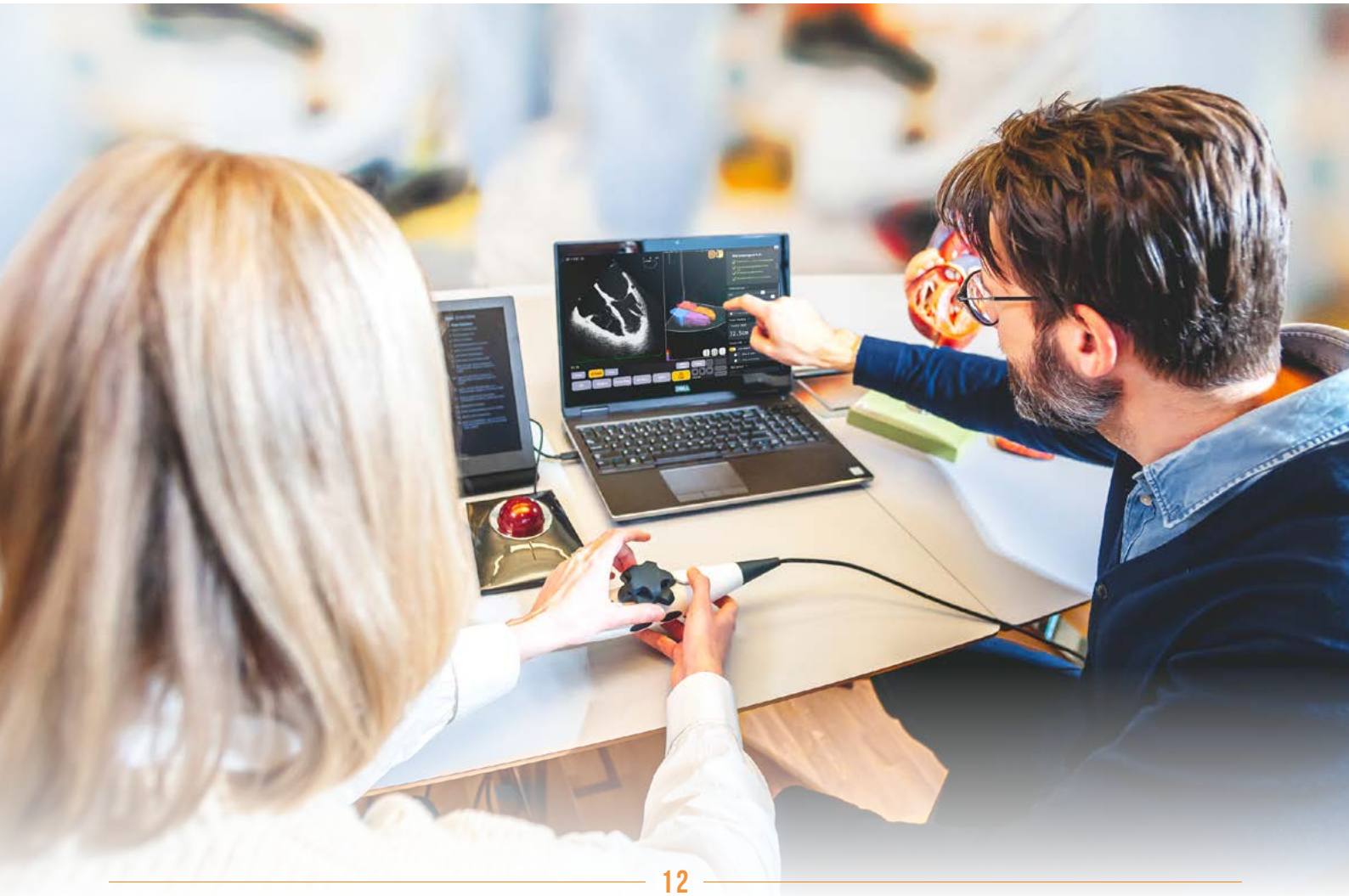
Mentice specializes in simulating interventional procedures, an increasingly common method that can be used instead of traditional open surgery for the treatment of cardiovascular diseases and other common diseases related to the cardiovascular system.

MINIMALLY INVASIVE PROCEDURE WITH A BROAD TREATMENT RANGE

Diseases treated by image-guided interventional procedures include cardiovascular, neurovascular and peripheral vascular diseases, cancer, respiratory diseases, and diabetes. These so-called endovascular procedures are done using clinical instruments such as catheters, wires, or balloons which are inserted via, for example, the groin, the arm or the wrist. Relevant clinical instruments are steered through the blood vessels with the help of the catheter to the area of treatment, e.g. a clogged vessel. A wide range of different diagnostic or treatment modalities can then be delivered directly to the affected region of the body. As a result of the small surgical procedures, the patients can often be discharged during the same day or a few days after the procedure, whereas the corresponding open surgery can keep the patient at the hospital for several weeks, usually to a much higher risk for complications, higher cost plus time for rehabilitation.

THIS IS IMAGE-GUIDED INTERVENTIONAL PROCEDURES

Image-guided interventional or endovascular procedures allow physicians to navigate clinical instruments through the vascular tree using imaging (e.g., X-ray, ultrasound, MRI) technology. The clinical instruments are visible on the display as they have been provided with specific markers, but the organs and vessels are only visible when contrast medium are introduced through the catheter. Image-guided endovascular procedures can best be practiced in a high-fidelity virtual simulation environment that realistically reflects a real clinical environment. Real clinical instruments introduced in a haptic simulation unit provides real-time feedback to the operator at the same time as a fully realistic X-ray image is presented on the screen in real-time.



MENTICE'S BUSINESS OPERATIONS AND REVENUE STREAMS

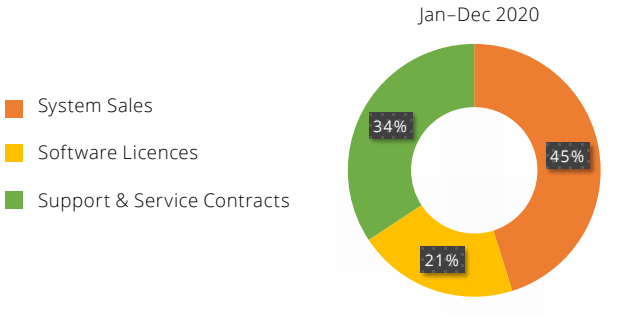
Mentice's business model is to sell simulation solutions that educate, train, and improve practitioners' skills. A fundamental prerequisite for Mentice's business model is that an initial sale of the company's simulation system takes place. The initial system sales forms the basis of the offer and provides a number of different opportunities for Mentice to expand its revenue streams. When the base system is sold, the business model transitions to rely on the company's ability to maintain and refine its customer relations. Strong customer relations and a thorough insight into customer needs are necessary elements to enable additional sales through the up-selling of products and services.

SALES OF SIMULATION SYSTEMS AND PLATFORMS

Typical sales to Mentice's clients are addressing two distinct different markets, (i) the Medical Device Industry and (ii) healthcare providers. Sales to a Medical Device Industry customer usually starts with a client requesting Mentice to perform a custom development of a system to include the clients' specific device and training scenario, often in conjunction with a product launch. The availability of a customer-specific solution then drives the sales of systems and software modules. Sales to healthcare providers are generally not customized, so the systems can be sold in its standardized form. These clients often acquire one or many simulators and modules, which need both installation and training services. Sales attributable to the company's basic system, i.e. the simulator unit, constitutes only one third of total sales. The remaining part is attributable to aftermarket transactions through sales of modules and procedures, as well as service and support.

SOFTWARE SALES

Traditionally Mentice has sold its software as training modules, sold perpetually as licenses ranging between USD 15,000-28,500. In 2020, Mentice initiated a migration from perpetual licenses to a subscription model with an annual fee based structure with the intention to move sales into an annual recurring revenue (ARR) structure.



SERVICE AND SUPPORT CONTRACTS

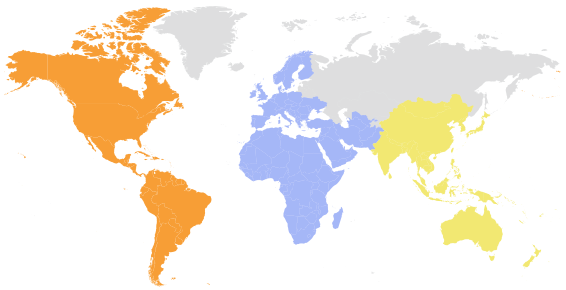
While relationships with clients are established when the system is sold, a lot of the company's client relationships are enhanced during the implementation and training process; services which are provided by Mentice post-sale. All new sales include a 12-month warranty and base support contract. Clients are encouraged to sign up for a customized annual support contract to help them regularly monitor progress to support the successful utilization of their investment.

ESTABLISHED OPERATIONS IN ALL MAJOR MARKETS

Mentice reports sales figures for three geographic markets: EMEA (Europe, Middle East and Africa), APAC (Asia and the Asian Pacific Region) and Americas (North, Central and South America).

Net Sales per Geographic Market

TSEK	Jan-Dec 2020
EMEA	42,975
APAC	35,467
Americas	59,061
Total	**137,503**



ENTERING PHASE III

TRANSFORMING MENTICE FROM A SIMULATION COMPANY TO A PROVIDER OF CLINICAL PERFORMANCE SOLUTIONS

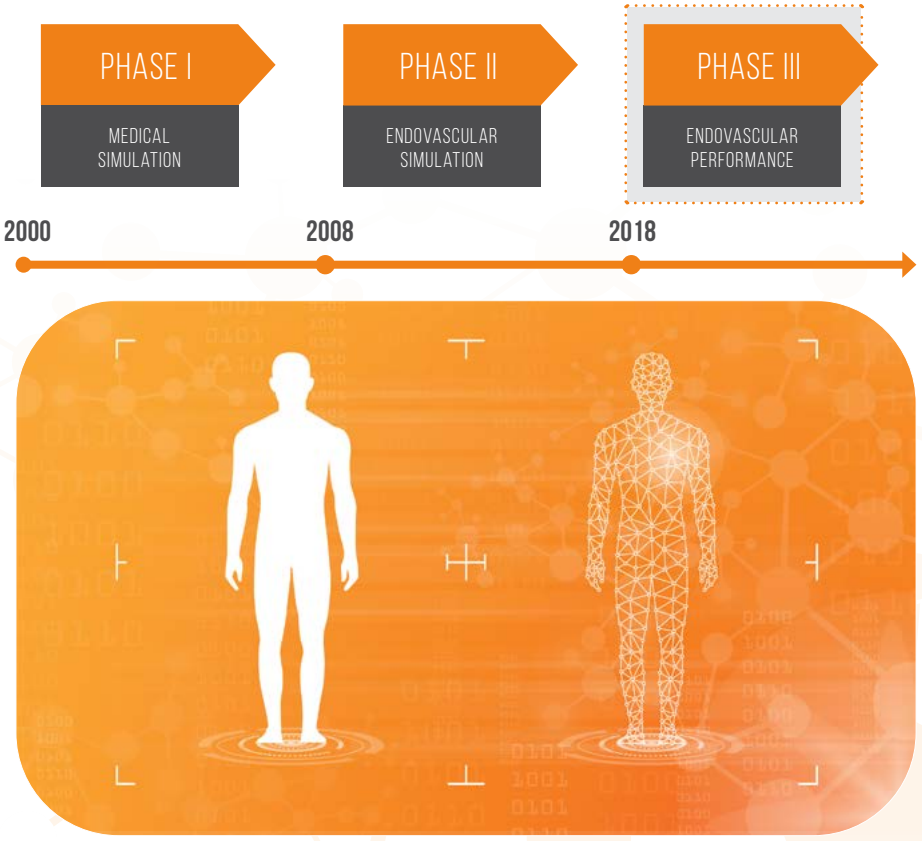
Since the inception of the company, Mentice has driven innovation to climb up the medical simulation staircase. After the transition from being a generic and broad based provider of medical simulation, through specialization and sole focus on simulation solutions for training on image-guided interventional therapies, Mentice is now targeting the next evolution, phase III. The company's goal with phase III is to offer high-level decision support solutions to doctors by offering planning or preparation of a procedure on a virtual or physical replica of the same anatomy as the patient that is about to be treated.

MENTICE AT THE FOREFRONT OF THE NEXT GENERATION OF MEDICAL SIMULATION

The company's aim for its next development phase is to be able to offer a unique way to support decision-making for medical professionals, by offering tools such as preoperative planning and preparation in a realistic simulation of the actual patient's anatomy.

By entering phase III, Mentice will transition from being a simulation and educational oriented company towards a company that offers a complete spectrum of solutions for improving performance and outcome within the endovascular specialties. The company believes that phase III will revolutionize the way clinicians learn, practice, and maintain skills and specific patient cases.

Mentice strongly believes that new technologies such as artificial intelligence, machine learning, big data, and robotics will revolutionize the healthcare sector in the same way as they are currently revolutionizing many other areas. Mentice works towards maintaining its leadership in the field when it comes to enhancing its solutions platform with the latest technologies, and the company strives to develop new applications that will generate great value for its clients. For example, Mentice actively works with techniques such as AI-supported image segmentation and data analysis, augmented and virtual reality, as well as mobile and cloud-based computing and services.



PHASE III PRODUCT OUTLOOK

LEVERAGING ROBOTICS, AI, AND MACHINE LEARNING TO REACH NEW SEGMENTS

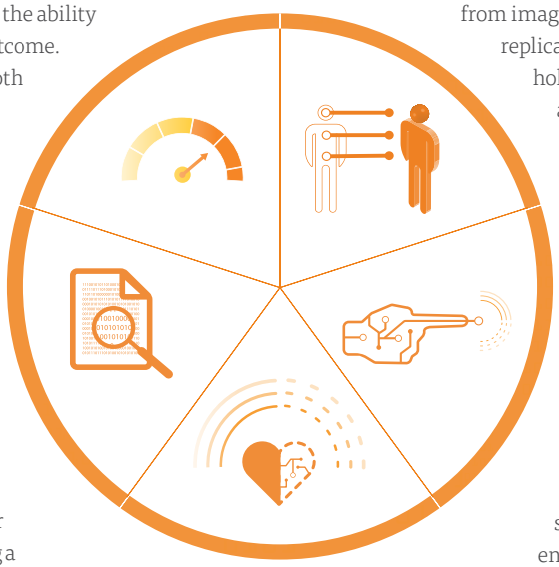
There are several areas of development which Mentice believes will significantly improve value for all of its clients, medical device as well as healthcare clients, and positively impact the company's future over the next couple of years. In order to be able to execute on all these different opportunities, Mentice's focus is working on creating the necessary structure within its product, research and development organizations to enable rapid development.

BENCHMARKING

The ability to provide objective feedback directly from the simulation session is a core component of Mentice's offering. As an example, every action by a physician such as moving, rotating or torquing a clinical device can be tracked in real-time, and the system can also measure all interactions between the device and the patient anatomy. Mentice plans to leverage the value of this technology in every image guided interventional procedure where proficiency of the operator, or the ability to follow a certain standard, impacts outcome. In the company's engagement with both medical device manufacturers and health systems, these capabilities will further allow clients to measure and verify that clinical results and skill-sets are at the level they should be.

RAPID SEGMENTATION

The access to quality 3D anatomy models is a prerequisite for preoperative planning. The time required to create such models greatly impacts the usability of planning and decision support solutions. This is especially true for acute procedures, where the ability to instantly create a simulation model is an absolute requirement. Mentice has invested significant time in this technology area, and the company is now testing early solutions to go directly from imaging data into the Mentice simulation and replication environment. This technology also holds the potential to eventually be used for a much broader set of applications than just simulation, such as diagnostics, and the market opportunity here is significant.



DATA ANALYTICS

Mentice's ambition is to provide assessment and accreditation services for clients where such data analysis in combination with actual clinical data can add significant added value. The ability to track and monitor data is an important factor in establishing a more effective structure around initial acquisition of skills, maintenance of skills and continuous practice within healthcare.

ROBOTICS AND EXPERT GUIDANCE

Mentice has earlier communicated its ambition to move into the area of expert guidance systems (compare aerospace), as well as autonomous support systems for robotics within the endovascular and interventional fields. These applications will be built on the company's existing core solutions, as well as with new and patent protected innovations originating from the company's research program for machine learning and artificial intelligence.

PREOPERATIVE PLANNING

Mentice has provided solutions for preoperative planning for over a decade, but recent development of complex new treatments and imaging techniques will necessitate a whole new level of functionality and accuracy. For example, the introduction of advanced interventional procedures for heart valves requires simultaneous real-time simulation of highly realistic x-ray and ultrasound images, movements and blood flows in the heart, and how the valves will interact with complex clinical devices. Mentice has over the last 18 months worked towards these new market requirements, and the company is now close to be able to start providing experienced physicians with a productive environment for advanced procedure planning on a broader scale.

POWERFUL AND VERSATILE ENDOVASCULAR SIMULATORS

Mentice's simulation ecosystem is divided into four categories: simulators, flow systems, planning solutions, and online services. These Mentice solutions are widely recognized for their functionality, stability and clinical realism on a level above other competitors on the market. Below follows a brief presentation of the most important products.

The VIST® simulator product line is the largest of the company's four product categories, and it includes a wide and growing range of procedural training modules, sold as individual software subscriptions. At present, there are close to 50 procedures and around 600 virtual patient cases available.

VIST® G7 AND G7+

The high fidelity endovascular simulator for clinicians and medical professionals

The VIST® G7/G7+ is the flagship and the latest generation of endovascular simulators supporting all of Mentice's software training modules. Using HapticRealism™ technology to bring you unmatched force range and accuracy, we have created the optimal environment for proficiency-based training, patient-specific simulation, and objective skills assessment.

In its patented top configuration (VIST® G7+), the system allows for simultaneous manipulation of up to five devices in parallel for advanced interventional techniques such as bifurcation stenting, balloon assisted coiling, and buddy wires.

Combining the VIST® G7/G7+ with the VIST® Virtual Patient integrated with leading angio systems goes one step further in providing the most realistic simulation for interventional procedures on the market.

VIST® LAB

The VIST® Lab is a stationary simulation solution, combining realism, ergonomics, and ultimate flexibility. It is the optimal solution for centers where realistic workflow and team training are important.

VIST® Lab mimics the real cath lab environment, providing a full body mannequin (with left and right femoral, radial, and subclavian approaches), a 4K-UHD screen (fluoro, cine, and vitals), and an HD touch screen (controls).

Apart from being used in a stationary setup, the VIST® Lab can also be converted into one (or two) fully functional portable VIST® G7/G7+ systems.

VIST® VIRTUAL PATIENT

VIST® Virtual Patient offers seamless integration of the VIST® G7/G7+ with world-leading angiography systems to create a safe, immersive, and radiation-free simulation environment, based on real-life patient images and located right where physicians' work on a daily basis.

With the VIST® Virtual Patient, the real operating room can be turned into a procedure and medical device skill center to be used during idle time. It enables getting up to speed with a new X-ray system and its latest features, exploring new clinical techniques and procedures, or refining processes to improve outcomes.

VIST® TEE TRAINER

VIST® TEE Trainer is Mentice's portable ultrasound simulation solution, combining realism and ultimate flexibility. VIST® TEE Trainer is the optimal solution to acquire fundamental echocardiography skills through self-learning and under expert guidance.

Echocardiography is an essential part of novel and highly complex interventional procedures for structural heart disease and electrophysiology. VIST® TEE Trainer is designed to meet this increasing need for training with a cost-effective and mobile solution.

Based on real patients' anatomies, the solution offers the most sophisticated real-time ultrasound simulation in the market. Users can practice hands-on under expert guidance and test their TEE skills both in obtaining and interpreting views.

VIST® RADIATION SAFETY TRAINER

The VIST® Radiation Safety Trainer is a portable endovascular simulator combining hands-on training of radiation safety with basic angiography and intervention skills.

The Radiation Safety Trainer is a high-fidelity simulator platform providing hands-on radiation safety and endovascular training. The system is highly portable and consists of a haptic device, a dedicated control box and an external screen.

A large variety of peripheral and coronary angiography as well as coronary intervention cases provide training on catheter and wire manipulation skills as well as basic intervention skills. Creating dose awareness and learning to work according to ALARA (As Low As Reasonably Achievable) principles is achieved by live dose readings and dynamic heatmap visualizations for patient and operator doses.

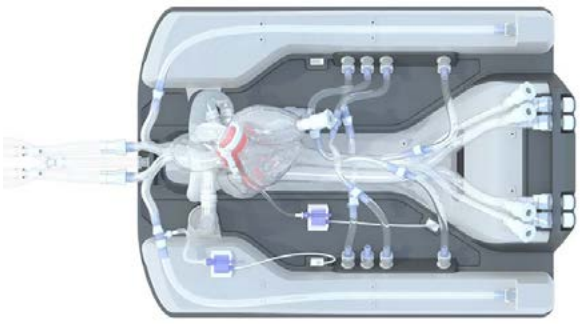
TRAINING MODULES AND PROCEDURES

A procedural training module is a software solution enabled by a Mentice simulation device. Different software modules and cases allow medical professionals to practice multiple complex procedures across a wide range of specialties. The main specialties that Mentice caters to are interventional cardiology, cardiac rhythm management, electrophysiology, interventional radiology, interventional neuroradiology and vascular surgery, practiced by hundreds of thousands of specialist physicians globally. Many of the procedures performed by these specialties are used to treat patients suffering from some of the world's most common and deadliest diseases, such as heart attacks, stroke, diabetes and cancer.

Some of these training modules are device-specific, which means they are tailored to the products of a specific medical device manufacturer, and some are standardized, meaning that they have more focus on procedural skills irrespective of which medical device is used. Mentice's training module portfolio represents the world's most comprehensive collection of endovascular procedures, with support for close to 50 endovascular procedures to date. The training modules are grouped into a number of distinct procedural areas, with each area containing a number of procedures normally performed by the same physicians. They include much of what the physicians will encounter on a daily basis in real life, from routine cases to very rare anatomies and challenging, unexpected complications that need to be mitigated.

FLOW SYSTEMS WITH UNSURPASSED DEVICE PERFORMANCE AND BEHAVIOR

Mentice's flow system technology provides a realistic physical environment for performing and testing interventional procedures, as they replicate device performance and behavior very similar to that of an actual clinical case. In addition, customized silicone vessels duplicating the actual anatomy and pathology of individual patients can be uniquely manufactured and used for procedural pre-planning or design of novel medical devices.

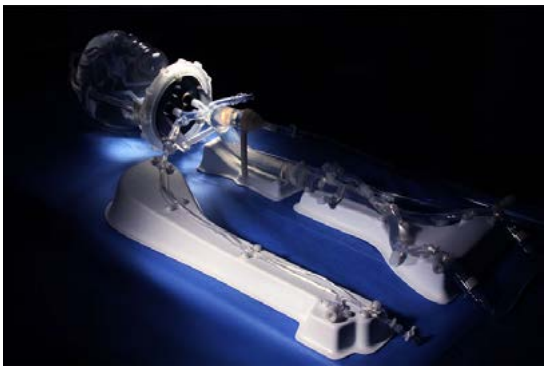


REPLICATOR PRO™

Replicator PRO™ is an advanced endovascular replication system that physically simulates valvular, vascular, and neuro-vascular disease states with matched physiological flows.

With flow powered by a realistically beating 3D heart, the entire model delivers a life-like hemodynamic performance across a broad range of blood pressures, heart rates, and cardiac outputs that can be manipulated via the Replicator app.

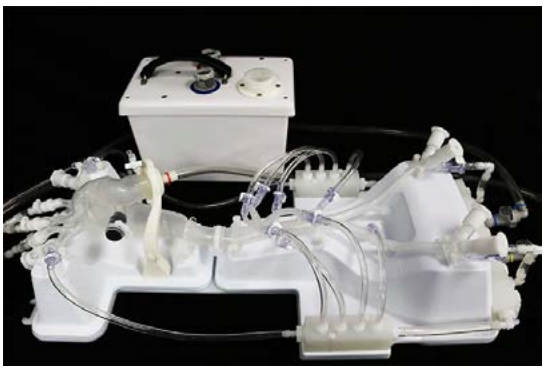
This yields a versatile patient model that is experienced with true tactile feedback when utilizing interventional devices.



SIM NEURO

Simplified for travel, fit for training – SiM Neuro is designed to easily simulate a variety of neurovascular disease states like aneurysms, ischemic strokes, AVMs, and more. While the system maintains an equally optimized tactile feedback delivered by Replicator PRO™, it is also simplified in its design to be more quickly accessible and convenient to operators.

With full system setup within 5-10 minutes, SiM Neuro ensures an easily repeatable and reliable resource for key training and demonstration events. Countless professionals have gathered critical data from SiM Neuro during replication while undergoing angiography. This data has proven impactful for making important decisions around device development and clinical trials.



