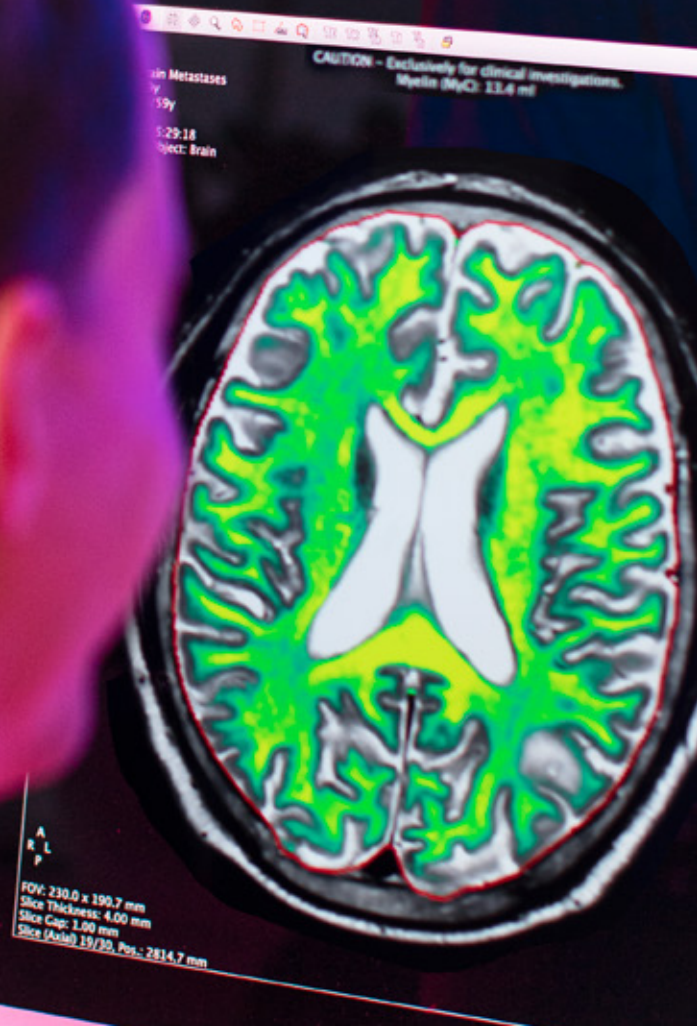
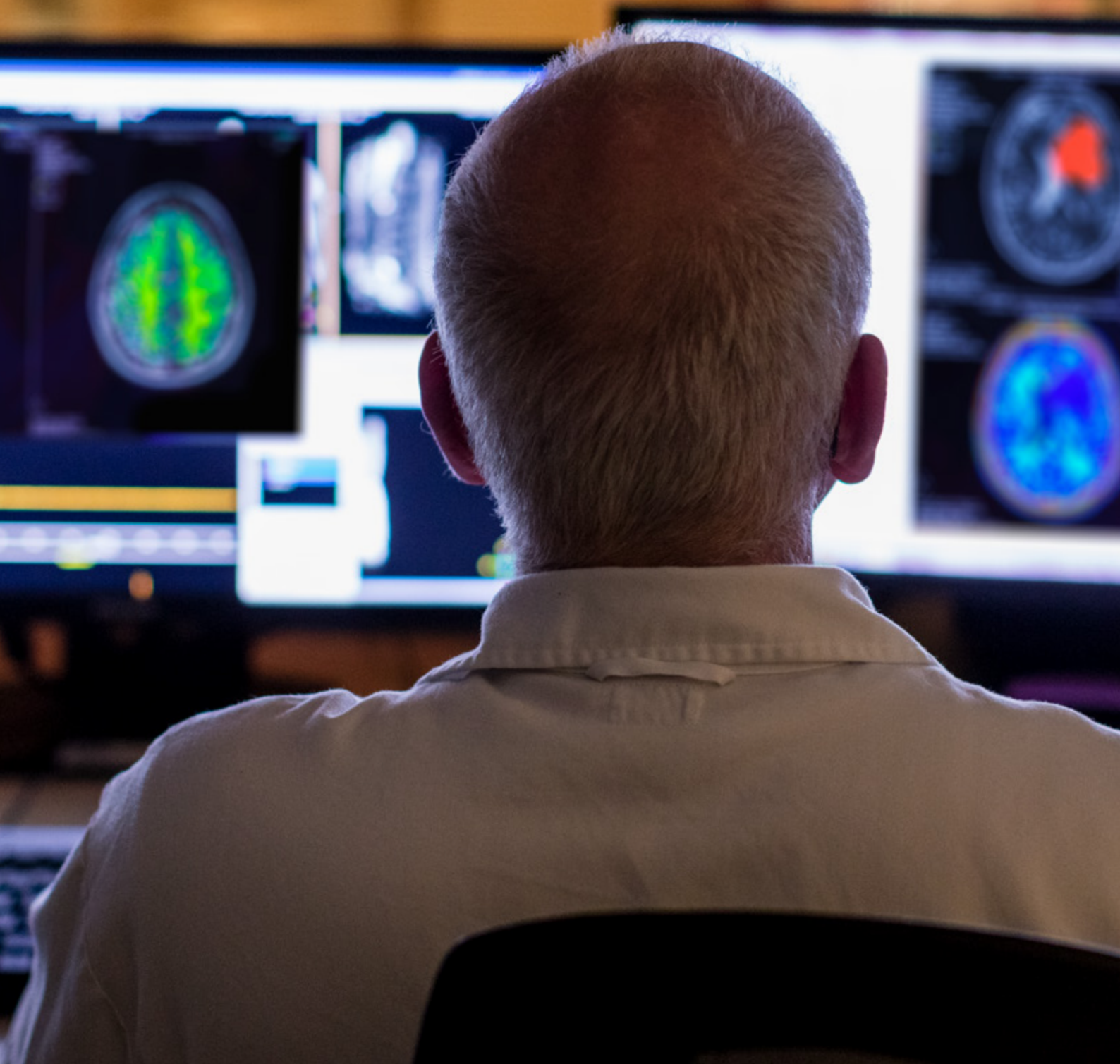


# ANNUAL REPORT 2019



"SyMRI has moved into our clinical routine. The quantitative data helps us make decisions about what's normal and what's not."

Dr James Leach, Radiologist of Cincinnati Children's Hospital Center  
and Professor at UC Department of Radiology



# Content

- SyMRI Introduction..... 4
- CEO comments ..... 7
- The year in brief ..... 8
- Product packages ..... 10
- About the technology ..... 11
  - Synthetic MR ..... 11
  - Magnetic Resonance Imaging ..... 12
  - How it works ..... 13
- Vision and Strategy ..... 14
- Core values..... 16
- Quality and Product Development ..... 17
- About the market ..... 18
  - The MRI market ..... 18
  - Trends and driving forces..... 19
  - OEM partners ..... 20
  - The MRI Market in North America, Japan and India..... 22
  - Interview: Kyle Frye appointed as new President ..... 24
- Case studies ..... 26
  - Brain volumes within pediatrics ..... 26
  - Myelin quantification in MS ..... 27
  - Flexible scanning in neonates ..... 27
- Future outlook ..... 28
- Financial information ..... 30**
- Organization and Management..... 32
- Board..... 34
- Stock information ..... 36
- Administration report ..... 38
- Consolidated Income Statement and other Comprehensive Income ..... 44
- Consolidated Balance sheet, Assets, Equity and liabilities ..... 45
- Consolidated Statement of cash flow..... 46
- Consolidated Statement of changes in equity..... 47
- Parent company’s Income Statement and other Comprehensive Income ..... 48
- Parent company’s Balance sheet, Assets, Equity and liabilities ..... 49
- Parent company’s Statement of cash flow..... 50
- Parent company’s Statement of changes in equity..... 51
- Notes ..... 52
- Signatures ..... 74
- Auditor’s report ..... 75
- Information to the shareholders..... 78
- Dictionary ..... 79



**“With this technology we get more information in one third of the time”**

Dr. Alex Rovira, University Hospital Vall d’Hebron

#### SYNTHETICMR INTRO

## This is SyntheticMR

SyntheticMR develops innovative software solutions for Magnetic Resonance Imaging (MRI) that supports shorter exam times and delivers more information to the clinician.

SyntheticMR’s unique technology measures the absolute properties of the brain and delivers adjustable contrast images, automatic biomarker segmentation and quantitative data in a single MR scan.

SyntheticMR has partner agreements with Siemens Healthineers and Philips as well as a client-specific version sold by GE Healthcare.

The company was founded by Dr Marcel Warntjes in 2007 based on his innovations developed at Center for Medical Image Science and Visualisation (CMIV) in Linköping, Sweden. SyntheticMR has 24 employees and is based in central Linköping.



**Ulrik Harrysson**  
CEO SyntheticMR AB

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## CEO COMMENTS

# A year of development

My experiences since I took over as CEO of SyntheticMR on July 1, 2019 have reinforced my belief that our unique product offering is truly appreciated by our customers and that we as an organization have all the prerequisites to continue to develop our position in the market. In our priority markets, USA, Japan, India and the EU, we have added over 10,000 annual hours of sales resources in recent months. I am convinced that this will result in increased sales and future earnings over time. The company enters the year with a strong financial position and the increased costs are scalable, which means that if we need to slow down in any area, the time to implement is short.

## We are implementing the right strategies

SyntheticMR is a growth company with high ambitions. To ensure profitable sales growth in the long term, we continue to implement our strategies at a high rate. The strategy to continue to develop our partners as sales channels and the investment in our own sales resources means that we increase the contact area towards the end customers significantly.

At the end of 2019, we received an SyMRI order from a reputable hospital in the US, the first after we invested a relatively short time ago in our own sales resources in the market. Similarly, our investments in India and Japan have resulted in a first order in each country. We were also very pleased to in the beginning of 2020 receive orders from MD Anderson Cancer Center and Mayo Clinic, world-renowned hospitals in the USA. With these orders, directly from the hospitals, we have seen a very positive start to 2020. These five examples support the perception that we are implementing the right strategies to ensure long-term profitable sales growth.

Sales for the full year 2019 amounted to 45.8 MSEK (48.3), which is a decrease of -5%. The decrease is due to lower sales of MAGiC licenses through GE Healthcare than the previous year and then mainly attributable to the fourth quarter. Sales of SyMRI via other channels are increasing in comparison with 2018 but have not yet reached the growth ambitions that SyntheticMR has as a company. Operating profit for 2019 was positive and amounted to 4.9 MSEK (18.7), corresponding to a margin of 11 percent (39).

The development of our investments in the USA has so far exceeded expectations. In addition to the initial orders of SyMRI already taken, the team works with a large number of business opportunities that have progressed far in the sales process. It is positive that several of these are negotiated as time limited deals over several years, which over time will build a customer base for repeat sales.

Our participation at RSNA, the world's largest congress for radiologists, in Chicago in December contributed significantly to increased interest from potential customers in the US, but also from the other markets where we have prioritized our own sales resources.

As in the US, our sales processes in India and Japan are developing beyond expectations, to just mention two of our local markets. The cooperation with our existing partners continues to be strengthened in a positive direction. All commercial partners are more active with sales activities across all local markets. This is another positive effect of our increased geographical presence, where we, together with our partners closer to the market, can deliver the benefits demanded by our end customers.

## We continue to develop our collaborations

At a global level, we continue to broaden and deepen our partnership with GE Healthcare, including existing MAGiC products. In addition, we are developing our collaboration of new customer offerings to existing and new customer segments, both in the short and long term.

With Siemens Healthineers, we continue to develop our collaboration on the offerings of SyMRI in the platform syngo.via Open Apps, which is now also launched in the US. In parallel we continue the work on a number of development projects with estimated impact in the long term. In collaboration with Philips Healthcare we are underway with joint development projects, where in the short term we are also taking steps in the right direction to have SyMRI included in their global product catalog.

In addition to all the efforts we make with our existing partners, we have also recently initiated several development projects with potentially new partners, which aim to increase our market potential and contribute to long-term sales growth.

## Looking ahead

It is self-evident that the covid-19 pandemic will have an impact on our business. Above all, regarding the risks to our employees' health and the indirect effects through the fact that society does not function fully. At the market level, the implication to us will depend on how our partners act and how this in turn limits contacts, for example. Traveling is much more complicated and makes our work more difficult. The management and board monitor these issues continuously and make decisions accordingly.

As mentioned, it is my strong conviction that the activities and investments we are now making, including in the form of increased sales resources in priority markets, are the right initiatives for SyntheticMR to show long-term profitable sales growth again. We will further strengthen our position with existing and new partners and get closer to our end customers. This is how we will put SyntheticMR back on the growth path where the company deserves to be.

*Ulrik Harrysson, CEO SyntheticMR AB*

SYNTHETIC MR

# The year in brief



### ISMRM REPRESENTATION IN MONTREAL

SyntheticMR hosts our first booth at the International Society for Magnetic Resonance in Medicine annual meeting. A number of digital posters featured SyMRI, including Dr Marcel Warntjes' poster on Automatic Segmentation based on R1, R2 & PD.



### RSNA REPRESENTATION IN CHICAGO

SyntheticMR hosts our second booth at the world's largest radiology conference, RSNA.



### ASNR REPRESENTATION IN BOSTON

SyntheticMR hosts our second booth at the neuroradiology conference ASNR. Dr Marcel Warntjes delivers a talk titled 'SyMRI Innovations and Myelin Segmentation in Clinical Routine'.

### COMPANY EXPANSION

SyntheticMR Inc. established in Cincinnati USA.

## Milestones

2007

SyntheticMR is founded by Dr Marcel Warntjes

2008

Cooperation is initiated with Sectra

2009

The first product is CE-marked

2012

SyntheticMR signs evaluation agreement with GE Healthcare

2013

SyntheticMR is listed on Spotlight Stock Market

2014

Licence agreement with GE Healthcare, MAGiC is introduced at RSNA





**ESNR REPRESENTATION IN OSLO**

SyntheticMR hosts for the first time at ESNR, which in 2019 was in Oslo, Norway.



**NEURORAD REPRESENTATION IN FRANKFURT**

SyntheticMR hosts for the first time at NeuroRad 2019 in Frankfurt, Germany.

**ECR 2019**

First booth at the European Congress of Radiology in Vienna.

**REGULATORY APPROVAL**

SyMRI is approved for clinical use in Turkey.

**COMPANY EXPANSION**

Added sales staff in the Indian market.

**COMPANY EXPANSION**

Added sales staff in the Japanese market.



**ISNR REPRESENTATION IN NEW DELHI**

SyntheticMR hosts for the first time in India at ISNR in New Delhi.

**REGULATORY APPROVAL**

SyMRI is approved for clinical use in Australia.

2015

Cooperation and co-marketing agreement signed with Philips

2016

Cooperation and co-marketing agreement signed with Siemens. MAGiC FDA cleared

2017

SyMRI FDA cleared, additional agreement with Siemens syngo.via

2018

SyMRI NEURO is FDA cleared for both GE and Philips

2019

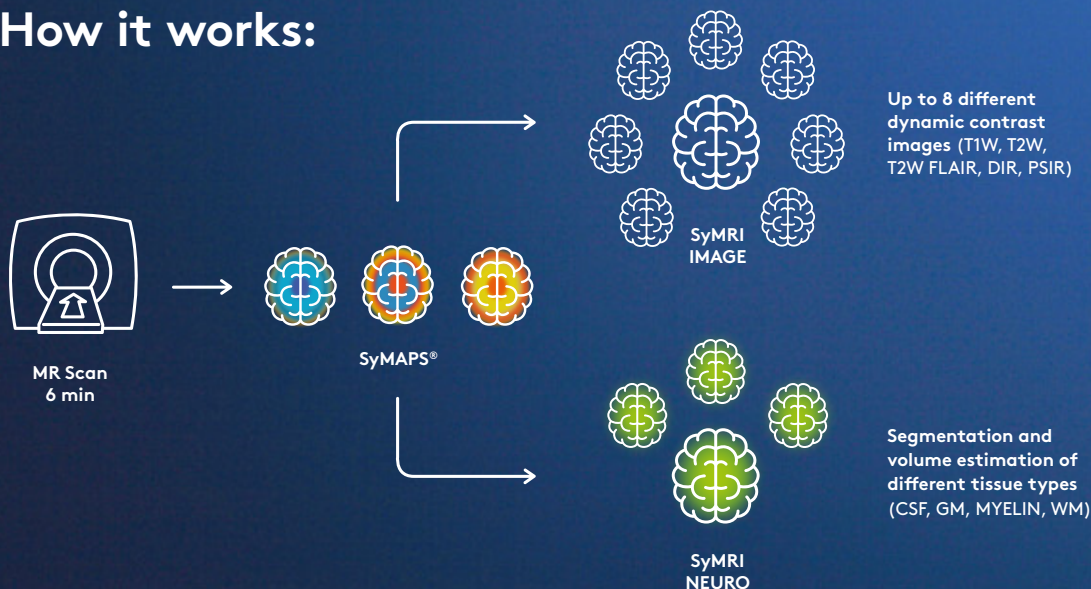
SyntheticMR Inc established in the US

PRODUCT PACKAGES

# SyMRI is available in several product packages

- **SyMRI IMAGE**  
– Faster workflow. Multiple contrast images.  
This product package delivers multiple contrast images in a single 6-minute scan. The package is especially designed to speed up the workflow and increase patient throughput.
- **MAGiC** is a customer-specific version of SyMRI IMAGE marketed and sold by GE Healthcare under a licence agreement.
- **SyMRI NEURO** – Objective decision support. Automatic segmentation.  
The more advanced product package SyMRI NEURO includes contrast images as well as biomarker segmentation, volumetric measurements of brain tissues and quantitative parametric maps. The product is designed to offer the clinician more information than conventional MRI and provide objective decision support for the diagnosis and follow-up of patients.