SIM CORE

Simplified for travel, fit for training – SiM Core is designed to replicate aortic and thoracic pathologies for the replication of endovascular procedures. The system maintains an equally optimized tactile feedback delivered by Replicator PRO™, but it is simplified in its design to be more quickly accessible and convenient to operators with custom configurations for EVAR, TEVAR, and more.

INTERVIEW ON VASCULAR SIMULATIONS, MENTICE'S LARGEST ACQUISITION IN 2020

David Fiorella, MD PhD, Professor of Neurosurgery & Neuroradiology, Cerebrovascular, Director Stony Brook University, is one of the founders of Vascular Simulations, acquired by Mentice in 2020.

As one of the founders of Vascular Simulations, could you briefly explain the Vascular Simulations' replicator technology platform?

D: Sure. The Vascular Simulations platform is a fully built out model of a patient's blood vessels from the extremities all the way up through the aorta and into the brain. The blood vessels are connected to a mechanical beating heart with valves, controlled by an external computer. It provides a very realistic representation of any type of endovascular case or procedure that you might want to do. The environment is designed such that the operator should not really have any sense that they're performing an endovascular surgery on a replicator – the experience should perfectly reproduce the experience of performing the procedure on a patient. Therefore, this system has widespread applicability for preclinical device development, clinical research, and all levels of physician training and teaching, and all the way up to patient specific case rehearsal.

What were the problems that you wanted to solve with the replicator solution?

D: I've been involved in neuroendovascular therapeutics for over 20 years at this point. And when I entered the field there really weren't many opportunities for testing and developing devices or performing any type of endovascular research in a replicated environment. Most device development and training exclusively took place either in animal models, or in actual human patients where you were doing a procedure for the first time.

As for learning on humans, this has been the standard in medicine forever. It is something that started with the inception of surgical procedures, and it has just carried forward since then. In this day and age, that type of mentality has rightfully become increasingly unacceptable. Gradually, replicators and simulators have started to enter this process of development, teaching and training. As interventional medicine evolves, these replicated and virtual environments will be playing an exponentially greater role going forward.

Could you give some real-world examples of how the replicators has benefited your own patients' outcome?

D: There have been so many cases now where we've done replications that, it's hard to pick just specific examples, but recently, we had a case of a young child, who had developed four brain aneurysms. She had been seen at multiple institutions throughout the country for consultation, and many of them were recommending open surgery because they weren't confident her aneurysms could be treated with endovascular devices. Most of the places were recommending several procedures over months of time.

We were able to recreate this child's aneurysms on the neurovascular replicator, and treat them with newly available endovascular devices. We were able to try different devices and different configurations and sizes of devices, until we found the precise devices and treatment strategies, which worked optimally for this patient's aneurysms. This allowed us to significantly limit how much working time we needed during the actual procedure and greatly facilitated device selection during the procedure. This allowed us to successfully treat all four of the child's aneurysms in one single treatment session, which lasted a little over 45 minutes. This would not have been possible unless we had been able to rehearse the treatments for each aneurysm and rehearse different strategies prior to the actual treatment. Knowing with that level of precision exactly which devices and treatment approach will work best prior to performing the actual case is just a tremendous advantage.

Could you explain your line of thought when the first discussions between Mentice and Vascular Simulations started, considering the two approaches with "virtual" simulation and "physical" replication?

D: Vascular Simulations creates a physical working environment, where you are working in your own angio suite on your own imaging equipment, with the actual devices and the actual catheters that you use every day, through vessels with the tactile feel and behavior of actual vessels. We wanted to create a system where the experience of treating an aneurysm was in no way different than the experience of treating an aneurysm in an actual patient.

So having had this specific interest and having worked extensively on the replicator, creating and optimizing that physical environment, I have also gotten a tremendous amount of exposure to the virtual simulators that are available, and particularly the Mentice simulator.

Virtual simulators have some great advantages compared to physical replicator systems in some respects. They don't require radiation exposure, you're not using contrast or costly medical devices, there are no fluids or pumps involved. You can do as many repetitions and rehearsals as you like at no additional cost. These virtual simulators are optimal for learning the steps of a new procedure and creating compliance with a procedural protocol or technical approach -- which is critically important, say, if you're running a clinical research trial, or validating the competency of operators. Mentice has really taken this to the next level, by performing extensive research on physician competency, adherence to accepted technical standards and procedures, and in creating metrics whereby operators can be objectively evaluated as per their technique.

In many ways simulation in a virtual environment is completely complementary to replication in the actual physical environment. In the virtual environment, you are in a way constrained to what has been programmed by software engineers – the operator's experience is governed by the software. Once the basic steps and concepts of the procedure are understood by the operator, experience in the physical environment then extends this learning even further. For example understanding the detailed nuances of a technique, evaluating the tactile feel when deploying novel devices or trying out new techniques to overcome anatomical challenges. The physical replicator is really unparalleled for that.

So, the idea is that if you have the simulator and replicator in combination, that during the various stages in the life-cycle of a new medical device or procedure, each of them brings to the table its relative strengths, to enhance all phases of product development, clinical trial execution with optimized outcomes (particularly with respect to patient safety), and subsequent product roll out with physician training and finally maintenance of certification.

At the same time as early device prototyping is done on the replicator, you could have software engineers develop corresponding virtual simulation models, that benefit from the repetitions and the tactile feedback you get from working on the physical replicator. The information and data from the physical replicator used with a new medical device can then be translated into very lifelike, computer-based simulations, with all the advantages in repeatability and scalability that come from that.

And this goes on throughout the medical device lifecycle. Moving into clinical trials, you can use the virtual simulation to make sure the operators are all using that new device in the same way. For the first couple of real cases on humans that they do, replicating those would be an invaluable benefit to both the physicians and the patients. Once the new device is approved and ready for commercialization, then you already have all the tools in place that you need to roll it out on scale to the entire physician workforce in a safe and effective way.

For hospitals, the two technologies are likewise tremendously synergistic. Even for an advanced operator doing a new procedure, they go into the simulator, they learn the steps of the procedure, what devices to put, where to position the catheters, how to manipulate the devices and how to deploy them. They can do that 10-15-20 times very quickly, to know exactly how this procedure is going to work. Then, when they switch over to the physical environment in the replicator, they can just do one or two repetitions, since they've already been through all the steps of the technique, and actually deploy the real device across an anatomically and physiologically realistic lesion, and get a very, very hard-wired learning experience as to how to do the procedure.

Learning a procedure in this way is just so different from the way that I myself learned to operate, and very different from the way that medicine traditionally has been taught. It is definitely the future, both for medicine in general and for endovascular procedures in specific.

What do you think the future holds for patient-specific planning with simulation?

D: I think for anything complicated at all, cases that are only done by very experienced operators, it has tremendous potential advantages. People start demanding more and more of their healthcare, and as outcomes are more and more valued and looked at, this type of patient-specific simulation and replication is going to become something that's an absolutely critical part of medicine going forward.

If you're a large referral center, you get a lot of patients with extremely challenging anatomy and problems that other centers haven't been able to treat. So the ability to create patient-specific models and practice the treatment of that lesion beforehand is a significant advantage. Just knowing that you've already rehearsed this and run through it and that everything has gone exactly to plan in that safe environment, your confidence and efficiency working on the patient are just going to be so much better, as are, in all likelihood, your technical outcomes.

As we move into the future, rather than being something that is reserved for very specific cases, I see it as something that becomes commonplace in all of the major academic hospitals and all the high-volume hospitals in the United States. And that medical device companies would have these types of replicators, to use for the research and development of new devices where they would play a roll throughout the entire process from feasibility testing, to preclinical FDA data gathering, to clinical trial execution, to physician teaching and training and finally to maintenance of certification. This should allow us to bring novel and better medical devices to patients more efficiently and should allow these new devices and techniques to be introduced into the physician workforce in the safest and most efficient way possible.

The implementation of replication-simulation is truly a concept whose time has come in medicine. It represents the only comprehensive solution to lead the way going forward in this area. These are exciting times because we have the opportunity to fundamentally improve procedural medicine across the board in the near future.

PRECISION MEDICINE AND PROCEDURE PLANNING

Mentice introduced the concept of patient-specific simulation to the market already 15 years ago. The company has continued to develop the technology ever since, with commercial solutions currently available for neurovascular and vascular interventions. However, in the wake of access to drastically improved medical imaging, and recent advances within image analysis and machine learning, completely new possibilities are surfacing and Mentice is leading the way once again.

PRECISION MEDICINE

Mentice's platform for precision medicine is an approach for case preparation and treatment that takes the individual anatomical variability for each person into account. This will allow doctors to more accurately plan for real cases, predict which treatment strategies will work best for a particular person or group of people, and to prepare for different scenarios that may occur during the course of a procedure. It is in contrast to a one-size-fits-all approach, in which standardized treatment strategies are developed for the average person, with less consideration for the differences between individuals.

Although the term "precision medicine" is relatively new, the concept has been a part of interventional medicine for a long time. However, it is only recently that technology has become available to allow for precision medicine to take on an expanded role in day-to-day activities. Mentice has made significant investments into developing its patient-specific simulation capabilities over the last couple of years, and the company believes that this is an area that will see continued rapid expansion, driven by advances in AI-based diagnostics and decision support, as well as robotic surgery.

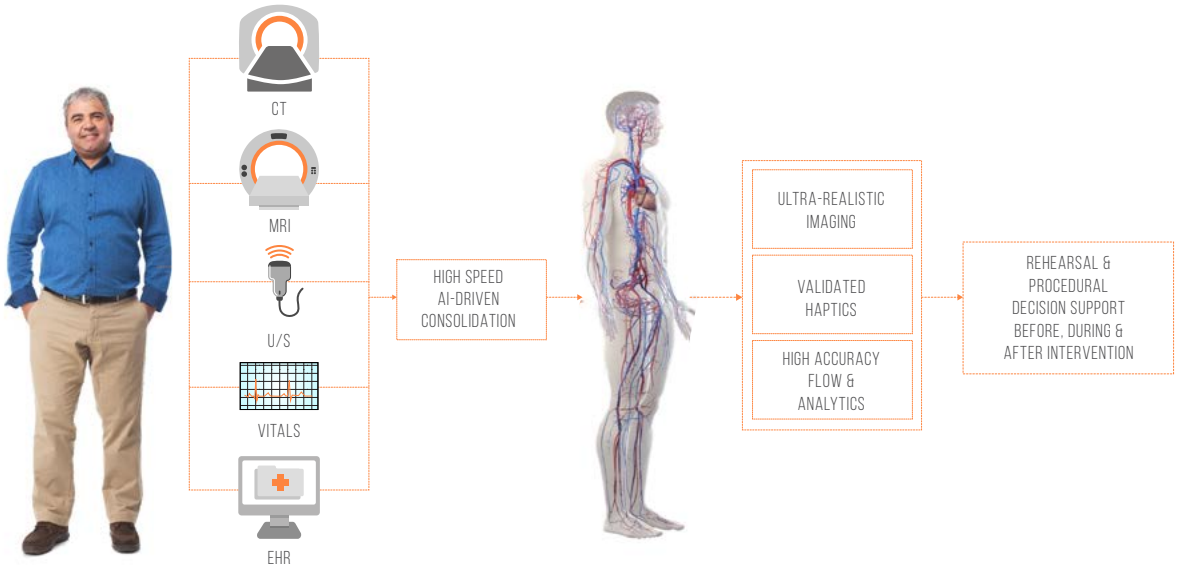
The ability to quickly create individualized virtual and physical simulation models will allow physicians to better understand the patient's anatomy and to evaluate treatment strategies, clinical device choices, optimal imaging angles and more before the real procedures. The collective information from many such cases can be used as an important tool by hospitals, healthcare systems and medical device manufacturers when evaluating for which patient population a certain technique or device is best suited.

MENTICE VASCULAR TWIN™

The concept around Mentice Vascular Twin™ is an ongoing development of a solution that will allow users to explore, test, and validate clinical procedures on a fully realistic, virtual or physical replica of the real patient. This concept will further help Mentice's clients improve their return of investment in the Mentice family of products. The intention is to maximize safety, quality, and outcome, while reducing the harm and cost of care for the actual patient to a greater extent.

The Mentice Vascular Twin™ concept is particularly helpful as a tool to perform a dry-run of a procedure that is about to be performed the same or the next day. This makes it possible to use as a tool for physicians and their clinical staff to discuss strategy and choice of clinical instruments before the treatment is actually performed. This patient-specific simulation creates an environment where the clinical team can have an interactive dialogue to prepare and customize a procedure to best fit the specific patient.

These solutions can also be used to import real patients to the simulator after the real case has been completed, for debriefing and education purposes. As an effect, this is expected to significantly accelerate the growth of the Mentice patient case library.

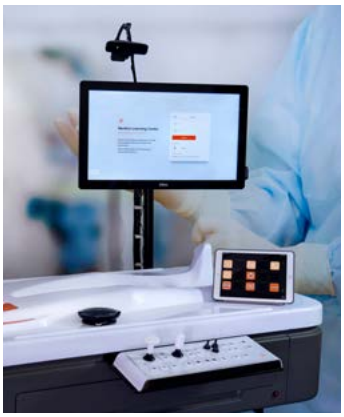


CLOUD-BASED SOFTWARE SOLUTIONS FOR REMOTE COLLABORATION, LOGGING REAL PATIENT CASES AND TRAINING ON THE GO

Training new learners as well as advancing skills of experienced physicians has become even more challenging in a pandemic-restricted world, both for hospitals and the medical device industry. Mentice has therefore introduced a range of solutions to make it possible for trainers and learners to easily work together in a flexible, online learning environment. Additionally, the Mentice® Live online platform will also serve to connect the company's full ecosystem of products into comprehensive training programs, following the learners all the way from their basic initial e-courses to the first real cases in the operating room.

MENTICE® LIVE

Currently, very little infrastructure exists to complement the traditional apprenticeship model typically used in hospitals with modern training methods that are safer and more efficient. Mentice® Live is Mentice's new online services platform, and it is the first to offer such a holistic approach to physician training and performance improvement. For the first time, educational and improvement programs can now provide comprehensive training from learning the basics, through safe and targeted hands-on exercises on simulators, all the way to the first real patients in the cathlab.



The Mentice® Live Learning Center allows users to build complete training curricula for institutions, nation-wide initiatives, professional societies and medical device companies, and furthers endovascular excellence across the field. It creates a complete training experience by integrating elements of hands-on simulation, online didactic e-learning, and in-person proctored cases. At the same time, learners are monitored to make sure that they are exhibiting a steady skill level progression, and that they are ready for the next step. In a nutshell, interventional training can now finally be done from A to Z.

Furthermore, the Mentice® Live Remote Connect add-on allows teletraining and teleproctoring capabilities to be added for one-on-one proctoring or large virtual classrooms, enabling users to connect to a Mentice learning experience from any device – anytime and anywhere.

MYIRLOG™

In 2020, Mentice enhanced its cloud and data analytics solutions portfolio, focusing on interventional specialists around the world, by acquiring all assets of the Jacksonville, Florida based medtech company Eqip, Inc. Eqip's flagship solution, MyIRlog™, is used by interventional radiologists across the United States for recording interventional procedure volumes and helping them establish critical credentialing requirements. In addition to recording and maintaining procedural volumes, MyIRlog™ also offers healthcare providers data monitoring services, providing insight into quality metrics and opportunities for improvement.

Mentice is currently working on expanding MyIRlog™ to support more interventional specialties and to integrate the service with the Mentice® Live infrastructure. This will enrich the company's endovascular performance solutions with the possibility to connect to actual case data, as well as to monitor the outcome of improvement programs in close to real-time.

MOBILE APPLICATIONS

The Mentice Right Heart Cath app is Mentice's first mobile solution aimed towards hospitals. It builds on a

broader mobile platform that the company is planning to use also for customization aimed at the medical device industry. Here, Mentice believes it will be able to provide a highly effective tool for sales organizations.

The mobile platform is highly valuable in creating interactive real-time exploration of anatomy and interventional procedures, using rendered 3D anatomy, fluoroscopy and other imaging modalities, and simplified on-screen catheter controls to simulate the cath lab environment.

Furthermore, all Mentice mobile apps can readily be connected to industry-specific device handles via Bluetooth or be combined with an ultra-portable VIST® Mini device in order to use real clinical devices while completing cases.

AR/VR APPLICATIONS

In line with its activities in the mobile space, Mentice is actively developing solutions for AR/VR. They will benefit from the advantages inherent in these platforms when it comes to visualization, user guidance and remote collaboration.

The company sees a clear path towards providing AR/VR applications that can assist in understanding complex 3D anatomy and how clinical devices interact with the anatomy in complex patient cases. In such scenarios, the AR/VR headsets can also interface with Mentice's VIST® simulators as an input device for controlling the clinical devices, providing a very realistic environment both in terms of visual and haptic acuity.

Mentice will launch the company's first AR/VR products in 2021.

MENTICE'S MARKET SEGMENTS AND CUSTOMERS

HEALTHCARE SYSTEMS

Mentice's segment for healthcare systems includes the company's efforts aimed at teaching and teaching entities in academic and university hospital settings, as well as its efforts aimed at healthcare entities. The latter is focused on solutions for continuous professional development, maintenance of skills and planning, rehearsal and physician guidance.

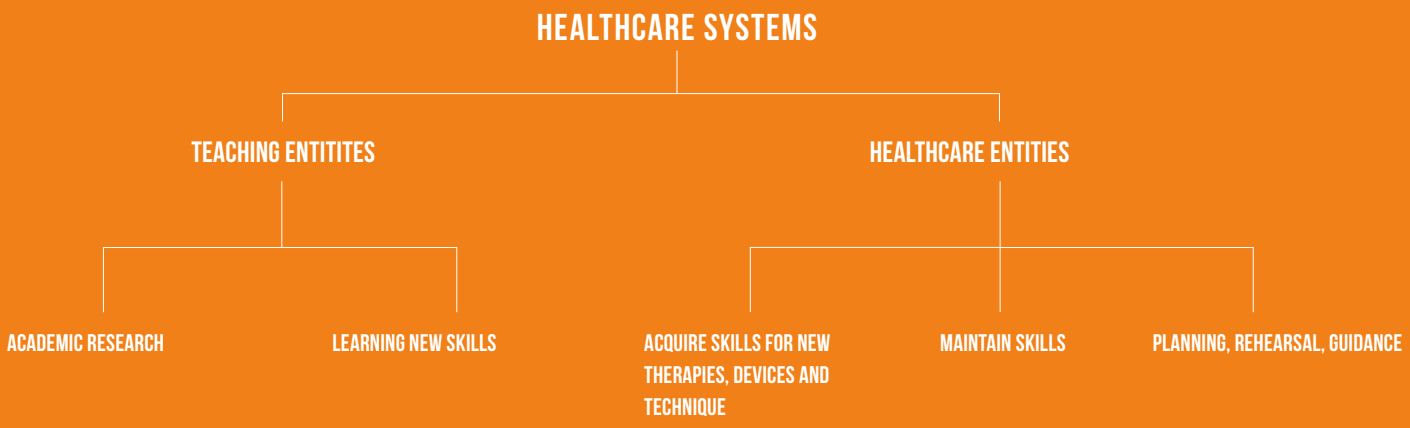
FROM BASIC TRAINING TO MASTERING LIFE-THREATENING STIUTAIONS

Teaching entities are primarily using Mentice's products in two areas: for educating, training, and accrediting medical students and post graduate junior physicians in speciality training, and in their academic research. The segment is currently dominated by academic institutions and university hospitals in Europe, the US, Japan and China, of which the addressable market in just Europe and the US is estimated to around 1,000 skills centers.

For medical students and personnel undergoing training program in their specialty, exploring multiple types of procedures and techniques under controlled yet realistic conditions are key when acquiring the practical skills needed. Simulators and software from Mentice, making it possible to run basic as well as advanced patient scenarios with added complications repeatedly, have a strong and natural fit in this environment to offset the need for training on patients.

RAISING THE BAR IN MEDICAL EXCELLENCE

While students need to learn how to perform procedures and improve their skillsets, it is of vital importance for experienced physicians to keep their hard-earned practical skills fresh and updated over time by continuously performing procedures. Published studies show that the case volume for a physician is a significant factor when it comes to the risk of patient complications. There are also substantial differences in complication rate based on the rated skill of the physician. By using Mentice's systems for training and accreditation, a teaching entity can make sure that their physicians are always performing at their best and that their patients are exposed to minimal complication risk. The rapid introduction of new image-guided therapies and techniques also increases the requirement for every practicing physician to continuously acquire new skills.



AN OBVIOUS PARTNER FOR LARGE HEALTHCARE ENTITIES

Aiming to become an obvious partner for large public and private healthcare entities is a natural progression for Mentice as the company is moving from training settings to also assist medical professionals when evaluating and planning for actual procedures. Additionally, Mentice is investing substantially in R&D project for robotic and AI-based guidance during the procedures.

AIMING FOR A MUCH MORE EFFICIENT HEALTHCARE SYSTEM

With simulators and software from Mentice, healthcare professionals can get a better understanding of every patient case and how to perform an optimal procedure. This is done by offering advanced imaging modalities and functionality as well as the opportunity to rehearse in an environment that are being loaded with patient-specific data. The physician can rehearse and warm-up on the upcoming procedure in a completely safe environment on the simulator minimizing the risk of errors when it is later performed on the actual patient. In addition to the obvious medical benefit for the patient when complications are avoided, Mentice's products could prove to be important tools when aiming for a much more efficient and less costly healthcare system. Intensive care, reoperations and hospitalization following complications are some of the most labor intensive and costly parts of today's healthcare systems. If these measures can be reduced by minimizing medical errors, hospital resource use per person can be reduced on a regional, national, and global scale. As our global population age, this is a growing issue that needs to be addressed all over the world.

CATH LAB INTEGRATION IS LEADING THE WAY

Mentice has identified integration of its products into cath labs (aka angio suites), required for to perform image-guided interventions aka endovascular procedures, as an optimal path to increase its presence in the healthcare systems segment. The global installed base of cath labs is approximately 40,000. In 2018, around 3,600 new cath labs were installed or replaced. We believe that every new or replaced cath lab eventually should be sold together with a Mentice system. To gain traction in the imaging segment, Mentice is collaborating with the world's leading cath lab providers: Siemens Healthineers and Philips Healthcare. In 2020, virtually every potential customer of an Artis Icono from Siemens Healthineers or an Azurion from Philips has been presented with the added benefits of including an integrated Mentice VIST system. You can read more about these strategic partnerships on page 31-33.

INTERVIEW WITH HEALTHCARE SYSTEMS KEY OPINION LEADER

Prof. Dr. med. Marcus Katoh, MBA, Chefarzt - Institut für Diagnostische und Interventionelle Radiologie, Helios Klinikum Krefeld and Helios Klinik Hüls, was recently appointed as the new chairman of the board of DeGIR – The German Society for Interventional Radiology.

First of all, congratulations on becoming the new chairman of the board of DeGIR. Could you describe what work DeGIR does?

M: Thank you. Yes, so DeGIR now has around 1,500 members and our aim is to provide them with information on new topics and new techniques, educational issues, and to try to help with quality improvement or documentation. For example, we have a national registry, where we try to collect all the information about interventional cases done in Germany. We also try to cover economic issues, such as coding. In short, we try to empower interventional radiologists in their daily work.

What trends are happening today in interventional radiology that you find exciting?

M: I mean, every day, we have something new in interventional radiology. But I think the most exciting thing right now, at least in Germany, is that intervention is getting a bigger role within the much larger specialty of radiology. So general radiology used to be only diagnostic, and now it is getting more and more therapeutic. And I think one of our most important tasks is to prepare these so-called modern radiologists, to also be able to do intervention. And for this reason, we need to educate them not only on techniques, but also on clinical skills and clinical issues, which are very important to take control of the whole procedure and patient outcome.

Share with us how you come in contact with Mentice's solutions in the first place?

M: So actually, it was by chance that I got introduced to the subject of simulation. I work in a hospital which belongs to the Helios group, this is Europe's biggest hospital group, and as part of the radiology team, we wrote an application for a simulator because we thought it would be good to have that kind of training possibility. I must admit that I was one of these people who said, well, is it really worth it to buy a machine like that? But then we when we got one, I had to change my mind completely.

I came to realize that in intervention as well as other areas of medicine, the way we do education is very old-style. So, you have a mentor or a teacher, and they basically stand together with you at the patient's side. And your mentor is just whispering to you to do this or do that. Yeah, so I mean, it's kind of scary, actually, that this is still the routine today, also in our own hospital to be honest. But not everyone is lucky enough to have a simulator in their hospital to train on.

So, the simulator was shared by the hospitals in the Helios group, and travelled to different hospitals for maybe two or three months at a time. But when it got to my hospital the first time, it was not really put to good use, because people didn't know how it should be used or what to do. I realized that we needed a kind of curriculum or program around it, to educate our physicians effectively. So we created a training program, and then the situation changed completely. The second time the simulator was in our hospital, we had a lot of physicians using it, also senior physicians, and taking part in very lively discussions which was extremely interesting to see.

You know, if you're an expert or a senior, most of them do a lot of their work alone. And after you have done this for several years, then you develop kind of your own style as a physician. But when two experts were sitting in front of the simulator, without a patient, then they had time to think about why they do what they do, and they get into a lot of interesting questions. Like, why do you use this device in this situation? Or why should you use this technique in this way? I mean, everybody obviously does some things differently, and I think this is a great environment to exchange experience and information. So I definitely believe that simulation, together with a good curriculum, is a crucial part of education in interventional radiology.

> "We have simulators at different sites for the hands-on part, and it's combined with a web conference so you can run presentations and show training materials. We are still in the beginning of this, but it looks very good. We were surprised at how nicely the exchange of information works using different camera views to show the face or the hands of the experts while they are working on the simulator.

I understand that DeGIR will be spending more time on simulation projects going forward. Could you expand on that?

M: Well, so when we started working with the Mentice simulator through DeGIR, we knew how highly developed these simulators were, and we saw the potential to use them for education. So first we developed and implemented a course, where you had an expert working on a simulator, and the work of the expert was projected on a big screen so all the participants could see what the expert was doing. In parallel, the trainees were sitting in front of their own simulators with the exact same case, able to do the same thing as expert did, step by step. This was a very good format of training. Our motto for this setup was "steal with your eyes", meaning that the students could "steal" the techniques of the experts by copying exactly what they were doing.

How crucial is the hands-on part in this, especially in view of the COVID situation?

M: It's hard to say, but I don't think that it will be enough to place catheters with the help of, say, an iPad or something. I think the tactile information and feedback is very, very important. Now, since COVID, we don't have any in-person workshops anymore, so we have extended the original simulation course further. We have simulators at different sites for the hands-on part, and it's combined with a web conference so you can run presentations and show training materials. We are still in the beginning of this, but it looks very good. We were surprised at how nicely the exchange of information works using different camera views to show the face or the hands of the experts while they are working on the simulator. And I think when you have your own simulator, and the possibility to implement a camera and a video conference, it will be possible to be at different sites and to do a course, where everyone follows what the other participants or the experts do.

I mean, the simulators are getting better and better, and the quality is getting better. So yeah, I think going forward this format could even be a real alternative to live cases on humans in a congress, for example, if you combine it with questions and an expert panel.

How do you predict that this technology will be used in, say, three years from now?

M: In my eyes, these kinds of tools are getting more and more handy. Maybe there's a little barrier still due to the cost, but I know they are also getting implemented directly together with the angiography units now so that is a great step. And I think there is great potential for any kind of certification and qualification of physicians, to allow us to do standardized examinations. For these reasons, the technology will be very important, and hopefully we can get there in the next three to five years.

MENTICE'S MARKETS SEGMENTS AND CUSTOMERS, CONT.

MEDICAL DEVICE INDUSTRY

The Medical Device Industry segment consists of global providers of products where Mentice's adaptable simulation solutions can be integrated to fit specific needs. The segment includes solutions for training, sales and marketing, research and clinical evaluation. This is currently Mentice's largest segment with 74% of the company's global net sales in 2020. Mentice's overall expansion strategy in this segment is to expand laterally to additional relevant divisions of the company's existing customers.

PROVEN AND ULTRAPORTABLE SOLUTIONS

In sales and marketing, Mentice's simulators, software and services are utilised to promote new medical devices and then to educate/train interventionalists on how to use them. Being able to practice several times before using new products on patients is a key factor to minimize the risk of complications during the crucial evaluation and implementation of a new therapy and or a new clinical device.

Mentice has met the increased demand for ultraportable solutions that can be used directly by the medical technology manufacturers' sales staff in the field by developing a number of portable solutions based on the VIST™ Mini technology. The company estimate that these systems can be sold in 4–6 times larger volumes than the VIST™ G7 as they can be used by sales personnel who normally make up for 10–20 percent of the customers total number of employees compared to only 3–5 percent in marketing and training.

MARKET-LEADING, MULTINATIONAL COMPANIES

A majority of Mentice's customers in medical device products and the medical device industry are companies with a multinational outreach. They are often 50-500 times the size of Mentice. For these companies, a structured training process is of great importance when conducting product launches as their central aim is to drive large-scale adaptation of their products without compromising on quality and safety.

Some examples of market-leading companies that have been loyal to Mentice for many years are Abbott, Medtronic, Stryker, Boston Scientific Corporation, Edwards Life Sciences, Johnson & Johnson and Terumo just to name a few of them.

RESEARCH AND DEVELOPMENT USE

Research and development use cases represent valuable applications of the company's technology, and some regulatory departments, such as the FDA, already recommend the use of simulation in their guidelines for evaluation of medical equipment during development and clinical testing. Typically, R&D represent between 10–15 percent of the budget of the company's customers while clinical trials, quality and regulatory issues make up for around 5–10 percent.

STRATEGIC ALLIANCES

INTEGRATING MENTICE'S SOLUTIONS IN LEADING CATH LAB SYSTEMS

With the increased global business activities in 2020, the unique integration of Mentice's VIST simulators in cath labs (operating room imaging equipment) from the leading suppliers Siemens Healthineers and Philips Healthcare has continued to grow and innovate the industry. Including the OEM integration with Laerdal, the world's premier general medical simulation company, Mentice continues to lead the market by providing virtual patients (simulators) and true value to its customers. Whilst considering the pandemic and limited access to real patient learning, Mentice's solutions have highlighted an even greater need than before to learn in a safe environment. The company looks forward to welcoming additional Strategic Alliances in 2021 by providing innovative solutions that ultimately support improved patient outcomes.

DEEPER INTEGRATION AND FURTHER ADOPTION

Mentice's solutions have further pushed the limits in several areas within the integrated offerings and the health systems directly. By providing the most advanced anatomical software applications and leading hardware solutions, the Strategic Alliances and joint customers have been able to reduce the learning curves on real patients by utilising Mentice VIST Virtual Patient. Based on its efficient technology for creating simulation modules from real patient data, Mentice provides the clinicians users with continued superior visualization of the patient's brain, heart, and circulatory system. From junior clinicians learning new procedures and equipment proficiency through to senior clinicians preparing for a high-risk procedure, the integrated Strategic Alliance solutions uniquely offer the clinicians the ability to be immersed into their daily practice, away from real patient harm.

COVID-19 UNDERLINES A CLEAR NEED TO TEST AND LEARN ON MENTICE VIRTUAL PATIENT

During 2020, the pandemic provided the greatest challenge of our generation as well as highlighting the need to be more digitally innovative. With Mentice's advanced virtual solutions, our customers were able to continue their development of new technologies and adoption of new devices and clinical procedures.

A key addition in 2020 was the joint activities with Corindus and their CorPath GRX Vascular Robotic system. This is a very exciting area where Mentice's solutions are being used to support Corindus market activities by increasing the need for learning on virtual patients.

While the pandemic limited several publicity events promoting the integrations, the field sales & marketing activities continued the successful global promotion. The Strategic Alliances added a number of high-profile customers with combined integration of the imaging equipment and Mentice's solutions. Clinicians have been using the integration to continue their trainee's learning journey and for learning acute scenarios in crisis situations.

Mentice attended several events in early 2020, leading to the successful start-up of collaborative agreements in Toronto, Canada and Houston, USA. This strategic reference site focus will continue to develop in 2021.

Mentice's partnership with Laerdal, the world's largest general medical simulation company, continued to develop with a growing need for immersive team training scenarios with a special focus on acute cases and Covid-related learnings. The Norwegian National Stroke project reducing treatment times, US Military Trauma training and Heart Attack team training projects continued to gain traction in their respective areas. All activities continue to further promote the benefits and need for immersive team training.

2020 HIGHLIGHTED A NEED FOR FLEXIBLE VIRTUAL SOLUTIONS, CONTINUED GROWTH EXPECTED IN 2021

Mentice continued to grow its business together with its strategic partners in 2020 based on the launch of Siemens ARTIS icono, Corindus Robotics activities and combined promotions of Mentice solutions throughout the global market. The greatest clinical focus has been seen in the Neuro Radiology departments, showing a strong development in the latter part of the year with a cardiology focus and increased utilisation.

Additionally, Siemens was the first of Mentice's customers to develop a cloud-based learning tool for implementation and adoption of a Siemens diagnostic solution. Market launch for this project is expected in Q2 2021.

The global integration focus of being a daily part of the clinical practice remains a key priority for Mentice, and with the recent organisational investments, Mentice has seen a positive trend moving into 2021. Mentice is confident in being able to deliver increased growth from its strategic partnerships going forward.

INTERVIEW WITH STRATEGIC ALLIANCE PARTNER

Kashif Ikram, MSc. MA. MBA. is the Head of Corindus Vascular Robotics EMEA, a Siemens Healthcare GmbH company and one of Mentice's Strategic Alliance partners.

Can you explain to the readers what Corindus does?

K: Corindus is a Siemens Healthineers Company and global technology leader in robotic-assisted vascular interventions headquartered outside of Boston, Massachusetts. Our CorPath® platform is currently the only FDA-cleared and CE marked robotic system for endovascular coronary and peripheral vascular interventions. It helps physicians to precisely control guide catheters, guidewires, balloon and stent implants under image guidance.

In the same way the commercial airline industry introduced technology to airplanes that made them safer to fly, medicine is transitioning from a predominantly manual model of care to one that integrates technology such as robotics, data-powered artificial intelligence, and computer vision to enhance the overall quality of care and drive appropriate levels of standardization for complex conditions.

What are the main benefits of robotic-assisted intervention?

K: Robotic-assisted intervention benefits both the patient and physician by making procedures more precise and efficient, and by limiting radiation exposure. Significant radiation reduction for patients and 95% radiation reduction for physicians has been observed with the implementation of the CorPath GRX System. Studies of CorPath® have shown a 99.1% clinical success in complex cases and a reduction in stent usage by 8.3%.[1,2]

In addition, incorporating automation into robotic-assisted procedures has shown early signs of helping to reduce procedure time associated with wire and device manipulation. Our recently released technIQ™ Smart Procedural Automation is a set of automated robotic movements designed for the CorPath® GRX System. The automations replicate the manual techniques of highly skilled interventionalists to provide predictable and consistent movements that aid in advanced navigation, lesion crossing, and device manipulation during complex coronary and peripheral interventional procedures.

Also, robotically-enabled remote procedures have the potential to transform how we deliver care when treating some of the most time-sensitive illnesses. By working toward combining automation with remote robotics, we can potentially expand access to high-level care for emergent conditions such as heart attack and stroke, regardless of the patient's location. The feasibility of this on the CorPath® technology platform has been demonstrated in early studies.[3,4]

Imagine a "hub-and-spoke" model, where a physician at a comprehensive "hub" location can operate a robot at the smaller "spoke" location where the patient presented because it was closer to them. Delivering faster care could make a huge difference in the quality of life for that patient.

Do you think adoption of robotics within the interventional specialities will be faster than it has been for surgery, considering intervention is in some ways more suited to automation?

K: I think there is as an opportunity for us to expedite technology adoption in many areas of medicine. Any medical robotics company will tell you that producing and then certifying medical and surgical robotic technology is not simple, and rightly so. Corindus was started in 2002 and over the last 19 years more than 100 of our systems have been installed around the world with nearly 10,000 cases performed.

There is a supply and demand issue in medicine – aging baby boomers are creating more demand for specialized care, such as interventional cardiology, and an increasing number of cardiologists are approaching retirement age. Robotics will help to alleviate that strain on specialized care by increasing patient capacity for individual physicians. The adoption cycles of advanced technology do become shorter and shorter as various technologies establish themselves in our day-to-day environment and the hospitals are very much an important part of our ecosystem.

> "The Mentice simulator is a simple-to-use and intuitive device that enables you to experience in real-time a simulated interventional procedure. The trainee experiences a totally immersive and realistic experience of the procedure they are learning or the device they are testing. It is reproducible and can be used multiple times, providing advantages over alternative models such as animals or replicas.

What was your reason for starting to use Mentice simulators, and how are you using them today?

K: The Mentice simulator is a simple-to-use and intuitive device that enables you to experience in real-time a simulated interventional procedure. The trainee experiences a totally immersive and realistic experience of the procedure they are learning or the device they are testing. It is reproducible and can be used multiple times, providing advantages over alternative models such as animals or replicas.

We use Mentice simulators to explain the abilities of the Corindus CorPath® GRX to physicians. In that setting, they are used to demonstrate and practice a variety of standard interventional cardiology and peripheral vascular intervention (PVI) procedures. These procedures are minimally invasive and of significant benefit to society.

Since the simulators are portable, we have recently started to take them with us on the road, enabling us to demonstrate efficiently to many physicians in a short span of time. We have also used the simulators for R&D purposes, such as when testing prototypes for performing remote procedures. Just as in the aviation industry, the virtual environment is an apt place to explore a new procedure, a new device or simply sharpen and maintain your skills.

You mentioned use of simulation for R&D and device testing. Are there also other areas where you could see valuable use cases?

K: I think I can best answer that by discussing what we observe in other industries that use simulation. We see it with pilots, firefighter and other emergency workers, sports, also in various commercial businesses. It all boils down to ensuring we are prepared; people are onboarded, we have rehearsed well, and enhance standardization of best practices. Rare complications can be explored, and sub optimal methods eliminated. Gold standard treatments can be repeatedly practiced until they become second nature.[1,2]

I very much like the idea of replicating a rare or complex patient condition through simulation or a 3D printed model. Any learning pathway would be enhanced by including simulation, as well as 3D printed models and advanced flow models.[3,4]

Last question – Will we ever get to fully automated systems like the "MedPod 720i" in the Ridley Scott movie Prometheus from 2012, and how long will it take in that case?

K: While fully automated systems such as MedPod 720i or even the Emergency Holographic Doctor on Star Trek are fun to see, it is important to remember that these are not in the foreseeable future. Specialized physicians will always be in the forefront of medical practice and in control of all decision making. Robots are tools which will support and enhance. Therefore, the need for physicians to be able to learn and develop their skills will continue to be paramount.

References:

1 Harrison, et al., 2017, Robotically-assisted percutaneous coronary intervention: Reasons for partial manual assistance or manual conversion.

2 Campbell, et al., 2015, The impact of precise robotic lesion length measurement on stent length selection: ramifications for stent savings.

3 Patel, et al., 2019, Long Distance Tele-Robotic-Assisted Percutaneous Coronary Intervention: A Report of First-in-Human Experience.

4 Madder, et al., 2020, Network latency and long-distance robotic telestenting: Exploring the potential impact of network delays on telestenting performance.

INTELLECTUAL PROPERTY RIGHTS AND OTHER FORMS OF PROTECTION

Mentice holds 54 individual patents protecting both system and software in 24 different patent families.
Most patents last for more than 10 years. Some of the most recently added patents are presented below.

SYSTEMS AND METHODS FOR ROUTING A VESSEL LINE SUCH AS A CATHETER WITHIN A VESSEL

A method for choosing the best catheter and path to reach a particular point in a patient blood vessel anatomy.

SYSTEMS AND METHODS FOR ENDOVASCULAR FLUID INJECTION SIMULATIONS

A system for realistically simulating the haptic effects of fluid injections (such as for example contrast) in an endovascular training environment. This patent was allowed in January 2021, and will be issued in April 2021.

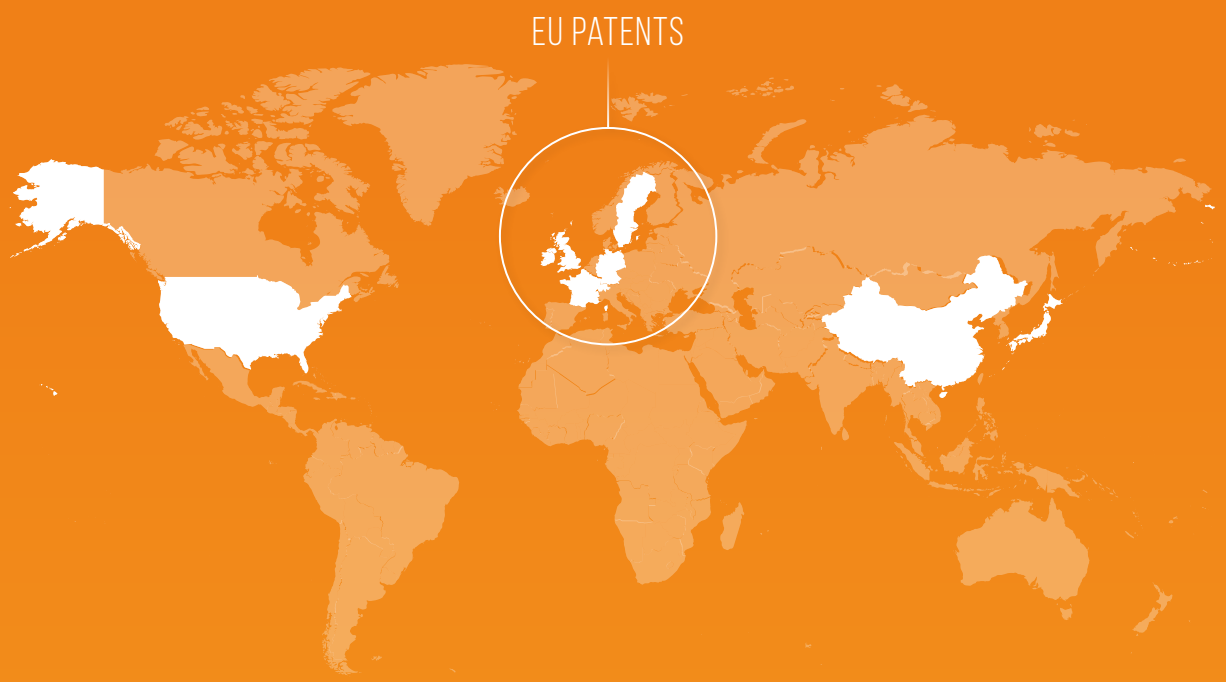
CARDIAC SIMULATION DEVICE

Describing a cardiovasculature simulator system suitable for training, evaluation of, and testing medical devices.

PENDING PATENT APPLICATIONS

In addition to its granted patents, Mentice has several pending patent applications, such as new method for catheter selection, objective and systematic assessment of skills, and enhanced cardiac simulation devices.

SUMMARY OF MENTICE'S PATENT PORTFOLIO



United States	15 Reg./4 Pending	2021–2036
European Patent	7 Reg./2 Pending	2022–2026
China	4 Reg./1 Pending	2025
Japan	3 Reg./2 Pending	2022–2034
Sweden	3 Reg.	2022

Germany	5 Reg.	2022–2025
Switzerland	7 Reg.	2020–2025
United Kingdom	3 Reg.	2022–2025
France	3 Reg.	2022–2025
PCT	2 Reg./2 Pending	2034

SUSTAINABILITY

As a leader in the field of endovascular simulators and solutions used to prevent treatment errors, sustainability topics is on the top of our mind on a global basis, both strategically and in our day-to-day activities. With business operations in more than 150 countries, of which some are classified as high-risk countries from an environmental, human rights or corruption perspective, we work hard to ensure that we pursue our business with focus on respect, responsibility and care.

Mentice Code of Conduct is a world-wide policy that sets the standards on how we conduct business, ethically and in compliance with applicable laws and regulations. It applies to all employees and everyone that works on our behalf, and it outlines Mentice's expectations of business partners and what our stakeholders can expect from us.

In 2020, the global pandemic presented us with challenges unprecedented to the world. Through collaboration and close relations with suppliers and business partners, we were able to support our customers as well as our employees and consultants through the different stages of the crisis. We have shown ability to adapt our business and cost flexibility, but also build and deliver new solutions and processes with quality throughout the organisation. Our ISO 9001 certification has given us the opportunity to drive sustainability and performance, revolving around environment, resources and people in a new way of working.

ENVIRONMENT

Mentice's environmental work is carried out within the frame of our business operations and sphere of influence, where the environmental work shall contribute to a sustainable society, creating continuous improvement, prevent pollution and achieve sustainable profitability and a positive brand.

We encourage and support initiatives taken by our suppliers to promote sustainability and follow up in order to ensure compliance with our environmental demands.

Mentice takes environmental issues seriously and strive to reduce emissions to air, ground and water. Mentice also strives to minimize the use of resources in production and aim for continuous environmental improvements. Mentice expects its suppliers to do the same.

Mentice expects each supplier to follow the national laws and regulations of the country in which the supplier operates. In addition to national environmental laws and regulations, the supplier shall comply with Mentice's environmental requirements.

Mentice's environmental requirements applies for all suppliers and factories involved in all processes in the production chain of Mentice's products. Each supplier is responsible for informing and controlling that its subcontractors follow the requirements.

SOCIAL RESPONSIBILITY

Mentice works today with the future in mind. We do not only take responsibility for our products, through our long-term CSR (Corporate Social Responsibility) work, we also act to bring about good working conditions, a sustainable environment, good ethics and uphold human rights.

Mentice therefore commits to:
The Rights of Labour, including representation, working hours and conditions; occupational safety, comparative and equitable rates of pay and terms of employment and respect for diversity.

The Rule of Law in business practices, including corporate governance; accountancy standards; transparency and avoidance of conflicts of interest; respect for contract; free competition; condemnation of business malpractice, malfeasance, bribery and monopolistic behaviour; respect for, and protection of, trade secrets, confidential data and R&D content; a responsible approach to intellectual and intangible property rights in generation, use and protection at law.

Mentice works actively to improve the situation in healthcare sector, where high workloads and outdated working methods are often a cause of burnout and insufficient quality of the delivered healthcare. We are convinced that a better structure for training and continuous improvement, including an open dialogue on improvement, will radically improve the working environment as well as quality and results.

As an example of Mentice's social commitment, we have entered into a collaboration with RAD-AID (www.rad-aid.org) where we provide the organization with simulation equipment and training so that RAD-AID can offer competence development to the world's resource-exposed areas. More information about this collaboration can be found on page 36-37.

A Nonprofit Public Service
RAD-AID.org
Radiology serving the world

MENTICE'S CODE OF CONDUCT

Mentice's Code of Conduct enables everyone within the company to uphold the highest ethical standards in all situations, and across all Mentice´s locations. The Code of Conduct provides direction on how to navigate challenges in the day-to-day work. It also guides everyone to make the best decisions when clear and easy answers may not be readily available. Mentice's Code of Conduct sets the framework for what Mentice demands on management, staff, consultants, advisors and suppliers.

All companies wholly owned by Mentice are bound equally by the Code of Conduct.

All of Mentice's suppliers and other business partners are expected to adhere to similar standards to those reflected in the Code of Conduct. Compliance with such standards is a prime factor when selecting our business partners.

HEALTH, WELLBEING AND SAFETY

The health, safety and wellbeing of employees, consultants and business partners is always the first priority at Mentice. Mentice's Policy on Work Environment gives direction on how health and wellbeing shall be handled within the company. The year 2020 was marked by Covid-19, and as a result demand and business activity levels were impacted. Mentice's primary focus has been to ensure the health, safety and well-being of all our employees and consultants also through the pandemic. Mentice took action across operating countries and at all levels. Activities, communication, training campaigns and guidelines were quickly in place to adapt the business and workplaces to secure our employees and business partners.

Awareness and focus on safety and health has also resulted in our long-term focus on having a zero vision for work-related accidents and illness. To achieve this, Mentice has worked actively through strong and competent leadership, clear KPI's, with processes and guidelines connected to these issues implemented. Supported by the human resource department, external expertise and competitive health benefit insurances, 2020 has been a year with focus on communication, participation and proactive activities to provide a healthy, safe and creative environment and corporate culture for everyone.

EQUAL OPPORTUNITIES AND DIVERSITY

Mentice takes pride in having a diverse workforce, and our aspiration is to help everyone reach their full potential. We recruit, select, evaluate and promote employees and applicants based on objective criteria without regard to gender, marital or parental status, ethnic or national origin, sexual orientation, religious belief, political affiliation, age, disability or other categories protected by law.

At Mentice, we believe that diversity drives performance by enriching creativity, encouraging innovation and improving business success. The responsibility for promoting diversity belongs to each part of the organization, especially our leaders. To be successful, the work includes a wide range of diversity aspects, such as culture, generations, background and gender. This work is facilitated and supported by Mentice's human resource department in all countries where Mentice have employees or consultants. One of our overall aims is that management and workforce shall reasonably reflect the diversity of the regions and businesses of the Mentice group.

EMPLOYMENT

Mentice's employees are our most valuable asset, and to provide safe and engaging workplaces where people can grow is an essential focus area for the company. The strategy is to invest in people, to grow talent, and to create an inclusive and people centric culture where everyone is encouraged to contribute and grow.