## How it works:



## ABOUT THE TECHNOLOGY

# Synthetic MR

SyntheticMR uses a unique scanning sequence that measures the absolute tissue properties of the brain. Based on this data, the software synthetically recreates contrast images, segmentations and parametric maps of the patient.

### Adjustable contrasts

The contrast images in SyMRI are synthetically created from quantitative data, which enables the user to adjust the contrasts once the MRI examination is finished and the patient has gone home. This reduces the risk of having to recall the patient since the clinician can fine-tune images and recreate contrasts after the scan is performed.

The ability to adjust the images is particularly useful within pediatrics, as it can be difficult to know beforehand which contrast to use on a brain that is still in development.

### Biomarker segmentation

SyMRI provides automatic segmentations and volume calculations for white matter (WM), gray matter (GM) and cerebrospinal fluid (CSF), which offers objective decision support to the clinician.

SyMRI is also the first product on the market to provide segmentation and volume measurements of myelin. Myelin is a substance that forms an isolating

layer around the axons in the brain and speeds up the transmission of nerve signals. It is especially important to measure myelin within pediatrics, where measurements beyond normal are linked to a number of diseases such as Sturge-Weber syndrome, ADHD and autism, but also in patients with neurodegenerative diseases such as dementia and multiple sclerosis (MS).

The software automatically calculates the brain parenchymal fraction, which can be used to follow up brain atrophy caused by, for example, MS. The clinician may also select areas of interest to measure volumes in for example lesions or tumors.

The biomarker segmentation offers a quick overview of the patient and may contribute to a faster diagnosis and a more efficient patient follow-up.

### Parametric maps

SyMRI also contains advanced parametric maps that display relaxation values for brain tissue in terms of T1, T2 and PD. These quantitative measurements are independent of scanner brands and offer large potential for clinical research. Some product packages include exportable maps to external formats, for use in advanced research within neurology and neuroradiology.

ABOUT THE TECHNOLOGY

# Magnetic Resonance Imaging

Magnetic resonance imaging (MRI) is an advanced form of medical image diagnostics where the magnetic field of the MR scanner is used to create images of internal structures and organs. MRI provides better contrasts and higher resolution images of soft tissues compared to other techniques, which makes it especially useful for imaging the brain, the heart and muscle tissue.

A regular MRI exam involves several sequences with different settings for repetition time (TR) and echo time (TE), where each sequence generates a static contrast image that highlights tissue types differently (see next page). The more contrast images the radiologist requires, the more sequences are run on the MR scanner.

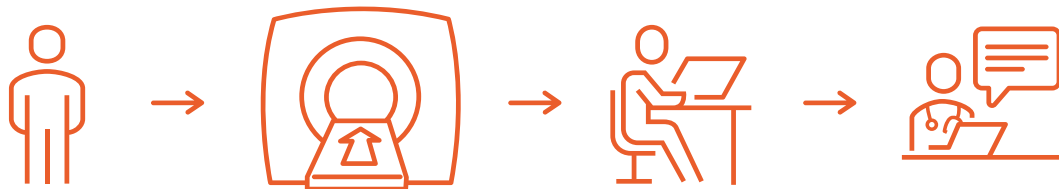
The sequences are run in order, which means the patient may have to spend a long time in the MR

scanner. This can be very uncomfortable for the patient, but also leads to long wait times and high costs for the clinic.

Unlike x-ray, CT, PET and SPECT, MRI does not expose the patient to ionizing radiation, but the high costs and long wait times often mean other imaging modalities are used instead.

The diagnoses following MRI scans are often subjective, since important parameters and measurements are estimated by the radiologist using the naked eye. Manually measuring volumes is difficult and requires a lot of skill and experience. It is therefore difficult to make a fast diagnosis, follow the course of a disease, or to measure the effects of treatment. There is a great need for ways to measure volumes in order to diagnose and monitor patients in an efficient and reliable way.

## About the technology:



**1. The patient is referred for an MRI scan by their doctor or specialist.**

**2. A number of sequences on the MRI-scanner produce contrast images.**

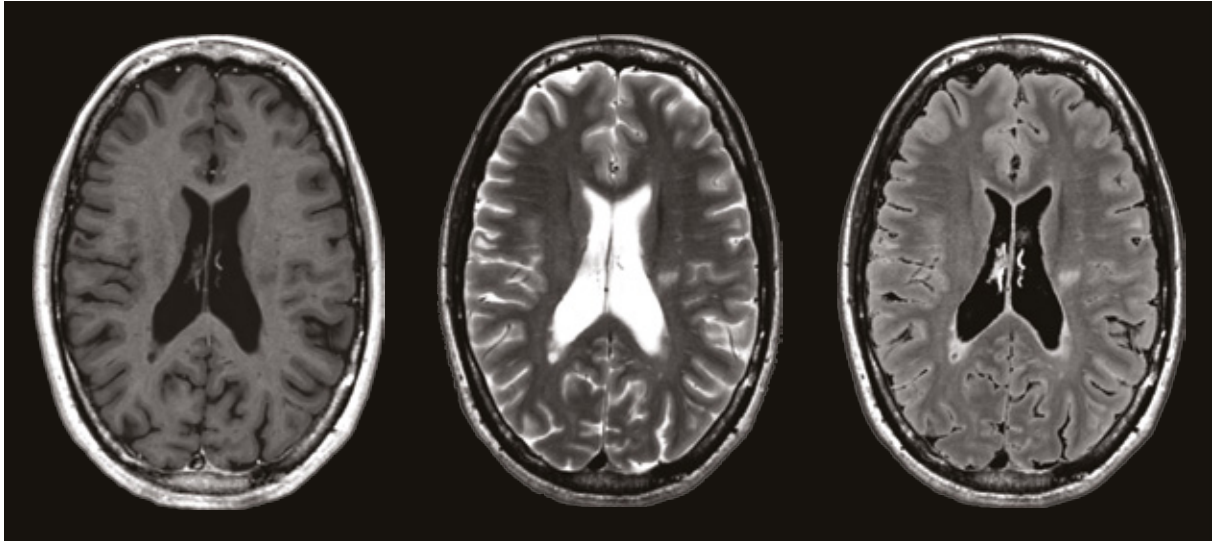
**3. A radiologist analyses the images in the reading room and answers the doctor.**

**4. The patient's doctor compiles the patient's information and makes a diagnosis.**

T1-WEIGHTED

T2-WEIGHTED

T2-WEIGHTED FLAIR



In a T1-weighted image (left) fat-rich tissue is bright and fluids dark. In a T2-weighted image (centre) fat-rich tissue is dark while fluids are bright. In a T2-weighted Fluid Attenuated Inversion Recovery (right) the fat-rich tissue is dark, fluids bright but normal fluids are nulled.

#### ABOUT THE TECHNOLOGY

## How it works

The hydrogen nuclei (protons) in the body's water molecules act as spinning magnets. When they enter the powerful magnetic field inside an MRI scanner, they align according to the field and spin in a specific frequency. When a radio frequency is added the direction of the protons changes in relation to the magnetic field. Because this happens to all protons at the same time they spin at the same rate, and a weak magnetic field can be measured which provides an image of the inside of the body.

The time it takes for the protons to recover and realign with the MRI scanner is called T1. The time it takes for the spin to dephase so the signal disappears is called T2.

In a T1-weighted contrast image, the magnetization is allowed to recover by changing the repetition time

(TR) before measuring the MRI signal. In a T2-weighted image the magnetization is allowed to decay by changing the echo time (TE) before measuring the MR signal.

Tissue in the brain have different T1 and T2 relaxation times and proton density, which means they are highlighted differently with different contrast images. In the T1-weighted image tissue that contains a lot of fat is bright and fluids are dark, while gray matter is darker than white matter. In a T2-weighted image, fluids are bright but fat-rich tissue is dark, and gray matter is brighter than white matter. In a T2-weighted Fluid Attenuated Inversion Recovery (FLAIR) contrast a set inversion time (TI) suppresses normal fluids, which helps the radiologist discover pathologies.

VISION

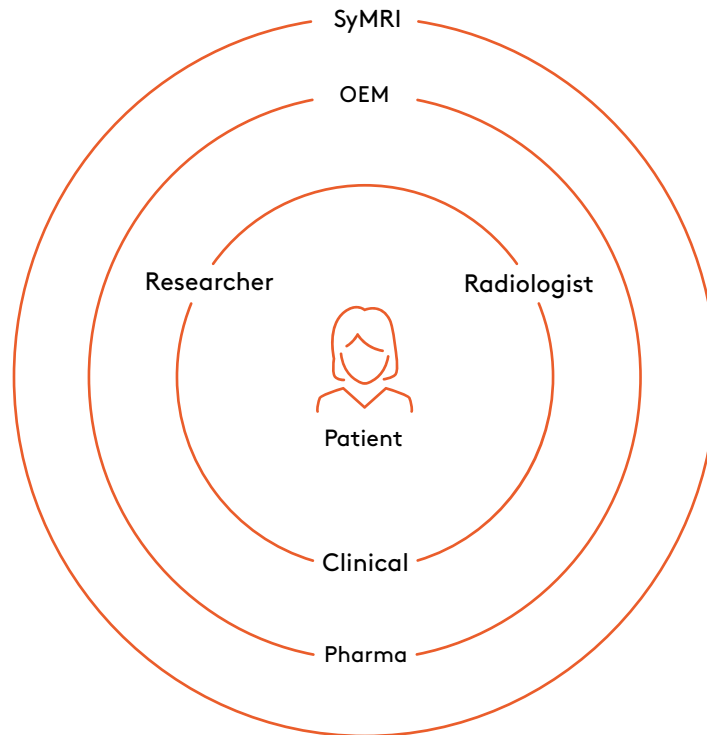
**“SyntheticMR’s vision is to usher in a paradigm shift within MRI and to lead the development of quantitative MRI.”**

**The patient in focus**

SyMRI should meet the needs of several different stakeholders on the market, but the focus is ultimately on helping patients receive faster and safer care.

SyMRI is currently sold through SyntheticMR’s established partnerships with Siemens, Philips, and GE. Through these OEM collaborations, the product accessibility can increase on the global market.

Researchers are an important user group for SyntheticMR. They contribute with new ideas on product development as well as increased acceptance for the product on the global market. The main purpose however, is for the product to be used by radiologists and clinicians in the clinical workflow. That’s where SyMRI’s product offer can have the greatest impact on patient care.





## STRATEGY

# Strategic Initiatives

### Market expansion

Expanding into new markets is a key element to SyntheticMR's strategy. Market expansion occurs both in terms of investing in infrastructure, as well as seeking regulatory clearance to sell in certain markets. The year 2019 saw several developments, the largest of which was establishing SyntheticMR Inc. to address the demand from the North American market.

In addition to this, investments have been made in sales resources globally, with SyntheticMR now having a sales presence in India, Japan and the EU. From a regulatory perspective, during 2019 SyMRI was cleared for clinical use in both Australia and Turkey.

### OEM development

Original equipment manufacturers are a vital element to SyntheticMR's business, as they provide the platform for SyMRI to be utilised by end customers. SyntheticMR has had strategic partnerships with GE Healthcare, Philips Healthcare and Siemens Healthineers since 2014, 2015 and 2017 respectively.

These three manufacturers accounted for 72% of the global market in 2018, highlighting the value of the partnerships. In addition to our existing agreements, efforts are also being made in securing new strategic partners, with the aim of further growing our global reach via new routes to market.

### Product development

SyntheticMR constantly invests resources into developing and improving its product offering. Customer and partner feedback are actively collected in order to gain an understanding of what areas of the software need improving, as well as determining demand for new features.

The year 2019 saw a number of key developments made, such as the release of SyMRI version 11.1. Going forward, SyntheticMR are motivated to expand into more application areas, therefore increasing our potential market.



## ABOUT THE COMPANY

# Core values

SyntheticMR relies on good internal and external cooperation's in order for its strong products to reach the global market. The company's core values permeate our employees' work atmosphere as well as the relationships we foster with our customers and partners. Trust and confidence are fundamental to retaining innovative and resourceful employees, which is a prerequisite to supplying the MRI market with a sustainable, qualitative product. By adhering to our three core values, we cultivate valuable relationships characterised by lasting cooperation, both within and outside the company.

## TEAM PLAY

The company's expertise revolves around developing and commercialising products based on the latest research within field. This is accomplished through close cooperation with select clinics and hospitals in order to ensure that the products developed correspond to the market requirements.

Creating and preserving close relationships with researchers and clinics across the globe is vital to obtaining new ideas conducive to product development.

## INNOVATION

SyntheticMR is characterised by an innovative company culture in which diverse perspectives, solutions, and ideas are embraced to further the company's development.

The goal is to retain and attract skilled employees who are able to create new ways to satisfy the needs of customers and the market. Thanks to innovative employees, SyntheticMR today supplies quality products to the global market.

## TRUST

Trust is essential to cultivating sustainable relationships, both within and outside the company. SyntheticMR builds trust by keeping its promises to each other, to partners and to customers. Among other things, this means that SyntheticMR delivers on time with high quality, and that the product meets the expectations of the end-customer.





## SUSTAINABILITY AND QUALITY ASSURANCE

# Quality and Product Development

Quality is a key word for SyntheticMR, in both our innovation processes and in our product development. We offer products that comply with the applicable medical technology regulations and standards such as the Medical Technology Directive (MDD 93/42 / EEC), the Medical Technology Regulations (MDR 2017/745), and ISO 13485: 2016. SyntheticMR today sells and markets its SyMRI software for clinical use in Europe, Australia, India, Mexico, Turkey and the USA, with the SyMRI IMAGE and SyMRI NEURO product packages.

SyntheticMR's products should be safe to use throughout their lifetime. Usability is taken into account in all our product development and before a new function is included in a new release, relevant tests

are conducted, both in-house but also by clinical partners in hospitals. For SyntheticMR, it is important that new features of the software meet the clinical needs that exist in the market today.

SyntheticMR has a strong focus on product development. We therefore offer new features and solutions in the software that respond to customer needs. In our product development, we conduct regular surveys to find out the attitudes, needs, desires and behaviors of our customers. This feedback is then the basis for our work on developing new innovations, product and service concepts, and an improved customer experience.

THE MRI MARKET

# About the market

The use of MRI in healthcare is steadily increasing. Globally, an estimated 70-80 million MRI scans are carried out each year, with brain imaging accounting for about a quarter.

## The MRI market

The global MRI market was valued at approximately 4.8 billion USD in 2019, with an estimated 4,336 units shipped globally during the year (Frost & Sullivan 2019).

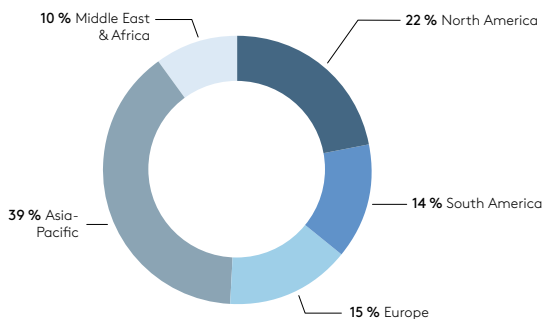
The demand for soft tissue diagnostic imaging techniques is steadily rising. An ageing population and a higher incidence of chronic diseases are resulting in an increase in the need for diagnosis and follow-up, which supports the need for MRI.

Due to the limited capacity in hospitals and clinics, as well as the high cost of MRI scanners, the importance of efficiency within MRI is increasingly important. A reduction in scan time and a higher degree of accuracy which reduces the need for re-scanning are examples of factors which are proving important for sites.

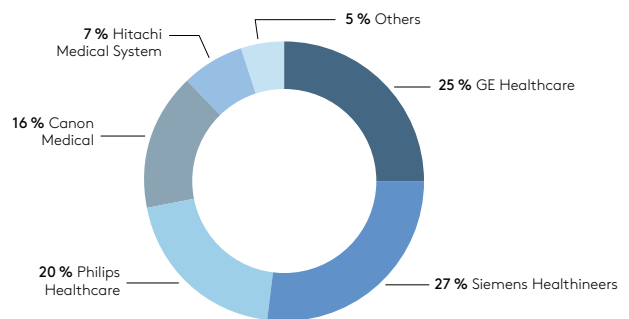
The largest markets are The United States, China and India both in terms of market revenues and unit shipment. The European, North American and Asian Pacific markets have the highest growth forecast, with 5%, 3.2% and 2.9% CAGR unit shipment predicted.