Individual and organizational learning is essential for Mentice and for our employees. Continuous learning and development learning helps Mentice to perform current business operations and to transform for the future. From the employees' perspective, learning is also an integral part of participation, development and growth. At Mentice, we drive learning and competency development via our own corporate plans as well as through external providers and experts. To create the best learning experience, a wide variety of formats are used such as online, on-site, face-to-face or virtual classroom training as well as webinars. This work is followed up through our performance reviews, skill Matrices and KPI's.

HUMAN RIGHTS

Mentice is committed to support and respecting human rights. We continue to strengthen and align our human rights work with the following international frameworks that we recognize and support: UN Guiding Principles on Business and Human Rights. This framework provides support and guidance in contexts with elevated human rights risks and where local regulations are sometimes insufficient or inadequately enforced.

In 2020, we initiated work to formalize and strengthen our human rights plans through our updated Code of Conduct policy and our work with ISO 9001 certification. With Code of Conduct as our guiding document, and support by Mentice's human resource department, we set and communicate our expectations on mutual respect, non-discrimination, safe and healthy workplaces, freedom of association and collective bargaining, working hours and compensation and zero tolerance for all forms of modern slavery and child labor. We consider these to currently be the most relevant human rights issues for Mentice and continue to identify any other issues that may become relevant in close cooperation with our partners and suppliers.

RESPONSIBLE SALES

Mentice believes that through our Code of Conduct, the onboarding process, sales training and continuous dialog within the company we succeed to ensure that our business is conducted in compliance with applicable laws and regulations, including sanctions and export control regimes. In 2020, we continued our work to improve the methodology and scope around our sales processes through our Quality management system (QMS). We perform assessments with the aim to identify sustainability risks and address concerns or identified risks within group functions and management teams. In our assessments, we consider country risk levels, customer segments, end-users and potential end-use of our products. While Mentice will always compete vigorously for business, we do so fairly and in compliance with competition laws.

SUSTAINABILITY, CONT.

MENTICE AND RAD-AID PROVIDE SIMULATION SYSTEMS AND RADIOLOGY TRAINING IN RESOURCE-EXPOSED AREAS

Mentice collaborates with the international non-profit organization RAD-AID (www.rad-aid.org) in an effort to provide simulation equipment and clinical training to the world's resource-exposed areas. Today, RAD-AID has active operations in 38 countries, 85 hospitals and more than 10,000 volunteers in 100 countries.

STRONG NEED TO IMPROVE THE ACCESS TO IMAGE-GUIDED RADIOLOGY IN UNDERSERVED REGIONS

There is a substantial need for improved access to image-guided radiology (IR) in many parts of the world. In fact, the WHO estimates that over half of the world's population or 4-5 billion people do not have access to radiology.[1] RAD-AID was founded to improve on this underwhelming fact. With people in more than 100 countries now being a part of the organization, the total number of RAD-AID volunteers has grown from 270 in 2010 to 13,755 in 2020. The strong global commitment to the important cause behind these numbers is certainly encouraging for the future.

By providing its advanced simulation systems to RAD-AID, while also assisting in training projects and symposiums to improve the clinical skill sets of healthcare professionals in underserved regions, Mentice has become an important partner for the organization. Both parties see this collaboration as a long-term commitment on the journey towards the vision of equal access to radiology for all people regardless of where they live.

1) WHO compendium of innovative health technologies for low-resource settings 2016-17. Geneva: World Health Organization; 2018. License: CC BY-NC-SA 3.0 IGO

RAD-AID AND MENTICE'S INTEGRATED IR STRATEGY

1. GLOBAL RAD-AID IR CURRICULUM
2. ENDOVASCULAR SIMULATOR
3. IR WEBINARS/SYMPOSIUMS & VIRTUAL REALITY PROCEDURE DEMONSTRATIONS
4. ON-SITE, CASE-BASED TEACHING

> "We are very thankful for Mentice supporting our mission to improve and optimize access to medical imaging and radiology in low resource regions of the world and helping increase radiology's contribution to global public health and patient care. It has been great collaborating with the Mentice team.
>
> **Daniel Mollura, MD, RAD-AID's President and CEO**

STRONG PROGRESS IN 2019-2020, AND AN EXCITING COLLABORATION PLAN FOR 2021

In 2019 and 2020, the collaboration achieved strong progress with many projects successfully completed. One of the highlights in 2020 was the initiation of a new fellowship at University of Nairobi, with the first two fellows enrolled in October 2020. The fellowship includes didactic-, simulator- and case-based teaching.

Progress made in 2019-2020:

- Annual symposium & simulation session (March 2019), Da Nang Vietnam
- Annual symposium & simulation session (July 2019), Nairobi, Kenya
- Hands on simulation session on UAE (July 2019) in Tanzania
- Initiated Kenya IR fellowship with Kenya Association of Radiologists (KAR); venous stenting simulation session 2020 (remote due to COVID); sponsored by University of Nairobi, Kenya
- Kenya IR Fellowship Simulation session #1 TACE (remote due to COVID) at University of Nairobi
- Kenya IR Fellowship Simulation session #2 UAE (remote due to COVID) at University of Nairobi
- Guyana IR prep course with simulation session (remote due to COVID) at Georgetown Public hospital in Georgetown, Guyana

RAD-AID and Mentice's plan for 2021:

- Guyana IR prep course with simulation session #2 (remote due to COVID Q1 2021)
- Annual symposium with simulation session (Q2-3 2021) – Da Nang, Vietnam
- Annual symposium with simulation session (Q3-4 2021) – Nairobi, Kenya
- Kenya IR Fellowship Simulation session #3 Pelvic embolization (possibly remote Q1-2 2021)
- Kenya IR Fellowship Simulation session #4 Prostatic Artery Embolization (possibly remote Q3-4 2021)

RAD-AID AND MENTICE'S DEVELOPMENT PROPOSAL TO OTHER HEALTHCARE DEVICE PROVIDERS

To further improve the set of tools and modules available to RAD-AID and all people befitting from its collaboration with Mentice, the parties have put forward a two-fold proposal to healthcare device partners interesting in joining the collaboration:

- Enable RAD-AID access to developed modules through Mentice's platform to broaden the global IR education outreach
- Initiate co-branded innovation of educational modules for low-resource IR institutions at RAD-AID sites

In addition to the obvious benefits within the RAD-AID program, the healthcare device partners joining this effort would be able to benefit from increased visibility in the targeted regions, enable a broader adoption of IR procedures and devices, improve their visibility among public healthcare entities and facilitate the creation of new modules with a global market potential.

MARKET OVERVIEW

THE GLOBAL SIMULATION MARKET

The total global medical simulation industry is predicted to grow with a compounded annual growth rate (CAGR) of 15 percent between 2017 and 2022, surpassing USD 2.5 billion per year at the end of this period.[1] Mentice's addressable market is however smaller. The company assesses that approximately 2,000 endovascular simulation systems have been installed, of which more than half are Mentice's systems. However, the company presumes that the addressable market is larger and will grow rapidly. This assessment is backed by the trend that procedures that are now performed with open surgery are expected to be performed by endovascular interventions in the future. Additionally, the company predicts that the healthcare sector will act to resolve the current flaws within patient safety and treatment quality.

MENTICE'S TOTAL ADDRESSABLE MARKET

The total addressable market for the company is expected to grow to USD 1.75 billion per year in the next 5 years. This market comprises not only simulation-based tools, but all performance enhancing solutions that can be used during endovascular procedures. It also includes an expansion outside the endovascular segment as well as the market for 3D segmentation. Based on the company's market assessment, the adressable market is divided as follows: Medical Device Industry: 0.5 billion USD, Healthcare Systems: 0.9 billion USD and 3D Segmentation: 0.3 billion USD. Se page 14 for information on how Mentice is establishing the company on this larger market (also referred to as Phase III).

THE ENDOVASCULAR SIMULATION MARKET

The endovascular simulation market that is addressed by Mentice can be broken out in two main segments: Medical Device Industry and Healthcare Systems. More information on these segments can be found in this report from page 24. In addition, the 3D segmentation market constitutes additional market potential for the company.

3D SEGMENTATION

An important step in creating a simulated endovascular procedure is to convert computer tomography data (sets of 2D images) of a patient into a virtual patient's 3D anatomy. The traditional way of doing so is to perform a manual 3D segmentation process to obtain the blood vessel tree, a process which is relatively slow. Mentice is developing and offering an alternative method to go straight from computer tomography data to simulation and obtain the segmented data simultaneously in a more automated way. This opens new markets outside of simulation, such as medical image processing. In 2017, the total market for medical imaging analysis software was USD 2.6 billion,[4] while the company assesses the addressable market for its specific target group should amount to USD 260–455 million.

BARRIERS TO ENTRY

Medical simulation is characterized by high barriers to entry due to the required level of technological expertise, necessary validation, and industry acceptance coupled with deep understanding of how to link clinical data for a procedure/treatment to relevant simulation solutions. However, Mentice believes that it has successfully entered the market by checking off the boxes necessary to become a market leader. Important factors include medical validation, technology, leverageable IP, and a strong and loyal established customer base.

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1) Marketsandmarkets – Healthcare/Medical Simulation Market worth 2,575.4 Million USD by 2022, 2018.

2) The company's assessment based on that SSIH specifies that there are 490 simulation centers in the US (May 2019), and that the Bristol Medical Simulation Center indicates that there are about 300 simulation centers in Europe.

3) The company's assessment based on industry knowledge and dialogues with customers, and suppliers. The figure of 3,600 cath labs replaced or newly installed is from the report "IHS MARKIT ® Interventional X-ray Equipment Report, 2018".

4) Grand View Research, Medical Image Analysis Software Market by Type (Standalone), Images (2D, 3D, 4D), Modality (CT, MRI, PET, Ultra-sound), Application (Orthopedic, Dental, Oncology, Nephrology), End User (Hospital, Diagnostic Centre, Research) – Global Forecasts to 2022, 2017.

"The total global medical simulation industry is predicted to grow with a compounded annual growth rate (CAGR) of 15 percent between 2017 and 2022 surpassing USD 2.5 billion per year at the end of this period.

15%

MENTICE'S DEVELOPMENT FOCUS IN 2021 AND BEYOND

IMPROVE WORLD LEADING CORE SIMULATION AND REPLICATION FUNCTIONALITY

Our core technology is continuously being developed, and it is critical that we continue to move the frontier for what is possible for our customers and their ultimate client, the patient. The Mentice technology for both physical and virtual simulation is on track to support high-end immersive setups all the way to mobile and ultramobile solutions, software-only and online solutions.

Status: continuously ongoing, where the next phase is to integrate physical and virtual simulation to provide solutions for medical device lifecycles, from device concept to safe clinical implementation in volume.

DEEP INTEGRATION WITH IMAGING PROCESS OF ANGIO SUITES

Our current level of integration with operating room imaging equipment provide unique and highly relevant functionality to support health professionals and ultimately improve patient experience and outcome. We are now heading into the next phase of integration with these partners to further innovate the impact of our alliances.

Status: Stage 1 integration implemented, and Stage 2 initiated.

DATA AND DATA ANALYTICS COMBINING SIMULATED AND ACTUAL PROCEDURAL CASES

During 2020, Mentice launched its cloud-based learning environment allowing for online and remote coordination of training content, training results and benchmarking of the users skillsets. Mentice also acquired the MyIRlog environment, which offers solutions for physicians to combine and track training data as well as data from real procedures.

Status: First phase for cloud environment has been introduced. The next phase is to expand MyIrlog to other specialties and to expand the amount of content in Mentice Live.

DEEP AND LEADING PROCEDURAL SUPPORT FOR INNOVATIVE EXISTING AND NEW HIGH-END THERAPIES

During the last 5-7 years, Mentice has systematically invested in new procedural modalities. Procedures that imply high risk and high cost to hospitals have been specifically targeted. Such clinical areas include structural heart interventions with solutions for aorta, mitral and tricuspid valve replacement, and repair. This field also includes therapies such as Left Atrial Appendage Closure (LAA). Mentice will continue to approach new therapy areas where we see significant opportunities for simulation to provide a clear value to our clients, resulting in both clinical and financial return.

Status: Mentice is continuously evaluating new clinical areas and techniques, and their relevant sets of solutions.

PRECISION MEDICINE CAPABILITY TO PROVIDE PHYSICIAN GUIDANCE

Individual patient specific solutions that are used for rehearsal, planning and warm-up are very important parts of our current activities, and also for the future within both virtual and physical simulation. Additionally, a key growth area is software only patient specific rehearsal solutions that provide physician guidance for the selection of devices, sizing of the instruments and for complications management.

Status: Mentice provides patient specific solutions for certain procedures such as EVAR, TEVAR, Aneurysm treatment and Mechanical Thrombectomy and valve repair and replacements. Mentice is currently working to integrate improved workflows for anatomy importation, more automated simulation model creation and enhanced physician guidance solutions.

ROBOTIC SUPPORT SOLUTIONS TOWARDS AUTONOMOUS INTERVENTIONS

We strongly believe that the development of robotics solutions for image-guided interventions will develop rapidly, and with the unique specificizes of these techniques Mentice's technology will be a critical component when developing and testing new devices and techniques more efficiently together with the robotic systems, building data sets to test and teaching the robots to perform standardized parts of a procedure. This will allow usage of patient specific information and models to provide both the robot and physicians using the robot with invaluable information on potential pitfalls, complications and specifics for each patient.

Status: Core integration with interventional robotic systems has been completed, and Mentice's solutions are currently being used for R&D, marketing and training activities.

FINANCIAL TARGETS, SHORT TO MEDIUM TERM

Mentice short to medium term growth ambitions are significant and the company's growth is expected to be derived from a combination of business related to the medical device industry segment and sales to the healthcare systems segment fueled by a growing business from Mentice' strategic alliance imaging partners and its recently acquired businesses. With an increasing top-line, Mentice is also expected to benefit from critical mass and synergies, which will allow the company to improve its profitability.

NET SALES GROWTH

30–40% average annual net sales growth during short to medium term (next 3–5 years).

PROFITABILITY

30% EBITDA margin within short to medium term (3–5 years).

ADDITIONAL TARGET: LISTING ON NASDAQ STOCKHOLM

Mentice has a future listing at Nasdaq Stockholm's main market as a stated goal. Currently, Mentice is listed at Nasdaq First North Premium Growth Market.

> "Our mission is to improve operating efficiency and patient outcomes by introducing innovative solutions that eliminate proficiency barriers.
>
> MENTICE CORPORATE MISSION STATEMENT

THE MENTICE SHARE

GENERAL SHARE INFORMATION

According to company's articles of association, the share capital shall be no less than SEK 500,000 and no more than SEK 2,000,000 and the number of shares shall be no less than 20,000,000 and no more than 80,000,000. The registered share capital at December 31, 2020 is SEK 1,236,399.75 divided between 24,727,995 (24,146,552) shares, each with a quota value of SEK 0.05. At December 31, 2020, the company had 1 240 shareholders according to Euroclear's official register of shareholders. The company's shares have been issued in accordance with Swedish law, are of the same class, have been fully paid and are freely transferable. The company's shares are denominated in SEK. The shares are not subject to any offer made due to mandatory bid, redemption rights or redemption obligation. There have been no public takeover bids for the company's shares.

LISTING ON NASDAQ FIRST NORTH PREMIER

Mentice AB's (publ) share is listed on First North Premier Growth Market under the short name MNTC with ISIN code SE0012673291. Mentice's ICB category is Subsector 9500. FNCA Sweden AB is the company' Certified Advisor.

DIVIDEND POLICY

As the company operates on a market with high growth, it is the boards view that there will be a great need for reinvesting profits in the business. Any future dividends and their size will be determined on the basis of the company's financial position, organic growth, acquisition opportunities, and cash flow.

INCENTIVE PROGRAMS

At the Annual General Meeting held on 17 April 2019, it was resolved to implement an incentive program based on warrants for the employees in the company group and certain of the Group's consultants through a directed issue of not more than 1,429,922 warrants and to approve that such warrants are transferred from the company. With deviation from the shareholders' preferential rights, all 1,429,922 warrants have been subscribed for by the company's employees, certain of the Group's consultants, or by the company directly at a subscription price corresponding to the market value calculated by independent valuation with the Black & Scholes valuation model. The aim of the incentive program and the reason for the deviation from the shareholders' preferential rights was to establish an incentive for the company's employees and consultants who to a high degree contribute to the company's development.

Each vested warrant entitles the holder to subscribe for one new share in the company against a cash payment at a subscription price of SEK 66.50 per share. The subscription price and the number of shares that each warrant confers right to subscribe for, is subject to customary recalculation provisions in connection with a new share issue etc. The warrants may be exercised during the period 1 April 2024 and 30 April 2024, and if all warrants are exercised for subscription of new shares, the company's share capital will be increased by SEK 71,496.10, and the number of shares will increase with 1,429,922.

DATA PER SHARE

	2020	2019
Earnings per Share, SEK [1)]	-0.54	-1.05
Equity per Share, SEK [2)]	6.60	5.20
Cashflow from Operating Activities per Share, SEK [1)]	1.26	-1.94
Share Price at the End of the Period, SEK	83.50	73.50
Number of Shares at the End of the Period	24,727,995	24,146,552
Number of Shares, Weighted Average during the Year	24,285,974	19,553,679

1) Earnings and cash flow per share are based on the weighted average number of shares during the period.
2) Equity per share is based on the total number of issued shares on balance sheet day.

SHARE PRICE DEVELOPMENT IN 2020

LARGEST SHAREHOLDERS

The Company's 10 Largest Shareholders at the End of 2020 (Source: Euroclear 2020-12-31):

Name	Number of shares held	Shareholding in %
Karin Howell -Bidermann	8,690,980	35.1 %
Bure Equity AB (publ)	3,644,059	14.7 %
Handelsbanken Microcap Sverige	1,422,000	5.8 %
Fjärde AP-fonden	1,325,833	5.4 %
TIN Ny Teknik	712,847	2.9 %
Göran Malmberg	711,670	2.8 %
Andra AP-fonden	432,620	1.7 %
Handelsbanken Microcap Norden	71,500	0.3 %
Grenspecialisten Förvaltning AB	53,081	0.2 %
Johan Lindkvist	40,978	0.2 %
10 Largest Shareholders Total	17,096,414	69.1 %
Others	7,631,581	30.9 %
Total	24,727,995	100.0 %

BOARD OF DIRECTORS' REPORT

The Board of Directors and CEO hereby submit the following annual accounts and consolidated accounts.

BUSINESS OPERATIONS

Mentice AB, based in Gothenburg, Sweden, develops, sells and markets products and services in the field of medical simulation, focusing particularly on image-guided catheter-based technology for vascular intervention such as cardiology, neurology, vascular surgery and radiology.

Mentice AB is the parent company of the group (Mentice) and conducts similar operations as the group. All information in the report relates to both the parent company as well as the group unless otherwise stated.

Mentice's products enable simulation of endovascular practice in a simple, realistic and efficient way, offering the possibility to conduct realistic training in a safe environment without risking the safety of patients. There is a rapid development of new treatment methods in the healthcare sector, especially regarding non-invasive methods, and the need for physicians and other staff to safely acquire and maintain their knowledge and skills is central to controlling costs and quality in the healthcare sector.

The purpose of Mentice's solutions is to reduce the risk of mistakes in the healthcare sector as well as the suffering for patients, improve cost-effectiveness and generally offer opportunities for the healthcare sector to better utilize its resources.

Mentice is proud to be the global market leader in this area.

FINANCIAL DEVELOPMENT

ASSETS AND WORKING CAPITAL

The Groups total assets amounted to SEK 245.3 million (187.1). IFRS 16 has affected total assets by SEK 11.7 million (15.4). Tangible assets increased to SEK 8.0 million (7.9) and intangible assets increased to SEK 101.4 million (31.7) Accounts receivable decreased to SEK 29.5 million (37.4) and cash balance per December 31, 2020 was SEK 48.8 million (48.0). Working capital per December 31, 2020 was SEK 28.5 million (63.9)

Parent company total assets amounted to SEK 244.1 million (210.1). Tangible assets increase to SEK 2.3 million (1.6) and intangible assets increased to SEK 103.3 million (33.6) Accounts receivable decreased to SEK 22.3 million (29.7) and cash balance per December 31, 2020 was SEK 41.4 million (42.2). Working capital per December 31, 2020 was SEK 29.5 million (88.1)

EQUITY

The Groups equity per December 31, 2020 increased to SEK 163.3 million (124.8) by the directed issue of new shares in connection with the two acquisitions completed durig the year. The result for the year decreased equity by SEK 15.1 million. Equity was increased by SEK 53.6 million as result of new issuance of shares. The equity ratio was 66.6% (67.1) per December 31, 2020.

Parent company equity per December 31, 2020 was SEK 163.6 million (127.1). The result for the year decreased equity by SEK 17.1 million. Equity was increased by SEK 53.6 million as result of new issuance of shares. The equity ratio was 67.0% (60.5) per December 31, 2020.

OWNERSHIP STRUCTURE

Since June 18, 2019 Mentice AB's share is listed at First North Premier Growth Market, Stockholm.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On January 13, the first of-its-kind flexible training solution Coronary Essentials was presented. It consists of a multitude of flexible training modules allowing real-time introduction of complications and manipulation of scenarios using a tablet.

On May 19, Mentice announced the launch of its seventh-generation simulation platform, the VIST® G7/G7+. The VIST® G7 HapticRealism™ technology will provide unmatched range of applied force and accuracy, and in its top configuration (VIST® G7+), the system allows for simultaneous manipulation of up to five devices in parallel.

In July, Mentice® Live was introduced. Mentice® Live is an eco-system of cloud-based services and products, connecting the VIST® line of simulators to the world.

In July, the Mentice Right Heart Cath app was launched. It is Menttice's first commercial app, allowing users to access high quality content on smartphones and tablets.

On October 1, Mentice signed an agreement to acquire the substantial assets of US-based medical technology company Vascular Simulations for 5.6 million USD (approx. 49.3 MSEK), with a possible additional purchase price of up to 0.4 million USD (approx. 3.5 MSEK).

On October 8, Mentice signed an agreement to acquire all assets in the US-based healthcare technology company EQIP for 180,000 USD (approx. 1.6 MSEK), with a possible additional purchase price of up to 70,000 USD (approx. 0.6 MSEK). EQIP develops cloud-based services and data analytics solutions, including the myIRlog™ online service for logging and following up interventions in interventional radiology.

RESEARCH AND DEVELOPMENT AND ACTIVITIES

Mentice develops both the software- and hardware components of the company's systems at development sites in Gothenburg, Sweden and Denver, Colorado, USA. A majority of the company's development efforts targets software improvements and project management of internal and external projects. Development is done for both internal products, but also customer specific projects, where Mentice offers customized simulation solutions to meet specific customer request.

Of the total operating expenses for the Group of SEK 121.6 (143.1) million, research and development cost accounted for SEK 44.1 (38.2) million, correspondig to 36.3 (26.7) percent. During the year, development expenses of SEK 22.1 (9.7) million were capitalized as intangible assets.

PRODUCTION

Mentice's endovascular simulator systems consist of Mentice's own simulator, combined with standard hardware such as laptops and monitors. The production of Mentice's simulators is outsourced to contract manufacturer while standard items can be purchased from multiple sources. Also, Mentice lets suppliers handle parts of the customization and modification process, where the software and hardware are combined to match each specific sales order. The production of the standardized simulator is currently handled by Montex AB.

Montex AB is responsible for assembling, testing, and delivering complete simulation systems to Mentice. Montex AB manufactures the simulator based on detailed product instructions and production solutions developed by Mentice. In order to follow Mentice's assembly instructions, Montex AB coordinates and manages material purchases and work flow with sub-suppliers. The production and each respective responsibility are covered by contracts.

FUTURE DEVELOPMENT AND OUTLOOK

Mentice has a positive view on the company's potential to continue its succesful development and thereby achieve the communicated goals for growth and profitability (30–40% average annual net sales growth in the short to medium term (next 3-5 years) and 30% EBITDA marginal in the short to medium term (next 3-5 years)).

A selection of important areas/factors that the company expects will contribute to this development follows below:

Strategic Alliances
In 2020, Mentice deepened its collaborations with the company's three strategic partners Siemens Healthineers, Philips Healthcare and Laerdal. By extending the integration the integration with their systems (including cath labs) and conducting joint marketing and sales activities, there is a potential for Mentice to continue to broaden its customer base in this area in the following years.

Implementation of a subscription-based business model
By changing from perpetual licenses to a subscription and annual fee base structure for a larger share of its customer base, Mentice expects to achieve more stable cashflows with lower impact from seasonal variations. As this business model also includes implementing annual updates of the company's software modules, the customers can also be offered a greater value than before.

Launch of new products
Mentice launched more software modules in 2020 than in any previous year. Additionally, the new G7/G7+ simulation platform was launched, representing the largest technological leap in the company's history since the launch of its first simulation system. The company has also broadened its offering through the Eqip/MyIRlog- and Vascular Simulations acquisitions. These important steps forward are expected to contribute positively to the company's development in the coming years.

Development of the company's solutions in advanced decision support for image-guided interventions
Mentice sees the opportunity to develop and offer solutions in decision support for image-guided treatments as the next phase in the company's development. This includes usage of patient specific simulation before, during and after a procedure to achieve improved efficiency, precision and thus improved treatment outcomes and lower healthcare costs. The first commercially available product in this area (VIST® CASE-IT) was launched in 2019, enabling the creation of simulation cases from existing patient anatomies with just a few clicks. The Eqip/MyIRlog acquisition in 2020 is an example of the company's ambition to rapidly strengthen and broaden its offering of solutions within this area.

INFORMATION ABOUT RISKS AND UNCERTAINTIES

The major part of the group's current sales is based on sales to clients in the medical device industry where the use of Mentice's simulators are mainly related to marketing and training in relation to launches and safe implementation of new medical devices.

Mentice sees the largest potential for growth in the Healthcare Systems segment, where Mentice currently has a smaller percentage of its total sales compared to the medical device industry. Substantial growth in this segment is reliant on mandates and regulatory change.

Mentice is an active opinion leader in these issues and the company's goal is to show that increased use of simulation leads to improved quality and safety in the healthcare.

In order to continue to drive growth, Mentice must constantly demonstrate that the use of simulation leads to increased safety for patients as well as healthcare personnel and, of course, reduced time to market for new products and to improved quality.

Our aging population and new innovative treatment methods for patients of all ages are a driving force for improvement which also drives the use of Mentice's products and solutions. Changes in the care reimbursement structure, where care providers' remuneration is based on quality and results, rather than volume, is another incentive for the use of Mentice's products. New proposals and stricter regulations for introducing new products and technologies are also likely to increase the need for training and certification, which is in line with Mentice's strategy.

The company's operations are exposed to risks as a result of the products being marketed in different countries. Thus, future earnings may be affected by a number of factors, including tax or financial regulations affecting the company as well as changes in a country's political or economic conditions. In addition, the general demand for medical devices is affected by a variety of macroeconomic factors and trends, such as inflation, deflation, recession, trade barriers, import or export license requirements, currency fluctuations and changes in the purchasing power for those paying for healthcare.

BOARD OF DIRECTOR'S REPORT, CONT.

Mentice is dependent on qualified personnel in various positions. The ability to retain current personnel as well as the ability to recruit new employees are crucial to the company's future development. If key personnel leave the company or if Mentice is unable to recruit qualified staff, this could adversely affect the company's operations, earnings and financial position.

Mentice's sales are exclusively in the currencies EUR and USD and the company's expenses related to the business operations are mainly in the currencies SEK and USD. As a result, Mentice may be exposed to risks related to currency fluctuations. Fluctuations in these currencies can adversely affect the company's earnings and financial position.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Mentice AB uses forward exchange contracts to manage currency risk. The forward exchange contracts are used for commercial hedging of risks in connection with receivables from customers and are placed in accordance with the company's foreign exchange policy, in connection with orders. All management of forward contracts is made by the parent company. Other translation risks are not hedged.

Mentice's operations are of such nature that the company is exposed to credit risk when selling to customers. In connection to sales to new customers or customers who are considered to have higher risk exposure, only advances or letters of credit are used.

Financial risks and risk management are further described in Note 21.

SUSTAINABILITY INFORMATION

Mentice is a global company with operations on five of the world's six continents. It is therefore obvious for Mentice to work for diversity and equality, which can be seen by the fact that the company has more than 20 nationalities employed in the group.

Mentice's operations comply with local regulations as well as national and international ethics rules.

Mentice also strive to minimize the use of resources in production and to achieve continuous environmental improvements. Mentice expects its suppliers to do the same.

Mentice strives to have a positive impact on the countries in which the company operates, and Mentice follows the OECD's Transfer Pricing guidelines, which work for a fair allocation of the company's taxes between the countries in which it operates.

Mentice believes that part of its success depends on the culture, experience and approach that characterizes the organization and the company strives continuously to maintain an environment free from discrimination.

In its role as an employer, Mentice strives for consensus of equality and diversity for our entire business. Mentice also works actively to increase the number of women among its employees in typically male positions.

Mentice works actively to improve the situation in health-care where high workloads and outdated working methods are often a cause of burnout and insufficient quality of the delivered healthcare. The company is conviced that a better structure for training and continuous improvement, including an open dialogue on improvement, will radically improve the working environment as well as quality and results.

THE EFFECT OF COVID-19 ON MENTICE'S BUSINESS OPERATIONS

During the end of the first quarter the company started to notice a significant change in the behaviour of the market due to the Covid-19 situation. The immediate consequences were the travel bans and complete shut-down of market activities involving gathering of individuals. As an effect of this, Mentice was able to significantly reduce its costs related to travels and events during the rest of 2020. The company is instead using digital tools to temporarily replace meetings in person with virtual meetings and presentations over internet. Furthermore, the company is offering its clients additional technology for installed Mentice systems, which allows for remote solutions and support, and more importantly the ability for customers to continue to engage with their clients when using their simulation systems.

There have so far been no noticeable effects on the company's product development pace. Furthermore, Mentice do not see any negative impact on its ability to manufacture and deliver simulation hardware.

The Covid-19 situation has had an effect on the company's sales figures in 2020, and this effect is expected to continue also going forward. Delays have so far only been noticed in the Teaching Entities segment, while the company has not noticed any significant change in attitude within the Medical Device Industry segment and Strategic Alliances. Generally, with the temporary pause of elective procedures in the world there is a significant pent-up demand for training for both postgraduates and attendings, since there are significantly fewer opportunities to gain actual clinical experience in the traditional on-the-job fashion. This should be a good argument for increased use of simulation as a supplement for lack of clinical experience.

As investments in solutions from Mentice are long-term commitments, which are expected to deliver substantial value and benefits to the customer over time, the company is convinced that the Covid-19-related effect on its sales figures is temporary, and that it will vanish when the global situation normalizes. Furthermore, a phase of stronger order demand is expected when this happens, as customers will be keen to catch up on their investment plans.

FOREIGN BRANCHES

Mentice AB is the group's parent company with functions within sales, marketing, development, production and finance. Mentice AB also includes sales and service units for the Europe and Asia markets. Mentice AB has a branch in Germany.

SUBSIDIARIES

Mentice Inc: Subsidiary in the USA. Sales and service covering the market Americas. Mentice is also engaged in development and training in Denver, Colorado, USA. From the acquisition of Vascular Simulations assets in October 2020, there is also operations in Stony Brook, NY.

Mentice SA: Subsidiary in Switzerland. The company has no operations and is in the process of being liquidated.

Mentice K.K: Subsidiary in Japan. Sales and service covering the markets Japan and south-east Asia.

Mentice International Trading (Beijing) Co., Ltd: Subsidiary in China. Sales and service covering the market China.

MULTI-YEAR OVERVIEW

Group's Financial Development in brief		2020	2019	2018	2017	2016
Net Sales	TSEK	137,503	149,370	157,048	108,966	92,811
Profit/loss after Financial Items	TSEK	-18,586	-26,235	13,835	5,328	4,402
Total Assets	TSEK	245,271	187,140	130,586	93,819	59,004
Average Number of Employees		90	82	69	52	45
Operating Margin	%	-13.2%	-16.4%	10.3%	6.0%	4.3%

Operating margin is defined as operating profit/loss in relation to net sales.
In the multi-year overview, the years 2020, 2019, 2018 and 2017 have been reported in accordance with IFRS while 2016 have been reported in accordance with the accounting principles of K3.

Parent Company's Financial Development in brief		2020	2019	2,018	2,017	2,016
Net Sales	TSEK	103,361	117,375	112,437	84,048	74,638
Profit/loss after Financial Items	TSEK	-22,507	-33,917	11,635	-3,868	2,408
Total Assets	TSEK	244,087	210,008	155,197	126,302	104,631
Average Number of Employees		55	46	40	37	33
Operating Margin	%	-21.7%	-28.2%	10.2%	-3.1%	2.1%

PROPOSED APPROPRIATION OF RETAINED EARNINGS

At the disposal of the Annual General Meeting in TSEK:

Share Premium Reserve	144,760
Retained Earnings	-11,058
Profit/loss for the Year	-17,096
Total	116,606

The Board proposes that the retained earnings are to be appropriated as follows:

Dividend	0
Carried forward	116,606
Total	116,606

The company's earnings and financial position in general are disclosed in the subsequent financial reports and accompanying financial statements.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE IN MENTICE

Mentice is a Swedish public limited liability company. Prior to the listing on Nasdaq First North Premier Growth Market, the Company's corporate governance was based on Swedish law and internal rules and instructions. With the listing on Nasdaq First North Premier Growth Market, the Company is complying with Nasdaq First North's Rule Book for Issuers and applies the Swedish Corporate Governance Code (the "Code"). Nasdaq First North Premier is not a regulated market, however, application of the Code is a formal listing requirement imposed by the exchange.

GENERAL MEETING

According to the Swedish Companies Act (2005:551), the general meeting is the Company's highest decision making body. At the general meeting, the shareholders exercise their voting rights in key issues, such as changes to the articles of association, the election of the board of directors and auditors, adoption of the income statement and balance sheet, discharge from liability of the board of directors and the CEO, the appropriation of profit or loss.

The Annual General Meeting must be held within six months from the end of the financial year. In addition to the Annual General Meeting, extraordinary general meetings may be convened. According to the articles of association, notices convening the general meetings are to be published in the Swedish National Gazette (Post- och Inrikes Tidningar) and by making the notice available on the Company's website. Information regarding the notice shall at the same time be advertised in Dagens Industri.

To attend and vote at the general meeting, either in person or through a proxy, shareholders must be registered in the share register kept by Euroclear Sweden AB five business days prior to the meeting and also register their participation to the Company no later than on the date specified in the notice convening the meeting. This date cannot be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth business day prior to the meeting.

Shareholders who wish to have a specific matter brought before the general meeting must submit a written request to the Company's board of directors. Such request must normally have been received by the board of directors no later than seven weeks before the general meeting.

NOMINATION COMMITTEE

According to the Code, the Company must have a nomination committee, the duties of which shall include the preparation and drafting of proposals regarding the election of members of the board of directors, the chairman of the board of directors, the chairman of the general meeting and auditors. The nomination committee shall also propose fees for board members and the auditor, and, if applicable, rules of procedures for the next nomination committee. At the Annual General Meeting held on 17 April 2019, it was resolved to adopt instructions and rules of procedure for the nomination committee according to which the nomination committee shall consist of the chairman of the board of directors and three ordinary members representing the three largest shareholders per the end of the third quarter each year.

REMUNERATION COMMITTEE

The board of directors of Mentice appointed a remuneration committee at the statutory board meeting on 27 May 2020. The purpose of the remuneration committe is to prepare proposals regarding remuneration issues. The area of responsibility of the remuneration committee is defined in the board's rules of procedure and the instructions of the remuneration committee. The remuneration committee consists of three board members: Lawrence Howell (Chairman of the Remuneration Committee), Denis Gestin and Gösta Johannesson.

AUDIT COMMITTEE

The board of directors of Mentice appointed an audit committe at the statutory board meeting on 27 May 2020. The Audit Committee's area of responsibility is defined in the audit committee's rules of procedure and instructions. The purpose of the audit committee's work is to assist the board of Mentice in matters relating to financial reporting, auditing and risk management. The audit committee is a preparatory body and the board has the overall responsibility for audit-related issues. The audit committee consists of three board members: Eola Änggård Runsten (chairman of the audit committee), David J Ballard and Johann Koss.

THE BOARD OF DIRECTORS

After the general meeting, the board of directors is the highest decision-making body of the Company. According to the Swedish Companies Act, the board of directors is responsible for the organization and management of the Company's affairs, which means that the board of directors is responsible for, among other things, establishing targets and strategies, securing procedures and systems for monitoring of set targets, continuously assessing the Company's financial position and evaluating the operational management. Furthermore, the board of directors is responsible for ensuring that proper information is given to the Company's shareholders, that the Company complies with laws and regulations and that the Company develops and implements internal policies and ethical guidelines. Moreover, the board of directors is responsible for ensuring that annual reports and interim reports are prepared in a timely matter. The board of directors also appoints the Company's CEO.

The members of the board of directors are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the Company's articles of association, the board of directors shall consist of no less than three and no more than ten board members without any deputy board members. Currently, the board of directors consists of six ordinary board members elected by the general meeting, who are presented in the section "Board of directors, senior executives and auditors".

According to the Code, the chairman of the board of directors is to be elected by the general meeting. The role of the chairman is to lead the board of directors' work and to ensure that the work is carried out efficiently, and that the board of directors fulfils its obligations.

The board of directors adheres to written rules of procedure which are revised annually and adopted at the statutory board meeting. The rules of procedure regulate, among other things, the procedures of the board of directors, tasks, decision-making within the Company, the board of directors' meeting agenda, the chairman's duties and allocation of responsibilities between the board of directors and the CEO. Instruction for financial reporting and instructions for the CEO are also adopted in connection with the statutory board meeting. The board of directors' work is also carried out based on an annual briefing plan which fulfils the board of directors' need for information. The chairman and the CEO maintain, alongside the board meetings, an ongoing dialogue on the management of the Company.

The board of directors meets according to a pre-determined annual schedule and in addition to the statutory board meeting, at least six ordinary board meetings shall be held between each Annual General Meeting. In addition to these meetings, extra meetings can be arranged for processing matters which cannot be referred to any of the ordinary meetings.

THE CEO AND OTHER SENIOR EXECUTIVES

The role of the CEO is subordinate to the board of directors and the CEO's main task is to carry out the Company's ongoing management and the daily activities of the Company. The rules of procedure of the board of directors and the instructions for the CEO stipulate which matters the board of directors shall resolve upon, and which matters that fall within the CEO's area of responsibility. Furthermore, the CEO is responsible for preparing reports and necessary information for decision-making prior to board meetings and presents the material at board meetings.

Mentice has a management team consisting of eleven people which in addition to the CEO is comprised of the Company's Chief Financial Officer, Chief Technical Officer, VP of Products and Strategy, VP and GM Vascular Simulation Business Unit, Executive VP of Medical Device Industry, VP & GM Region Americas, VP & GM Region APAC, VP & GM EMEA/CIS, VP of Marketing and Business Development and VP of Human Resources.

The CEO and the senior executives are presented in the section "Board of directors, senior executives and auditors".

REMUNERATION TO THE BOARD OF DIRECTORS

Fees to board members elected by the general meeting are resolved by the Annual General Meeting. At the general meeting held on 27 May 2020, it was resolved that a total fee of SEK 970 thousand was to be paid to the board members allocated as below: SEK 170 thousand were to be paid to Gösta Johannesson, Eola Änggård Runsten and David Ballard respectively and SEK 360 thousand to Denis Gestin and SEK 100 thousand to Johann Koss.

REMUNERATION TO THE AUDIT AND REMUNERATION COMMITTEE

The fee to the Audit Committee and the Remuneration Committee was decided at the Annual General Meeting on May 27, 2020 and was set at SEK 40,000 for the Chairman and at SEK 20,000 per member.

CORPORATE GOVERNANCE, CONT.

GUIDELINES FOR REMUNERATION TO THE CEO AND OTHER SENIOR EXECUTIVES

At the Annual General Meeting held on 27 May 2020, guidelines for remuneration to the CEO and other senior executives were adopted with the following main content. In summary, the main principle are that remuneration and other employment conditions for members of the senior management shall be based on market terms and competitive in order to ensure that the Group can attract and retain competent members of the senior management at a reasonable cost for the Company. The total remuneration for the senior management shall consist of a fixed salary, variable remuneration, pension and other benefits. In order to avoid that the senior management is encouraged to take inappropriate risks, there shall be a balance between fixed and variable remuneration. Variable remuneration shall be paid in cash and based on the result in relation to performance goals within the respective area of responsibility and be in line with the shareholders' interests. Variable remuneration shall correspond to a maximum of 50 percent of the fixed annual salary for the CEO and a maximum of 50 percent of the fixed annual salary for other members of the Group's senior management, excluding members of the senior management within sales management. Variable remuneration shall as a main principle not entitle to pension, unless otherwise agreed upon.

Other benefits such as a company car, additional health insurance and medical benefits shall be limited in value in relation to other remuneration and shall be paid only in so far as it is considered to be in accordance with the market for other members of senior managements holding corresponding positions on the employment market where the member in question is operating. Senior executives were offered the opportunity to participate in the long-term incentive program, which was decided at the Annual General Meeting held on 27 May 2020. Under the incentive program, senior executives have had the opportunity to subscribe for and be allotted warrants against payment in cash corresponding to the warrants' market value. The board of directors shall each year consider whether to propose that the Annual General Meeting adopts a share-based incentive program. Proposed incentive programs shall contribute to a long-term value growth.

Upon termination by the Company, the notice period shall be no longer than 12 months for all members of the senior management, with a right to redundancy payment after the expiration of the notice period corresponding to not more than 100 percent of the fixed salary for a maximum of 12 months, meaning that the fixed salary and redundancy payment shall together not exceed 24 months' fixed salary. Any right to redundancy payment shall, as a main rule, decrease in situations where remuneration is received from another employer.

Upon notice given by a member of the senior management, the notice period shall generally be 6 months for the CEO and 3–6 months for other members of the senior management.

In so far as board members elected by the shareholders' meeting are performing work that stretches beyond the tasks of the board of directors, it shall be possible to pay them for such work. Such remuneration shall be market based and shall be approved by the board of directors.

The guidelines are applicable on agreements entered into after the shareholders' meeting's decision, and as far as changes are made to existing agreements, thereafter. The board of directors shall be entitled to deviate from the guidelines in individual cases if there are special reasons therefore.

EMPLOYMENT AGREEMENTS FOR THE CEO AND OTHER SENIOR EXECUTIVES

The Company's CEO is entitled to pension benefits in accordance with ITP 1. The mutual notice period for the CEO is twelve months, and the CEO is entitled to severance pay equal to twelve times his fixed monthly base salary, including eventual variable remuneration and pension benefits. Furthermore, the CEO's employment agreement contains provisions concerning intellectual property for the benefit of the Company, as well as customary undertakings regarding confidentiality, non-competition and non-solicitation following termination of the employment.

The employment agreements for the other senior executives stipulate notice periods of between one to six months in case of termination by the employee and between zero to six months in case of termination by the Company. Aditionally, the employment agreements include provisions concerning intellectual property for the benefit of the Company, as well as customary undertakings regarding confidentiality, non-competition and non-solicitation following termination of the employment. Senior executives are also entitled to individual pension contributions.

EXTERNAL AUDIT

The Company's auditor is appointed by the Annual General Meeting for the period until the end of the next Annual General Meeting. The auditor examines the annual report and accounts as well as the management performed by the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report to the Annual General Meeting. The Company's auditor reports its observations from the audit and its assessment of the Company's internal control to the board of directors.

At the Annual General Meeting held on 27 May 2020, KPMG AB was re-elected as the Company's auditor with Fredrik Waern as the principally responsible auditor. At the Annual General Meeting, it was also resolved that the fees to the auditor should be paid in accordance with normal charging standards and approved invoice. The total fee paid to the company's auditors for the financial year 2020 amounted to SEK 480 thousand, of which the full amount was related the audit assignment.

INTERNAL CONTROL

The overall purpose of the internal control is to ensure that the Company's strategies and objectives can be implemented within the business and to ensure that the financial reporting has been prepared in accordance with applicable laws, accounting standards and other requirements imposed on listed companies. The board of director's responsibility for the internal control is governed by the Swedish Companies Act, the Swedish Annual Reports Act and the Code. In the rules of procedure for the board of directors, the instruction for the CEO and the instruction for financial reporting, all of which have been adopted by the board of directors, the allocation of the roles and responsibilities have been stated in order to contribute to an effective management of the Company's risks. The board of directors also has the task to monitor the Company's financial position, to monitor the effectiveness of the Company's internal control and risk management, to be informed about the audit of the annual report and consolidated financial statements, and to review and monitor the auditor's impartiality and independence. In addition to the above mentioned controls, the Company also continuously carries out quality controls of its suppliers and its partners in order to ensure that they meet the requirements set out by the Company.

Continuous risk assessments are carried out in connection with strategic planning, forecasting work and specific risk sessions in order to identify, quantify and relate to how identified risks can be managed and, if possible, be limited. The presentation of the identified risks shall, as a minimum, be submitted to the board of directors once per year.

MANAGEMENT TEAM

GÖRAN MALMBERG

GROUP CEO & PRESIDENT

Education: Master of Science in Mechanical Engineering from Linköping Technical University, Sweden.

Joined Mentice: 2008

Professional background: CEO/President for Mentice since 2008. Over 25 years of experience from international management, sales and marketing of high tech products for various industries such as manufacturing, automotive, industrial products.

Holdings: 711,670 shares and 357,480 warrants held directly and indirectly through company.

HENRIK STORM

CHIEF TECHNICAL OFFICER

Education: Master of Science in Electrical Engineering and Licentiate Degree in Applied Mathematics from Chalmers University of Technology.

Joined Mentice: 2014

Professional background: More than 15 years of experience in many fields of technology development and management , ranging from software (including video compression, image processing, biometric matching algorithms) to hardware (silicon development and manufacturing, PCB design, electronic packaging and testing, mobile device integrations).

Holdings: 40,848 shares and 43,330 warrants.

PONTUS APPELQVIST

VP & GM REGION APAC

Education: MSc Computer Science and Engineering (Chalmers University of Technology, Gothenburg, Sweden)

Joined Mentice: 2021

Professional background: Pontus has over 20 years of experience within the simulation and Virtual Reality industry and a strong track record of driving new technologies to market. Before joining Mentice, Pontus has held several senior sales and marking positions in Singapore and Tokyo, Japan at companies such as Opticore AB, Autodesk Inc. and EON Reality.

Holdings: 0 shares and 0 warrants.

MATAR DAKHIL

EXECUTIVE VP OF MEDICAL DEVICE INDUSTRY

Education: MSc Mechanical Engineering (RWTH Aachen, Germany), Executive MBA Hult Business School (London, UK)

Joined Mentice: 2005

Professional background: Matar has over 20 years of experience within the medical device industry, 10 of which in the area of interventional cardiology. Before joining Mentice, Matar held various business development, senior sales and marketing positions in Europe (Berlin) and throughout Asia Pacific (including Penang, Malaysia, Tokyo, Japan and Shanghai, PR China).

Holdings: 147,833 shares and 43,330 warrants.

EDWARD FALT

VP OF PRODUCT AND STRATEGY

Education: M.Sc Engineering Physics at Chalmers University of Technology.

Joined Mentice: 2008

Professional background: Edward has been with Mentice since 2008 and has been part of the management team since 2016. Since 2019, Edward has been responsible for product management globally. Prior to Mentice, Edward worked as an engineer, consultant and programmer in the pharmaceutical industry, and has also worked at the Swedish Defense Agency's research institute.

Holdings: 20,000 shares and 43,330 warrants.

BENJAMIN SPEICH

VP & GM VASCULAR SIMULATION BUSINESS UNIT

Education: Associates Degree Computer Networking Services, ITT Technical Institute.

Joined Mentice: 2008

Professional background: Ben joined as service engineer and has been on the management team since 2015. Prior to joining Mentice, Benjamin was enlisted in the United States Air National Guard for 8 years as a C130 Turbprop Specialist.

Holdings: 0 shares and 0 warrants.

ELISABET LUND

CHIEF FINANCIAL OFFICER

Education: Bachelor Degree in Finance and Business Administration, University of Gothenburg

Joined Mentice: 2012

Professional background: Elisabet joined as CFO and has been part of the management team since 2012. Prior to joining Mentice, Elisabet held the position of CFO of Neoventa Medical – a provider of fetal monitoring solutions.

Holdings: 5,000 shares and 25,000 warrants.

THANOS KARRAS

VP & GM REGION AMERICAS

Education: Thanos received his MBA from the Kellogg Graduate School of Management and holds a Master of Engineering degree in Computer Science from the University of Florida.

Joined Mentice: 2019

Professional background: Thanos joined Mentice early January and brings exceptional healthcare industry experience with over 20 years background from the medical arena with senior positions both from GE Imaging, Siemens Healthcare and most recently from Sectra.

Holdings: 0 shares and 20,000 warrants.

MARTIN HARRIS

VP OF MARKETING AND BUSINESS DEVELOPMENT

Education: NVQ 3/ BTEC 3 in Business Administration from DDI Business School, Chester, UK.

Joined Mentice: 2006-2013, 2015

Professional background: Heading the Strategic Alliances division since 2017. Previous background focused in the areas of Sales, IT and Teaching.

Holdings: 2,000 shares and 34,483 warrants.

KJELL ASSERLIND

VP & GM EMEA/CIS REGION

Education: Mechanical Engineering degree, Diploma in Higher Marketing and Basic Economics from Gothenburg University, Sweden.