The market is predominantly made up with three main manufacturers; Siemens, Philips and GE Healthcare, which between them have a 73.1% global market share. Canon Medical and Hitachi Medical are the next largest manufacturers with 15.7% and 6.7% of the global market respectively (Frost & Sullivan 2019).

### Geographical distribution



### Market shares MR manufactures





## THE MRI MARKET

# Trends and driving forces

There are a number of driving forces in the MRI market which may play a role in SyntheticMR's development going forward.

Precision medicine is an example of a key driving force in the MRI industry. Patients are beginning to demand more personalized care, which has a number of benefits, such as shifting the emphasis from reaction to prevention.

The need for shorter scan times is another factor influencing the market, not just for the benefits to the patient, but also due to hospitals wanting to lower operating costs and boost patient throughput. Faster workflow can be achieved by PACS/RIS integration and working towards full automation.

Artificial intelligence is highlighted as a possible solution to the above trends, but there is a rising demand for quality controls and validation before widespread clinical application of these techniques.

SyntheticMR is well-positioned to take advantage of the opportunities afforded by the market trends. The product has considerable potential for application in several relevant clinical areas, within neurology but also on other anatomies. SyntheticMR's market offerings are in line with market needs for shorter scan times as well as robust and personalized data.

## ABOUT THE COMPANY

# OEM partners

## GE Healthcare

SyntheticMR and GE Healthcare have had a licensing agreement since 2014 which gives GE healthcare the right to sell an integrated and customized version of the software directly to its customers globally. The customized version of SyMRI IMAGE is marketed under the name MAGiC.

MAGiC is currently approved for sale in the largest international markets. In 2018, MAGiC became purchasable at workstations in radiology reading rooms and during 2019 the first installations are successfully in place. Also, in 2019 SyntheticMR was invited as partners

and sponsors to GE's customer events held in US, which has given great awareness to the market.

SyntheticMR is actively developing the partnership with GE to create a relevant product roadmap, manage development projects and generate new commercial agreements. One ongoing joint project is to develop a 3D version of SyMRI. Also, in the near future GE could have the opportunity to offer SyMRI NEURO as well as MAGiC to their customers.

## Philips Healthcare

SyntheticMR and Philips signed a marketing and cooperation agreement in 2015. This agreement means that SyntheticMR is responsible for the requisite regulatory approvals and plays an active role in sales to the end customer.

SyMRI has obtained regulatory approval in combination with MRI systems from Philips on the European market through CE-certification, and on the US market through FDA clearance. Philips can offer its customers all product packages from SyntheticMR provided that the specific sequence required is installed on the MRI scanner at the same time.

In 2018, Philips launched a new, advanced MRI system: Ingenia Elition. SyntheticMR's software and Philips' new MRI scanner have been jointly marketed on the US market since the end of 2018. SyntheticMR recognises great potential in the partnership with Philips and strives for closer cooperation in order to increase sales and market penetration. This includes, for example, making SyMRI available in Philips' global product portfolio.

## Siemens Healthineers

SyntheticMR and Siemens Healthineers entered into a marketing and cooperation agreement in 2017. With Siemens, SyntheticMR plays an active role in end-customer sales; including regulatory procedures. SyMRI is offered during procurement and through the digital marketplace, *syngo.via* OpenApps.

SyMRI is available for sales as a clinical product world-wide on selected markets, including EEA (CE) markets, USA (FDA) markets. The SyMRI sequence is directly available in the standard set-up of the latest versions of Siemens systems. SyMRI in *syngo.via* OpenApps can be seamlessly integrated in the clinical

workflow; and is a multi-vendor platform that can process data also from other MR scanners, such as Philips and GE scanners. In the Siemens channel, SyMRI includes the complete package of SyMRI product features and functionalities.

In 2020, SyntheticMR will continue collaboration with Siemens to integrate SyMRI in the clinical workflow on the market world-wide. SyntheticMR see a great potential in the collaboration with Siemens. This partner development will require innovative, clinically well-integrated and profitable product offerings to the end-user.



GE Healthcare

**PHILIPS**  
Healthcare

**SIEMENS**  
**Healthineers**

## THE MRI MARKET

# The MRI Market in North America, Japan and India

### North American MRI Market

North America is the largest MRI market globally, with a unit shipment of 837 and market revenues 1.105 bn USD in 2019 (Frost & Sullivan 2019). The North American market has a forecasted CAGR of 3.2% from 2018-2022, which globally is only behind that of Europe.

The strength of the major OEM manufacturers is highlighted by the US market, with GE Healthcare, Siemens Healthineers, Philips Healthcare, Canon Medical Systems and Hitachi Medical occupying 99% of the market (Frost & Sullivan 2019).

In terms of assessing the need for MRI, it is estimated that the direct cost of neurological disorders in the US is 100 bn USD per year with Alzheimer's, epilepsy, Parkinson's and MS cases making up 75% of all cases (Frost & Sullivan 2018).

RSNA, the world's largest radiology event, takes place in the US every year, giving companies in the industry the opportunity to showcase their product offering directly. The fact that an event of this size and scale is hosted in North America, evidences how important the market is to the global MRI industry.

As well as traditional hospitals, specialist imaging centers are prominent, with the US having over 6,500 outpatient imaging centers in 2015 (US Census Bureau), offering an additional sales channel to MRI suppliers.

### Japanese MRI Market

The Japanese MRI market is the third largest market in the APAC region after China and India, with a unit shipment of 259 and market revenues of 312 mn USD in 2018 (Frost & Sullivan 2019).

A native manufacturer holds the largest market share in Japan, with Canon Medical Systems having a 26.5% share, whilst Hitachi Medical has their largest market share by country in Japan, with 14.5% (Based on 2018 installed base, Frost & Sullivan 2019).

### Indian MRI Market

India represents one of the largest MRI markets globally, with a unit shipment of 340 and revenues of 357.2 mn USD, only the US and China have a larger MRI market (Frost & Sullivan 2019).

As with the US, the major manufacturers make up the vast majority of the Indian market, with Siemens, GE and Philips having a 31%, 28.5% and 22.5% share respectively (Frost & Sullivan 2019).

“With the SyMRI technology we are now able to see and measure myelin with a technique that has been approved for clinical use. The improved tissue-specificity opens avenues for more targeted evaluations of treatment effects, especially for promising new drugs that may enhance remyelination in MS.”

Dr Tobias Granberg, Research team leader at Karolinska Institutet and radiologist at the Department of Neuroradiology at Karolinska University Hospital





## INTERVIEW

# Kyle Frye appointed as new President

In August 2019, SyntheticMR proudly announced the establishment of SyntheticMR Inc. and the appointment of Kyle Frye as President, to lead our North America operations.

"I am extremely excited for the opportunity to grow the presence of SyMRI and SyntheticMR in the North American market. Leading the expansion is going to be a fantastic journey, knowing that the US neuro market will benefit greatly from our software offering. I applaud SyntheticMR's ambition to put patient diagnosis at the forefront and look forward to collaborating with our business and hospital partners in expanding our US footprint.

Since joining SyntheticMR in August, our presence in North America has grown with the addition of 3 new team members to support with sales and business

development. Our focus in Q4 was brand development and market awareness, which was achieved by collaborating with industry partners, to connect with prospective SyMRI users via demos, trade shows and social media. The market feedback on SyMRI has been tremendous thus far, as it is clear that there is a real need for our software, due to the value we bring to radiology workflow for neuro scanning and diagnosis. Our sequence allows for robust and reproducible results across OEM platforms, while SyMRI NEURO post processing software allows for additional data that can be incredibly helpful in diagnosis.

We aim to build on the progress made in 2019 and continue to grow further in 2020 here in North America.





▲ Kyle Frye, Synthetic MR's new president, at the 2019 SIGNA™ Masters Neuro Summit hosted by GE Healthcare.





## CASE STUDY SWEDEN

## Brain volumes within pediatrics

In September 2019, MS researcher and SyMRI user, Dr Tobias Granberg from the Department of Neuroradiology at Karolinska University Hospital was awarded the Merck Grant for Multiple Sclerosis Innovation 2019 at the largest European congress for MS, ECTRIMS for his project “Rapid in vivo myelin and neurite density imaging - New promising quantitative and tissue-specific biomarkers for predicting disease progression and treatment response”.

The comprehensive validation study of Rapid Estimation of Myelin for Diagnostic Imaging, which has been a collaborative research effort in Stockholm and Boston for the past 5 years, has now been published in the prestigious *Annals of Neurology* journal.

Dr Granberg was also featured in the November edition of *Diagnostic Imaging Europe*, where he further talks about the benefits of using SyMRI in his work; “with SyMRI, instead of applying different weightings, you do a single scan which takes around five to six minutes”.

Dr Granberg was invited to appear on national Swedish television to discuss his award-winning research. The interview took place on *Nyhetsmorgon (TV4)*, where Tobias featured alongside a MS patient to highlight the importance of fast and accurate scans when diagnosing MS cases.

## CASE STUDY NORTH AMERICA

## Myelin quantification in MS

The Cincinnati Children's Hospital Medical Center utilizes SyMRI for pediatric cases requiring cerebrospinal fluid measurements as well as whole-brain myelin.

"When you have a child with an abnormal head size without a known cause, we need to know why," explains Dr. James Leach, radiologist of Cincinnati Children's Hospital Center and Professor at UC Department of Radiology. "Typically, it's difficult to get accurate measurements of cerebrospinal fluid (CSF). We'd have to send the images to a processing environment, which is often difficult for a clinical radiologist to use – and then the results were confusing. We also didn't have a way to determine if the myelin development was abnormal. Now, we can access the data immediately when we are reading out and have an accurate measurement of whole brain myelin volumes. I don't have any other clinical means that allows me to do that. It's a very important development."

Dr. Leach and his team utilize a volumetric protocol for pediatric patients who have head-size concerns. In addition, these quantitative evaluations can be done in a short scan of only 5 to 6 minutes – which can result in less sedation rates for patients, putting their often-worried parents at ease.

"SyMRI has moved into our clinical routine. The quantitative data helps us make decisions about what's normal and what's not," explains Leach. "We can monitor the development and production of myelin, white and grey matter, in a quantitative environment in minutes – which means better diagnostic certainty. And when you're dealing with kids, leaving anything to question isn't acceptable."

## CASE STUDY BELGIUM

## Flexible scanning in neonates

The pediatric neuroradiology department from The University Hospital of Brussels utilize SyMRI, specifically, in their work with neonates.

"We find SyMRI to be extremely useful in cases where according to the initial clinical indications we have already specified the acquisitions but then in retrospect we realize that it would have been good to have a different contrast. Sometimes e.g. in meningitis we need a FLAIR image which is not a routine contrast.

Using SyMRI we can select that FLAIR contrast at the post-processing stage without having to recall the patient" - Prof. Hubert Raeymaekers, Head of MRI, UZB, Brussels.

Another benefit UZB gain is the ability to run SyMRI on scanners from different vendors, as well as the ability to integrate in the hospital's PACS system. This is especially beneficial when working in a site such as UZB, with scanners in different parts of the hospital.

## SYMRI

## Future outlook

### Strategic Partners

A clear strategy of SyntheticMR has been to enter into partnerships with the largest global manufacturers of MRI systems. This has been accomplished by means of licensing agreements with GE Healthcare and cooperative agreements with Philips Healthcare and Siemens Healthineers.

SyntheticMR will continue to focus on business development pertaining to existing partnerships. Among other things, the work includes enabling our partners to offer all our products on a global market, develop common product kits, and integrate the products with the customer's clinical workflow.

At the same time as our products are gaining a stronger foothold in the global market, the interest and commitment of several MRI manufacturers is also increasing around the world, particularly in Asia. The growth of SyntheticMR as an organisation also affords opportunities to connect to more partners in the future in order to achieve a larger available market and future sales.

### Other Parts of the Anatomy

SyntheticMR's SyMRI software is certified for clinical use on the brain. MRI scans on the brain constitute approximately 25 percent of all the MRI scans performed in a year. This large market share, coupled with SyMRI's considerable customer value, meant that this is the area into which initial investments were made.

In recent years, researchers around the world have been studying other parts of the anatomy based on SyntheticMR's technology. These studies, which have focused on areas including the knee and spine, show that SyMRI has the potential for clinical use in those areas as well. Before any products reach the global market, additional validation, development and regulatory approvals are required. SyntheticMR's vision for the future, however, is for SyMRI to provide customer value in other anatomies than the brain.

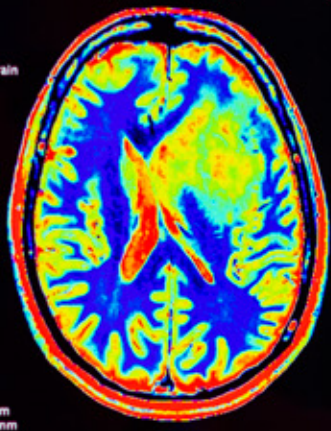
### Pharma

A major trend in MRI is the development of quantitative data, which means that the clinics obtain different types of metrics from an MRI examination. The pharmaceutical industry continuously researches new and improved drugs to combat, for example, degenerative diseases such as Alzheimer's and MS.

SyntheticMR's view is that access to quantitative data will prove valuable to researchers and companies when monitoring and developing new medicines.

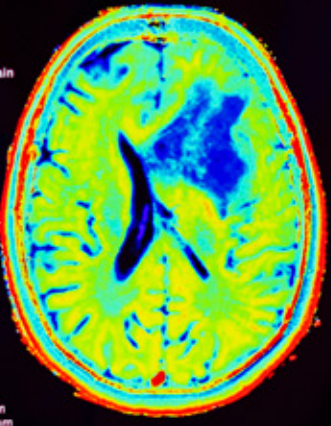
CAUTION - Exclusively for clinical investigations.  
PD Map (quantitative)

50.0 75.0 100.0  
Zoom: 1.371x



CAUTION - Exclusively for clinical investigations.  
R2 Map (quantitative)

0.000 10.000 20.000  
Zoom: 1.371x




CAUTION - Exclusively for clinical investigations.

	WM	GM	CSF	NON	UM	MyC	NAC	R1E
Sum (ml)	495.0	695.7	128.7	58.1	12.5	142.7	223.6	4.8
% BPV	39.6	55.7	-	4.6	1.0	11.4	17.9	0.4
% ICV	35.9	50.5	9.3	4.2	0.9	10.4	16.2	0.3

BPF: 90.7 % (BPV / ICV = 1249 ml / 1377 ml)  
Intracranial mask last modified by  
syntheticmr, 2018-04-25 T15:25:36  
User mask has unsaved changes





"Magnetic resonance imaging (MRI) generally has been about looking at pictures and trying to interpret them. SyMRI finally provides us with objective numbers."

Dr Anders Svenningsson, MD, PhD, Neurologist. Umeå University Hospital, Sweden



# Financial information

# The Organization

SyntheticMR has broad competences within magnetic resonance imaging, systems- and algorithm development, regulatory affairs, marketing and sales.

## Management



### Ulrik Harrysson, CEO

**Year of birth:** 1969

**Employed since:** 2019

**Education:** Master's degree in Business Administration, specialization in Marketing, from Jönköping International Business School

**Previous experience:** Ulrik most recently came from Hermes Medical Solutions AB where he was Senior Vice President Global Marketing and Sales. Previous roles, during his nearly 25-year career, include international positions in global companies such as HemoCue, Danaher and Pfizer.

**Holdings in SyntheticMR:** 6,000

**Related holdings in SyntheticMR:** none



### Fredrik Jeppsson, CFO and Head of Investor Relations

**Year of birth:** 1982

**Employed since:** 2014

**Education:** Master in Economy, Handelshögskolan, Göteborg

**Previous experience:** Fredrik most recently came from the Teracom Boxer Group where he worked with the Group's forecasts and financial monitoring and analysis in the role of Group Business Controller. Previously, he has worked as an authorized public accountant at PwC with responsibility for, among other things, audits of listed companies.

**Holdings in SyntheticMR:** 5,334

**Related holdings in SyntheticMR:** none





**Lisa Warnroth,  
Head of QA/RA**

**Year of birth:** 1981

**Employed since:** 2012

**Education:** Master in Medical Biologi, Linköping University  
Certified QA/RA Leader, SBQ Certification

**Previous experience:** Lisa previously comes from Sanofi Pasteur MSD where she worked with product safety and clinical trials regarding the company's products. With her 7 years at SyntheticMR, she has a solid experience of national and international quality and regulatory work.