Joined Mentice: 2014

Professional background: 20+ years in international IT high-tech sales, marketing and management with companies like, Financial Technologies, Nasdaq OMX, Xdin, Silicon Graphics and Sun Microsystems.

Holdings: 0 shares and 43,330 warrants.

MARIA THILMANN

VP OF HUMAN RESOURCES

Education: Master of Human Resources from Gothenburg University, Sweden.

Joined Mentice: 2019

Professional background: 20 years of experience from management in Human Resources within different segments and countries.

Holdings: 464 shares and 2,000 warrants.

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BOARD OF DIRECTORS

LAWRENCE D. HOWELL

CHAIRMAN

Lonnie Howell has held multiple executive positions in the banking and investment sector since the late 1970s, most recently as Chief Executive Officer of EFG International, a listed bank holding company. Between 1995-1997, Lawrence was CEO of the predecessor, EFG Bank, and Chief Executive Officer of EFG Bank Zurich 1997-2005. Lawrence worked for Coutts & Co. International Private Banking 1989-1995. Between 1986-1989, Lawrence spent three years at Citibank Switzerland as VP in charge of Swiss Ultra High Net Worth clients.

Holdings: 8,690,980 shares held by spouse Karin Howell Bidermann.

Independent: Independent in relation to the company and its management, but not in relation to major shareholders.

EOLA ÄNGGÅRD RUNSTEN

Eola Änggård Runsten has held executive management positions in several companies. She is currently an independant advisor and holds board positions in Sdiptech and ACQ Bure. Prior experience includes CFO at AcadeMedia AB (publ), CFO EQT Management Sarl, Group Head of Human Resources EQT Partners as well as other positions within SEB, Affibody AB, Alfred Berg and Handelsbanken.

Holdings: -

Independent: Eola is independent in relation to the company, its management and major shareholders.

JOHANN KOSS

Johann Koss is an internationally recognized social entrepreneur. He founded Right To Play in 2000, an influential international non-government organization. Currently, Right To Play operates in more than 20 countries reaching over one million children each week, and has of 2014 had an annual budget of $48 million. Johann has received a number of awards for his philanthropic service and leadership. Before founding Right To Play, Johann was an Olympic speed skater, in 1994 he won three gold medals in the Lillehammer Olympic Games.

Holdings: -

Independent: Independent in relation to the company and its management, and in relation to major shareholders.

DAVID J. BALLARD

David is a global healthcare executive with demonstrated abilities for improving healthcare value and organizational financial performance while providing international thought leadership. Prior to joining Mentice, David was Consultant and founding Head of the Mayo Section of Health Services Evaluation, Professor of Medicine and Epidemiology at Emory University and Senior VP and Chief Quality Officer of Baylor Scott and White Health, the largest health care system in Texas. He currently serves as an Executive Advisor for AlertMD, a health care analytics and artificial intelligence company with a mission to increase customer loyalty and efficiency across health care systems and is a member of the UNC Chancellor's Global Leadership Council.

Holdings: 15,905 shares and 238,320 warrants.

Independent: Independent in relation to the company and its management, and in relation to major shareholders.

DENIS GESTIN

Denis Gestin has over 30 years of experience in the management and commercial development of medical technologies companies. He began his career at Ela Medical Inc. (Livanova), and later joined St. Jude Medical where he most recently was President of the International Division (OUS) and was instrumental in the development of the company from $600 million to close to $6 billion. He then became Senior VP of Global Commercial Integration after the merger with Abbott Laboratories. Denis serves as Chairman of the board in Holistick Medical, France, for Endo Tools Therapeutics and is board member of CathVision.

Holdings: -

Independent: Independent in relation to the company and its management, and in relation to major shareholders.

GÖSTA JOHANNESSON

Gösta Johannesson has over 20 years of experience in the investment sector, and he is currently a Senior Advisor at Bure Equity. Prior to Bure, Gösta was a Partner at Provider Partners from 2000 to 2013, where he negotiated and completed several M&A deals and financing rounds. He has also held several senior positions at Öhman Fondkommission and Handelsbanken Markets. Gösta serves as chairman of the board in XVIVO Perfusion, deputy chairman of Interflora and board member of Yubico, Scandinova and others.

Holdings: 10,000 shares held indirectly through company.

Independent: Independent in relation to the company and its management, but not in relation to one major shareholders.

FINANCIAL STATEMENTS

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GROUP – CONSOLIDATED INCOME STATEMENT

TSEK	Note	Jan–Dec 2020	Jan–Dec 2019
Net Sales	2, 3	137,503	149,370
Other Income	4	13,376	3,333
		150,879	152,703
Cost of Goods Sold		-33,398	-22,520
Other External Costs	6, 23	-40,248	-50,830
Personnel Costs	5	-81,304	-92,266
Depreciation of Tangible and Intangible Assets		-14,142	-11,562
Operating Income (EBIT)		**-18,213**	**-24,475**
Financial Income		1,306	196
Finance Expenses		-1,679	-1,956
Net Financial Items	7	**-373**	**-1,760**
Net Result before Tax		**-18,586**	**-26,235**
Tax	8	5,494	5,635
Net Result for the Year		**-13,092**	**-20,600**
Net Result for the Year attributable to:			
Shareholders Parent Company		-13,092	-20,600
Non-controlling Interest		–	–
Net Result for the Year		**-13,092**	**-20,600**
Earnings per Share	9		
Basic (SEK)		-0.54	-1.05
Diluted (SEK)		-0.54	-1.05

GROUP – CONSOLIDATED INCOME STATEMENT AND TOTAL RESULT

TSEK	Note	Jan–Dec 2020	Jan–Dec 2019
Net Result for the Year		-13,092	-20,600
Other Total Result for the Year			
Items that have been or may be Reclassified to Net Result for the Year	18		
Recalculation Differences for the Year from Recalculation of International Business Operations		-1,980	1,356
		-1,980	1,356
Other Total Result for the Year		**-1,980**	**1,356**
Total Result for the Year		**-15,072**	**-19,244**
Net Result for the Year attributable to:			
Shareholders Parent Company		-15,072	-19,244
Non-controlling Interest		–	–
Total Result for the Period		**-15,072**	**-19,244**

GROUP – CONSOLIDATED BALANCE SHEET

TSEK	Note	Dec 2020	Dec 2019
Assets			
Intangible Fixed Assets	11	101,366	31,735
Tangible Fixed Assets	12	7,970	7,892
Rights-of-use Assets	13	11,221	16,581
Deferred Tax Assets	8	20,576	15,815
Total Non-current Assets		**141,133**	**72,023**
Inventories	15	5,769	9,316
Accounts Receivable		29,481	37,382
Prepaid Costs and Accrued Income	16	16,493	17,451
Other Receivables		3,642	2,927
Cash and Cash Equivalents	17	48,753	48,041
Total Current Assets		**104,138**	**115,117**
Total Assets		**245,271**	**187,140**
Equity	18		
Share Capital		1,236	1,207
Other Paid in Capital		144,760	91,231
Other Capital Including Net Result for the Year		17,255	32,327
Total Equity Attributable to Parent Company Shareholders		**163,251**	**124,765**
Minority Share in Total Equity		**0**	**0**
Total Equity		**163,251**	**124,765**
Liabilities			
Long-term Leasing Liabilities		6,368	10,393
Total Long-term Liabilities		**6,368**	**10,393**
Accounts Payable		16,763	7,109
Tax Liabilities	8	166	395
Other Liabilities		2,829	1,626
Current leasing Liability		5,142	5,055
Accrued Expenses and Deferred Income	20	50,752	37,797
Total Current Liabilities		**75,652**	**51,982**
Total Liabilities		**82,020**	**62,375**
Total Equity and Liabilities		**245,271**	**187,140**

For more information on pledged assets and contingent liabilities , see note 24.

GROUP – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	Equity Attributable to Parent Company Shareholders						
	Share Capital	Other Paid in Capital	Translation Reserve	Other Capital incl. Net Result	Total	Minority Share	Total Equity
Opening Balance Equity 2019-01-01	1,120	12,032	-1,295	54,882	66,739	0	66,739
Other Total Result for the Year							
Net Result for the Year				-20,600	-20,600	0	-20,600
Other Total Result for the Year			1,356		1,356		1,356
Total Result for the Year	**–**	**–**	***1,356***	***-20,600***	***-19,244***	**–**	***-19,244***
Transactions with Group Owners							
Contributions from and Distributions to Owners							
Stock Option Program		4,673			4,673		4,673
New Issuance of Shares	87	82,832			82,919		82,919
Issuing Costs		-8,306			-8,306		-8,306
Dividend				-2,016	-2,016		-2,016
Total Contributions from and Distributions to Owners	87	79,199	–	-2,016	77,270	0	77,270
Total Transactions with Group Owners	87	79,199	–	-2,016	77,270	0	77,270
Closing Balance Equity 2019-12-31	1,207	91,231	61	32,266	124,765	0	124,765
Opening Balance Equity 2020-01-01	1,207	91,231	61	32,266	124,765	0	124,765
Total Result for the Year							
Net Result for the Year				-13,092	-13,092	0	-13,092
Other Total Result for the Year			-1,980		-1,980		-1,980
Total Result for the Year	**–**	**–**	***-1,980***	***-13,092***	***-15,072***	***0***	***-15,072***
Transactions with Group Owners							
Contributions from and Distributions to Owners							
New Issuance of Shares	29	50,009			50,038		50,038
Other contributed capital new share issue, not registered		3,520			3,520		3,520
Total Contributions from and Distributions to Owners	***29***	***53,529***	**–**	**–**	***53,558***	***0***	***53,558***
Total Transactions with Group Owners	***29***	***53,529***	**–**	**–**	***53,558***	***0***	***53,558***
Closing Balance Equity 2020-12-31	1,236	144,760	-1,919	19,174	163,251	0	163,251

See also note 18.

GROUP – CONSOLIDATED STATEMENT OF CASH FLOW

TSEK	Note	Jan–Dec 2020	Jan–Dec 2019
	28		
Operating Activities			
Result before Tax		-18,586	-26,235
Adjustments for Non-cash Items		15,214	10,789
Tax Paid		-498	-544
		-3,870	-15,990
Increase(-)/Decrease(+) Inventories		2,988	-5,959
Increase(-)/decrease(+) Current Assets		10,671	2,174
Increase(+)/decrease(-) in Current Liabilities		20,745	-17,507
Cash-flow from Operations		**30,534**	**-37,282**
Investming Activities			
Investments in Tangible Assets		-3,275	-3,819
Acquisition of business, net cash effect		367	–
Capitalised Development Costs		-22,063	-152
Cash-flow from Investment Activities		**-24,971**	**-3,971**
Financial Activities			
Share Options Paid for by Employees		–	4,673
New Issuance of Shares		–	82,000
Issuing Costs		–	-8,306
Amortization of Lease Liability		-3,978	-5,055
Dividend Paid to Parent Company Shareholders		–	-2,016
Cash-flow from Financing Activities		**-3,978**	**71,296**
Cash flow for the Year		1,585	30,043
Opening Cash Balance		48,041	17,821
Exchange Rate Differences in Cash and Cash Equivalents		-873	177
Closing Cash Balance		**48,753**	**48,041**

PARENT COMPANY – INCOME STATEMENT

TSEK	Note	Jan–Dec 2020	Jan–Dec 2019
Net Sales	2, 3	103,361	117,375
Capitalised Expense for Development		22,063	9,715
Other Income	4	8,622	3,333
		134,046	**130,423**
Goods for Sale		-23,273	-17,999
Other External Costs	6, 23	-63,170	-85,897
Personnel Expenses	5	-63,998	-55,260
Depreciations on Tangible and Intangible Assets		-6,023	-4,339
Operating Result		**-22,418**	**-33,072**
Other Interest Income and similar Profit/Loss Items		1,220	166
Interest Expenses and similar Profit/Loss Items		-1,309	-1,011
Result after Financial Items	7	**-22,507**	**-33,917**
Untaxed Reserves	27	–	775
Result before Tax		**-22,507**	**-33,142**
Tax	8	5,411	7,296
Result for the Year		**-17,096**	**-25,846**

Result for the year corresponds to Total result for the Year as there are no items to present in Other Total Result.

PARENT COMPANY – BALANCE SHEET

TSEK	Note	Dec 2020	Dec 2019
Assets			
Non-Current Assets			
Intangible Assets	11	103,308	33,609
Tangible Assets	12	2,334	1,563
Financial Fixed Assets			
Shares in Group Companies	26	41,656	41,656
Receivables Group Companies	14	2,679	838
Deferred Tax Receivable	8	13,123	7,682
Total Financial Fixed Assets		*57,458*	*50,176*
Total Fixed Assets		**163,100**	**85,348**
Current Assets			
Inventories	15	4,801	4,782
Current Receivables			
Accounts Receivable		22,309	29,712
Receivables Group Companies		–	31,636
Other Receivables		3,215	2,831
Prepaid Expenses and Accrued Income	16	9,274	13,547
Total Current Receivables		34,798	77,726
Cash and Cash Equivalents	17	41,388	42,152
Total Current Assets		**80,987**	**124,660**
Total Assets		**244,087**	**210,008**

TSEK	Note	Dec 2020	Dec 2019
Equity and Liabilities			
Equity	18		
Restricted Equity			
Shareholders Equity		1,236	1,207
Capitalization of Development Cost		45,750	27,894
Non-restricted Equity			
Premium Reserve		144,760	91,231
Balanced Result		-11,058	32,647
Profit/Loss for the Year		-17,096	-25,846
Total Equity		**163,592**	**127,133**
Long-term Liabilities			
Liabilities Group Companies	19	28,966	46,297
Total Long-term Liabilities		*28,966*	*46,297*
Current Liabilities			
Accounts Payable		15,797	6,535
Other Liabilities		1,422	988
Accrued Expenses and Prepaid Income	20	34,310	29,055
Total Current Liabilities		*51,529*	*36,578*
Total Equity and Liabilities		**244,087**	**210,008**

For information on pledged assets and contingent liabilities, see note 24.

PARENT COMPANY – STATEMENT OF CHANGES IN EQUITY

	Restricted Equity		Non-restricted Equity			
TSEK	**Share Capital**	**Fund for Development Costs**	**Share Premium Reserve**	**Retained Earnings**	**Net Result for the Year**	**Total Equity**
Opening Balance Equity 2019-01-01	1,120	18,541	12,032	35,331	8,686	75,710
Stock Option Program			4,673			4,673
New Issuance of Shares	87		82,831			82,918
Issuing Costs			-8,306			-8,306
	1,207	**18,541**	**91,230**	**35,331**	**8,686**	**154,995**
Total Result for the Year						
Net Result for the Year		9,353		-9,353	-25,846	-25,846
Total Result for the Year	**–**	***9,353***	**–**	***-9,353***	***-25,846***	***-25,846***
Dividend				-2,016		-2,016
Closing Balance Equity 2019-12-31	**1,207**	**27,894**	**91,230**	**23,962**	**-17,160**	**127,133**
Opening Balance Equity 2020-01-01	1,207	27,894	91,230	23,962	-17,160	127,133
Reversal of previous year's results				-17,160	17,160	–
New Issuance of Shares	29		50,009			50,038
Other contributed capital new share issue not registered			3,520			3,520
	1,236	**27,894**	**144,759**	**6,802**	**–**	**180,691**
Total Result for the year						
Net Result for the Year		17,856		-17,859	-17,096	-17,099
Total Result for the Year	**–**	***17,856***	**–**	***-17,859***	***-17,096***	***-17,099***
Closing Balance Equity 2020-12-31	**1,236**	**45,750**	**144,759**	**-11,057**	**-17,096**	**163,592**

PARENT COMPANY – CASH FLOW STATEMENT

TSEK	Note	Jan–Dec 2020	Jan–Dec 2019
	28		
Operating Activities			
Net Result after Financial Items		-22,507	-33,917
Adjustments for Non-cash Items		6,143	6,340
Tax Paid		-215	-218
		-16,579	**-27,795**
Increase(-)/Decrease(+) Inventories		-19	-1,998
Increase(-)/Decrease(+) Current Assets		29,038	389
Increase(+)Ddecrease(-) Current Liabilities		9,757	-15,895
Cash-flow from Operations		**22,197**	**-45,299**
Investing Activities			
Share Holder Contributions			
Investments in Tangible Assets		-1,266	-934
Acquisition of business, net cash effect		367	–
Capitalised Development Costs		-22,063	-152
Investment in Financial Assets		–	-478
Cash-flow from Investment Activities		**-22,962**	**-1,564**
Financial Activities			
Share Options Payed for by Employees		–	4,673
New Issuance of Shares		–	82,000
Issuing Costs		–	-8,306
Dividend		–	-2,016
Cash-flow from Financial Activities		**–**	**76,351**
Cash-flow for the Year		-765	29,488
Opening Cash Balance		42,152	12,667
Exchange Rate Differences in Cash and Cash Equivalents		1	-3
Closing Cash Balance		**41,388**	**42,152**

NOTES TO THE FINANCIAL REPORTS

NOTE 1 • Accounting Policies

Compliance with standards and legislation
The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Swedish Council for Financial Reporting's (Rådet för finansiell rapportering) recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The parent company applies the same accounting principles as the group except in the cases listed below under the section "Parent Company's accounting principles".

The annual report and the consolidated accounts have been approved for issue by the board of directors and the CEO on April 6 2021. The group's report on profit/loss and other comprehensive income and the statement of financial position and the parent company's income statement and balance sheet are subject to approval at the Annual General Meeting on May 6 2021.

Measurement bases applied during the preparation of the financial statements
Assets and liabilities are recognised at the historical acquisition cost apart from derivative instruments, which are measured at fair value.

Functional currency and reporting currency
The Parent Company's functional currency is the Swedish Krona (SEK), which is also the official reporting currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish Krona (SEK). All amounts are rounded off to the nearest thousand, unless otherwise stated.

Assessments and estimates in the financial statements
Preparing financial statements pursuant to IFRS requires the company management to make estimates and assessments as well as make assumptions that influence the application of the accounting principles and the recognised amounts for assets, liabilities, income and costs. The real outcome may differ from these estimates and assessments.

The estimates and assessments are reviewed regularly. Changes in estimates are recognised in the period that the change is made, if the change only affects this period, or in the period that the change is made and future periods, if the change affects both the current period and future periods.

Assessments by the company's management that has a substantial impact on the financial statements and estimates that could require substantial adjustments in the financial statement for the following year are described below.

Assessment of possible write-down of balanced expenses for product development
There were no indications of a need for write-down per December 31, 2020. Projects activated in the balance sheet can with reasonable certainty be expected to generate economic benefits in the foreseeable future. Assets are written off in a linear manner during the estimated usage period.

Assessment of possible write-down of goodwill and patents
When calculating the recoupment value of cashflow generating units for the assessment of a possible need for write-down of goodwill and patents, several assumptions of future conditions and estimates have been made.

Essential accounting principles applied
The accounting principles given below, with the exceptions that are described in more detail, have been consistently applied for all periods as presented in the Group's financial statements. Furthermore, the Group's accounting principles have been consistently applied by the Group's companies.

Amended accounting principles in 2020
No new or changed accounting principles or interpretations that came into force in 2020 have had any impact on Mentice's financial statement.

New accountingprinciples effective 2021 and beyond
Future changes are deemed, in the present situation, not to have any material effect on the financial statements.

Classification etc.
Fixed assets, in all essentials, comprise amounts that are expected to be recouped or paid later than twelve months after the balance sheet date, while current assets, in all essentials, comprise amounts that are expected to be recouped or paid within twelve months from the balance sheet date.

Operating segment reporting
An operating segment is a component of a Group that engages in business activities from which it may earn income and for which discrete financial information is available. An operating segment is followed up further by the company's chief operating decision maker in order to evaluate revenue as well as to be able to allocate resources to the operating segment. See note 3 for further description of the division and presentation of operating segments.

Principles of consolidation and business combinations
Subsidiaries
Subsidiaries are companies that are controlled by Mentice AB. Control exists if Mentice AB controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether there is control, potential shares with voting rights as well as if de facto control exists are taken into consideration.

Subsidiaries are recognised according to the acquisition method. This method means that the acquisition of a subsidiary is considered as a transaction, whereby the Group indirectly acquires the subsidiary's assets and takes over its liabilities. In the acquisition analysis, the fair value is established on the acquisition date of acquired identifiable assets and assumed liabilities as well as any holdings without controlling influence. Transaction expenses that occur are recognised directly in profit/loss for the year.

Transactions eliminated at consolidation

Intra-Group receivables and liabilities, revenue and expenses and unrealised gains or losses that arise from transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment requirement.

Foreign currency

Transactions in foreign currency

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the date of the transaction. Functional currency is the currency of the primary economic environments in which the companies operate. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate applicable on the balance sheet date. Exchange rate differences that arise in translation are recognised in profit/loss for the year. Non-monetary transactions and liabilities are recognised at historic acquisition value translated to the exchange rate at the time of the transaction. Non-monetary assets and liabilities that are recognised at fair value are translated to the functional currency at the exchange rate prevailing at the time for fair value measurement.

At the balance sheet date, the fair value of outstanding forward exchange contracts was 215 TSEK, which is recognised as an income in the income statement. Hedge accounting is not applied.

Foreign operations' financial statements

Assets and liabilities in foreign operations are translated from the foreign entity's functional currency to the Group's reporting currency, Swedish Krona (SEK), at the exchange rate prevailing on the balance sheet date. Revenue and expenses from a foreign operation are translated into SEK using an average exchange rate that represents an approximation of the exchange rates available on the relevant transaction date. Translation differences that occur when translating the financial statements of foreign operations are recognised in other comprehensive income and accumulated in a separate component in shareholders' equity, called translation reserve.

Revenue

Performance obligation and revenue accounting principles

Revenue is measured based on the payment that is specified in the agreement with the customer. The Group recognises the revenue when the control of a product or service has been transferred to the customer.

Information about the character and time for fulfilling the performance obligations in agreements with customers, including essential payment terms and associated revenue accounting principles are summarised below.

Revenue from sales of simulators and software

Revenue from system sales, i.e. simulators and software licenses, are recognised as revenue on delivery, when the control has passed to the buyer.

Revenue from sales of software licenses as subscription model are recognised over the period theat they run, normally one year.

Revenue from sales of services

Revenue from service and support agreements are recognised over the period that they run, normally one year.

Revenue from consultancy assignments

Revenue from customised consultancy assignments, which run over time, are recognised as revenue based on the real accrued time.

Leases

In accordance with IFRS 16, right-of-use such as rental agreements for premises is recognized as an asset in the balance sheet and a lease liability is recognized as an obligation to make future lease payments related to the right-of-use. Contracts where remaining lease period is less than 12 months are defined as short-term leases, of which they are not recognized as an asset but are expensed in the period when use occurs.

Financial income and costs
The Group's financial income and costs include:

- interest income
- interest expenses
- exchange rate gains/losses on financial assets or financial liabilities

Taxes
Income taxes are comprised of current tax and deferred tax. Income taxes are recognised in profit or loss for the year except where the underlying transaction is recognised in other comprehensive income or in shareholders' equity, whereby the associated tax effect is recognised in other comprehensive income or shareholders' equity.

Current tax is tax that is to be paid or recovered in respect of the current year, applying tax rates determined or in practise at the balance-sheet date. Current tax also includes adjustments to the current tax, attributable to previous periods.

Deferred tax assets pertaining to deductible temporary differences and unused tax losses are only recognised to the extent that it is probable that they will be utilised. The value of deferred tax assets is reduced when it is no longer judged probable that they will be utilised.

Any additional income tax that arises when paying out dividends is recognised at the same time as when the dividend is recognised as a liability.

Tangible fixed assets
Tangible fixed assets are recognised in the Group at acquisition value after deductions for accumulated depreciation and any impairment. The acquisition value includes the purchase price as well as expenses directly attributable to putting the asset into place and condition to be used as intended according to the purpose of the acquisition. Borrowing expenses that are directly attributable to purchase, design or production of assets that take a substantial period of time to get ready for intended use or sale are included in the assets' cost of acquisition. Accounting principles for impairments are set out below.

Depreciation principles
Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. Leased assets are also depreciated over the estimated useful life or, if it is shorter, over the leasing period. The Group applies component depreciation, which means that the components' estimated useful life form the basis for the depreciation.

Estimated useful lives:
– equipment, tools and installations 5 years

Intangible assets
Research and development
Expenses for development, where research results or other knowledge are applied to attain new or improved products or processes, are recognised as an asset in the statement of financial position, if the product or the process is technically and commercially usable and the company has sufficient resources to complete the development and, thereafter, use or sell the intangible asset. The recognised value includes all directly attributable expenses; e.g. for materials and service, payments to employees, registration of a legal right, depreciation of payments and licenses, borrowing expenses pursuant to IAS 23. Other expenses for development are recognised in profit or loss for the year as cost when they are incurred. In the statement of financial position, recognised development expenses are entered at acquisition value minus accumulated depreciations and any impairments.

Other intangible assets
Other intangible assets that are acquired by the Group comprise patents and goodwill and are recognised at acquisition value minus accumulated write-offs and depreciation (see below). The patents and goodwill are tested quarterly for any impairment requirement.

Depreciation principles
Depreciations are recognised in profit or loss for the year on a straight-line basis over the intangible assets' estimated useful lives, unless such useful lives are indefinite.

The estimated useful lives are:

- patents 10-20 years
- capitalized development costs 5 years

Assessment of an asset's residual value and useful life is performed annually.

Inventory
Inventories are measured at the lower of the acquisition cost and net sales value. The acquisition cost for inventories is estimated by applying the first in, first out method (FIFO) and it includes expenses that are incurred during acquisition of stock assets and their transport to their current location and condition. The risk of obsolescence is also considered here.

Financial instruments
Financial instruments that are recognised on the balance sheet include, on the asset side, cash, accounts receivable and other receivables. On the liability side, there are accounts payable, lease liabilities and other liabilities.

A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the instrument's contractual terms. Accounts receivable are recognised in the balance sheet when the invoice has been sent. Accounts payable are expensed when the invoice has been received. A financial asset is derecognised from the balance sheet when the rights in the agreement have been realised or have lapsed. A financial liability is derecognised from the balance sheet when the contractual obligation has been fulfilled.

At the time of each statement, the Group evaluates whether there is any objective evidence that a financial asset needs to be impaired.

Receivables and liabilities in foreign currency are measured at the exchange rate on the balance sheet date. Exchange rate difference on operating receivables and operating liabilities are included in the operating income while exchange rate differences on financial receivables and liabilities are recognised among the financial items.

A financial asset shall be valued at amortised cost if it meets both of the following conditions and is not identified as measured at fair value through profit or loss:

- it is held within the framework of a business model whose objective is to hold financial assets for the purpose of obtaining contractual cash flows, and

- the agreed terms of the financial asset give rise at specified times to cash flows which are only payments of principal and interest on the outstanding capital amount.

Governmental grants
Government grants relate to financial contributions from government agencies received in exchange for Mentice meeting certain conditions. Grants that are attributable to the result are reported as prepaid income in the balance sheet and are recognized as income so that they meet the cost to which the support relates. In 2020, govermental support amounting to SEK 6,161 thousand was received, which in its entirety has been reported in the income statement.

During the Covid-19 pandemic, Mentice received support related to government redundancy programs. Of the total amount of support received, SEK 4,755 thousand has been received in the USA and the remaining SEK 1,406 thousand has been received in Sweden.

Earnings per share
The calculation of earnings per share is based on the profit/loss for the year in the Group attributable to the parent company's shareholders and the weighted average number of shares outstanding during the year.

THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

The parent company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995: 1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Statements issued by the Swedish Financial Reporting Board regarding listed companies are also applied. RFR 2 regulate that within the annual report for the legal entity, the parent company must apply all IFRS and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Insurance Act and with regard taken to the relationship between accounting and taxation. The recommendation specifies which exceptions and additions to IFRS that should be made.

Differences between the Group's and the parent company's accounting principles

The differences between the Group's and the parent company's accounting principles are outlined below. The accounting principles set out below for the parent company have been applied consistently to all periods presented in the parent company's financial reports.

Leases
The parent company does not apply IFRS 16 in accordance with the exception found in RFR 2. As a lessee, the parent company recognises leasing fees as a cost on a straight-line basis over the lease period, and thus rights of use and leasing liabilities are not recognised in the balance sheet.

Classification and presentation
The income statement and balance sheet are presented for the parent company according to the structure in the Swedish Annual Accounts Act, the statement of changes in equity and the cash flow statement are based on the IAS 1 Presentation of Financial Statements and the IAS 7 Statement of Cash Flows. The differences compared to the Group's financial reports that are reflected in the parent company's income statement and balance sheet, are mainly accounted for by equity.

Subsidiaries

Participations in subsidiaries and joint arrangements are recognised in the parent company according to the acquisition value method. This means that acquisition costs are included in the reported value of the holding in subsidiaries.

Tax
Appropriations including deferred tax liabilities are recognised in the parent company In the consolidated financial statements however, appropriations are divided into deferred tax liabilities and equity. In the income statement for the parent company, no division is made, in a comparable way, of part of the appropriations to deferred tax expense.

NOTE 2 • Revenue

Contract Balances
Information on contract assets and contract liabilities relating from customer contracts is outlined below.

Group

TSEK	Note	31 Dec 2020	31 Dec 2019
Agreement Assets	16	12,738	12,696
Agreement Liabilities	20	38,980	25,254

Parent company

TSEK	Note	31 Dec 2020	31 Dec 2019
Agreement Assets	16	7,083	8,141
Agreement Liabilities	20	23,985	19,123

Contract assets primarily relate to the group's right to compensation for work executed but not invoiced at the balance sheet date and mainly refers to consultancy work.

Contract liabilities primarily relate to advances in payment received from the customer, which mainly relate to consultancy work and service commitments.

Reported contract liabilities at the end of the period will mainly be reported as revenue in 2021.

In 2020, the Group had no sales in Sweden.

Revenue Streams
The Group's distribution of income from agreements with customers in major geographical markets, product groups and segments is summarised below.

Medical Device Industry
Sales of simulators, software and services where the product is used for training and marketing in order to safely launch and implement new medical device products.

Teaching Entities
Sales of simulators, software as well as services to academia, hospitals and institutions that provide education of hospital personnel and doctors.

Healthcare Systems
Sales of simulators, software and service to organisations providing care, where our solutions actively work to increase the efficiency and reduce the risk of harm to patients.

NOTE 2 • Revenue, cont.

Group

1 Januari - 31 December TSEK			Movement segment					
	Medical Device Industry		Teaching Entities		Healthcare Systems		Total	
	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2020	Jan–Dec 2019	Jan–Dec 2020	Jan–Dec 2019
Geographical Market								
EMEA	24,408	30,477	16,920	12,720	1,647	1,542	42,975	44,739
APAC	24,328	21,897	11,139	19,407	–	10,812	35,467	52,116
Americas	52,376	42,737	6,685	8,493	–	1,285	59,061	52,515
Total	**101,112**	**95,111**	**34,744**	**40,620**	**1,647**	**13,639**	**137,503**	**149,370**
Product Group								
Sales of Systems	41,576	30,995	19,672	16,113	802	5,411	62,050	52,519
Software Licenses	18,906	15,996	8,669	19,911	745	6,686	28,320	42,593
Support and Service Contracts	40,630	48,120	6,403	4,596	100	1,542	47,133	54,258
Total	**101,112**	**95,111**	**34,744**	**40,620**	**1,647**	**13,639**	**137,503**	**149,370**

NOTE 3 • Operating Segments

The Group's operations are divided into operating segments based on which parts of the operations are followed up by the company's chief operating decision makers. In the Group's internal reporting, the entity's operating segments Medical Device Industry, Teaching Entities and Healthcare Systems are used.

Each operating segment has a sales manager responsible for the day-to-day business operations, and the Groups internal reporting is built so that the Group's management team can follow up on performance and results of each segment.

Information on larger customers

One individual customer accounted for 14% of the total net sales in 2020, which represents 19,391 TSEK (14,090 TSEK).

This net sales is reported in the segment Medical Device Industry.

NOTE 4 • Other Income

Group

TSEK	2020	2019
Exchange Rate Profits on Receivables/Liabilities of an Operating Character	7,214	3,333
Other	6,161	–
Total	**13,375**	**3,333**

Parent Company

TSEK	2020	2019
Exchange Rate Profits on Receivables/Liabilities of an Operating Character	7,214	3,333
Other	1,406	–
Total	**8,620**	**3,333**

Other operating income pertains to state aid related to redundancy aid during the Covid-19 pandemic.

Mentice received support related to government redundancy programs. Of the total amount of support received, SEK 4,755 thousand has been received in the USA and the remaining SEK 1,406 thousand has been received in Sweden.

NOTE 5 • Employees, Personnel Costs and Remuneration to Senior Executives

Costs for remuneration to employees

TSEK	2020	2019
Group		
Salaries and other Remuneration	65,361	77,400
Pension Costs	7,615	4,732
Social Security Payments	14,702	13,000
Capitalised Expense for Development	-22,063	-9,715
	65,615	**85,417**

Average Number of Employees

TSEK	2020	whereof Men	2019	whereof Men
Parent Company				
Sweden	54	72%	45	76%
Germany	1	100%	1	100%
Total Parent Company	*55*	*73%*	*46*	*76%*
Subsidiaries				
Mentice Inc, USA	30	83%	33	82%
Mentice International Trading, China	3	100%	–	0%
Mentice KK, Japan	2	100%	3	100%
Total Subsidiary	*35*	*86%*	*36*	*83%*
Total Group	**90**	**78%**	**82**	**79%**

The average number of employees is defined as the average of four (4) measurement points over the year.

Gender Distribution in the Corporate Management

TSEK	2020-12-31 Share of women	2019-12-31 Share of women
Parent Company		
The Board	17%	0%
Other Senior Executives	29%	20%
Group		
The Board	17%	0%
Other Senior Executives	29%	20%

NOTE 5 • Employees, Personnel Costs and Remuneration to Senior Executives, cont.

Salaries and Other Remunerations Distributed Between Senior Executives and Other Employees as well as Social Security Costs in the Parent Company

Parent Company

TSEK	2020		
	Senior Executives (8 persons)	Other Employees	Total
Salaries and other Remunerations	13,365	31,531	44,889
(whereof Variable Remuneration)	(–)	(–)	(–)
Parent Company Total	***13,365***	***31,531***	***44,889***
Social Security Expenses	4,981	11,059	16,040
(whereof Pension Costs)	(1,400)	(2,324)	(3,724)

TSEK	2019		
	Senior Executives (4 persons)	Other Employees	Total
Salaries and other Remunerations	6,951	30,813	37,764
(whereof Variable Remuneration and Similar)	(735)	(247)	(982)
Parent Company Total	***6,951***	***30,813***	***37,764***
Social Security Expenses	1,518	11,963	13,481
(whereof Pension Costs)	(934)	(2,338)	(3,272)

Salaries and other Remuneration to the Board and the Chief Executive Officer

Group

TSEK	The Board / CEO		Other Employees		Total	
	2020	2019	2020	2019	2020	2019
Parent Company	5,038	1,102	39,858	36,662	44,889	37,764
- whereof Variable Remuneration	(–)	(–)	(–)	(982)	–	(982)
Subsidiaries	393	5,461	36,022	38,469	36,415	43,930
- whereof Variable Remuneration	(–)	(1,600)	(–)	(621)	–	(2,221)
Total	***5,431***	***6,563***	***75,880***	***75,131***	***81,304***	***81,694***
- whereof Variable Remuneration	(–)	(1,600)	(–)	(1,603)	(–)	(3,203)

NOTE 5 • Employees, Personnel Costs and Remuneration to Senior Executives, cont.

THE BOARD

During the year, 970 TSEK (730) in board fees has been paid out to the board. Gösta Johannesson received 170 TSEK (170), Denis Gestin 360 TSEK (360), David J Ballard 170 TSEK (-), Eola Ånggård Runsten 170 TSEK (-) and Johann Koss 100 TSEK (100) . There was no fee paid out to the chairman of the board, Lawrence D Howell.

CHIEF EXECUTIVE OFFFICER

Chief executive officer Göran Malmberg has received remuneration of 4,461 TSEK (5,833) in total during the financial year, of which 0 TSEK (1,600) in variable remuneration.

NOTE 5 • Employees, Personnel Costs and Remuneration to Senior Executives, cont.

INCENTIVE PROGRAM

A warrant incentive program for employees was implemented in May 2019. The warrants program 2019/2024 consists of 1,429,922 warrant rights where each warrant entitles the holder to subscribe for one new share at a price of 66.50 SEK in April 2024. A premium har been payed that corresponds to the market value of the warrant calculated using the Black & Scholes formula. As the market value has been payed, the program has no effect on the company's result for the period or its financial situation.

	Number of Subscription Warrants	
	2020	2019
Outstanding at the Beginning of the Period	354,810	1,429,922
Granted During the Period	–	-1,075,112
Forfeited During the Period	–	–
Exercised During the Period	-9,242	–
Expired During the Period	–	–
Outstanding at the End of the Period	345,568	354,810
Exercisable at the End of the Period	–	–

NOTE 6 • Fees and Remuneration to the Auditors

TSEK	2020	2019
Group		
KPMG		
Auditing	480	500
Other Commissions	–	246
Michael Richter Inc		
Auditing	450	347
Other Commissions	–	–
Parent Company		
KPMG		
Auditing	480	500
Other Commissions	–	246

Audit assignments refer to statutory audit of the annual report, the consolidated financial statements, the accounting records as well as the administration of the board of directors and the chief executive officer as well as review and other audits conducted according to agreement or contract. This includes other tasks that are up to the company's auditors to perform as well as advice and other assistance as a result of observations made during the audit or the implementation of such other duties.

NOTE 7 • Net Financial Items

Group

TSEK	2020	2019
Interest Income and Similar Profit/Loss Items		
Interest Income	9	36
Exchange Rate Gains	1,297	76
Other Financial Income	–	84
Total	***1,306***	***196***
Interest Costs and Similar Profit/Loss items		
Interest Costs	–	-94
Interest Costs IFRS16	-540	-700
Capital Loss Disposal of Fixed Assets	–	-161
Exchange Rate Losses	-1,133	-756
Other Financial Expenses	-6	-246
Total	***-1,679***	***-1,957***

Parent Company

TSEK	2020	2019
Interest Income and Similar Profit/Loss Items		
Interest Income	–	90
Exchange Rate Gains	1,220	76
Total	***1,220***	***166***
whereof Subsidiaries	1,220	90
whereof Others	–	76
Interest Costs and Similar Profit/Loss Items		
Interest Costs	-207	-89
Exchange Rate Losses	-1,102	-881
Other Financial Expenses	–	-41
Total	***-1,309***	***-1,011***
whereof Subsidiaries	-271	-1,011
whereof Others	-1,038	–

NOTE 8 • Taxes

Recognised in the income statement and other comprehensive income/income statement

Group

TSEK	2020	2019
Current Tax Expense (-) Tax Revenue (+)		
Tax Expense for the Year	-286	-778
	-286	**-778**
Deferred Tax Expense (-) Tax Revenue (+)		
Deferred Tax Attributable to Temporary Differences	*-177*	*-325*
Deferred Tax Revenue in Capitalized Tax Value of Loss Carry-forwards during the Year		
Loss Carry-forwards	5,957	6,738
	5,780	6,413
Total Recognised Tax Expense in the Group	***5,494***	***5,635***

The parent company has a total tax deficit of 67,291 TSEK.
Accrued tax assets have been recognised with 13,123 TSEK as financial asset in the parent company.
Deferred tax is recognised at the level that the deficit is deemed to be utilisable during the following year.

Parent Company

TSEK	2020	2019
Current Tax Expense (-) Tax Revenue (+)		
Tax Expense for the Year	-31	–
Adjustment of Tax Attributable to Previous Years	0	–
	-31	**–**
Deferred Tax Expense (-) Tax Revenue(+)		
Deferred Tax Revenue in Capitalized Tax Value of Loss Carry-forwards during the year		
Loss Carry-forwards	5,442	7,296
	5,442	7,296
Total Recognised Tax Expense in the Parent Company	***5,411***	***7,296***

NOTE 8 • Taxes, cont.

Reconciliation of Effective Tax

Group

TSEK		2020		2019
Profit/Loss Before Tax		**-18,586**		**-26,235**
Tax According to Parent Company's Applicable Tax Rate	20.6%	3,829	21.4%	5,614
Effect of Other Tax Rates for Foreign Subsidiaries	0.2%	45	0.6%	150
Non-deductible Expenses	-1.7%	-317	-2.9%	-761
Non-deductible Income	4.6%	857	0.0%	-
Utilisation of Previously Unrecognised Tax Losses	5.8%	1,081	2.4%	632
Effective Tax Recognised	***29.6%***	***5,494***	***21.5%***	***5,635***

Parent Company

TSEK		2020		2019
Profit/Loss Before Tax		**-22,507**		**-33,142**
Tax According to Parent Company's Applicable Tax Rate	20.6%	4,636	21.4%	7,092
Non-deductible Expenses	-8.8%	-1,987	-7.5%	-2,479
Tax Exempt Income	9.0%	2,014	6.3%	2,093
Utilisation of Previously Unrecognised Tax Losses	3.3%	748	1.8%	590
Effective Tax Recognised	***24.0%***	***5,411***	***22.0%***	***7,296***

NOTE 8 • Taxes, cont.

Change in Deferred Tax in Temporary Differences and Loss Carry-forwards

Group

TSEK	Balance as of 1 Jan 2020	Recognised in Profit/Loss for the Year	Recognised in other Comprehensive Income	Recognised in Changes in Equity	Acquisition/ Divestment of Business	Balance as of 31 Dec 2020
Tangible/Intangible Assets	20	-65				-45
Inventory		-186				-186
Other Receivables	–	97				97
Deferred Income	166	-23				143
Capitalization of Loss Carry-forwards	15,629	5,957	-1,020			20,566
	15,815	**5,780**	**-1,020**	**–**	**–**	**20,575**

Group

TSEK	Balance as of 1 Jan 2019	Recognised in Profit/Loss for the Year	Recognised in other Comprehensive Income	Recognised in Changes in Equity	Acquisition/ Divestment of Business	Balance as of 31 Dec 2019
Intangible Assets	-166	186				20
Other Receivables	419	-419				–
Deferred Income	644	-478				166
Capitalization of Loss Carry-forwards	8,505	7,124				15,629
	9,402	**6,413**	**–**	**–**	**–**	**15,815**

Parent Company

TSEK	Balance as of 1 Jan 2020	Recognised in the Income Statement	Recognised in Other Comprehensive Income	Recognised in Changes in Equity	Balance as of 31 Dec 2020
Other	386	284			670
Capitalization of Loss Carry-forwards	7,296	5,157			12,453
	7,682	**5,441**	**–**	**–**	**13,123**

Parent Company

TSEK	Balance as of 1 Jan 2019	Recognised in the Income Statement	Recognised in Other Comprehensive Income	Recognised in Changes in Equity	Balance as of 31 Dec 2019
Deferred Income	386				386
Capitalization of Loss Carry-forwards	–	7,296			7,296
	386	**7,296**	**–**	**–**	**7,682**

CHANGED TAX RATES

Effective from 1 January 2021, the tax rate in Sweden is 20.6 percent for companies with financial year that starts in 1 January 2021 or later.

NOTE 9 • Earnings per Share

TSEK	Basic	
	2020	2019
Earnings per Share	-0.54	-1.05

TSEK	After dilution	
	2020	2019
Earnings per Share	-0.54	-1.05

Earnings per Share

Profit/Loss for the Year Attributable to the Parent Company's Ordinary Shareholders

TSEK	2020
Profit/Loss for the Year Attributable to the Parent Company's Shareholders	-13,092
Profit/Loss Attributable to the Parent Company's Ordinary Shareholders	**-13,092**

	2019
Profit/Loss for the Year Attributable to the Parent Company's Shareholders	-20,600
Profit/Loss Attributable to the Parent Company's Ordinary Shareholders	**-20,600**

Weighted Average Number of Ordinary Shares

Thousand of Shares	2020	2019
Weighted Average Number of Ordinary Shares during the Year, Basic	24,285,974	19,553,679
Weighted Average Number of Ordinary Shares during the Year, After Dilution	24,285,974	19,553,679

NOTE 10 • Acquisition of operation

On October 1, Mentice announced that the acquisition of the substantial assets from Vascular Simulations Inc (Vascular Simulations). The purchase price amounted to 5.6 million USD (approx. 48 million SEK) with a possible additional purchase price of maximum 0.4 million USD (approx. 3.5 million SEK). The purchase price will be paid with a directed new shares issue in Mentice AB.

Vascular Simulations is located in Stony Brook, (NY, USA) and has developed an ultra-realistic and hemodynamic replicated environment for endovascular therapies since 2011.

The acquisition comprised the significant assets in Vascular Simulations as well as most of the company's personnel, where Vascular Simulations functions as a separate business unit within Mentice.

This acquisition will expand Mentice's global leadership role in endovascular simulation by expanding its solutions supporting the simulations requirements for the broader medical device's development lifecycle from initial concept to market-launch to the safe adoption in volume of a clinical device by health systems worldwide.

Completion of the acquisition took place on October 13. Payment was made through an off-set issuance of new shares in Mentice corresponding to the agreed purchase price, which was issued based on the authorization for the board to resolve on new issuance of shares given at the annual shareholders' meeting on May 27, 2020. The price per share was determined to the average share price for the company's shares during a ten-day period occurring prior to the completion of the acquisition. The issuance of shares was determined to 571,974 shares, corresponding to a value of 49,280 TSEK, which resulted in an increase of the share capital with 28.598,70 SEK.

On January 15, 2021, a directed issue of 3,520 TSEK was approved, corresponding to 40,855 shares, which increased the share capital by 2,042.75 SEK, attributable to the additional part of the purchase agreement with Vascular Simulations. The total purchase price for the additional part has been reported as goodwill in the balance sheet and as a new share issue but not registered share capital as of 31 December 2020 in the Group as well as the parent company.

Acquisition-related costs of 314 TSEK are included in the Group's other operating expenses in the income statement and in operating activities in the cash flow statement. In the parent company, these costs have been booked as goodwill and equity.

During the three months up until December 31, 2020, the acquisition of Vascular Simulations contributed with 5,007 TSEK to the Group's revenues and 1,705 TSEK to the Group's profit/loss after tax.

On October 8, Mentice signed an agreement to acquire all assets in the Jacksonville, Florida-based healthcare technology company EQIP for 180,000 USD (approx. 1.6 MSEK) with a possible additional purchase price of up to 70,000 USD (approx. 0.6 MSEK). 50% of the purchase price will be paid through newly issued shares and 50% through cash payment.

EQIP is a health technology start-up in the field of cloud services and data analytics. Its flagship online service, myIRlog™ (www.myIRlog.com), currently provides US based health providers and physicians with the possibility to easily and securely log and track a wide range of interventional radiology procedures. To date, myIRlog™ has logged over 120,000 cases performed by close to 1,000 interventional radiologists. The myIRlog™ service allows physicians in training to monitor their own case volumes per procedure type and create reports for submission to board certification and accreditation programs. MyIRlog™ also provide analytics services for health providers, assisting them in monitoring case volumes and credentialing requirements for practicing physicians.

The EQIP acquisition is the first for Mentice within the area of web services and data analytics and will enhance the existing Mentice Live™ cloud platform with capabilities to help establish the link between simulation training and actually performed cases in the clinical practice, eventually leading to comprehensive training and performance programs consisting of both e-learning, hands-on simulation and the first real procedures done on a patient.

Mentice intends to initially add the myIRlog™ services to its Mentice Live™ cloud offering and over time to roll out corresponding logbook services to all specialties within the endovascular and interventional fields.

During the three months up until December 31, 2020, the acquisition of EQIP has not contributed to either revenue or expenses for the Group.

The acquisition was completed on October 13. Payment was made in cash (90 TUSD) and remaining 90 TUSD through an off-set issuance of new shares in Mentice corresponding to the agreed purchase price which was issued based on the authorization for the board to resolve on new issuance of shares given at the annual shareholders' meeting on May 27. The price per share was stipulated to the average share price for the company's shares during a ten-day period occurring prior to completion of the acquisition. The share issue was set at 9,469 shares corresponding to a value of 798 TSEK, which meant an increase in the share capital by 473.45 SEK.

As of December 31, an additional 310 TSEK has been booked as goodwill and as current liabilities, which refers to the additional part of the agreement, which is expected to come into effect in 2021.

Acquisition-related costs of 154 TSEK are included in the Group's other operating expenses in the income statement and in operating activities in the cash flow statement. In the parent company, these costs have been booked as goodwill and equity.

NOTE 10 • Acquisition of operation, cont.