**Holdings in SyntheticMR:** 6,000

**Related holdings in SyntheticMR:** 100



**Jonas Hurtig,  
Head of Marketing and Commercial Affairs**

**Year of birth:** 1971

**Employed since:** 2017

**Education:** Master in Rapid Growth, Ahrens University  
BBA in International Business, Johnson & Wales University

**Previous experience:** Jonas most recently came from Saab where he was most recently VP Head of Brand Management and Marketing Communication, but has also worked with business development. He has a background as sales and marketing manager at Eckerud Scandinavian Group AB and as an entrepreneur.

**Holdings in SyntheticMR:** 100

**Related holdings in SyntheticMR:** none



**Markus Malmgren,  
Head of Research and Development**

**Year of birth:** 1978

**Employed since:** 2019

**Education:** Master of Science in Applied Physics  
and Electrical Engineering

**Previous experience:** Markus has most recently worked with product development at the company Zenterio where he was Head of Development. He has over 15 years of experience in leadership in software organizations. Previously, he has had similar roles and responsibilities at Enea AB.

**Holdings in SyntheticMR:** none

**Related holdings in SyntheticMR:** none

# Board

## Johan Sediñ

*Acting Chairman of the Board since 2019, and Board member since 2011.*

**Year of birth:** 1965

**Professional background:** More than 25 years of experience in the medical technology industry. Leading positions within the Elekta Group, of which the latest as Chief Operating Officer (COO).

**Education:** Master of Science, Industrial Engineering and Management, The Institute of Technology at Linköping University. Leadership Training, Captain Level, Royal Swedish Air Force.

**Other assignments:** Chairman of the Board of Sedvisor Limited.  
Board Member of Dirac Research AB.

**Holdings in SyntheticMR:** 194,305

**Related holdings in SyntheticMR:** none

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## Staffan Persson

*Former Chairman of the Board, and Board member since 2013.*

**Year of birth:** 1956

**Professional background:** Investor and entrepreneur in private owned as well as publicly traded companies.

**Education:** Bachelor in business administration, Umeå University. Studies in Business Administration, C-level, Uppsala University. Law studies at Uppsala and Stockholm University.

**Other assignments:** Board member as well as CEO of Swedia Capital AB with related companies, Board member, Chairman, of Sveab Holding AB and Darkathlon AB. Board member Dooba Holdings Ltd, 24 Storage AB and Stiga Sports Group AB.

**Holdings in SyntheticMR:** 8,707

**Related holdings in SyntheticMR:** 1,197,091

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**Note:** Presented holding of shares refers to December 31, 2019

**Marcel Warntjes**

*Board member since 2007, Senior Adviser and Head of Innovation at SyntheticMR since 2018.*

**Year of birth:** 1973

**Professional background:** Founder of SyntheticMR AB and former CEO and CTO. Background as a system architect at Philips Healthcare. Many years of experience in research in the field of MRI.

**Education:** PhD physics

**Other assignments:** Clinical Scientist at CMIV, Linköping University.

**Holdings in SyntheticMR:** 346,000

**Related holdings in SyntheticMR:** none

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# SyntheticMR – The Share

## Number of shares and Share capital

The total number of registered shares in SyntheticMR as of December 31, 2019 amounts to 4,040,078. The quota value is SEK 0.222 and the share capital of the company amounts to SEK 896,897. All shares have equal rights to the company's assets and profits. One share carries one vote.

## Dividend

For the financial year 2019, the Board of Directors of SyntheticMR proposes a dividend of SEK 1.50 per share.

## Analyst coverage

Oscar Stjerngren and Carolina Elvind – Danske Bank  
Christian Lee – Pareto Security

## Listing on Spotlight stock market

SyntheticMR's share has been listed on the Spotlight Stock Market since November 2013.

## Share capital development

Year	Transaction	Change in No. of shares	Increase in share capital (SEK)	Total Share capital (SEK)	No. of shares	Quotient value
2007	Formation	100,000	100,000	100,000	100,000	1
2008	New issue	5,000	5,000	105,000	105,000	1
2008	Stock dividend issue	–	244,650	349,650	105,000	3.33
2008	New issue	48	159.84	349,809.84	105,048	3.33
2008	Reverse stock split 1:36	-102,130	–	349,809.84	2,918	119.88
2008	New issue	1,301	155,963.88	505,773.72	4,219	119.88
2008	Split of shares 270:1	1,134,911	–	505,773.72	1,139,130	0.444
2008	New issue	12,500	5,550.00	511,323.72	1,151,630	0.444
2009	New issue	38,750	17,205.00	528,528.72	1,190,380	0.444
2009	Split of shares 20:1	22,617,220	–	528,528.72	23,807,600	0.022
2012	New issue	4,328,654	96,096.1188	624,624.84	28,136,254	0.022
2013	New issue	6,492,981	144,144.1782	768,769.0170	34,629,235	0.022
2013	Equalization issue	5	0.1110	768,769.1280	34,629,240	0.022
2013	Reverse stock split 1:10	-31,166,316	–	768,769.128	3,462,924	0.222
2014	New issue	577,154	128,128.188	896,897.316	4,040,078	0.222

## Shareholder

The number of shareholders in SyntheticMR at 31 December 2019 amounted to 2,216 (1,894). Below is a table with SyntheticMRs 10 largest shareholders.

As of 2019-12-31	Tot. No. of shares	Tot. No. of votes	Votes, %	Capital, %
Staffan Persson, <i>including related persons</i>	1,197,091	1,197,091	29.63	29.63
Jan (Marcel) Warntjes	346,000	346,000	8.56	8.56
Swedbank Robur	304,685	304,685	7.54	7.54
Handelsbanken	280,000	280,000	6.93	6.93
SEB Life International	250,916	250,916	6.21	6.21
Johan Sedihn	194,305	194,305	4.81	4.81
State Street Bank & Trust	146,541	146,541	3.63	3.63
Försäkringsaktiebolaget, Avanza Pension	121,797	121,797	3.01	3.01
Thord Wilkne, <i>including related persons</i>	115,000	115,000	2.85	2.85
Länsförsäkringar	94,581	94,581	2.34	2.34
<b>Total</b>	<b>3,050,916</b>	<b>3,050,916</b>	<b>75.52</b>	<b>75.52</b>
<b>Remaining shares</b>	<b>989,162</b>	<b>989,162</b>	<b>24.48</b>	<b>24.48</b>
<b>TOTAL</b>	<b>4,040,078</b>	<b>4,040,078</b>	<b>100.00</b>	<b>100.00</b>

## Turnover and shareprice

In 2019, a total of 949 thousand (825) shares in SyntheticMR AB were traded for a value of SEK 243 million (275). This corresponds to an average price of SEK 256 (333). The highest and lowest price paid during 2019 was SEK 359 and SEK 178 respectively. The closing price of the year's last trading day, December 30, was SEK 223 (289). The market value of SyntheticMR at the end of December was SEK 901 million (1,168).

# Administration report

The Board of Directors and the CEO of SyntheticMR AB (publ), corporate registration number 556723-8877, hereby submit the annual and consolidated report for the financial year 2019. SyntheticMR AB is listed on the Spotlight stock market. The company has approximately 2,200 shareholders (1,900). Comparisons stated in parentheses refer to the corresponding period last year.

## Information about the business

SyntheticMR develops analytical and imaging methods for magnetic resonance imaging (MRI) that can shorten the examination time and deliver more information to the clinician.

SyntheticMR's unique technology measures absolute values of brain tissue and generates adjustable contrast images, automatic segmentation of biomarkers, and quantitative data with a single MR sequence.

SyntheticMR's SyMRI product is sold through partnerships with Siemens Healthineers, Philips Healthcare and Sectra, as well as a customized version of GE Healthcare.

The company was founded in 2007 by Dr. Marcel Warntjes in Linköping. SyntheticMR has 24 employees, of which 20 are in the office in Linköping. Remaining persons are employed by SyntheticMR's US subsidiary.

In July 2019, a group was formed when a subsidiary in the USA was started. Since then, SyntheticMR AB (publ) is the parent company of the SyntheticMR Group ("SyntheticMR"). Since the Group was formed in 2019 and the operations of the subsidiary are still insignificant, the Group's financial information for 2019 has been prepared for the full year 2019. This means that the Group's financial information for 2019 consists of the Parent Company for the first half of 2019 and for the Group in the second half of 2019. The operations of the Parent Company are consistent with all essential to the operations of the Group, which is why this presentation is considered to give the reader comparability between periods.

Consequently, the comments in the Board of Directors' report to the Group also apply to a large extent to the parent company.

## SyMRI

SyntheticMR's software SyMRI delivers a number of contrast images, segmentation of biomarkers and quantitative data with a single MR sequence. With SyMRI, the examination time can be significantly shortened, while the clinician is given more information when making a diagnosis. Through shorter MRI examinations, reduced care queues and more reliable diagnoses, SyMRI can contribute to a more efficient workflow and increased patient benefit.

## Product packages

SyMRI is available in various product packages. Through partnerships, SyMRI is compatible with MR scanners from the three globally leading manufacturers GE, Philips and Siemens.

**SyMRI IMAGE** generates several adjustable contrast images from a single sequence that takes about 6 minutes. This package is specially designed to speed up the workflow and enable examinations of more patients every day.

**MAGiC** is a customized version of SyMRI IMAGE which is marketed by GE Healthcare under license agreements.

In addition to contrast images, **SyMRI NEURO** also includes segmentation, volume calculation of brain tissue and quantitative parametric maps, which provides the physician with more information and objective decision support when diagnosing.

## Significant events during the financial year

### Marketing and sales

SyntheticMR received approval from the US Food & Drug Administration (FDA) for the use of SyMRI in conjunction with Siemens cameras.

SyntheticMR's SyMRI software has been launched in the US together with Siemens Healthineers via their syngo. via platform through Open apps.

SyntheticMR has strengthened the sales organization and is now represented both in India and Japan as well as with its own resources in the USA.

### Other

The Board decided to postpone the application for a list change to NASDAQ OMX Stockholm. SyntheticMR carried out a change of CEO and the resources are focused on the business operations to further establish the Group's products in the global market.

Ulrik Harrysson took over as CEO on July 1, 2019.

The Chairman of the Board, Yvonne Mårtensson, resigned in September. Acting chairman, Johan Sedihw was elected.

### Significant events after the end of the financial year

See note 24.

### Organization

The Group's head office is located in Linköping. At year-end, the number of employees in SyntheticMR was 24 (17).

### Turnover and earnings

Net sales for the full year amounted to 45,803 TSEK, which is a decrease compared to the previous year by -5 percent (48,304). Sales include licenses sold, as well as service and upgrade agreements. The decrease compared to the previous year is largely explained by the decrease in sales of MAGiC licenses via GE Healthcare.

Operating expenses amounted to 44,405 TSEK, which is 11,581 TSEK higher than the same period last year (32,824). The increase of 11,581 TSEK is mainly attributable to the investments made to establish SyntheticMR locally in a global market. This includes starting up the US business with subsequent employment. SyntheticMR also invested in local representation in Japan and India during the year. In

addition to costs for employees and representatives, SyntheticMR has participated to a greater extent at various exhibitions and events, which means that sales and market-related costs have increased.

Operating profit for the year amounted to 4,917 TSEK (18,737), which corresponds to an operating margin of 11 percent (39). Profit after tax for the full year 2019 amounted to 3,790 TSEK (14,653). This resulted in earnings per share before and after dilution of 0.94 SEK (3.63).

### Tax

Tax on profit for the year amounted to -1,172 TSEK (-4,052) and relates partly to a change in deferred tax assets on assessed loss carryforwards, which has no cash flow effect, and current tax on profit for the year. The Group has no remaining loss carryforwards.

### Cash flow and liquidity

For the full year, cash flow from operating activities amounted to 12,768 TSEK (18,007). The decrease is explained by a deteriorating operating result. Accounts receivable at the end of the period were 22.2 percent (30.9) of net sales for the full year.

Cash flow from investing activities amounted to -3,624 TSEK (-2,906), of which investments in intangible fixed assets amounted to -3,624 TSEK (-2,906) and consist of capitalized development expenses and patents.

Cash flow for the year amounted to 2,596 TSEK (15,101) and, as of December 31, 2019, the Group's cash and cash equivalents amounted to 34,747 TSEK (32,090).

### Financial standing

The Group's total assets amounted to 56,439 TSEK (56,074) as of December 31, 2019 and the equity / assets ratio was 77.6 percent (82.1). As of December 31, 2019, current receivables amounted to 12,044 TSEK (16,347). The receivables are mainly accounts receivable and the decrease is largely explained by a decrease in sales.

### Equity

Equity at the end of the period amounted to SEK 43,789 TSEK (46,059).

### Research and Development

Advanced research and development within the Group is a prerequisite for continued commercialization of the SyMRI® product. The Group believes that its products, projects and with the recruited staff will meet the opportunities for continued progress.

### Patent

SyntheticMR has ten registered patents with the US Patent Office, two in Japan, two in China and two pending patents in Europe. The approved patents cover functionality related to SyMRI IMAGE as well as to SyMRI NEURO. The patents cover the technical solution to be able to segment different tissues in the brain based on absolute values from the MRI scanner, as well as visualization of quantitative MRI images and data. One of the patents relates to a 3D variant of SyntheticMR's quantification. As the trend in the market is 3D visualization, this patent represents an important part of SyntheticMR's future product portfolio. Patent protection extends until 2037 onwards. Patenting is done together with established patent offices.

### Parent Company

SyntheticMR AB (publ) is the parent company of the SyntheticMR Group. The operations of the Parent Company are essentially in line with the operations of the Group, which is why the comments to the Group to a large extent also apply to the Parent Company.

### Share Information

Share capital as of December 31, 2019 amounted to 896,897 SEK and the number of shares to 4,040,078. All shares have equal rights to the Group's assets and profits. One share carries 1 vote. The quotient value amounts to 0.22 SEK.

### Owner

The largest owners of SyntheticMR are Staffan Persson, Jan (Marcel) Warntjes and Swedbank Robur. Together, these shareholders represent 45.73 percent of the votes.

### Dividend

For the financial year 2019, the Board of Directors of SyntheticMR intends to propose to the Annual General Meeting a resolution on a dividend of 1.50 SEK per share.

### Annual General Meeting

All shareholders who are registered in the shareholder register and report their participation to the Group in accordance with the issued notice are entitled to participate in negotiations at the AGM. The Annual General Meeting regarding the financial year 2019 will take place on May 5, 2020 at 18:00, Storgatan 11, Linköping.

### An account of the Board's work during the year

SyntheticMR's Board of Directors consists of three members, who were elected by the shareholders at the Annual General Meeting on April 29, 2019. During 2019, the Board held five physical meetings, in addition to several phone meetings. The work of the Board is conducted in accordance with special rules of procedure and instructions on the division of work between the Board and the CEO. Issues that have been addressed include the Group's global establishment, business partners and organizational issues. The Board also deals with collaboration agreements, interim reports, annual accounts, audit and forecasting issues.

In addition to the CEO as rapporteur at the Board meetings, other members of the Group participate, as needed. In addition to board meetings, the Chairman of the Board and other Board members have had continuous contact with the CEO.

Remuneration and benefits to the CEO for the financial year 2019 have been decided by the Board of Directors. The Board of Directors has appointed a Nomination Committee in 2019. The Group's auditors attend at least one of the Board's meetings annually.

### Corporate governance

SyntheticMR's corporate body consists of the Board of Directors, CEO and the auditor. This is governed by the corporate governance rules set out in the Swedish Companies Act, the Articles of Association and the listing agreement with Spotlight stock market.



SyntheticMR is not currently covered by the Swedish Code of Corporate Governance as the Group's shares are admitted to trading on the Spotlight stock market. Nor has the Board decided to apply the code on a voluntary basis. The Board of Directors will monitor developments and may, if necessary, introduce the parts that will be applicable to a company of its size.

### Remuneration principles

The Chairman of the Board and members of the Board receive remuneration in accordance with the decision of the Annual General Meeting. The Board determines the CEO's remuneration, which consists of salary, pension and bonus.

### Auditor

The auditor will review SyntheticMR's annual report and accounts as well as the Board of Directors and the CEO's administration. After each financial year,

the auditor shall submit an audit report to the AGM. Auditor in SyntheticMR is BDO Mälardalen AB. The principal auditor is Jörgen Lövgren, authorized public accountant and member of FAR.

### Expectations regarding future developments

It is essential for SyntheticMR's future profitability and financial position that SyMRI and the products that the Group may develop in the future are commercialized in a successful manner. Commercialization is largely done through partnerships with global and leading MRI manufacturers.

### Risks and uncertainties

See note 3.

#### Proposed disposition of profit. At the disposal of the AGM are amounts in SEK:

Balanced profit	15,344,614
Other contributed capital	17,761,503
Profit for the year	3,720,834
<b>Total</b>	<b>36,826,951</b>

#### The Board of Directors proposes that the profit be allocated as follows:

Proposed dividend (1.50 SEK per share)	6,060,117
In new account is transferred	30,766,834
<b>Total</b>	<b>36,826,951</b>

## Multi-year overview

Below is a financial overview for SyntheticMR's last five operating years.