The acquisitions have had the following effect on the Group's assets:

Group

TSEK	Carrying amount		Total
	Vascular Simulations Inc	Eqip Inc	
Intangible assets	11,000,000	–	11,000,000
Tangible assets	693,000	–	693,000
Cash	1,320,000	–	1,320,000
Short term liability	1,872,113	–	1,872,113
Net identifiable assets	14,885,113		14,885,113
Goodwill	40,101,319	2,061,145	42,162,464
Purchase price	52,800,022	1,906,470	54,706,492

NOTE 11 • Intangible Assets

Group

TSEK	Internally Developed Intangible Assets	Acquired Intangible Assets	Acquired Intangible Assets	Total
	Development Expenses	Patents	Goodwill	
Accumulated Acquisition Value				
Opening Balance 2019-01-01	27,073	13,321		40,394
Internally Developed Assets	9,415			9,415
Other Investments			919	919
Received Contributions	-9,263			-9,263
Revaluations		524		524
Closing Balance 2019-12-31	27,225	13,845	919	41,989
Opening Balance 2020-01-01	27,225	13,845	919	41,989
Internally Developed Assets	22,063			22,063
Other Investments		11,401	41,694	53,095
Closing Balance 2020-12-31	49,288	25,246	42,613	117,147
Accumulated Depreciation and Impairment				
Opening Balance 2019-01-01	-5,650	-1,344		-6,994
Depreciation for the Year	-1,377	-1,745		-3,122
Write Down for the Year			-138	-138
Closing Balance 2019-12-31	-7,027	-3,089	-138	-10,254
Opening Balance 2020-01-01	-7,027	-3,089	-138	-10,254
Depreciation for the Year	-3,347	-1,995	–	-5,342
Write Down for the Year			-184	-184
Closing Balance 2020-12-31	-10,374	-5,084	-322	-15,780
Carrying Amount				
As of 2019-01-01	21,423	11,977	–	33,400
As of 2019-12-31	20,198	10,756	781	31,735
As of 2020-01-01	20,198	10,756	781	31,735
As of 2020-12-31	38,914	20,162	42,291	101,367

Investments in patents during the year relate to the acquisition of the assets in Vascular Simulations. Investments in goodwill relate to the acquisition of the assets in Vascular Simulation totalling 39,787 TSEK and goodwill relating to the acquisition of the assets in Eqip totalling 1,906 TSEK.

NOTE 11 • Intangible Assets, cont.

Parent Company

TSEK	Internally Developed Intangible Assets	Acquired Intangible Assets	Acquired Intangible Assets	Total
	Development expenses	Patents	Goodwill	
Accumulated Acquisition Value				
Opening Balance 2019-01-01	27,073	15,720		42,793
Acquisitions			919	919
Received Contributions	-9,263			-9,263
Internally Developed Assets	9,415			9,415
Closing Balance 2019-12-31	27,225	15,720	919	43,864
Opening Balance 2020-01-01	27,225	15,720	919	43,864
Internally Developed Assets	22,063			22,063
Acquisitions		11,000	42,162	53,162
Closing Balance 2020-12-31	49,288	26,720	43,081	119,089
Accumulated Depreciation				
Opening Balance 2019-01-01	-5,650	-1,344		-6,994
Depreciation for the Year	-1,377	-1,745		-3,122
Write Down for the Year			-138	-138
Closing Balance 2019-12-31	-7,027	-3,089	-138	-10,116
Opening Balance 2020-01-01	-7,027	-3,089	-138	-10,116
Depreciation for the Year	-3,347	-1,995		-5,342
Write Down for the Year			-184	-184
Closing Balance 2020-12-31	-10,374	-5,084	-322	15,780
Carrying Amount				
As of 2019-01-01	21,423	14,376		35,799
As of 2019-12-31	20,198	12,631	781	33,610
As of 2020-01-01	20,198	12,631	781	33,610
As of 2020-12-31	38,914	21,636	42,759	103,308

NOTE 12 • Tangible Assets

Group

TSEK	Inventories	Total
Acquisition Value		
Opening Balance, January 1, 2019	16,258	16,258
Purchases	3,056	3,056
Reclassifications to Tangible Assets	934	934
Disposals	-3,172	-3,172
Closing Balance, December 31, 2019	17,076	17,076
Opening Balance, January 1, 2020	17,076	17,076
Purchases	3,275	3,275
Reclassifications to Tangible Assets	1,225	1,225
Disposals	-319	-319
Write-down	-303	-303
Exchange rate differences	-689	-689
Closing Balance, December 31, 2020	20,265	20,265
Depreciation		
Opening Balance, January 1, 2019	-9,718	-9,718
Depreciation for the Year	-2,671	-2,671
Disposals	3,005	3,005
Exchange Rate Differences	200	200
Closing Balance, December 31, 2019	-9,184	-9,184
Opening Balance, January 1, 2020	-9,184	-9,184
Depreciation for the Year	-3,655	-3,655
Disposals	198	198
Exchange Rate Differences	346	346
Closing Balance, December 31, 2020	-12,295	-12,295
Carrying Amount		
As of 2019-01-01	6,540	6,540
As of 2019-12-31	7,892	7,892
As of 2020-01-01	7,892	7,892
As of 2020-12-31	7,970	7,970

NOTE 12 • Tangible Assets, cont.

Parent Company

TSEK	Inventories	Total
Acquisition Value		
Opening Balance, January 1, 2019	4,336	4,336
Reclassifications to Tangible Assets		–
	934	934
Avyttringar	–	–
Closing Balance, December 31, 2019	5,270	5,270
Opening Balance, January 1, 2020	5,270	5,270
Purchases	1,266	1,266
Closing Balance, December 31, 2020	6,536	6,536
Depreciation		
Opening Balance, January 1, 2019	-3,299	-3,299
Depreciation for the Year	-408	-408
Closing Balance, December 31, 2019	-3,707	-3,707
Opening Balance, January 1, 2020	-3,707	-3,707
Depreciation for the Year	-496	-496
Closing Balance, December 31, 2020	-4,203	-4,203
Carrying Amount		
As of 2019-01-01	1,037	1,037
As of 2019-12-31	1,563	1,563
As of 2020-01-01	1,563	1,563
As of 2020-12-31	2,333	2,333

NOTE 13• Rights-of-use Assets

Group

TSEK	Rights-of-use Asset	Total
Acquisition Value		
Per January 1, 2019	21,942	21,942
Closing Balance, December 31, 2020	21,942	21,942
Opening Balance, January 1, 2020	21,942	21,942
Closing Balance, December 31, 2020	21,942	21,942
Depreciation		
Opening Balance, January 1, 2019	–	–
Depreciation for the Year	-5,361	-5,361
Closing Balance, December 31, 2019	-5,361	-5,361
Opening Balance, January 1, 2020	-5,361	-5,361
Depreciation for the Year	-5,361	-5,361
Closing Balance, December 31, 2020	-10,722	-10,722
Carrying Amount		
Per 2019-01-01	21,942	21,942
Per 2019-12-31	16,581	16,581
Per 2020-01-01	16,581	16,581
Per 2020-12-31	11,220	11,220

NOTE 14 • Receivables from Group Companies

Parent Company

TSEK	2020-12-31	2019-12-31
Accumulated Acquisition Value		
At the Beginning of the Year	838	3,982
Settlement Receivables	-18,071	-3,314
Additional receivables	17,011	–
Exchange Difference	2,901	170
Closing Balance, 2020-12-31	2,679	838
Carrying Amount	2,679	838

NOTE 15• Inventories

Group

TSEK	2020-12-31	2019-12-31
Finished Products and Goods for Resale	5,769	9,316
	5,769	9,316

The Group's cost of goods sold includes impairment of inventories of 0 (1,635) TSEK.

Parent Company

TSEK	2020-12-31	2019-12-31
Finished Products and Goods for Resale	4,801	4,782
	4,801	4,782

NOTE 16 • Prepaid Expenses and Accrued Income

TSEK	2020-12-31	2019-12-31
The Group		
Rent	1,663	1,167
Leases	10	9
Insurance	305	209
Accrued Income	12,738	12,696
Additional Prepaid Expenses	1,777	3,370
	16,493	13,268
Parent Company		
Rent	866	1,167
Leases	10	9
Insurance	300	200
Accrued Income	7,083	8,141
Additional Prepaid Expenses	1,015	4,030
	9,274	13,547

NOTE 17 • Cash and Cash Equivalents

Group

TSEK	2020-12-31	2019-12-31
The following components are included in cash and cash equivalents:		
Cash and Bank Balances	48,753	48,041
Total According to Statement of Financial Position	***48,753***	***48,041***

Parent Company

TSEK	2020-12-31	2019-12-31
The following components are included in cash and cash equivalents:		
Cash and Bank Balances	41,388	42,152
Total According to Statement of Financial Position	***41,388***	***42,152***

NOTE 18 • Equity

SHARE CAPITAL

There is only one type of share, all shares have the same rights.

On December 31, 2020, the registered share capital encompassed 24,727,995 ordinary shares.

Holders of ordinary shares are entitled to dividends that are established after the event and the shareholding gives the right to vote at general meetings with one vote per share.

OTHER CAPITAL CONTRIBUTIONS

Refers to shareholders' equity that is contributed when subscribing for issues of new shares.

RETAINED EARNINGS AND PROFIT/LOSS FOR THE YEAR

Retained earnings and profit/loss for the year comprise restricted equity and non-restricted equity.

RESTRICTED EQUITY

Restricted equity comprises, apart from share capital, fund for self-generated development expenses.

The fund is reduced in step with the activated expenses being written off or impaired.

NON-RESTRICTED EQUITY

Non-restricted equity comprises the previous year's retained earnings as well as reserves. Reserves encompass all exchange rate differences that arise during translation of financial statements from foreign entities that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented.

Share Classes

Thousand of Shares	2020	2019
Ordinary Shares		
Issued as of January 1	24,147	11,201
Rights Issue	581	12,946
Issued as of December 31	**24,728**	**24,147**

Dividend		
After the closing date, the board has decided that no dividend will be paid		

TSEK	2020	2019
Dividends	–	–
	–	–
Recognised Dividend per Share (SEK)	**–**	**–**

NOTE 19 • Non-current Liabilities

Parent Company

TSEK	2020	2019
Non-current Liabilities		
Liabilities to Group Companies	28,966	46,297
	28,966	**46,297**

Refers to liabilities to subsidiaries in Switzerland and China that are due within 5 years.

NOTE 20 • Accrued Expenses and Deferred Income

TSEK	2020-12-31	2019-12-31
Group		
Deferred Service Revenue	11,335	12,360
Deferred income and accrued expenses	27,646	12,893
Accrued Holiday Pay	5,765	4,619
Accrued Social Security Charges	4,320	2,962
Other	1,686	4,962
	50,752	**37,796**
Parent Company		
Deferred Service Revenue	7,788	8,355
Deferred income and accrued expenses	16,197	10,768
Accrued Holiday Pay	5,405	3,961
Accrued Social Security Charges	4,320	2,962
Other	600	3,009
	34,310	**29,055**

NOTE 21 • Measurement of Financial Assets and Liabilities at Fair Value as well as Categorisation

FAIR VALUE

Assets and liabilities measured at fair value via the profit/loss are classified, pursuant to IFRS 13, which means that the fair values have to be classified according to a hierarchy that reflects the significance of the input data that is used according to the following levels:

- Level 1 – Quoted prices (unadjusted) on active markets.
- Level 2 – Input data other than the quoted prices included in level 1 that, either directly or indirectly, are observable.
- Level 3 – Input data that is not based on observable market data.

For assets and liabilities that are valued at accrued acquisition value, the fair value corresponds in all material respects to this value.

Classification and Fair Value, and Measurement Hierarchy Level

Group

2020	Carrying Amount			Fair Value			
TSEK	Measured at Fair Value via Profit/Loss	Measured at Amortised Acquisition Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets							
Accounts Receivable	215	29,266	29,481		215		29,481
Other Current Receivables		3,642	3,642		–		3,642
Cash and Cash Equivalents		48,753	48,753				48,753
	215	81,661	**81,876**	–	215	–	**81,876**
Financial Liabilities							
Accounts Payable		16,763	16,763				16,763
Other Current Liabilities		2,829	2,829	–			2,829
	–	19,592	**19,592**	–	–	–	**19,592**

Group

2019	Carrying Amount			Fair Value			
TSEK	Measured at Fair Value via Profit/Loss	Measured at Amortised Acquisition Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets							
Accounts Receivable		37,382	37,382				37,382
Other Current Receivables		127	127				127
Cash and Cash Equivalents		48,041	48,041				48,041
	–	85,550	**85,550**	–	–	–	**85,550**
Financial Liabilities							
Accounts Payable		7,109	7,109				7,109
Other Current Liabilities	25	1,601	1,626		25		1,626
	25	8,710	**8,735**	–	25	–	**8,735**

NOTE 21 • Measurement of Financial Assets and Liabilities at Fair Value as well as Categorisation, cont.

Parent company

2020 TSEK	Carrying Amount			Fair Value			
	Measured at Fair Value via Profit/Loss	Measured at Amortised Acquisition Cost	Total	Level 1	Level 2	Level 3	Total
Accounts Receivable	215	22,094	22,309		215		22,309
Other Current Receivables		3,215	3,215				3,215
Cash and Cash Equivalents		41,388	41,388				41,388
	215	66,697	66,912	–	215	–	66,912
Liabilities to Group Companies		28,966	**28,966**				**28,966**
Accounts Payable		15,797	15,797				15,797
Other Current Liabilities		1,422	1,422				1,422
	–	46,185	**46,185**	–	–	–	**46,185**

Parent Company

2019 TSEK	Carrying Amount			Fair Value			
	Measured at Fair Value via Profit/Loss	Measured at Amortised Acquisition Cost	Total	Level 1	Level 2	Level 3	Total
Receivables from Group Companies		31,636	31,636				31,636
Accounts Receivable		29,712	29,712				29,712
Other Current Receivables		31	31				31
Cash and Cash Equivalents		42,152	42,152				42,152
	–	103,531	**103,531**	–	–	–	**103,531**
Liabilities to Group Companies		46,297	46,297			–	46,297
Accounts Payable		6,535	6,535			–	6,535
Other Current Liabilities	25	963	988		25	–	988
	25	53,795	**53,820**	–	25	–	**53,820**

NOTE 22 • Financial Risk and Risk Management

Maturity Structure Financial Liabilities – Undiscounted Cash Flows

Group

2020 TSEK	Nominal Amount Original Currency	Currency	Nominal Amount Original Currency		Total	< 1 month	1-3 months	3-6 months
Accounts Payable	16,763	SEK	16,763		16,763	16,763	–	–
Total	***16,763***		***16,763***		***16,763***	***16,763***	**–**	**–**

2019 TSEK	Nominal Amount Original Currency	Currency	Nominal Amount Original Currency		Total	< 1 month	1-3 months	3-6 months
Accounts Payable	7,109	SEK	7,109		7,109	7,109	–	–
Total	***7,109***		***7,109***		***7,109***	***7,109***	**–**	**–**

Parent Company

2020 TSEK	Nominal Amount Original Currency	Currency	Nominal Amount Original Currency		Total	< 1 month	1-3 months	3-6 months
Accounts Payable	15,797	SEK	15,797		15,797	15,797	–	–
Total	***15,797***		***15,797***		***15,797***	***15,797***	**–**	**–**

2019 TSEK	Nominal Amount Original Currency	Currency	Nominal Amount Original Currency		Total	< 1 month	1-3 months	3-6 months
Accounts Payable	6,535	SEK	6,535		6,535	6,535	–	–
Total	***6,535***		***6,535***		***6,535***	***6,535***	**–**	**–**

NOTE 22 • Financial Risk and Risk Management, cont.

Through its operations, the Group is exposed to various kinds of financial risks.

- Market risk
- Currency risk
- Credit risk

MARKET RISK

Market risk is the risk that the fair value of, or future cash flow from, a financial instrument varies due to changes in market prices. Market risks are divided into three types by IFRS, currency risk, interest rate risk and other price risks. The market risks that primarily affect the Group consist of currency risks.

CURRENCY RISK

Currency risk is the risk that the value of assets and liabilities varies due to changes in exchange rates.

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

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

In the parent company, 70% of the external sales are in EUR, and the majority of costs are in SEK.

The external sales conducted in the US subsidiary is exclusively in USD. The inflow is matched against the subsidiary's outflow, which is comprised of costs that are also exclusively in USD.

SENSITITVITY ANALYSIS

To manage the currency risk, the Group's goal is to minimise the effect of short-term fluctuations on the Group's result.

The Group's currency management policy is to all of the time hedge 60 percent of the total order value in EUR current.

The Group uses futures to hedge its currency risk, where the majority of contracts are due within 3 months of the balance sheet date. Long-lasting currency exchange rate changes will however have an impact on the consolidated result.

A general increase in value of 5 percent for SEK versus USD is estimated to have a negative impact of 3 MSEK (6) on the Groups operating result before tax for the financial year 2020.

CREDIT RISKS IN ACCOUNTS RECEIVABLE

The Group's exposure to credit risk is mainly attributable to accounts receivable. The situation of existing customers is also monitored continuously, in order to identify warning signs at an early stage.

When monitoring customer's credit risk, customers are grouped according to their credit properties, their geographical location, industry and trading history with the Group and the existence of any previous financial difficulties.

Accounts receivable are spread across a large number of customers, and no customer represents a significant portion of the total. Neither are trade accounts receivable concentrated to a specific geographical area. The Group therefore assesses that the concentration risk is limited.

The Group has not reported any customer loss reserves or customer losses.

NOTE 23 • Leasing Agreements

LEASING AGREEMENTS WHERE THE COMPANY IS LESSEE

IFRS 16 discounts the value of the right to future use of lease assets and this value is recognised as an asset on the balance sheet, with the corresponding lease commitment as a liability. The recognised lease assets are written down over the term of the agreement and the liability is reduced through ongoing payment for the commitment. The effects of discounting have been recognised as an interest expense.

When discounting the liability, the marginal interest rate has been determined based on what the Group would have paid in interest for a loan financing with the corresponding period and collateral.

The groups leasing agreements refers in full to rental agreements for premises and are the following:

TSEK	Duration
Gothenburg, Sweden	March 31, 2022
Chicago, USA	June 30, 2025
Denver, USA	December 31, 2021

TSEK	2020	2019
The Group		
Right-of-use Assets	21,942	21,942
Write-offs during the Year	-10,722	-5,361
Closing Balance, 2020-12-31	**11,220**	**16,581**

Leasing Liabilities Included in the Group - Consolidated Balance Sheet

TSEK	2020	2019
Group		
Short-term	5,142	5,055
Long-term	6,368	10,393
Closing Balance, 2020-12-31	**11,510**	**15,448**

Amounts Included in the Result

TSEK	2020	2019
Group		
Write-offs of Right-of-use Asset	5,361	5,361
Interest on Leasing Liabilities	540	700
Tax	676	329
Leasingkostnad avseende tillgång av lågt värde	–	–
	6,577	**6,390**

Mentice's cash flow has been affected by IFRS 16 as described below as of 31 December

TSEK	2020	2019
Cash flow statement		
Non-cash Items	5,361	5,361
Financial Items	540	700
Cash flow from Operating Activities	676	329
Leasingkostnad avseende tillgång av lågt värde	–	–
	6,577	**6,390**

NOTE 23 • Leasing Agreements, cont.

Duration Analysis of Leasing Agreements, Presenting the Undiscounted Leasing Fees to be Paid after the Balance Day

TSEK	2020	2019
Group		
Within One Year	5,849	5,628
Between One and Two Years	2,407	5,849
Between Two and Three Years	1,647	2,407
Between Three and Four Years	2,658	1,647
Longer than Four Years	–	2,658
Total Undiscounted Leasing Fees	**12,561**	**18,189**

TSEK	2020	2019
Parent Company		
Within One Year	3,205	3,044
Between One and Two Years	801	3,205
Between Two and Three Years	–	801
Total Undiscounted Leasing Fees	**4,006**	**7,050**

NOTE 24 • Pledged Assets, Contingent Liabilities and Contingent Assets

Group

TSEK	2020-12-31	2019-12-31
Pledged Assets		
In the form of Assets Pledged for Own Liabilities and Reserves		
Corporate Mortgage	11,500	11,500
Contingent Liabilities	–	–
	11,500	**11,500**
Total Pledged Assets	***11,500***	***11,500***

Parent company

TSEK	2020-12-31	2019-12-31
Pledged Assets		
Corporate Mortgage	11,500	11,500
Contingent Liabilities	–	–
	11,500	**11,500**
Total Pledged Assets	***11,500***	***11,500***

NOTE 25 • Appropriation of Retained Earnings

Proposed Appropriation of Retained Earnings

Retained Earnings Brought Forward According to the Previous Year's Annual Report	98,032
Dividend According to the Previous Year's Appropriation of Retained Earnings	–
Rights Issue	53,529
The Year's Provision to Fund for Development Expenses	-17,859
Profit/Loss for the Year	-17,096
Total	***116,606***
Dividends	–
Carried Forward	116,606
Total	***116,606***

NOTE 26 • Group Companies

Holdings in Subsidiaries

	The Subsidiary's Registered Office , Country	Corporate Identity Number	Carrying Amount	Ownership, %	
				2020-12-31	2019-12-31
Mentice INC	Chicago, Illinois, US	EIN 36-4355601	19,011	100.0%	100.0%
Mentice KK	Tokyo, Japan	0104-01-113133	101	100.0%	100.0%
Mentice SA	Lausanne, Switzerland	CH-550-100855-0	22,066	99.9%	99.9%
Mentice International Trading	Beijing, China	91110105MA01HUNX9Y	478	100.0%	–

Parent Company

TSEK	2020-12-31	2019-12-31
Accumulated Aquisition Values		
Opening Balance 2020-01-01	82,154	81,676
Holdings in New Subsidiary	–	478
Closing Balance, 2020-12-31	***82,154***	***82,154***
Accumulated Depreciation		
Opening Balance 2020-01-01	-40,498	-40,498
Impairments for the Year	–	–
Closing Balance, 2020-12-31	***-40,498***	***-40,498***
Recognised Value 2020-12-31	**41,656**	**41,656**

NOTE 27 • Appropriations

Parent Company

TSEK	2020	2019
Accumulated Additional Depreciation		
Patents	–	-775
Total Appropriations	**–**	***-775***

NOTE 28 • Specifications for the Cash Flow Statement

Cash and Cash Equivalents - Group

TSEK	2020-12-31	2019-12-31
The Following Components are Included in Cash and Cash Equivalents:		
Cash and Bank Balances	48,753	48,041
Total According to the Balance Sheet	***48,753***	***48,041***

Cash and Cash Equivalents - Parent Company

TSEK	2020-12-31	2019-12-31
The Following Components are Included in Cash and Cash Equivalents:		
Cash and Bank Balances	41,388	42,152
Total According to the Balance Sheet	***41,388***	***42,152***

Interest Paid and Dividends Obtained

TSEK	2020	2019
Group		
Received Interest	9	36
Interest Paid	-4	-94
Parent Company		
Received Interest	–	–
Interest Paid	-3	-89

Adjustments for Items not included in the Cash Flow

TSEK	2020	2019
Group		
Depreciation	14,142	12,529
Unrealised Exchange Rate Differences	747	-1,740
Write-down of fixed assets	325	–
	15,214	**10,789**
Parent Company		
Depreciation	6,023	4,339
Unrealised Exchange Rate Differences	54	2,001
Realised gains from sales of tangible fixed assets	66	–
	6,143	**6,340**

NOTE 29 • Events after the Closing Date

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

NOTE 30 • Information about the Parent Company

Mentice AB is a Swedish registered limited company with registered office in Gothenburg. The address of the head office is Odinsgatan 10, Gothenburg, Sweden.

The consolidated financial statements for the period 1 January 2020 – 31 December 2020 consist of the parent company and its subsidiary, jointly called the Group.

CERTIFICATION OF THE BOARD

The Board and the Chief Executive Officer hereby certify that the annual report has been prepared in accordance with good accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards described in the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The annual report and the consolidated accounts present a fair view of the parent company and the Group's financial position and result. The Board of Director's Report for the parent company and the Group present a fair view of the development of the parent company's and the Groups' business operations, position and result and describes import risks and factors of uncertainty that the parent company and the companies in the Group are exposed to.

The annual report and the consolidated accounts have, as stated above, been approved for publication of the board and the Chief Executive Officer on April 6, 2021. The consolidated accounts' consolidated income statement and total result and consolidated balance sheet for the Group and the parent company's result and balance sheet will be subject to a vote on the annual general meeting on May 6, 2021.

Göteborg, April 15 2021

Lawrence D Howell

Chairman of the Board

Göran Malmberg

Chief Executive Officer

David J Ballard

Member of the Board

Denis Gestin

Member of the Board

Eola Änggård Runsten

Member of the Board

Gösta Johannesson

Member of the Board

Johann Koss

Member of the Board

We submitted our Auditor's Report on April 15, 2021.

KPMG AB

Fredrik Waern

Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Mentice AB, corp. id 556556-4241

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Mentice AB for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 44-102 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

BASIS FOR OUR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so. The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

– Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Mentice AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

– has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

– in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Göteborg, April 15 2021

KPMG AB

Fredrik Waern

Authorized Public Accountant

FINANCIAL CALENDAR

INTERIM REPORT JAN–MAR 2021 (Q1)	28 APRIL 2021 AT 8:30
INTERIM REPORT APR–JUN 2021 (Q2)	22 JULY 2021 AT 8:30
INTERIM REPORT JUL–SEP 2021 (Q3)	28 OCTOBER 2021 AT 8:30

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

MENTICE AB (PUBL) - ANNUAL REPORT JANUARY–DECEMBER 2020