### Overview Income statement

TSEK	The Group	Parent company				
	2019	2019	2018	2017	2016	2015
Net sales	45,803	45,803	48,304	35,645	19,004	6,199
Own work capitalized	2,578	2,578	2,430	2,272	3,142	3,012
Other income	941	1,233	827	58	555	427
<b>Total income</b>	<b>49,322</b>	<b>49,614</b>	<b>51,561</b>	<b>37,975</b>	<b>22,701</b>	<b>9,638</b>
Operating expenses	-44,405	-44,738	-32,824	-26,857	-19,540	-15,920
<b>Operating profit</b>	<b>4,917</b>	<b>4,876</b>	<b>18,737</b>	<b>11,117</b>	<b>3,161</b>	<b>-6,264</b>
Net financial income/expenses	-16	17	-32	-32	-46	17
<b>Net profit for the period from continuing operations</b>	<b>4,901</b>	<b>4,894</b>	<b>18,705</b>	<b>11,085</b>	<b>3,115</b>	<b>-6,247</b>
Tax on net profit for the period	-1,172	-1,172	-4,052	-2,724	-721	6,325
<b>Net profit for the period</b>	<b>3,729</b>	<b>3,721</b>	<b>14,653</b>	<b>8,361</b>	<b>2,394</b>	<b>78</b>
Earnings per share before dilution	0.94	0.92	3.63	2.07	0.59	0.02
Earnings per share after dilution	0.94	0.92	3.63	2.07	0.59	0.02

### Overview Balance sheet

TSEK	2019	2019	2018	2017	2016	2015
Fixed assets	9,648	8,343	7,637	10,468	13,087	13,109
Current assets	46,791	48,063	48,437	28,598	15,519	12,124
– Including cash and cash equivalents	34,747	34,015	32,090	16,989	9,318	8,197
<b>Total assets</b>	<b>56,439</b>	<b>56,406</b>	<b>56,074</b>	<b>39,066</b>	<b>28,606</b>	<b>25,233</b>
Equity	43,789	43,720	46,059	32,227	23,866	21,472
Long-term liabilities	324	0	0	0	0	0
Short-term liabilities	12,326	12,686	10,015	6,839	4,740	3,761
<b>Total liabilities and shareholders equity</b>	<b>56,439</b>	<b>56,406</b>	<b>56,074</b>	<b>39,066</b>	<b>28,606</b>	<b>25,233</b>

### Overview Cash flow

TSEK	2019	2019	2018	2017	2016	2015
Cash flow from operating activities	12,768	11,609	18,007	10,655	4,476	-4,680
Cash flow from investing activities	-3,624	-3,624	-2,906	-2,984	-3,315	-2,955
Cash flow from financing activities	-6,548	-6,060	–	0	-40	-96
<b>Cash flow for the period</b>	<b>2,596</b>	<b>1,925</b>	<b>15,101</b>	<b>7,671</b>	<b>1,121</b>	<b>-7,731</b>
Cash, opening balance	32,090	32,090	16,989	9,318	8,197	15,928
Liquid assets of the translation difference	61	–	–	–	–	–
<b>Cash, closing balance</b>	<b>34,747</b>	<b>34,015</b>	<b>32,090</b>	<b>16,989</b>	<b>9,318</b>	<b>8,197</b>

## Key figures

TSEK	The Group		Parent company			
	2019	2019	2018	2017	2016	2015
Net sales	45,803	45,803	48,304	35,645	19,004	6,199
Sales growth %	-5	-5	36	88	207	236
Operating profit	4,917	4,876	18,737	11,117	3,161	-6,264
Operating margin %	11	11	39	31	17	neg.
Net profit for the period	3,729	3,721	14,653	8,361	2,394	78
Cash flow from operating activities	12,768	11,609	18,007	10,655	4,476	-4,680
Shareholders equity	43,789	43,720	46,059	32,227	23,866	21,472
Total assets	56,439	56,406	56,074	39,066	28,606	25,233
Equity/assets ratio %	77.6	77.5	82.1	82.5	83.4	85.1
Return of equity %	8	8	37	30	11	0
Number of employees	20	19	17	14	12	10
Number of shares before/after dilution	4,040,078	4,040,078	4,040,078	4,040,078	4,040,078	4,040,078
Average number of shares before/after dilution	4,040,078	4,040,078	4,040,078	4,040,078	4,040,078	4,040,078
<b>Per share data, SEK</b>						
Profit/loss per share, before/after dilution	0.94	0.92	3.63	2.07	0.59	0.02
Cash flow from operating activities	3.16	2.87	4.46	2.64	1.11	-1.16
Equity per share before/after dilution	10.84	10.82	11.40	7.98	5.91	5.31
Dividend per share	1.50	1.50	1.50	-	-	-

## Definitions of key ratios

### Definitions of key ratios

**Earnings per share** – Profit for the period divided by the weighted average number of shares outstanding during the period.

### Alternative key-ratios

**Sales growth** – Percentage change in sales compared to the same period last year.

**Operating margin, %** – Operating profit including financial income divided by net sales.

**Equity ratio, %** – Closing equity for the period divided by closing balance sheet total for the period.

**Return on equity, %** – Profit for the period divided by average equity.

**Number of employees** – Average number of employees during the year.

**Cash flow from operating activities per share** – Cash flow from operating activities divided by the average number of shares outstanding during the period.

**Equity per share** – Equity divided by the number of shares outstanding at the end of the period.

# Consolidated Income Statement

## and Other Comprehensive Income

TSEK	Note	2019	2018
<b>Operating income</b>			
Net sales	5	45,803	–
Own work capitalized		2,578	–
Other income	6	941	–
<b>Total income</b>		<b>49,322</b>	<b>–</b>
<b>Operating expenses</b>			
Other external expenses	7,8	-16,809	–
Employee benefit costs	9	-24,184	–
Depreciation of tangible and intangible assets	13,14,15	-3,412	–
<b>Operating profit</b>		<b>4,917</b>	<b>–</b>
<b>Results from financial items</b>			
Financial income	10	2	–
Financial expenses		-18	–
<b>Net financial income/expenses</b>		<b>-16</b>	<b>–</b>
Net profit for the period before tax		4,901	–
Tax on net profit	11	-1,172	–
<b>Net profit for the year</b>		<b>3,729</b>	<b>–</b>
<b>Report on comprehensive income</b>			
<i>Items that can later be reversed in the income statement</i>			
Other comprehensive income		61	–
<b>Total profit for the year</b>		<b>3,790</b>	<b>–</b>
Earnings per share before and after dilution	12	0.94	–

# Consolidated Balance sheet

Assets, Equity and liabilities

TSEK	Note	2019-12-31	2018-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Capitalized development expenditure	13	7,254	–
Patent	14	889	–
Equipment, fixtures and fittings	15	200	–
Access rights assets		1,305	–
<b>Total fixed assets</b>		<b>9,648</b>	<b>–</b>
<b>Current assets</b>			
Accounts receivable	16, 19	10,184	–
Other receivables	19	460	–
Prepaid expenses and accrued income	17	1,400	–
Cash and cash equivalents	18	34,747	–
<b>Total current assets</b>		<b>46,791</b>	<b>–</b>
<b>TOTAL ASSETS</b>		<b>56,439</b>	<b>–</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20	897	–
Other contributed capital	20	17,762	–
Reserves	20	61	–
Balanced earnings including profit for the year		25,069	–
Equity attributable to the Parent Company		43,789	–
<b>Total equity</b>		<b>43,789</b>	<b>–</b>
<b>Long-term liabilities</b>			
Long-term financial liabilities		324	–
<b>Total long-term liabilities</b>		<b>324</b>	<b>–</b>
<b>Short-term liabilities</b>			
Long-term financial liabilities		988	–
Accounts payable		1,765	–
Tax liabilities		334	–
Other current liabilities		1,200	–
Accrued expenses and prepaid income		8,039	–
<b>Total short-term liabilities</b>		<b>12,326</b>	<b>–</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,439</b>	<b>–</b>

## Consolidated Statement of cash flow

TSEK	2019	2018
<b>Operating activities</b>		
Operating profit	4,917	-
<b>Adjustments for non-cash items</b>		
Depreciation of tangible and intangible assets	3,412	-
Interest received	2	-
Paid interest	-18	-
Income tax paid	-1,540	-
<b>Cash flow from operating activities before changes in working capital</b>	<b>6,773</b>	-
Changes in accounts receivable	4,728	-
Changes in other receivable	-425	-
Changes in accounts payable	-175	-
Changes in other payable	1,867	-
<b>Cash flow from operating activities</b>	<b>12,768</b>	-
<b>Investing activities</b>		
Investment in tangible assets	-3,624	-
<b>Cash flow from investing activities</b>	<b>-3,624</b>	-
<b>Financing activities</b>		
Paid dividend	-6,060	-
Amortization of lease debt	-488	-
<b>Cash flow from financing activities</b>	<b>-6,548</b>	-
Cash flow for the period	2,596	-
Cash, opening balance	32,090	-
Liquid assets of the translation difference	61	-
<b>Cash, closing balance</b>	<b>34,747</b>	-

## Consolidated Statement of changes in equity

TSEK	Share capital	Other contributed capital	Translation reserve	Balanced earnings including profit for the year	Total equity attributable to the Parent Company's owner
<b>Incoming equity 1 January, 2019</b>	<b>897</b>	<b>17,762</b>	<b>0</b>	<b>27,400</b>	<b>46,059</b>
Profit for the period	–	–	–	3,729	3,729
Other comprehensive income for the period	–	–	61	–	61
<b>Total profit for the period</b>	<b>–</b>	<b>–</b>	<b>61</b>	<b>3,729</b>	<b>3,790</b>
Transaction with the Group's owner - dividend	–	–	–	-6,060	-6,060
<b>Closing balance December 31, 2019</b>	<b>897</b>	<b>17,762</b>	<b>61</b>	<b>25,069</b>	<b>43,789</b>

# Parent Company's Income Statement

## and Other Comprehensive Income

TSEK	Note	2019	2018
<b>Operating income</b>			
Net sales	5	45,803	48,304
Own work capitalized		2,578	2,430
Other income	6	1,233	827
<b>Total income</b>		<b>49,614</b>	<b>51,561</b>
<b>Operating expenses</b>			
Other external expenses	7,8	-19,647	-11,753
Employee benefit costs	9	-22,174	-18,214
Depreciation of tangible and intangible assets	13,14,15	-2,917	-2,857
<b>Operating profit</b>		<b>4,876</b>	<b>18,737</b>
<b>Financial income and expense</b>			
Interest income and similar income items		20	-
Interest expenses and similar expenses items		-3	-32
<b>Net financial income/expenses</b>		<b>17</b>	<b>-32</b>
<b>Net profit for the period before tax</b>			
Tax on net profit before the period	11	-1,172	-4,052
<b>Net profit for the period</b>		<b>3,721</b>	<b>14,653</b>
<b>Statement of comprehensive income</b>			
Net profit for the period		3,721	14,653
Other comprehensive income		-	-
<b>Comprehensive income for the year</b>		<b>3,721</b>	<b>14,653</b>
Earnings per share before and after dilution	12	0.92	3.63



## Parent company's Balance sheet

Assets, Equity and liabilities

TSEK	Note	2019-12-31	2018-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
Capitalized development expenditure	13	7,254	6,620
Patent	14	889	1,015
Equipment, fixtures and fittings	15	200	2
<b>Total fixed assets</b>		<b>8,343</b>	<b>7,637</b>
<b>Current assets</b>			
Accounts receivable	16, 19	9,737	14,912
Other receivables	19	460	523
Receivables from Group companies		2,451	–
Prepaid expenses and accrued income	17	1,400	912
Cash and bank balances	18	34,015	32,090
<b>Total current assets</b>		<b>48,063</b>	<b>48,437</b>
<b>TOTAL ASSETS</b>		<b>56,406</b>	<b>56,074</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	20	897	897
Fund for development expenditures		5,996	5,218
<b>Unrestricted equity</b>			
Other paid-in capital	20	17,762	17,762
Retained earnings		15,344	7,529
Profit for the year		3,721	14,653
<b>Total shareholder's equity</b>		<b>43,720</b>	<b>46,059</b>
<b>Current liabilities</b>			
Accounts payable		1,649	1,941
Tax liabilities		1,685	1,627
Other liabilities		3,306	843
Accrued expenses and prepaid income		6,046	5,604
<b>Total current liabilities</b>		<b>12,686</b>	<b>10,015</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,406</b>	<b>56,074</b>

## Parent company's Statement of cash flow

TSEK	2019	2018
<b>OPERATING ACTIVITIES</b>		
Operating profit	4,876	18,737
<b>Adjustments for non-cash items</b>		
Depreciation of tangible and intangible assets	2,917	2,857
Interest received	20	–
Paid interest	-3	-32
Income tax paid	-1,540	-220
<b>Cash flow from operating activities before changes in working capital</b>	<b>6,270</b>	<b>21,342</b>
Changes in accounts receivable	5,175	-4,227
Changes in other receivable	-2,876	-201
Changes in accounts payable	-290	407
Changes in other payable	3,330	686
<b>Cash flow from operating activities</b>	<b>11,609</b>	<b>18,007</b>
<b>INVESTING ACTIVITIES</b>		
Investment in intangible assets	-3,408	-2,906
Investment in tangible assets	-216	–
<b>Cash flow from investing activities</b>	<b>-3,624</b>	<b>-2,906</b>
<b>Financing activities</b>		
Paid dividend	-6,060	–
<b>Cash flow from financing activities</b>	<b>-6,060</b>	<b>–</b>
Cash flow for the period	1,925	15,101
Cash, opening balance	32,090	16,989
<b>Cash, closing balance</b>	<b>34,015</b>	<b>32,090</b>

## Parent company's Statement of changes in equity

TSEK	Restricted equity		Unrestricted equity			Total equity
	Share capital	Fund for development expenditures	Other contributed capital	Retained earnings	Net profit	
<b>Opening balance January 1, 2018</b>	<b>897</b>	<b>4,101</b>	<b>17,762</b>	<b>285</b>	<b>8,361</b>	<b>31,406</b>
Allocation according to AGM resolution	–	–	–	8,361	-8,361	0
Allocation fund for development expenditures	–	2,430	–	-2,430	–	0
Reversal of depreciation	–	-1,313	–	1,313	–	0
Comprehensive income for the year	–	–	–	–	14,653	14,653
<b>Closing balance December 31, 2018</b>	<b>897</b>	<b>5,219</b>	<b>17,762</b>	<b>7,528</b>	<b>14,653</b>	<b>46,059</b>
<b>Opening balance January 1, 2019</b>	<b>897</b>	<b>5,219</b>	<b>17,762</b>	<b>7,528</b>	<b>14,653</b>	<b>46,059</b>
Allocation according to AGM resolution	–	–	–	14,653	-14,653	0
Paid dividend	–	–	–	-6,060	–	-6,060
Allocation fund for development expenditures	–	2,578	–	-2,578	–	0
Reversal of depreciation	–	-1,801	–	1,801	–	0
Comprehensive income for the year	–	–	–	–	3,721	3,721
<b>Closing balance December 31, 2019</b>	<b>897</b>	<b>5,996</b>	<b>17,762</b>	<b>15,345</b>	<b>3,721</b>	<b>43,720</b>

## Notes

### Note 1 Applied accounting principles

#### General information

The financial reports for SyntheticMR AB (publ), which includes the Swedish parent company and its subsidiaries, as of December 31, 2019, have been approved by the Board and the President on April 7, 2020 and will be submitted to the Annual General Meeting on May 5, 2020 for adoption. SyntheticMR AB (publ) with corporate registration number 556723-8877 is a Swedish-registered limited company with its registered office in Stockholm. The visit address to the head office is Storgatan 11, 582 23 Linköping. The parent company's shares are listed on the Spotlight stock market. The Group's operations are described in the Directors' Report.

#### Compliance with norms and laws

The consolidated financial statements 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 Group applies the Annual Accounts Act (1995: 1554) ("ÅRL") and RFR 1 Supplementary accounting rules for groups issued by the Swedish Financial Reporting Board. Since subsidiaries were formed in the United States, SyntheticMR AB is the parent company of a group ("SyntheticMR or" the group ") since 2019-07-01 and therefore consolidated accounts are prepared. Since the Group was formed in 2019 and the operations of the subsidiary are still insignificant, the Group's financial information for 2019 has been prepared for the full year 2019. This means that the Group's financial information for 2019 consists of the parent company for the first half of 2019 and for the Group the second half of 2019. The operations of the parent company correspond to all essential to the operations of the Group, which is why this presentation is considered to give the reader comparability between periods. The Group cannot apply the exceptions and additions from IFRS made by the parent company through RFR 2. Since the Group was established in 2019, there are no comparison periods.

The Parent Company applies the same accounting principles as the Group except in the cases specified below under the section "Parent Company accounting principles".

In addition to financial data defined in IFRS, specific key ratios, so-called. alternative key figures to reflect the results of the underlying business and increase comparability between different periods. These alternative financial ratios do not replace financial data as defined in IFRS.

#### Prerequisites for the preparation of the financial reports

The consolidated financial statements have been prepared on the basis of the assumption of going concern. Assets and liabilities are reported at historical acquisition value unless otherwise stated below. The preparation of the financial statements in accordance with IFRS requires the management to make assessments and estimates and make assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments.

Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period the change is made if the change only affects this period, or in the period the change is made and future periods if the change affects both the current period and future periods.

Assessments made by the company management in the application of IFRS that have a significant impact on the financial statements and estimates made that may lead to significant adjustments in the following year's financial reports are described in detail in Note 2 - Significant estimates and assessments.

The accounting principles set out below for the Group have been applied consistently to all periods presented in the Group's financial statements, unless otherwise stated below.

## Changed and new accounting principles for the year

### IFRS 16

IFRS 16 was introduced for fiscal years beginning January 1, 2019 or later. Since the Group was formed in 2019-07-01, IFRS 16 is applied from that date.

At the formation of the Group, SyntheticMR's leasing portfolio consists of 3 agreements and includes leasing agreements for premises and vehicles. At the formation of the Group, all remaining leasing fees have been calculated at present value. The rights of use are presented in the line of rights in the consolidated balance sheet and the lease debt is presented in the line of long-term financial liabilities and short-term financial liabilities. The effects on the report on financial position are presented below.

IFRS 16 as of July 1, 2019	TSEK
<b>Assets</b>	
Access rights assets	1,800
<b>Liabilities</b>	
Leasing liabilities	1,800
– of which long-term liabilities	814
– of which current liabilities	986

The Parent Company applies the exception in RFR 2, which continued to mean that all leasing contracts are expensed on a straight-line basis over the lease period.

### Segment reporting

An operating segment is part of the Group that conducts operations from which it can generate revenue and incur costs and for which standalone financial information is available. An operating segment's earnings are also followed up by the company's highest executive decision-maker, which the Group has identified as the CEO. Company management has determined the segments based on the information processed by the CEO and used as a basis for allocating resources and evaluating results. In this internal reporting, the Group is a segment.

### Classification

Fixed assets consist essentially of amounts that are expected to be recovered after more than twelve months from the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within twelve months from the balance sheet date.

### Foreign currency

The functional currency for the Parent Company is Swedish kronor, which is the reporting currency for the Parent Company and the Group. All amounts are stated in Swedish kronor unless otherwise stated.

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Non-monetary items, which are measured at historical cost in a foreign currency, are not recalculated. Exchange rate differences arising from the translation are reported in the profit for the year. Exchange gains and losses on operating receivables and operating liabilities are recognized in operating profit, while exchange gains and losses on financial receivables and liabilities are reported as financial items.

Assets and liabilities in foreign operations are translated from the functional currency of the foreign operations to the Group's reporting currency at the exchange rate prevailing on the balance sheet date. Revenues and expenses in a foreign operation are translated into Swedish kronor at an average exchange rate, which is an approximation of the exchange rates that existed at the respective transaction date. Translation differences arising from foreign currency translation of foreign operations are recognized in other comprehensive income and accumulated in the translation reserve in equity. When controlling influence ceases for a foreign operation, the associated translation differences from the translation reserve in equity are reclassified to profit or loss.

### Income

IFRS 15 is based on a five-step model for revenue recognition of customer agreements. Revenue is recorded when control of products and services is transferred to the customer.

### Performance commitments and timing of revenue recognition

The majority of the company's revenue comes from the sale of licenses with revenue recognized at a time when control of the licenses has been transferred to the customer. This time normally occurs when the licenses are delivered to the customer. In addition to licenses, the company has identified service and support as a separate performance commitment in most of the company's contracts. Revenue from these performance commitments is recognized over time when the performance is implemented. If service and support are separated into the agreement, it is this transaction price that is recognized as revenue over time. In some agreements, however, service and support are offered as a whole together with the license, which makes this performance commitment 18 percent of the total transaction price. This transaction price is the amount the commitment would have had if it had been sold separately.

### Determination and allocation of the transaction price

The company's revenues are based on fixed prices, which also constitute the transaction price per agreement. In some cases, the company enters into customer agreements that give the customer a discount on future orders. Such discounts constitute a "material right" and result in a portion of the compensation received for the first sale being deferred and recognized as revenue when subsequent sales are fulfilled or (if later) when the right to receive a discount expires. The company then estimates both the likelihood that the customer will take up his future discount offer and the value of future purchases that can be made to estimate the value of the rights granted. This must be done contract by contract for each customer to whom material rights have been granted.

### Costs for obtaining long-term contracts and costs for fulfilling contracts

Commissions paid to sellers for their work on procurement of longer contracts are reported as an asset and amortized over the contract period, i.e. in the same pattern as revenue is reported.

### Contract assets, contractual debt and accounts receivable

When the Group has an obligation to transfer goods or services for which the company has received (or is to receive) compensation from a customer, a contractual liability is reported. The Group's right to compensation in exchange for goods and services that the company has transferred to a customer when that right is due to something other than the elapsed time is reported as a contract asset. A trade receivable is recognized when the goods / service are delivered, as this is the time when the compensation is unconditional.

### State aid

During the year, SyntheticMR received public grants for projects on internationalization. There is no obligation to repay the state aid. Government grants are reported in the statement of financial position as accrued income when there is reasonable assurance that the grant will be received and that the Group will fulfill the conditions associated with the grant. Grants are systematically accrued in the profit for the year in the same way and over the same periods as the costs the grants are intended to offset.

### Financial income and expenses

Financial income consists of interest income on bank funds and financial expenses consist of credit interest on unutilized overdraft facilities. Interest income and interest expenses are reported in accordance with the effective interest method. The effective interest rate is the interest rate that discounted the estimated future payments and disbursements over the expected term of a financial instrument to the net asset value of the financial asset or liability. The calculation includes all transaction costs and fees paid or received by the contracting parties that are part of the effective interest rate. Financial income and expenses are recognized in the period to which they relate.

## Financial instruments

IFRS 9, Financial Instruments, handles the classification, valuation and recognition of financial assets and liabilities. The standard contains three main valuation categories for financial assets: accrued acquisition value, fair value over other comprehensive income and fair value through profit or loss. The classification is based on the unit's business model and the type of contractual cash flows from the financial asset.

### Financial assets

The Group classifies its financial assets into valuation categories, depending on the purpose for which the asset was acquired and on the types of cash flows generated. At present, all the company's financial assets are attributable to the valuation category Accrued acquisition value.

### Amortized cost

The Group's financial assets valued at amortized cost consist of accounts receivable, other receivables and cash and cash equivalents.

Assets in this category mainly arise from the provision of goods and services to customers, but also include other types of financial assets where the objective is to hold these assets to obtain contractual cash flows and these cash flows are exclusively payments of capital amounts and interest. They are initially recognized at fair value plus transaction costs directly attributable to acquisitions or issues (with the exception of accounts receivable that are initially reported at transaction price), and are subsequently recognized at amortized cost using the effective interest method.

### Impairment of financial assets

Impairment requirements for accounts receivable are recognized based on the simplified approach in IFRS 9 using the expected credit losses for the entire life of the contract.

To calculate the credit loss reserve on accounts receivable, the company uses a matrix. In this matrix, accounts receivable are divided into different types based on different risk profiles. The expected losses are based on the sales payment profiles for sales over a period of 12 months and the corresponding historical credit losses

that occurred during this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic forecasts that affect customers' ability to pay claims.

For trade receivables, which are reported net, write-downs are recognized in a separate reserve for anticipated customer losses, and the cost is recognized as an other operating expense in the income statement. Upon confirmation that a trade receivable will not be payable by the customer, the asset's gross value is written off against the associated reserve.

Impairment requirements for other receivables and cash and cash equivalents are recognized based on the general method for expected loan losses. The method used in the calculation of the impairment depends on whether the credit risk has increased significantly since the first accounting date of the financial asset. For receivables where credit risk has not increased significantly since the first reporting date, credit loss reserves are reported based on twelve months expected credit losses (step 1). For those receivables where credit risk has increased significantly since the first accounting date, a credit loss reserve is calculated based on an estimated default for the entire life of the contract (step 2). For the receivables where an actual loss situation has occurred, the loan loss reserve is calculated based on the entire remaining life. The interest income that is reported is then based on the net receivable after write-down (step 3).

Cash and cash equivalents include deposits with banks.

### Financial liabilities

Financial liabilities are reported at amortized cost. Financial liabilities recognized at amortized cost are initially valued at fair value, including transaction costs. After the first accounting period, they are valued at amortized cost using the effective interest method.

## Remuneration to employees

### Short-term remuneration

Short-term employee benefits such as salary, paid vacation, paid sick leave, bonus, are calculated without discounting and are recognized as a cost when the related services are received.

A provision is recognized for the expected cost of bonus payments when the company has a valid legal or informal obligation to make such payments as a result of services received from employees and the obligation can be calculated reliably.

### **Pensions**

All of the Group's pension plans are classified as defined contribution. Defined contribution plans are defined as plans where the company's obligation is limited to the fees the company is obliged to pay. In such a case, the size of the employee's pension depends on the contributions that the company pays to privately managed pension insurance plans and the return on capital provided by the contributions. Consequently, it is the employee who bears the actuarial risk (that the compensation will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected compensation).

The Group's obligations regarding fees for defined contribution plans are recognized as an expense in the profit for the year at the rate they are earned by the employees performing services for the company for a period. The Group's commitment for each period consists of the amounts that the company will contribute for the period in question.

### **Compensation for termination**

A provision is reported in connection with layoffs of employees only if the company is demonstrably obliged to terminate an employment before the normal time or when remuneration is provided as an offer to encourage voluntary retirement.

### **Leases**

When an agreement is entered into, the Group assesses whether the agreement is, or contains, a lease agreement. An agreement is, or contains, a lease agreement if the agreement assigns the right to decide over a certain period of use over an identified asset in exchange for compensation.

### **Access rights Assets**

The Group recognizes rights of use in the statement of financial position at the commencement date of the lease (i.e. the date when the underlying asset becomes

available for use). Use rights are valued at cost less deductions for accumulated depreciation and any impairment losses, and adjusted for revaluation of the lease debt. The acquisition value of rights of use includes the initial value recognized for the attributable lease debt, initial direct expenses, and any prepayments made on or before the commencement date of the lease after deduction of any incentives received. Provided that SyntheticMR is not reasonably certain that the ownership of the underlying asset will be taken over at the end of the lease, the rights of use will be written off linearly during the shorter of the lease period and the useful life.

### **Leasing liabilities**

At the commencement date of a lease, the Group recognizes a lease liability corresponding to the present value of the lease payments to be paid during the lease term. The leasing period is determined as the non-cancellable period together with periods to extend or terminate the agreement if the Group is reasonably confident of exercising those options. The lease payments include fixed payments (after deduction of any benefits in connection with the signing of the lease to be received), variable leasing fees that depend on an index or a price (e.g. a reference rate) and amounts expected to be paid according to residual value guarantees. In addition, the lease payments include the exercise price of an option to purchase the underlying asset or penalty fees payable upon termination in accordance with a termination option, if such options are reasonably safe to use by SyntheticMR. Variable leasing fees that do not depend on an index or price are recognized as an expense in the period to which they are attributable.

In order to calculate the present value of the lease payments, the Group uses the implicit interest rate in the agreement if it can be easily determined and in other cases the Group's marginal borrowing rate is used as of the start date of the lease agreement. After the commencement date of a lease agreement, the lease debt increases to reflect the interest on the lease debt and decreases with leasing fees paid. In addition, the value of the lease debt is revalued as a result of changes in agreements, changes in the lease period,



changes in lease payments or changes in an assessment to purchase the underlying asset.

### Application of practical exceptions

SyntheticMR applies the practical exceptions regarding short-term leases and leases where the underlying asset is of low value. Short-term leases are defined as leases with an initial leasing period of a maximum of 12 months after consideration of any options to extend the lease. Leasing agreements where the underlying asset is of low value comprise the Group, for example, of office inventory. Leasing payments for short-term leases and leases where the underlying asset is of low value are expensed on a straight-line basis over the leasing period.

### Tangible fixed assets

Tangible fixed assets are reported at cost less accumulated depreciation and any impairment losses. The acquisition value includes the purchase price and costs directly attributable to the asset in order to bring it in place and in condition to be utilized in accordance with the purpose of the acquisition. Accounting principles for impairment are presented below.

The carrying amount of a tangible fixed asset is removed from the balance sheet in the event of decommissioning or divestment or when no future economic benefits are expected from the use or decommissioning / divestment of the asset. Gains or losses arising from the divestment or scrapping of an asset comprise the difference between the sale price and the asset's carrying amount less direct selling expenses. Profit and loss are reported as other operating income / expense.

### Depreciation

Depreciation is based on original acquisition value less any residual values. Depreciation is recognized on a straight-line basis over the asset's estimated useful life. Estimated useful lives:

- fixtures, tools and installations 5 years

An asset's residual value and useful life are assessed annually.

## Intangible fixed assets

### Research and Development

Expenditure on research aimed at obtaining new scientific or technical knowledge is recognized as an expense when it arises.

Development expenditure, e.g. to develop new or improved products, is reported as an asset in the balance sheet as the company can demonstrate that the product is technically useful, the asset is judged to give rise to future economic benefits and the expenses can be calculated reliably. Finally, the company must have sufficient resources to complete the development and then use or sell the intangible asset.

The carrying amount includes directly attributable personnel costs. Other development expenditures are recognized in profit for the year as an expense when incurred. Reported development expenses in the balance sheet are recognized at cost less accumulated depreciation and any impairment losses.

### Other intangible assets

Expenses, in the form of fees and consulting costs, for future patents are reported as an asset in the balance sheet to the extent that they are deemed to be capable of leading to completed patents.

### Depreciation

Depreciation is recognized on a straight-line basis for the year's profit over the estimated useful lives of intangible assets. The useful lives are reviewed at least annually. Capitalized development expenditures where depreciation has not begun are tested for impairment annually or as soon as indications arise that indicate that the asset value cannot be justified. Intangible assets with determinable useful lives are amortized from the time they are available for use. The estimated useful lives are:

- Activated development expenditure 5 years
- Patent 5 years

### Impairment of non-financial assets

At each reporting occasion, an assessment is made of whether there is any indication of a need for impairment of the Group's assets. If it is not possible to determine significant independent cash flows for an individual asset, when assessing the need for impairment, the assets should be grouped to the lowest level where it is possible to identify significant independent cash flows, a so-called cash-generating unit. If there is any indication of a need for impairment, the asset's recoverable amount is calculated as the higher of its value in use and fair value less costs to sell. The value in use is the present value of future cash flows discounted at an interest rate that is based on a risk-free interest rate adjusted for the risk associated with the specific asset. Write-downs are made if the recoverable amount is less than the carrying amount.

Impairment is reversed if a subsequent increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment was made. An impairment loss is only reversed to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that the asset would have had if no impairment had been made.

### Taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognized in profit for the year except when the underlying transactions are recognized in other comprehensive income or in equity, with the associated tax effect being recognized in other comprehensive income or in equity.

Current tax is a tax that must be paid or received in respect of the current year, using the tax rates that are decided or in practice decided on the balance sheet date. Current tax also includes adjustment of current tax attributable to earlier periods.

Deferred tax is calculated according to the balance sheet method, based on temporary differences between the reported and tax values of assets and liabilities. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realized or regulated. Deferred tax is calculated using the tax rates and tax rules that are decided or in practice decided on the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are recognized only to the extent that it is probable that these will be utilized. The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilized.

### Provisions

Provisions are recognized in the balance sheet when the company has a liability (legal or informal) due to an event occurring and when it is probable that an outflow of resources associated with financial benefits will be required to fulfill the obligation and the amount can be calculated reliably way. Provisions are also made for events after the balance sheet date to the extent that they confirm the conditions that existed on the balance sheet date, for example court rulings on disputes. If the company expects to receive compensation corresponding to a provision made, for example through an insurance contract, the compensation is recognized as an asset in the balance sheet when it is almost certain that the compensation will be received. If the effect of the time value of the future payment is considered to be material, the value of the provision is determined by calculating the estimated future payment at present value with a pre-tax discount factor that reflects the market's current valuation of the time value and any risks attributable to the obligation. The gradual increase in the amount assigned to the present value calculation is recognized as an interest expense in the income statement.

### Contingent

A contingent liability is recognized when there is a possible commitment arising from events that have been confirmed only by one or more uncertain future events or when there is an obligation that is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required.

### Equity

All the company's shares are ordinary shares. The share capital is reported at the quota value of the ordinary shares and the excess part is reported as other contributed capital. Transaction costs directly attributable to the issue of new shares are reported, net of tax, in equity as a deduction from the issue proceeds.

### Cash Flow Analysis

The cash flow statement has been prepared in accordance with the indirect method, which means that the result is adjusted for transactions that did not entail payments or disbursements during the period and for any income or expenses attributable to the investment or financing operations.

### The Parent Company's accounting principles

The parent company has prepared its annual report in accordance with the Annual Accounts Act (1995: 1554) and the recommendation RFR 2 "Accounting for legal entities" issued by the Swedish Financial Reporting Board. The Parent Company applies the same accounting principles as the Group, with the deviations specified below. Unless otherwise stated, the accounting principles for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial reports.

### Line-up

The report on financial position and the statement of earnings for the Parent Company have been prepared in accordance with the presentation of the Annual Accounts Act, while the report on comprehensive income, the statement of changes in equity and the statement of cash flows is based on IAS 1 Presentation of financial reports and IAS 7 Report on cash flows.

### Leasing

The rules on the accounting of leases under IFRS 16 are not applied in the Parent Company. This means that leasing fees are recognized as expenses on a straight-line basis over the lease period, and that utilization rights and leasing liabilities are not included in the Parent Company's balance sheet. However, identification of a lease is made in accordance with IFRS 16, i.e. that an agreement is, or contains, a lease agreement if the agreement assigns the right to decide over a certain period of use over an identified asset in exchange for compensation.

### Note 2 Significant estimates and assessments

In order to prepare the financial statements, SyntheticMR must make assessments and assumptions that affect asset and liability items, respectively revenue and expense items reported in the financial statements. The estimates and judgments for accounting purposes discussed in this section are those that are deemed to be the most important for an understanding of the financial statements.

#### Recovering of the value of development expenditure

The Group invests in research and development, parts of which are reported as intangible assets, see also Note 13. Reporting of development expenditure as an asset requires that assessments be made that the product is expected to be technically and commercially useful in the future and that future economic benefits are probable. Depreciation of capitalized development expenses takes place over an estimated useful life of a maximum of 5 years. The estimated sales volume and the useful life may be reconsidered, which may lead to a need for impairment.

### Note 3 Risks and uncertainty factors

SyntheticMR operates in a global market through partners, which means that the company is exposed to various risks and uncertainties, such as market risks, business-related risks and financial risks. The risk management within SyntheticMR is aimed at identifying, assessing and reducing risks related to the company's business and operations.

#### Market risks

Through SyntheticMR's partners, the company is present in a large number of geographical markets, which means exposure to political and economic risks both globally and in individual countries or regions. Weak economic development and strained finances can, in certain markets, cause the government's investments in health care to be adversely affected and that it will be more difficult for private hospitals and clinics to arrange financing.

#### Business-related risks

##### Qualified employees

The Group is dependent on key personnel and qualified employees, both in company management and in operational operations. This is to increase the market penetration of current products as well as continued product development. The Group's ability to attract, recruit and retain qualified personnel, a number of key personnel with specialist expertise, and management are of great importance for the company's future success. A large proportion of the Group's employees hold call options.

##### Immaterial rights

The values in SyntheticMR are partly dependent on the company's ability to obtain and defend patents and other intellectual property rights. Patent protection for medical and medical technology projects, innovations and companies can be uncertain and involve complicated legal and technical issues. Patents must be applied for and maintained in different jurisdictions and it cannot be taken for granted that granted patents provide long-term protection as issued patents can be contested, invalidated and circumvented. It cannot be taken for granted that the company's filed patent applications will be granted. It cannot be ensured that the

technical height of the patents granted and possibly the future patents granted is sufficient to provide the necessary protection or is sufficient to obtain intended market shares. Nor can it be ruled out that new patents in the field or new discoveries may affect SyntheticMR's market success opportunities. Such a negative impact on market success can in turn have a negative impact on SyntheticMR's financial position and future earnings development. To the extent that SyntheticMR, within the framework of product development, uses technologies that are patented or will be patented, owners of these patents can claim patent infringement. The uncertainty associated with patents means that it is difficult to predict the outcome of such disputes.

##### Legal disputes

Through SyntheticMR's operations, the company risks being involved in disputes attributable to the ongoing operations. Such disputes may include, among other things, product liability, contractual issues, intellectual property rights and alleged deficiencies in the delivery of the company's products. Disputes can usually be costly, time consuming and hinder the running of the business.

Disputes regarding intellectual property rights are costly and can have a material impact on SyntheticMR's operations and financial position, and it can also be very difficult to predict the outcome of complicated disputes. Disputes related to the company's product liability may include, for example, alleged negligence, breach of warranty or malpractice, which may result in substantial costs regardless of whether or not SyntheticMR is ultimately held liable. SyntheticMR has insurance product liability insurance, but there is a risk that future claims may exceed or fall outside insurance coverage.

##### Product functionality and quality

For a business like SyntheticMRs, it is essential to show that the products that the company has developed or will develop can be successfully commercialized within the company's market segment. It cannot be guaranteed that commercialization of the company's technologies will be successful, and it cannot be assumed that the company will gain acceptance for its technologies and products by industrial partners or end customers.

### Product liability and insurance

In the area of health care there is always a risk regarding product liability. Marketing and sales within the company's market area pose a significant risk in terms of product liability and can result in SyntheticMR being held accountable. Product liability insurance is a common way of seeking protection against such potential risks, but it cannot be taken for granted that such insurance will cover future claims against the company. Claiming product liability can result in significant costs for litigation and damages. A claim against SyntheticMR in addition to the available insurance coverage, or a claim that leads to significant negative exposure, can have a negative effect on SyntheticMR's operations, earnings and financial position. Nor can it be ensured that suitable insurance can be obtained at an acceptable premium or that such insurance can be obtained at all.

### Competition

The importance of each product's competitiveness is crucial to SyntheticMR's success. In addition, the risk that competing methods or projects may be more efficient, safer or cheaper than those developed by SyntheticMR. Nor can it be ruled out that competitors have or will have access to significantly greater financial, technical and personnel resources than SyntheticMR. This could mean that competitors to the company can produce competing products faster than SyntheticMR. Nor can it be ruled out that SyntheticMR's competitors may also have access to greater capacity for manufacturing (as far as relevant) and distribution than SyntheticMR. Thus, it cannot be taken for granted that SyntheticMR's current or future products achieve market success in competition with other similar products or solutions.

### Collaborations

SyntheticMR's marketing strategy is based on working collaborations with development partners both in the early development phase and in the later phase of product development, marketing, sales and distribution. SyntheticMR currently has strategic collaborations with a number of MR manufacturers, which are GE Healthcare, Philips Healthcare and Siemens Healthineers. If SyntheticMR loses one or more of these partners, it can have a negative impact on the company's sales, earnings and position.

### Regulatory approvals/Authority's approvals

SyntheticMR develops medical technology products and thus the business is governed by the requirements and standards set by regulatory authorities. Therefore, rule changes can result in increased costs or constitute barriers in the sale of SyntheticMR's products. Regulatory processes can also affect the possibility of introducing new products in different markets. Like other companies in the medical technology industry, SyntheticMR is dependent on assessments and decisions by the relevant authorities, such as the Food and Drug Administration (FDA) in the United States. Applications to these authorities require extensive documentation and unforeseen circumstances may delay the possibility of introducing, marketing and selling the company's products.

SyntheticMR's operations are conducted in accordance with a quality system that meets international rules and product safety standards from the International Organization for Standardization (ISO). The quality system is evaluated and certified by external regulators and inspected regularly. If, for example, safety regulations were not met, this could result in delays and stopped deliveries of SyntheticMR's products.

### Financial risks

Through its operations, the Group is exposed to various types of financial risks. Financial risks refer to fluctuations in the company's earnings and cash flow as a result of changes in exchange rates and financing and credit risks.

### Currency risk

Exchange rate risk is the risk of fluctuations in the value of a financial instrument due to changes in exchange rates. SyntheticMR is exposed to transaction exposure, which arises in connection with currency flows on purchases and sales in currencies other than Swedish kronor. The Group is impacted by the US dollar and the euro change against the Swedish krona, as the majority of invoicing is in dollars and euros, while the majority of costs are in Swedish kronor.

The Group does not use hedging instruments in the form of futures or options to hedge currency risks, which means that exchange rate effects will have an impact on earnings.

### Financial risk (liquidity risk)

In the future, SyntheticMR will continue to be dependent on financing market launch of current products and development of new products. The financing is done either through self-financing or through partner financing. It cannot be guaranteed that in the future SyntheticMR will be able to find expansion capital. Thus, SyntheticMR may need additional capital and it cannot be ruled out that access to additional capital is limited at times when this is needed, which could have negative effects on the company's market value and / or its ability to exploit investment opportunities.

The Group works actively to monitor cash flows and continuously updates projections of expected liquidity trends. This enables any necessary measures to be taken in good time. Based on currently known conditions, the assessment is that the company has sufficient liquidity to conduct its operations in accordance with current plans.

The Group's agreed undiscounted cash flows for financial liabilities are shown in the table below. Liabilities have been included in the period when repayment may be required at the earliest.

The Group TSEK	2019					Total
	<6 month	6-12 month	1-2 year	2-5 year	>5 year	
Leasing liabilities	503	499	309	0	0	1,311
Accounts payable	1,765	0	0	0	0	1,765
Other current liabilities	8,413	1,159	0	0	0	9,572
<b>Total</b>	<b>10,681</b>	<b>1,658</b>	<b>309</b>	<b>0</b>	<b>0</b>	<b>12,648</b>

### Credit

The Group's credit risk mainly consists of accounts receivable from commercial partners (e.g. Philips, Siemens and GE Healthcare) that sold the company's products, as well as specific hospitals to which the company sold SyMRI directly. The Group estimates that the credit risk will continue to be very low and that the credit quality is high and is not expected to change. See Note 16.

### Transaction exposure

The Group's transaction exposure net converted to TSEK is divided into the following currencies net:

TSEK	The Group		Parent company	
	2019	2018	2019	2018
USD	35,842	–	35,842	43,088
EUR	147	–	147	646
<b>Total</b>	<b>35,989</b>	<b>–</b>	<b>35,989</b>	<b>43,734</b>

The company's income statement includes exchange rate gains and exchange rate losses of SEK 217 (577) thousand in operating income and SEK 0 (0) thousand in net financial items. Transaction exposure has not been hedged.

### Sensitivity analysis

The Group is impacted by the US dollar and the euro change against the Swedish currency, since invoicing is mainly denominated in dollars and euros, while the majority of costs are in Swedish currency. In 2019, revenue in dollars was invoiced with an average rate of 9.47 SEK, compared with 8.70 SEK in 2018. In 2019, revenue in euros was recorded at an average rate of 10.59, SEK compared with 10.28 SEK / Currency effects have had a positive effect on sales. With unchanged exchange rates, sales had decreased by 8 percent for the full year 2019 compared with the previous year.

A sensitivity analysis of the currency exposure shows that the effect on the operating profit in 2019 of a change in the US dollar exchange rate of +/- 10 percent is about +/- 3,3 MSEK (4,3) and that the corresponding effect of a change in the euro exchange rate by +/- 10 percent is approximately +/- 0,1 M (0,0).

The Group is also affected by currency effects on balance sheet items, which are distributed among the following currencies.

	The Group		Parent company	
	2019	2018	2019	2018
<b>TUSD</b>				
Accounts receivable	1,007	–	1,007	1,569
Accounts payable	27	–	27	0
<b>Total</b>	<b>1,034</b>	<b>–</b>	<b>1,034</b>	<b>1,569</b>
<b>TEUR</b>				
Accounts receivable	34	–	34	63
Accounts payable	9	–	9	12
<b>Total</b>	<b>43</b>	<b>–</b>	<b>43</b>	<b>75</b>

A sensitivity analysis of the currency exposure on the above balance sheet items shows that the effect on operating profit in 2019 of a change in the dollar exchange rate per balance sheet day by +/- 10 percent is +/- 938 TSEK (1,408) and that the corresponding effect of a change in the euro exchange rate by +/- 10 percent is +/- 36 TSEK (65).

### Note 4 Segment reporting

As the Group is a segment, the information on revenues required by Note 5. is presented. The Group has a customer whose sales exceed 10 percent of the Group's total net sales. All of the Group's fixed assets are in the parent company.

## Note 5 Income distribution

The Group receives its revenues from the transfer of licenses as well as service and support that takes place at a certain time or over time. The income of the Group and the parent company is distributed as follows;

TSEK	The Group		Parent company	
	2019	2018	2019	2018
<i>Geographical markets</i>				
Sweden	1,726	–	1,726	577
Other countries	44,077	–	44,077	47,727
<b>Total</b>	<b>45,803</b>	<b>–</b>	<b>45,803</b>	<b>48,304</b>
<i>Major service lines</i>				
Licenses	44,356	–	44,356	47,002
Service and support	1,447	–	1,447	1,302
<b>Total</b>	<b>45,803</b>	<b>–</b>	<b>45,803</b>	<b>48,304</b>
<i>Timing of revenue recognition</i>				
Licenses transferred at a point in time	44,356	–	44,356	47,002
Services transferred over time	1,447	–	1,447	1,302
<b>Total</b>	<b>45,803</b>	<b>–</b>	<b>45,803</b>	<b>48,304</b>

The following table shows how much of the recognized revenues in 2019 are attributable to accrued contract liabilities relating to prepaid service and support.

TSEK	The Group		Parent company	
	2019	2018	2019	2018
Recognized income that was included in contract liabilities at beginning of the year	1,040	–	1,040	903
<b>Total</b>	<b>1,040</b>	<b>–</b>	<b>1,040</b>	<b>903</b>

## Note 6 Other operating income

TSEK	The Group		Parent company	
	2019	2018	2019	2018
Exchange-rate gains on operating receivables/liabilities	217	–	217	577
Contributions received	724	–	724	250
<b>Total</b>	<b>941</b>	<b>–</b>	<b>941</b>	<b>827</b>

## Note 7 Auditors' fee and compensation for expenses

Audit assignment refers to the review of the annual accounts and the accounts, as well as the administration of the Board of Directors and the CEO. Auditing activities in addition to the audit assignment involve other quality assurance services that must be performed in accordance with the constitution, articles of association, statutes or agreements. Tax advice includes both advice and review of compliance within the tax area. Other services are other assignments.



TSEK	The Group		Parent company	
	2019	2018	2019	2018
<b>BDO</b>				
Auditing assignments	287	–	287	262
Audit activities other than audit assignment	–	–	–	24
Other services	–	–	–	–
<b>Total</b>	<b>287</b>	<b>–</b>	<b>287</b>	<b>286</b>

## Note 8 leasing agreement

The Group TSEK	Access rights assets			Lease liability
	Office space	Vehicle	Total	
<b>Opening balance</b>	<b>1,361,063</b>	<b>439,146</b>	<b>1,800,209</b>	<b>1,800,209</b>
Auditing assignments	–	–	0	–
Depreciation	-408,319	-86,317	-494,636	–
Completed agreements	–	–	0	–
Revaluations of agreements	–	–	0	–
Interest payments	–	–	–	15,142
Lease payments	–	–	–	-503,370
<b>Closing balance</b>	<b>952,744</b>	<b>352,829</b>	<b>1,305,573</b>	<b>1,311,981</b>

TSEK	2019	2018
Depreciation of rights	-494,636	–
Interest expenses on leasing liabilities	15,142	–
Cost of short-term lease agreements	-92,488	–
Cost of agreements where the underlying asset is of low value	0	–
<b>Total</b>	<b>-571,982</b>	<b>–</b>

For information on undiscounted cash flows attributable to leasing, see note 3.

### Parent company

TSEK	2019	2018
This year's leasing fees	1,318	1,158
<b>Contracted future leasing fees for contracts due for payment</b>		
Within 1 year	1,121	1,099
Later than 1 year but within 5 years	1,234	1,327
Later than 5 years	–	–
<b>Total</b>	<b>2,354</b>	<b>2,426</b>

## Not 9 Employees, staff costs and management executive compensation

### Average number of employees

In the Group, the average number of employees was 20 (15), including 10 (5) women and 10 (10) men.

At year-end, the number of employees was 24 (18). All of them are employees of the Swedish parent company except 4 of which 4 are men and 0 are women in the subsidiary in the USA.

### Gender distribution in company management

There are one female and four male senior executives in the Group as well as three men and no woman on the Board.

### Salaries and other remuneration to senior executives and other employees as well as social costs

TSEK	2019				2018			
	Senior executives and Board members		Other employees		Senior executives and Board members		Other employees	
	The Group	Parent company	The Group	Parent company	The Group	Parent company	The Group	Parent company
Salaries and other remuneration	5,704	5,704	9,163	7,300	–	5,366	–	5,763
Social security costs (of which pension cost)	4,070	4,070	3,206	3,067	–	3,956	–	2,627
	(1,833)	(1,833)	(577)	(577)	–	(1,886)	–	(1,117)
<b>Total</b>	<b>9,773</b>	<b>9,773</b>	<b>12,369</b>	<b>10,367</b>	<b>–</b>	<b>9,323</b>	<b>–</b>	<b>8,390</b>

### Salaries and other remuneration to the Board<sup>1</sup> and management

<sup>1</sup> Periodization of the Board's fees takes place from the Annual General Meeting to the Annual General Meeting, which is unchanged from the previous year.

2019	Basic salary, board fees	Variable remuneration	Other benefits	Pension costs	Total
Acting Chairman of the Board Johan Sedihn	209	–	–	–	209
Board member Yvonne Mårtensson	134	–	–	–	134
Board member Staffan Persson	165	–	–	–	165
Board member Marcel Warntjes	0	–	–	–	0
CEO Ulrik Harrysson	822	–	70	210	1,102
CEO Stefan Tell	957	220	57	135	1,368
Other senior executives (4)	3,110	87	43	1,488	4,728
<b>Total</b>	<b>5,397</b>	<b>307</b>	<b>170</b>	<b>1,833</b>	<b>7,706</b>

2018	Basic salary, board fees	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board Staffan Persson	206	–	–	–	206
Board member Yvonne Mårtensson	133	–	–	–	133
Board member Johan Sedihn	133	–	–	–	133
Board member Marcel Warntjes	710	–	–	218	869
CEO Stefan Tell	1,988	440	109	310	2,847
Other senior executives (4)	2,146	270	40	1,358	3,814
<b>Total</b>	<b>5,316</b>	<b>710</b>	<b>149</b>	<b>1,886</b>	<b>8,061</b>

### Variable remuneration

In 2019, the CEO's variable remuneration was maximized to 50 per cent of the annual gross salary. The variable remuneration was based on company targets set by the Board of Directors.

### Pensions

All pension commitments are defined contribution. The retirement age for the CEO and senior executives is 65 years and the pension premium correspond to the ITP plan. No other pension obligations exist.

### Severance pays

The CEO has a notice period of six months in the event of his own dismissal and of six months in the event of termination by the company. The CEO is entitled to twelve months' salary in severance pay and, in both cases, receives salary during the notice period. A mutual notice period of two months applies between the company and other senior executives, unless the existing law prescribes longer notice period. During the notice period, salary is paid. No severance pay is paid to the Board members.

During 2019, 6 months' salary was reserved in severance pay to the CEO when he left his position in 2019.

### Board fee

According to the decision of the Annual General Meeting 2019, fees to the members of the Board elected at the Annual General Meeting for the period up to the end of the 2020 Annual General Meeting shall be as follows: The Chairman of the Board receives 300 TSEK and other members who are not employees or consultants of the company receive 150 TSEK.

## Note 10 Financial income and expenses

All income and expenses are attributable to assets and liabilities valued at amortized cost.

TSEK	The Group		Parent company	
	2019	2018	2019	2018
Interest income on cash	–	–	–	–
Other interest income/expenses	17	–	17	–
<b>Total</b>	<b>17</b>	<b>–</b>	<b>17</b>	<b>–</b>

**Note 11** Tax on profit for the year

TSEK	The Group		Parent company	
	2019	2018	2019	2018
<b>Current tax expense</b>				
Tax expense for the period	-1,172	-	-1,172	-941
<b>Deferred tax expense/income</b>				
Deferred tax attributable to loss carryforwards	0	-	0	-3,111
<b>Total tax expense/income recognized</b>	<b>-1,172</b>	<b>-</b>	<b>-1,172</b>	<b>-4,052</b>
<b>Recognized profit before tax</b>	<b>4,901</b>	<b>-</b>	<b>4,893</b>	<b>18,705</b>
Tax at current tax rate of 21.4 % (22)	-1,047	-	-1,047	-4,115
Effect of non-deductible costs	-125	-	-125	-432
Effect of non-taxable income	0	-	0	330
Effect of deductible costs not recognized in profit and loss.	0	-	0	396
Effect due to transition to IFRS 15	0	-	0	-231
<b>Reported effective tax</b>	<b>-1,172</b>	<b>-</b>	<b>-1,172</b>	<b>-4,052</b>

**Note 12** Dividend per share, earnings per share and number of shares

	The Group		Parent company	
	2019	2018	2019	2018
Proposed dividend per share (SEK)	1.50	-	1.50	1.50
Total number of shares at beginning of the year	4,040,078	-	4,040,078	4,040,078
– of which treasury stock	-	-	-	-
Number of shares outstanding at beginning of the year	4,040,078	-	4,040,078	4,040,078
Number of shares outstanding at year-end	4,040,078	-	4,040,078	4,040,078
Average number of shares outstanding during the period	4,040,078	-	4,040,078	4,040,078
Earnings per share before/after dilution	0.94	-	0.92	3.63
<b>Profit/loss for the year</b>	<b>3,790</b>	<b>-</b>	<b>3,790</b>	<b>14,653</b>

### Note 13 Capitalized development expenditure

TSEK	The Group		Parent company	
	2019	2018	2019	2018
Opening balance	21,718	–	21,718	19,163
Internally developed assets	3,328	–	3,328	2,555
<b>Closing balance</b>	<b>25,046</b>	<b>–</b>	<b>25,046</b>	<b>21,718</b>
Opening balance, accumulated amortization	-15,098	–	-15,098	-12,469
Amortization for the year	-2,693	–	-2,693	-2,629
<b>Closing balance</b>	<b>-17,791</b>	<b>–</b>	<b>-17,791</b>	<b>-15,098</b>
<b>Closing carrying amount</b>	<b>7,255</b>	<b>–</b>	<b>7,255</b>	<b>6,620</b>

Activated development expenses relate to the development of new versions of SyntheticMR's software products. These development expenses are capitalized and amortized over 5 years from the time the product is released on the market and the asset can thus be considered to start contributing to the company's revenues.

An impairment test is performed annually for proprietary intangible assets for projects where no depreciation has begun and when there are indications that an impairment need exists. The recoverable amount for cash-generating units is determined based on value in use.

### Note 14 Patent

TSEK	The Group		Parent company	
	2019	2018	2019	2018
Opening balance	3,051	–	3,051	2,701
New acquisitions	81	–	81	350
<b>Closing balance</b>	<b>3,132</b>	<b>–</b>	<b>3,132</b>	<b>3,051</b>
Opening balance, accumulated amortization	-2,036	–	-2,036	-1,827
Amortization for the year	-207	–	-207	-209
<b>Closing balance</b>	<b>-2,243</b>	<b>–</b>	<b>-2,243</b>	<b>-2,036</b>
<b>Closing carrying amount</b>	<b>889</b>	<b>–</b>	<b>889</b>	<b>1,015</b>

## Note 15 Equipment and fittings

TSEK	The Group		Parent company	
	2019	2018	2019	2018
Opening balance	163	–	163	163
New acquisitions	215	–	215	0
<b>Closing balance</b>	<b>378</b>	<b>–</b>	<b>378</b>	<b>163</b>
Opening balance, accumulated amortization	-161	–	-161	-143
Amortization for the year	-17	–	-17	-18
<b>Closing balance</b>	<b>-178</b>	<b>–</b>	<b>-178</b>	<b>-161</b>
<b>Closing carrying amount</b>	<b>200</b>	<b>–</b>	<b>200</b>	<b>2</b>

## Note 16 Accounts receivable

To calculate the loan loss reserve on accounts receivable, the company uses a matrix. In this matrix, accounts receivable are divided into different types based on different risk profiles. As the company has a larger customer that accounts for the majority of accounts receivable, these receivables have been divided into a separate group for calculating credit losses. The remaining accounts receivable are divided based on different risk profiles, such as MRI manufacturers or hospitals.

In addition, the impairment needs of the accounts receivable are analysed individually as they are delayed for payment.

Considering the company's credit loss matrix, with associated historical and future information together with individual analysis, no credit losses have been reserved for. Below is an age distribution of the company's outstanding accounts receivable where 96 percent are not due.

TSEK	The Group		Parent company	
	2019	2018	2019	2018
<b>Age analysis carrying amount</b>				
Not overdue	10,011	–	9,564	14,259
Past due 0-30 days	0	–	0	339
Past due 30-90 days	173	–	173	271
Past due more than 90 days	0	–	0	43
<b>Total</b>	<b>10,184</b>	<b>–</b>	<b>9,737</b>	<b>14,912</b>

**Note 17** Prepaid expenses and accrued income

TSEK	The Group		Parent company	
	2019	2018	2019	2018
Prepaid insurance	242	–	242	173
Prepaid rent	241	–	241	279
Other items	917	–	917	460
<b>Total</b>	<b>1,400</b>	<b>–</b>	<b>1,400</b>	<b>912</b>

**Note 18** Cash and cash equivalents

TSEK	The Group		Parent company	
	2019	2018	2019	2018
<i>The following sub-components are included in cash and cash equivalents:</i>				
Cash and bank balance	34,747	–	34,015	32,090
<b>Total</b>	<b>34,747</b>	<b>–</b>	<b>34,015</b>	<b>32,090</b>

**Note 19** Financial instruments

The Company holds the following financial assets and liabilities. All are valued at amortized cost.

TSEK	The Group		Parent company	
	2019	2018	2019	2018
<i>Financial assets valued at amortized costs</i>				
Cash and cash equivalents	34,747	–	34,015	32,090
Accounts receivable	10,184	–	9,737	14,912
Other financial assets	460	–	2,911	523
<b>Total</b>	<b>45,391</b>	<b>–</b>	<b>46,663</b>	<b>47,525</b>
<i>Financial liabilities valued at amortized costs</i>				
Accounts payable	1,765	–	1,649	1,941
<b>Total</b>	<b>1,765</b>	<b>–</b>	<b>1,649</b>	<b>1,941</b>

The Group believes that reported values are a good approximation of fair value.

## Note 20 Share capital

As of December 31, 2019, the registered share capital amounted to SEK 896,897, distributed on 4,040,078 shares. SyntheticMR has only one class of shares. The shares are represented by one vote each and are entitled to equal shares of distributable profits. For additional information, see the section SyntheticMR - Share, page 36.

Opening number of shares 1 January, 2019	4,040,078
Closing number of shares 31 december, 2019	4,040,078

### Other contributed capital

Other contributed capital consists of capital contributed by the Group's owners in the form of share premium.

### Reserves

The Group's reserve additionally refers to a translation reserve, which includes all exchange rate differences that arise when translating financial reports from foreign operations that have prepared their financial reports in a functional currency other than the currency in which the Group's financial reports are presented. The Group presents its financial reports in Swedish crowns. Accumulated translation differences are recognized in profit or loss on the divestment of the foreign operations.

## Note 21 Accrued expenses and deferred income

TSEK	The group		Parent company	
	2019	2018	2019	2018
Vacation pay liability	1,159	–	1,159	1,134
Accrued board fee	598	–	598	360
Accrued salaries	516	–	322	1,117
Accrued social security expenses	762	–	762	821
Deferred income	2,240	–	1,793	1,206
Other items	1,413	–	1,413	966
<b>Total</b>	<b>6,688</b>	<b>–</b>	<b>6,046</b>	<b>5,604</b>

## Note 22 Related parties

For a description of transactions with persons in Senior Management and the Board of Directors, see Note 9. During 2019, transactions with related parties amounts to 1,679 TSEK. The amount relates to consultancy fees to board member Marcel Wartjes in his role as Head of Innovation and as responsible for innovation and as Senior Advisor to the company's management. Invoicing has been done at market value.



## Note 23 Proposal for profit allocation

### TSEK

<b>The following profit is available to the AGM:</b>	<b>2019</b>	<b>2018</b>
Balanced profit	15,344	7,529
Other contributed capital	17,762	17,762
Profit for the year	3,721	14,653
<b>Total</b>	<b>36,827</b>	<b>39,943</b>
<b>The Board of Directors proposes that profits be allocated as follows:</b>		
Distributed to shareholders (1.50 SEK per share)	6,060	6,060
In new account is transferred	30,767	33,883
<b>Total</b>	<b>36,827</b>	<b>39,943</b>

## Note 24 Events after balance sheet date

MD Anderson Cancer Center, a global highly respected cancer hospital in the US, placed an order from SyMRI.

In addition to the above, SyntheticMR has received further orders of SyMRI from reputable hospitals in Japan and India.

Cincinnati Childrens Hospital Medical Center, which is one of America's leading pediatric hospitals, announced that they are now using SyMRI in clinical use for the majority of all brain examinations.

Fredrik Jeppsson has completed his position as CFO and an interim solution is in place.

The Board of Directors and the Managing Director ensure that this annual report has been prepared in accordance with generally accepted accounting principles and gives a true and fair view of the company's position and results. The administration report provides a true and fair view of the development of the company's operations, position and results, and describes significant risks and uncertainties faced by the Company.

Stockholm April 7, 2020

**Johan Sedihn**  
Chairman of the board

**Ulrik Harrysson**  
CEO

**Staffan Persson**  
Board member

**Marcel Warntjes**  
Board member

Our audit report was submitted on April 8, 2020  
BDO Mälardalen AB

**Jörgen Lövgren**  
Authorized Public Accountant

# Auditor's report

To the general meeting of the shareholders of SyntheticMR AB (publ)  
Corporate identity number 556723-8877

## Report on the annual accounts

### Opinions

We have audited the annual accounts and consolidated accounts of SyntheticMR AB (publ) for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 38-74 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 2019 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 as of 31 December 2019 and its 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.

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 Opinions

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.

### Other Information than the annual accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information is found on pages 1-37.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### 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, with regard to 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 mistake.

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 intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### 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 mistake, 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 mistake 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 mistake, 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 mistake, 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 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.

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.

### 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 Synthetic MR AB (publ) for the year 2019 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 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 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 and the groups 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.

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 the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm April 8th, 2020  
BDO Mälardalen AB

**Jörgen Lövgren**  
Authorized Public Accountant

# Information to the shareholders

The Annual General Meeting will be held on Monday, May 5th, 2020 at 18:00, Storgatan 11, Linköping.

## Shareholders who want to participate should

- Be recorded in the Euroclear Sweden AB share register on April 28th, 2020.
- Notify its intention to attend the Annual General Meeting to the company no later than Tuesday April 28th, 2020.

## Notice

The notification must be made either by mail to SyntheticMR AB, Storgatan 11, 582 23 Linköping, tel. +46 (0) 70619 21 00 or by e-mail to [info@syntheticmr.com](mailto:info@syntheticmr.com). Enter the text **"Registration AGM SyntheticMR AB"** at the time of notification.

At registration, shareholders must state name, address, telephone number (daytime), civic registration number / corporate identity number, number of shares represented, and any representatives and assistants to attend. Power of attorney, registration certificates and other authorization documents should, in order to facilitate the Annual General Meeting, be submitted to the Company by Tuesday, April 28th, 2020. Please note that any power of attorneys must be provided in original.

Shareholders of nominee-registered shares held through a bank or other custodian must request temporary registration under their own names in the share register at Euroclear Sweden AB in order to be entitled to participate in the meeting. Such re-registration, must be completed no later than Tuesday, April 28th, 2020, which means that shareholders must notify their nominee well in advance of this.

## Financial reports 2020

- Quarterly report for January-March 2020 will be published on May 5th, 2020.
- Quarterly report for January-June 2020 will be published on July 14th, 2020.
- Quarterly report for January-September 2020 will be published on November 12th, 2020.
- Year-end report for 2020 will be published on February 18th, 2021.

The reports will be available on SyntheticMR's website [www.syntheticmr.com](http://www.syntheticmr.com) these dates under the heading Investor Relations.

## For further information contact:

**Johanna Norén**, Interim CFO, +46 70 619 21 00

**Ulrik Harrysson**, CEO SyntheticMR AB, +46 70 529 29 87

## Dictionary

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Helium-free MR system	Helium is used in MR cameras to cool down the heat that gets off the magnetic field. The problem is that helium is in short supply and therefore very expensive. Philips among others has developed an MR camera that requires only a few liters of helium compared to what other cameras require.
Relaxation time	The relaxation time is the time it takes for the proton to return to its normal position after a magnetic pulse.
Inversion time	It is the time for the proton to have an inversion pulse to the camera takes a picture.
Relaxation values	The values you get when measuring the relaxation time.
Axons	Axons are nerve thread that leads the signals between the nerve cells. A human has axons throughout the body.
Synovitis	A medical word for dermatitis.
Biomarker	A biomarker is something that can be measured and shows disease. One example is lowering blood samples.
Pathology (pathologies)	The doctrine of diagnosing diseases from tissue samples (disease of tissues).
Proton Density	In MR it is the protons that are present in water that gives signal to the image. Proton density indicates how many protons are in a particular place.
Cerebrospinal fluid	The fluid around the brain and spinal cord. The fluid protects and cleans the organs.



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Linköping • Sweden

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[syntheticmr.com](https://syntheticmr.com)

